



## Centrex Limited (CXM.ASX)

### Ardmore Mine Upgrade - A Transformational Step in CY2024

#### Our View

**Centrex Limited's (CXM.ASX) Ardmore Phosphate Mine in QLD is the newest phosphate mining operation in Australia and Centrex is aiming to complete the "Stage 1.5" expansion plan by the end of CY2024 to increase output to 625ktpa.**

Centrex is on the cusp of transitioning Ardmore to a more cost-efficient operation that will benefit from economies-of-scale with only modest capital expenditure required. The latest figures released by CXM (November 2023) have outlined a budget of ~\$17.6m to achieve the plan.

In the meantime, Centrex continues to invest and focus on increasing production rates at Ardmore in anticipation of larger and more frequent shipments. Subject to the receipt and timing of debt funding, the aim is to ship 440kt for the 2024 calendar year.

Currently the mine is producing a low deleterious, >34.5% P<sub>2</sub>O<sub>5</sub> concentrate, which by all metrics is considered a premium concentrate by international standards. This has validated by the customer base established by Centrex.

We initiate coverage on Centrex Limited (CXM.ASX) with a Speculative Buy recommendation.

#### Key Points

**Centrex continues to make further progress with its debt finance** and is in advanced discussions with a number of parties. Centrex has stated it will consider all forms of funding available to minimise dilution while also ensuring the timely availability (required by end of CY2023 in line with current schedule) of capital necessary to complete the Stage 1.5 Phase expansion.

Upon completion of the Stage 1.5 expansion, Centrex estimates All-In Sustaining Costs (AISC) will be in the range of **A\$160 - A\$180 per tonne of phosphate concentrate**.

Agriflex is CXM's 100% owned market-facing brand behind the Ardmore Project. Several offtake agreements are in place with industry-leading trading and agricultural groups including **Incitec Pivot, Samsung C&T, Ameropa AG, Ballance Agri-Nutrients and Ravensdown**. These contracts essentially cover the majority of the projected production from Ardmore over the next three years.

Centrex is continuing to review all opportunities to enter new markets with their phosphate concentrate. Downstream verticals such as **dicalcium phosphate** (for use in animal feeds or as a direct application fertiliser), **biological fertiliser from tailings** and **phosphoric acid** (used in specialty chemicals including food production pharmaceuticals, water treatments and lithium iron phosphate batteries) are all potential options for Centrex that will be investigated in greater detail.

**The suspension of export inspections for DAP/MAP by China's National Development and Reform Commission** on 9 November 2023 has led to a temporary halt in Chinese overseas exports, significantly impacted global supply chains and causing a surge in DAP/MAP prices across key global markets. Market sources indicate uncertainty regarding the duration of the Chinese Export Restrictions, potentially impacting the supply of DAP, MAP and other fertiliser products globally in CY2024. Phosphate concentrate prices, closely tied to global DAP/MAP prices, are expected to see similar increases.

29 November 2023

### Recommendation: Speculative Buy

#### Summary (AUD)

Market Capitalisation (undiluted)	\$45.0m
Share price (November 28, 2023)	\$0.067
52 week low	\$0.057
52 week high	\$0.20
Cash (30/9/23)	\$2.2m
Debt (30/9/23)	\$2.1m
Ordinary shares (undiluted)	672.0m
Options (5c, 31 December 2023)	71.3m
Options (20c, 21 December 2025)	8.0m
Performance rights	15.8m

#### Share price graph (AUD)



#### Board & Management

Robert Mencil	Managing Director
Graham Chrisp	Non-Executive Director
Dr A. John Parker	Ind. Non-Executive Director
Peter Hunt	Non-Executive Chairman
Cormac Byrne	CFO
Hiti Taluja	Chief Commercial Officer
Enzo Artone	Chief Technical Officer
Brian Hall	General Manager - Mining
Stewart Bale	Commercial Manager
Gavin Swart	Eng. and Projects Manager
Alastair Watts	Exploration Manager
John Santich	Company Secretary

