



CENTREX METALS
LIMITED

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ASX Announcement 29th January 2019

Period Ending

31st December 2018

Quarterly Activities Report

Highlights

Corporate

- ▶ A\$9.8 million cash reserves as at 31st December 2018
- ▶ Sale of Port Spencer land holding for A\$1.4 million with proceeds expected in February 2019

Ardmore Phosphate Rock Project, Queensland

- ▶ Post Definitive Feasibility Study (“DFS”) cost reduction design initiatives progressing well with A\$ 5.7 million in capital and A\$ 3/t in operating cost savings realised and further design changes expected to be completed by Centrex’s consultant experts in February 2019
- ▶ CDE Global continue to progress fabrication of the modular start-up wet processing plant due for installation and commissioning by mid-2019 to provide 30,000 tonnes of trial shipments to priority customers
- ▶ First contract signed for 5,000 tonne concentrate shipment with negotiations well advanced with other priority customers
- ▶ Further fertiliser conversion test work completed upon request by major Asian based phosphate rock importer to simulate their phosphoric acid manufacturing facilities with excellent results including >98% P₂O₅ recovery
- ▶ Environmental approval received enabling the Company to progress its start-up operations
- ▶ Development of phosphate exploration strategy targeting high-grade pelletal deposits in the Georgina Basin to leverage Ardmore’s development

Oxley Potassium Nitrate Project, Western Australia

- ▶ Commencement of compiling an investor data room in order to seek a strategic partner to aid in developing the project

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REPORT

1. CORPORATE

The Company continues to maintain a healthy balance sheet with A\$9.8 million in cash reserves as at 31st December 2018 and no debt.

On 31st December 2018 Centrex entered into a contract with local rural investment business FREE Eyre Limited for the sale of its Port Spencer land holding for \$1.4 million. The land sale completes the exit of its iron ore interests and provides additional funds to support the ongoing development of the Company's flagship Ardmore Phosphate Rock Project.

2. ARDMORE PHOSPHATE ROCK PROJECT, QLD

The Ardmore Phosphate Rock Project ("Ardmore") in North West Queensland is Centrex's flagship development, with a start-up operation currently in execution phase for first shipments in 2019, including construction of a 70tph modular process plant. The project has the following competitive advantages:

1. Regional advantage
 - Major sea freight advantage over existing suppliers to the major Asia Pacific markets
2. Premium Quality Product
 - Premium phosphate grade with ultra-low cadmium, uniquely capable of use by local manufacturers without the need for blending
3. Phosphate market
 - Positive outlook with prices having increased 20% since start of 2018
 - Regional shift away from disputed Moroccan exports from Western Sahara region as well as China moving to net importer in the near term
4. Risk profile
 - Very low resource, technical and execution risk – majority of infrastructure in place

- Bottom end of the global phosphate rock capital intensity curve



CAPTION: Map illustrating Ardmore target markets (green) and regional advantage over current suppliers (brown).

As announced during the quarter, a number of cost reduction design initiatives have been identified post completion of the DFS. The opportunities were identified from a series of independent reviews of the DFS by external consultants. Savings of A\$ 5.7 million in capital and A\$ 3/t in operating cost savings have been realised already with a number of other initiatives currently under assessment. Evaluation of the remaining items and corresponding updated designs from Centrex's consultants are expected to be completed next month, with revised DFS estimates and financials expected to follow.

The Ardmore start-up operation, which is currently in execution phase, will not only produce trial shipments to secure long-term offtake for full-scale project financing but also significantly de-risk the project technically.

CDE Global continue to progress fabrication of the modular start-up wet processing plant, with installation and commissioning planned for completion by mid-2019 along with associated site works. The start-up modular process plant will have a

capacity of 70tph and has been designed to be expandable to 140tph for the full-scale operation designed at 800,000 wet tonnes per annum.



CAPTION: Fabricated sections of the Ardmore modular process plant at CDE Global.

The start-up operation is targeted to produce circa 30,000 wet tonnes of concentrate to provide a number of priority customers with 5,000 to 6,000 wet tonnes trial shipments. In October the Company signed its first contract with a major regional fertiliser manufacturer for a 5,000 wet tonne trial shipment of phosphate rock with a view to a long-term offtake commitment. Centrex also completed a site tour for a second major regional customer last month as part of their diligence process for a further trial shipment contract.

KemWorks (US based phosphate technology specialist) were engaged during the past months to undertake further fertiliser conversion test work for the production of phosphoric acid under specific conditions to simulate a major Asian phosphate rock importer's hemidihydrate ("HDH") style process plant at their request. Centrex previously reported excellent results from KemWorks on the more common dihydrate ("DH") process route. The test work completed by KemWorks on Ardmore phosphate rock concentrate confirmed its high quality and concluded it was well suited to the HDH process with >98% P₂O₅ recovery whilst meeting other key target specifications.

In December, Centrex achieved a major permitting milestone with the Queensland Department of Environment and Science issuing an environmental permit for the proposed start-up mining and processing operation. The issued environmental authority for mining lease ML 5542 will enable the Company to progress its proposed start-up operations.

A second public information session was held at the community hall in the local township of Dajarra to provide further information on the planned start-up operation. Members of the local community, business, local Council and State Government representatives attended providing positive feedback for the Company's planned operation. Additional sessions will be held in Dajarra and Mount Isa once the results of the start-up phase are known, to provide additional details of the proposed full-scale operation.