#### Top Shareholders\*

Jason Chrisp	16.50%
Graham Chrisp	8.86%
China Baowu Steel	6.01%
Top 20	43.5%

\*Iress Data

## Ardmore Operation – Financial Summary

All Figures are in AUD

Year Stage		FY 2023 A Production	FY 2024 F Production	FY 2025 F Production
<b>Production and Revenue</b>				
		From Quartermies		
Ore Mined		169,376	300,000	700,000
Strip Ratio		1.56	4	4
Waste Mined		263,740	1,200,000	2,800,000
Total Mined		433,116	1,500,000	3,500,000
Material Returned to Voids - Rehab	Waste + RoM Mass Reject		1,270,200	2,963,800
RoM Crushed		181,186	300,000	700,000
Crushed RoM Beneficiated		161,893	300,000	700,000
	Mass Rec			
	76.60%			
Beneficiated Material Produced (Wet)		124,010	229,800	536,200
	Moisture Content			
	5.00%			
Beneficiated Material Produced/Sold (Dry)		79,570	175,000	520,114
Beneficiated Rock Price FOB AUD (Dry) - Flat	\$325	\$ 317.52	\$325	\$325
Gross Revenue	Flat Price Deck	\$ 25,265,000	\$ 56,875,000	\$ 169,037,050
Qld Government Royalty Rate		\$	\$ 4.72	\$ 4.72
Qld Government Royalty		-\$ 63,656	-\$ 825,771	-\$ 2,454,258
SCF Royalty	3.50%	-\$ 757,950	-\$ 1,706,250	-\$ 5,071,112
Total Royalty		-\$ 821,606	-\$ 2,532,021	-\$ 7,525,370
<b>Net Revenue</b>		<b>\$ 25,265,000</b>	<b>\$ 54,342,979</b>	<b>\$ 161,511,680</b>
Effective Total Royalty			4.45%	4.45%
<b>Operating Costs</b>				
	Base	Sensit	Adj Cost	
Mining Per Tonne Moved	\$1.50			-\$ 2,247,575
Rehab Per Tonne Moved	\$1.50			-\$ 1,903,247
Processing per ROM Tonne	\$8.21			-\$ 2,463,045
G & A per ROM Tonne	\$4.48			-\$ 1,344,087
Rail per DMT Con	\$60.21			-\$ 9,452,970
Port per DMT Con	\$20.74			-\$ 3,256,180
Haulage per DMT Con	\$10.91			-\$ 1,712,870
Lease per ROM Tonne	\$1.69			-\$ 508,212
Head Office per Annum	\$4,000,000			-\$ 4,000,000
<b>Total Costs</b>		<b>-\$ 32,444,000</b>	<b>-\$ 36,299,050</b>	<b>-\$ 100,144,882</b>
Costs per DMT Concentrate			207	193
<b>EBITDA</b>				
<b>EBITDA</b>		<b>-\$ 7,179,000</b>	<b>\$ 18,043,928</b>	<b>\$ 61,366,799</b>
<b>Capex and Depreciation</b>				
Ardmore 1.5 Capex			-\$ 8,800,000	-\$ 8,800,000
<b>Total Capex Added</b>		<b>-\$ 2,706,000</b>	<b>-\$ 9,235,000</b>	<b>-\$ 9,815,000</b>
<b>D and A</b>				
<b>D and A</b>		<b>-\$ 1,920,077</b>	<b>-\$ 2,689,660</b>	<b>-\$ 3,581,933</b>
Capital Assets at Start		\$ 22,255,000	\$ 23,040,923	\$ 29,586,263
Capex Added		\$ 2,706,000	\$ 9,235,000	\$ 9,815,000
Depreciation		-\$ 1,920,077	-\$ 2,689,660	-\$ 3,581,933
Capital Assets at End		\$ 23,040,923	\$ 29,586,263	\$ 35,819,330
<b>EBIT</b>				
<b>EBIT</b>		<b>-\$ 9,099,077</b>	<b>\$ 15,354,268</b>	<b>\$ 57,784,866</b>
<b>Interest</b>				
<b>Net Interest Paid</b>		<b>\$ 19,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>EBT</b>				
<b>Earnings Before Tax</b>		<b>-\$ 9,080,077</b>	<b>\$ 15,354,268</b>	<b>\$ 57,784,866</b>
<b>Taxation</b>				
Corporate Tax Rate		25%	30%	30%
Additional Tax		0%	0%	0%
Notional Tax from EBT		\$ 2,270,019	\$ (4,606,280)	\$ (17,335,460)
Carried Forward Tax losses		\$ 7,523,000	\$ 9,793,019	\$ 5,186,739
Tax Benefits Used/(Gained)		\$ (2,270,019)	\$ 4,606,280	\$ 5,186,739
<b>Corporate Tax Liability</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,148,721</b>
<b>Tax Paid</b>	<b>Year after Liability Incurred</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Effective Tax Rate		0%	0%	-21%
<b>Net Profit After Tax</b>				
<b>Net Profit After Tax</b>		<b>-\$ 9,080,077</b>	<b>\$ 15,354,268</b>	<b>\$ 45,636,145</b>

### Ardmore Operations – Current Production Update

Centrex announced that it is on track to ship a total of 57kt of beneficiated ore for 2H CY2023. This follows the shipments of 20,510 tonnes on 5<sup>th</sup> November and 17,263 tonnes on 13<sup>th</sup> September, both of which were record shipments. The next scheduled shipment of ~20,000t is due for loading in mid-December, with 11,278t already at the port.

Centrex expects to produce ~50kt of beneficiated ore in Q1 CY2024 and continues to invest and focus heavily on increasing production rates at Ardmore in anticipation of larger and more frequent shipments throughout CY2024. Mining rates have increased significantly to build the stockpiles necessary for these larger future shipments and the rate of production is expected to reach 240ktpa by January 2024.

### Ardmore Phosphate Project – Stage 1.5 Expansion

Centrex has outlined that Stage 1.5 Expansion will result in the Ardmore Phosphate Mine reaching a production capacity of 625ktpa of beneficiated phosphate concentrate. The mining process at Ardmore is an open-cut mining operation that is low-cost with a low strip ratio of 5.6. The ore is crushed and beneficiated on-site. The beneficiation plant has is constrained by the capacity of its current drying/tailings' capacity, which the Stage 1.5 development aims to address.

Recently, the budgeted capital expenditure to complete the upgrade has been significantly reduced to A\$17.6m, which represents a reduction of A\$8.1m, or 32%, from the previously estimated Stage 1.5 capital expenditure of A\$25.7m. The reduction in spending on Stage 1.5 capital items is mainly attributable to ongoing project optimisation, leading to a refined capital expenditure profile.

The Stage 1.5 development scope involves upgrading existing non-processing infrastructure. Centrex has completed engineering assessments and designs for mining, ore crushing, concentrate drying, and process plant improvements, as well as finishing procurement workstreams and execution schedules. All components feature conventional machinery and locally sourced materials, further reducing the expansion's overall cost and complexity.

The initial capital expenditure is \$8.8m with a further \$8.8m scheduled in Q3-CY2024 onwards, allowing the option for Ardmore to fund some of the back ended capital expenditure from existing free cash flow. Furthermore, Centrex has been able to utilise its current operating cash flows, previously raised equity capital and hire purchase financing of the new crushing circuit to partially fund the capital expenditure of Stage 1.5 Project incurred to date. Upon completion of the Stage 1.5 expansion, Centrex estimates All-In Sustaining Costs (AISC) will be in the range of A\$160 - A\$180 per tonne of phosphate concentrate.

**Table 1: Revised Stage 1.5 Capital Expenditure Budget (source: CXM ASX release 7<sup>th</sup> November 2023)**

Item	Amount	Indicative Timing
Brine Dams (Waste Disposal)	\$0.75m	Q4 CY2023 – C1 CY2024
Reverse Osmosis Plant	\$0.19m	Q4 CY2023
Camp Expansion Phase 1	\$1.10m	Q1 CY2024
Drying Pads	\$1.00m	Q1 CY2024
Approvals	\$2.70m	Q1 CY2024
Camp Expansion Phase 2	\$2.00m	Q1 – Q2 CY2024
Cyclones	\$0.20m	Q2 CY2024
Communications, Gensets & Buildings	\$1.00m	Q1 – Q2 CY2024
Tailing Storage Facilities	\$6.42m	Q3 – Q4 CY2024
Crushing Plant (Final Payment)	\$2.24m	Q4 CY2024
<b>Total</b>	<b>\$17.6m</b>	

Centrex is in advanced negotiations with potential financiers to fund the Stage 1.5 capital requirement – a more streamlined process now with current operational cash flow funding part of the upgrade, reduced initial capital requirements and half of the expenditure for Stage 1.5 planned for the 2H of CY2024. Subject to the receipt and timing of debt funding, the Company is targeting up to 440kt for the 2024 calendar year.

A 2021 Definitive Feasibility Study contemplated annual concentrate production of 800ktpa with an estimated pre-production capital expenditure of A\$72.6 million and this production scenario is now referred to as 'Stage 2'. The Stage 1.5 Project has been designed as an interim step towards Stage 2, targeting 625ktpa of annual production, which represents ~80% of the production output of Stage 2, while requiring significantly less capital. The Stage 1.5 Project

became possible due to the exceptional performance of the Ardmore Beneficiation Plant, which has consistently exceeded design throughput and metallurgical performance criteria.

### Product (Phosphate) Sale Agreements

Five separate sales agreements have been secured (Incitec Pivot, Samsung C&T, Ameropa AG, Ballance Agri-Nutrients and Ravensdown) through Agriflex Pty Ltd, which is a wholly owned subsidiary of Centrex Limited and the market-facing brand behind the Ardmore Phosphate Mine.

#### Incitec Pivot

Southern Cross Fertiliser (SCF), a wholly owned subsidiary of Incitec Pivot, transferred the Ardmore Mining Lease to Centrex in 2017. SCF has retained an interest in the project via a 3.5% royalty (except during calculation periods where the average Morocco 72% BPL (circa 32% P<sub>2</sub>O<sub>5</sub>) FOB phosphate benchmark is less than US\$150 per tonne where the royalty will remain at 3%) and a right of first refusal over up to 30% of product from the project. This is a Life-of-Mine agreement with market price to be paid for product.

#### Samsung C&T

Samsung will provide Agriflex with marketing services for sales of an annual quantity equal to the lesser of 20% of the product from the project or 160kt of the product over a 4yr period. In addition, Samsung may also assist Centrex with sales of any additional quantity of product not taken by other off takers. The price to be paid by Samsung will be the market netback price (defined as the actual sales price minus direct costs and a marketing service fee).

#### Ameropa AG

Ameropa AG, is a Swiss, privately owned international agri-business founded in 1948. The Company produces, originates and markets fertilisers and grains (CXM primarily dealing with regional office in Melbourne). Agriflex has agreed to supply between 15-16kt of phosphate rock to Ameropa in year one with the parties mutually agreeing the tonnages for years 2 and 3, which must be agreed within 120 days of the commencement of each contract year (term is 2.75 years commencing from 1 April 2023 to 31 December 2025). Price per tonne in USD to be agreed between the parties within 45 days prior to each Quarter for the following Quarter, with market price as a reference point in negotiations.