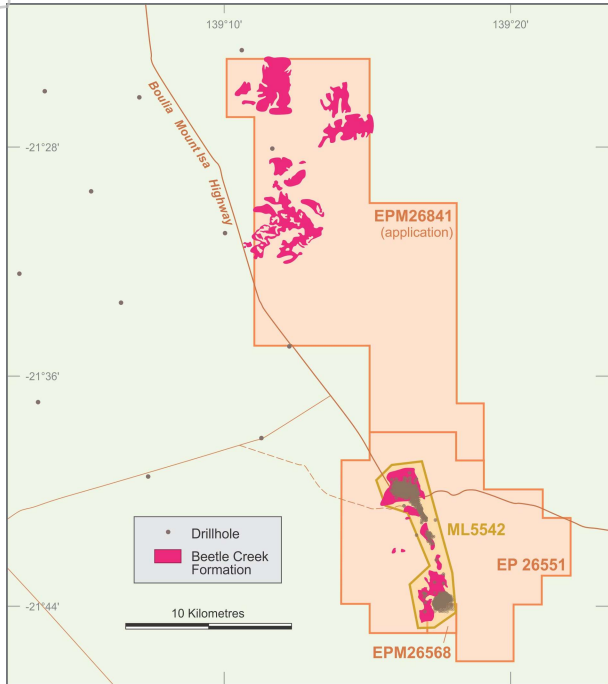


CAPTION: Recent Ardmore Project public information session in Dajarra.

3. PHOSPHATE EXPLORATION, QLD & NT

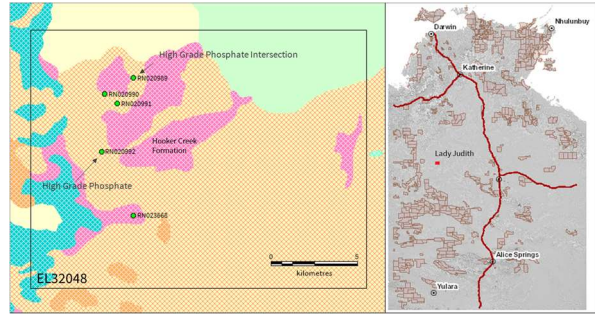
Centrex is developing a pipeline of phosphate exploration projects both proximal to Ardmore in the Georgina Basin and regionally in Australia. Centrex is focused on coarse high-grade pelletal deposits similar to Ardmore given the significant development advantages of this type over the more common lower grade "microphosphorite" deposits in Australia.

Prospective areas directly north of Ardmore have been pegged, with drilling planned to commence in 2019. Further areas in the Georgina Basin close to Ardmore are being assessed to leverage its development.



CAPTION: Location of Centrex’s Queensland tenements with mapped Beetle Creek Formation prospective for phosphorite.

To further capitalise on Centrex’s now established relationships with phosphate rock importers and the knowledge developed from Ardmore, other prospective areas for high-grade deposits in the Northern Territory’s Wiso Basin are under application. During the quarter, Centrex applied for a tenement over the Lady Judith prospect, identified from State Government phosphate testing of water bores. Near surface high-grade intersections were logged in water bores 4km apart within Middle Cambrian Sediments of similar age to Ardmore. No other drilling has been completed in the area.



CAPTION: Location of Centrex’s Lady Judith tenement with mapped Hooker Creek Formation prospective for phosphorite and water bore hole locations.

4. OXLEY POTASSIUM NITRATE PROJECT, WA

The Company commenced compiling an investor data room in order to seek a strategic partner to aid in developing the Oxley project to enable the Company to focus on Ardmore.

5. GOULBURN ZINC PROJECT, NSW

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

6. IRON ORE PORTFOLIO, SA

The sale of the Wilgerup and Kimba Gap iron ore projects to OneSteel Manufacturing Pty Ltd was completed during the period with State Government approval received 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.

The transfer of Centrex’s remaining South Australian iron ore exploration licenses to Lincoln Minerals Limited for nominal consideration was also substantially completed during the period pending State Government approval.

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6. TENEMENTS

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

Queensland (Phosphate)

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

Western Australia (Potash)

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 (Zinc)

Goulburn EL 7388 Archer EL 7503

Northern Territory (Phosphate)

EL 32048 (application pending)

South Australia (Iron Ore, transfer in progress)

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

Attached is the Appendix 5B Statement of Cash flows for the period from 1st October 2018 to 31st December 2018.

For further information please contact:

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Centrex Metals Limited
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Centrex Metals Limited
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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 may not update or revise any of the forward looking statements resulting from 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")

31st December 2018

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	(739)	(2,064)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(492)	(883)
	(e) administration and corporate costs	(361)	(682)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	89	194
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / refunded	-	-
1.7	Research and development refunds	-	116
1.8	Other	-	67
1.9	Net cash from / (used in) operating activities	(1,503)	(3,252)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(1,257)
	(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 (6 months) \$A'000
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(1,257)
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	11,275	14,281
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,503)	(3,253)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1,257)
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	9,772	9,772
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	2,082	1,183
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – term deposits (maturity within 90 days)	7,500	9,902
5.4	Secured Term Deposits *	190	190
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,772	11,275

* Term Deposits held to secure secured bank guarantees

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	90
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	(4,433)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(402)
9.5	Administration and corporate costs	(306)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(5,141)

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	Wilgerup ML6344 Kimba Gap RL129	Tenements transferred to One Steel Manufacturing Pty Limited	100%	Nil
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:

Date: 29th January 2019

Company secretary

Print name: Mr Stephane Gauducheau

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.