#### Ballance Agri-Nutrients

Ballance is a leading New Zealand farmer-owned fertiliser cooperative company which manufactures, supplies and sells fertilisers to farmers throughout New Zealand, as well as a full range of science based agricultural nutrient products. Agriflex has agreed to supply approximately 30kt of phosphate rock to Ballance in year one with the parties mutually agreeing the tonnages for years 2 and 3, which must be agreed within 120 days of the commencement of each contract year (term is 2.75 years commencing from 1 April 2023 to 31 December 2025). Price per tonne in USD to be agreed between the parties within 45 days prior to each Quarter for the following Quarter, with market price as a reference point in negotiations.

#### Ravensdown

Ravensdown is a leading New Zealand-owned agricultural cooperative company. It manufactures and markets agricultural inputs and services throughout New Zealand. Agriflex has agreed to supply approximately 15kt of phosphate rock to Ravensdown in year one with the parties mutually agreeing the tonnages for the following contract years, which must be agreed within 120 days of the commencement of each contract year (term is 2.5 years commencing from 1 July 2023 to 31 December 2025). Price per tonne in USD to be agreed between the parties within 45 days prior to each Quarter for the following Quarter.

### Stage 2.0 Development

Stage 2.0 is likely a development that will be done further down the track once Stage 1.5 has been well and truly established and provides sufficient cash flow to proceed with further upgrades. Essentially the main difference is the throughput, which would see an increase from the proposed 625ktpa to 800ktpa, thus providing even greater economies-of-scale.

GR Engineering Services Limited were engaged to update the capital cost estimate and plant design, site layout, construction material quantities and erection/ installation hour estimate.

The figures from this estimate show a low capital cost scenario with high operating margins and rapid payback.

**Table 2: 800ktpa DFS Technical Metrics (source: CXM ASX release 12<sup>th</sup> August 2021)**

Average Annual Production	800ktpa
Mining Cut-off P <sub>2</sub> O <sub>5</sub> Grade	26.5%
Concentrate P <sub>2</sub> O <sub>5</sub> Grade	34%
Overall Recovery	89%
Mine Life	10yrs
Payback Period	<2yrs

Some high-level economics that were reported include (using AUD: USD 74c exchange rate):

- Concentrate Price (FOB Townsville) = A\$182/t
- Operating Cost = A\$125/t
- Capex = A\$78m
- Pre-Tax Free Cash Flow = A\$429m
- Pre-Tax NPV = A\$207m
- Pre-Tax IRR = 52%

Benefits of Stage 2.0 include:

- **Bulk Logistics:** Stage 2.0 will focus on transitioning from a containerised solution to a bulk logistic solution, significantly lowering Ardmores's all-in sustaining cost (AISC).
- **Additional Drying Capacity:** Stage 2.0 will expand Ardmores's drying capacity to allow Centrex to increase beneficiated production output to 800ktpa.
- **Economies of Scale:** Increased production and lower unit transportation costs are expected to substantially increase Centrex's operating margins.
- **Under-utilised Capacity:** Add valuable tonnes to the currently under-utilised Mt Isa to Townsville rail-line, potentially attracting government and regional support.
- **Funding:** Leveraging the existing cash flows generated by the Stage 1.5 development.

## Downstream Developments

Centrex is continuing to review all opportunities for their phosphate concentrate and investigating numerous potential value-add scenarios to maximise margins from the high-quality concentrate and potentially provide exposure to other business verticals. These include:

- **Dicalcium phosphate:** Centrex has entered into a MOU with Cleveland Bay Chemical Company to explore value added processing opportunities. The MOU will explore the potential for Centrex's granular apatite product to be used to manufacture Dicalcium Phosphate (DCP) for use in animal feeds or as a direct application fertiliser.
- **Biological fertiliser from tailings:** Centrex has signed a strategic MOU with Neutrog Australia, a developer and manufacturer of specialist organic based, biological fertilisers and liquid probiotics. The MOU is a joint collaboration to develop, produce and market biological fertiliser products using phosphate rock tailings to monetise existing tailings from the Ardmores mine.
- **Phosphoric acid:** Centrex is collaborating with Prayon, a Belgium based world leader in phosphate processing technologies, to investigate the feasibility of Ardmores's feedstock for phosphoric acid production. Initial test work of the high-quality concentrate from Ardmores suggests the product is potentially suitable for phosphoric acid production without the need for further pre-concentration. Phosphoric acid is used in specialty chemicals including food production pharmaceuticals, water treatments and lithium iron phosphate batteries.

## Centrex Project Locations

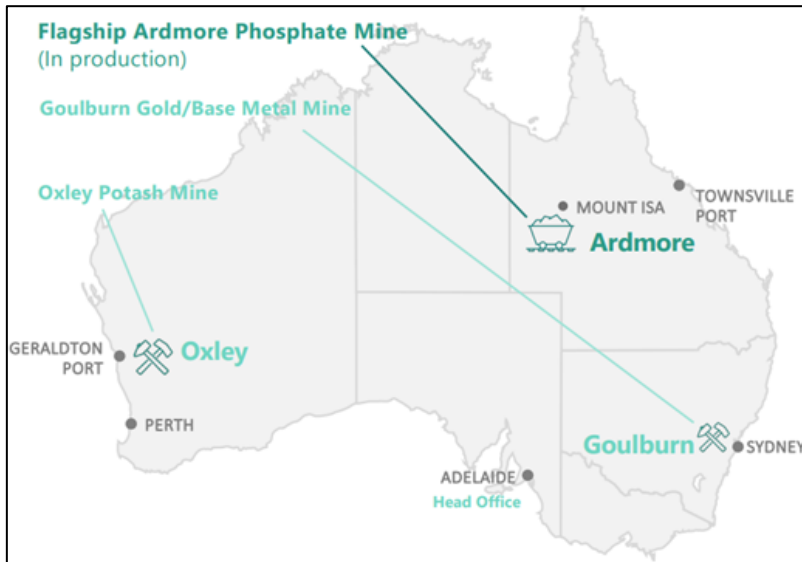


Figure 1: CXM Project Locations (source: CXM presentation)

Flagship Ardmore Phosphate Mine: Ardmore is located in the Georgina Basin, which hosts all the major phosphate rock deposits in Australia and is one of few high-grade phosphate rock deposits remaining in the world. Ardmore holds two exploration tenements that cover 339km<sup>2</sup> of mining and prospecting area, which is 100% owned by Centrex. The tenements cover 100km<sup>2</sup> of underexplored tenure and have a high likelihood of extending the mine life.

## Ardmore Mineral Resources/Reserves

The Ardmore deposit is hosted in the same Cambrian sedimentary package as the nearby Duchess Mine. Phosphate mineralisation occurs in two units within the same formation; an upper high-grade (>30% P<sub>2</sub>O<sub>5</sub>) phosphorite member, and a basal lower grade (10-15% P<sub>2</sub>O<sub>5</sub>) phosphorite member with a series of cherts. Mine life has the potential to be extended over time to 14 years through the conversion of existing Mineral Resources to Ore Reserves and further exploration. A high-grade cut-off of 26.5% of P<sub>2</sub>O<sub>5</sub> applied. The cut-off grade and mining method provide for a sufficient process plant feed grade to produce a >34.5% concentrate.

Table 3: JORC (2012) Ardmore Phosphate Mine Resources/Reserves (source: CXM website)

	Category	Mt	P <sub>2</sub> O <sub>5</sub> %
ORE RESERVES	Probable	7.3	30.2%
	Proven	2.8	30.3%
	<b>Total</b>	<b>10.1</b>	<b>30.2%</b>
MINERAL RESOURCES	Measured	3.3	29.8%
	Indicated	11.1	27.4%
	Inferred	1.7	26.8%
	<b>Total</b>	<b>16.2</b>	<b>27.8%</b>

## Ardmore Infrastructure/Logistics

Product is currently transported from site to Mt Isa and subsequently transported via an existing rail line to Townsville. The potential option remains to transport via Duchess if cost effective and will be investigated in greater detail. The current product transport scenario is covered by the transport/logistics agreement signed with Aurizon January 2023. Under the terms of the agreement, Aurizon has been appointed as the supplier for the containerised logistics solution from the Ardmore mine to Townsville port. The logistics solution consists of provision of containers, container loading at site, trucking utilising triple road trains to Mount Isa, rail to Townsville, storage of containers at Aurizon terminals at Townsville and stevedoring services to transport and load the rock phosphate to a bulk vessel using a rotainer crane. This should support transport capacity increases from 216,000 tonnes in year one to 508,800 tonnes per annum in subsequent years (with flexible additional expansion opportunities also an inclusion within the deal to cover requirements of Stage 1.5 and beyond).



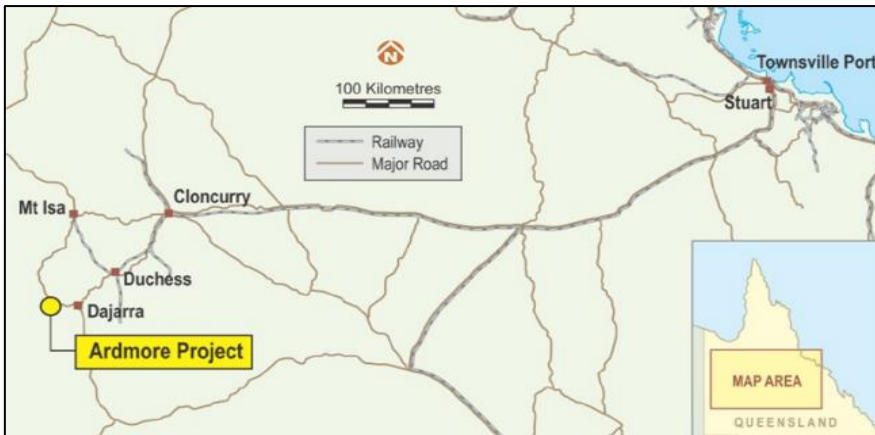


Figure 2: Ardmore Phosphate Mine Location and Railway Corridor to Townsville Port (source: CXM presentation)

### Ardmore Metallurgy

Centrex has adopted a flowsheet that is well-known and standardised for phosphate concentrate production. The plant processes crushed ore to remove deleterious minerals, upgrading the  $P_2O_5$  content from ~30% to concentrate levels of >34.5%. The process involves no chemicals or synthetic methods for beneficiation with the phosphate produced being considered organic.

- **Throughput:** Achieved nameplate capacity and exceeded metallurgical design performance, consistently achieving the design throughput rate of 350ktpa (wet) feed of phosphate rock. Under Stage 1.5, production is expected to increase to a target of 625ktpa (wet) phosphate rock feed run of mine.
- **Recoveries:** 70% mass recovery (75% phosphorous recovery) with anticipation that the yield will increase to ~80%.
- **Deleterious Elements:** Final product samples indicate a combined  $Al_2O_3$  and  $Fe_2O_3$  grade impurity level below the market accepted level of 3%. The concentrate importantly has very low cadmium content (an unwanted heavy metal that is creeping up in other sources of phosphate rock).
- **Moisture Content:** Has been reduced to ~5%, which will open up Ardmore's product to the broader international market (easier to handle and cheaper to transport dry product).

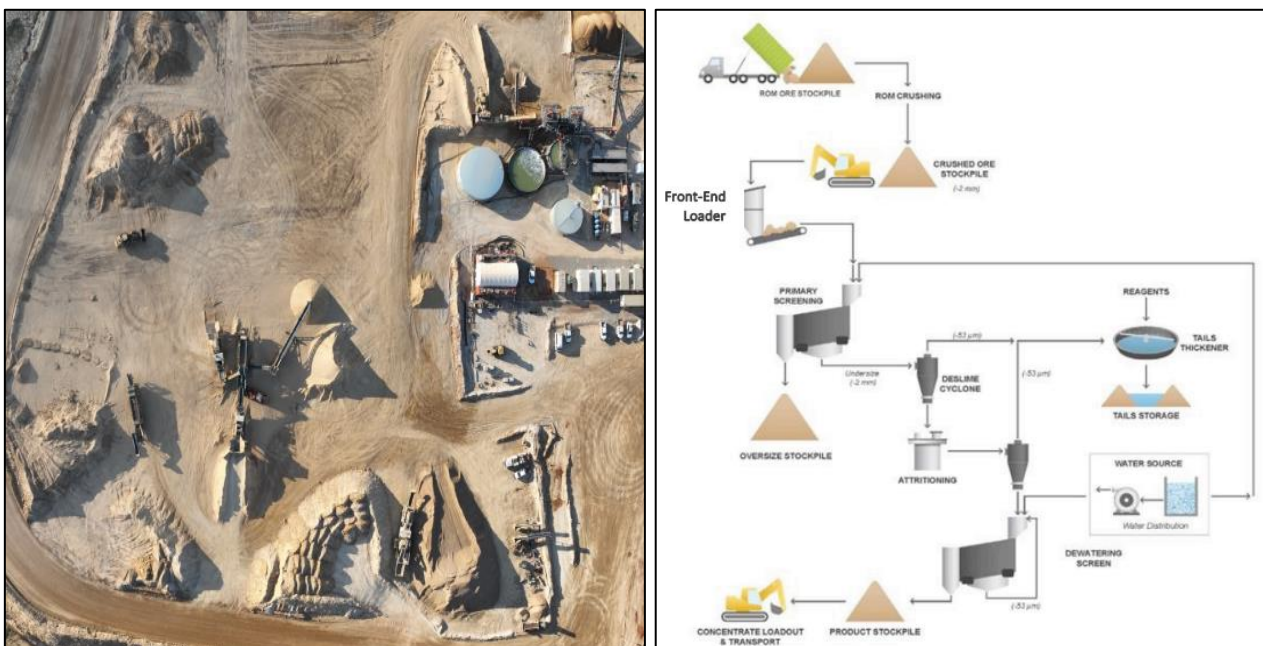


Figure 3/4: Aerial View and Process Flow Sheet of Ardmore Phosphate Mine Plant (source: CXM presentation)

## Phosphate Market – Pricing/Commentary

The increased global demand for phosphate rock drove the price as fertiliser demand remains strong supported by high crop & beef prices. Russian rock production and exports continue to fall due to EU sanctions placed after the outbreak of war in the Ukraine. Premium-priced Russian phosphate rock (like Centrex’s Ardmore ore) is high-grade and contains low levels of cadmium and other heavy metal impurities - a favourable scenario for Centrex and a reason for the bullishness on achievable sale prices. Europe is now importing more North African and other rock over Russian rock in leading forecasts (Australia currently imports 100% of its high-grade phosphate rock usage – primarily from North Africa, Vietnam and China).

Recent market developments include the suspension of export inspections for DAP/MAP by China’s National Development and Reform Commission on the 9 November 2023 has led to a temporary halt in Chinese overseas exports, significantly impacted global supply chains and causing a surge in DAP/MAP prices across key global markets. Market sources indicate uncertainty regarding the duration of the Chinese Export Restrictions, potentially impacting the supply of DAP, MAP and other fertiliser products globally in CY2024.

Phosphate concentrate prices, closely tied to global DAP/MAP prices, are expected to see similar increases. Additionally, New Zealand’s average anhydrous milk fat price has seen a significant rebound, raising from the lows of US\$4,452/mt in August 2023 to US\$5,489/mt as of November 2023, according to recent Fonterra auctions. Fonterra, New Zealand’s largest cooperative, accounts for approximately one-third of the world’s dairy exports.

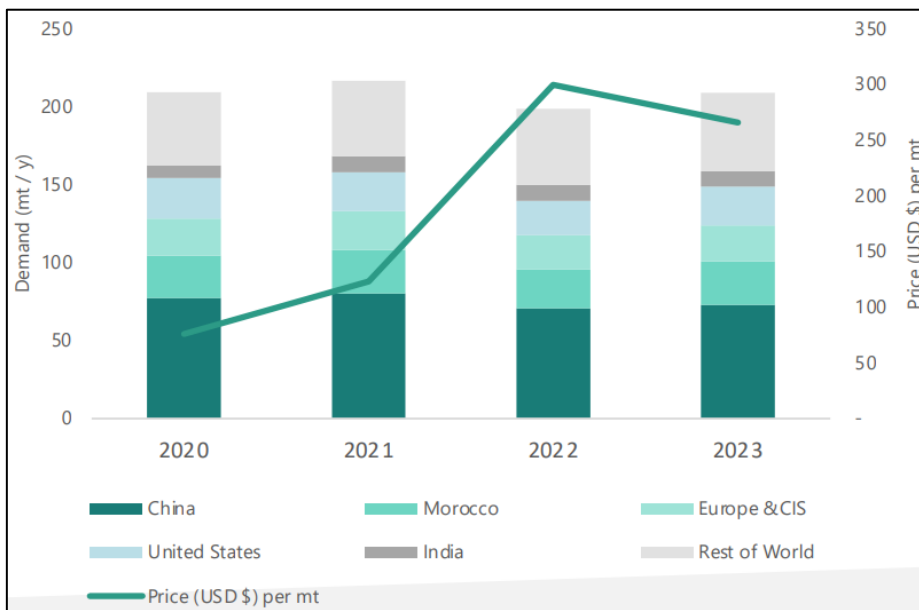


Figure 5 – Global Phosphate Rock Demand and Price (source: CXM presentation)

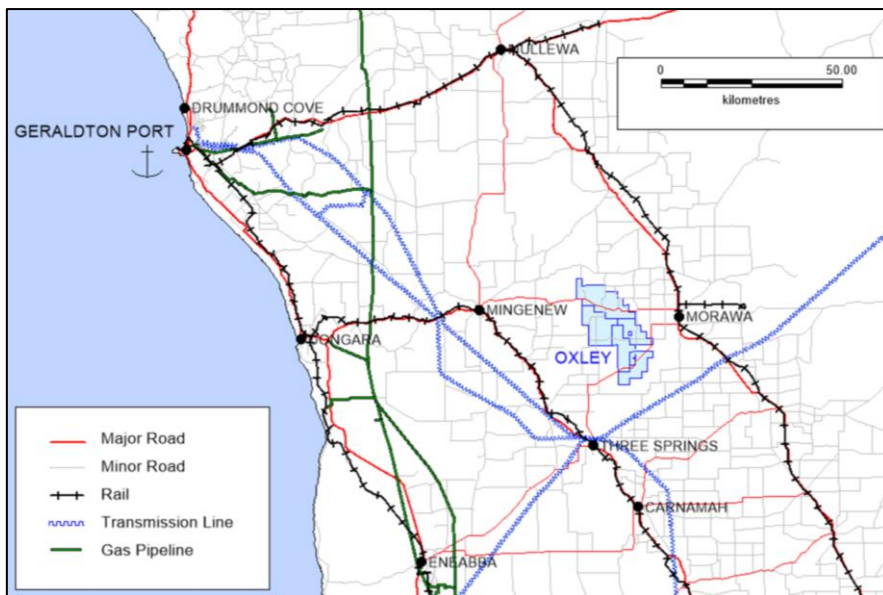
## Oxley Potassium Fertiliser Project

The Oxley Potash Project is in Western Australia around 125km southeast of the port of Geraldton. The project has very favourable mining, infrastructure and logistics scenarios compared to most potash projects and is located next to existing roads, rail, power, and gas infrastructure.

Table 4: Oxley Inferred Resource at varying cut-off grades (source: CXM website)

Cut-Off Grade (K <sub>2</sub> O %)	Mt	Resource (K <sub>2</sub> O %)
6	154.7	8.3
7	134	8.5
8	83	9.1
9	37.9	10.0
10	14.8	10.8
11	4.2	11.6





**Figure 6 – Oxley Potash Project Location in WA (source: CXM announcement)**

Centrex intends to develop a direct process route to higher value potash fertiliser products such as potassium nitrate and potassium sulphate. Test work completed by Nagrom extracted +95% potassium providing sufficient incentive to continue fine tuning this process path with the aim to establish an alternative to the previously studied molten salt ion exchange method (90% potassium extraction to produce potassium chloride). On the back of these positive results, CXM will aim to further investigate the production of high-value potassium carbonate and other by-products and metallurgical test work for this is ongoing.

### Goulburn Base Metal Project

The Goulburn base metals project is located in the Lachlan Fold Belt in New South Wales. Geophysical mapping of the project has shown promising conductor targets located on the edge of a major gravity high adjacent historically defined zinc, lead and copper mineralisation. A drill program conducted in early 2015 has intersected a zone of massive and semi-massive polymetallic sulphide mineralisation at the newly discovered Collector North Polymetallic Prospect. Ongoing technical studies are underway including petrology of mineralisation and alteration seen at both the Collector and Collector North. Drill-ready DHEM targets from 250m depth proximal to existing massive sulphides at Collector.

### Board and Management

#### Robert Mencil

##### **Managing Director/CEO**

Mr Mencil is an engineering and mining executive with more than 30 years' experience developing and operating a wide range of mining, mineral processing and engineering operations. Previously he held the position of CEO for RONPHOS Corp., the Republic of Nauru's Phosphate company, where he was responsible for production, marketing and export of phosphate to customers throughout Asia and Indian Pacific region.

Mr Mencil brings significant senior managerial experience to the role at Centrex, having held the position of Managing Director/CEO of various ASX listed companies in the energy and resource sector.

#### Graham Chrisp

##### **Non-Executive Director**

Mr Chrisp has a degree in Civil Engineering and has substantial experience in numerous aspects of business operations, including design and construction of roads and other earthworks, mineral exploration and property development. As an owner and operator of earth moving equipment for mining and civil applications, Mr Chrisp has practical experience with modest scale mining operations, including several of his own developments.

He was a founding director of Centrex Metals Limited (having previously served as its Managing Director) and Lincoln Minerals Ltd and has numerous private interests.

Mr Chrisp is a member of the Company's Remuneration and Nomination Committee.

### **Dr A. John Parker**

#### ***Independent Non-Executive Director***

Dr Parker is a geologist, geophysicist and manager with extensive local and international experience and knowledge of the geology, mineral deposits and mineralising systems in the Precambrian.

Dr Parker was formerly Chief Geologist with the mapping branch of the South Australian Geological Survey and responsible for the mapping and publication of geological maps throughout South Australia. He has spent the last 26 years in mineral exploration as Director and Principal Geologist for Geosurveys Australia Pty Ltd including 11 years as Managing Director of Lincoln Minerals Limited and Australian Graphite Pty Ltd.

Dr Parker is a member of the Board's Audit and Risk Committee and Remuneration and Nomination Committee.

### **Peter Hunt**

#### ***Chairman (Independent)***

Mr Hunt was appointed initially as a Non -Executive Director of the Company on 15 December 2020. He was a former consultant to BDO Australia, which acquired PKF Adelaide of which Mr Hunt was senior partner in 2012. He is a member of the Institute of Chartered Accountants in Australia.

Mr Hunt is an experienced company director and has been a director and chairman over several decades of a number of ASX listed mineral exploration and technology-oriented companies.

Mr Hunt is a member of the Company's Audit and Risk Management Committee and the Remuneration and Nomination Committee.

### **Cormac Byrne**

#### ***CFO***

Cormac Byrne is a corporate accountant with over 18 years of accounting experience, with a strong background in financial accounting and corporate advisory services.

Cormac has extensive experience dealing with all aspects of public company affairs, assisting in the IPO of several listed entities, various mergers/acquisitions and providing general accounting and company secretarial support.

### **Hiti Taluja**

#### ***Chief Commercial Officer***

Hiti Taluja joined Centrex in 2023. She has in-depth experience in commodity trading, supply chain and strategy. She has over 20 years' experience gained through prominent organisations in the fertiliser industry including Trammo, Incitec Pivot Limited and Mosaic Fertilisers. Ms Taluja is responsible for the Company's commercial negotiations, including strategic sourcing, contract negotiations, phosphate sales, shipping and port coordination, compliance management and high-level stakeholder engagement.

### **Enzo Artone**

#### ***Chief Technical Officer***

Enzo Artone recently joined Centrex, bringing over 40 years of Australian and international resource industry experience. Enzo has previously held senior roles for Rio Tinto, BHP, Newmont, WMC and Normandy. His most recent role was Manager/Principal Process Engineer (Brownfield Expansion Project) with BHP.

### **Brian Hall**

#### ***General Manager - Mining***

Over 30 years of experience building and operating mining and fertiliser projects. His previous management roles include General Manager for Mount Gibson Mining and Maintenance Manager at Ronphos. Brian has extensive technical and operational experience in phosphate mining and operations through his time at Ronphos Corporation.

### **Stewart Bale**

#### ***Commercial Manager***

Mr. Bale was previously the financial controller for RONPHOS Corporation. He has also held positions at BP Oil and Mount Kasi Gold Mines.

### **Mr. Gavin Swart**

#### ***Engineering and Projects Manager***

Project manager with over 30 years of experience in project development in South Africa and Australia. Before joining Centrex, Gavin was a key member of Iluka Resources for ten years, one of the largest heavy minerals producers in the world.

**Alastair Watts**  
**Exploration Manager**

Alastair Watts joined Centrex in March 2007. He is a geologist with over 29 years of experience in exploration, mining and project development. He has extensive gold, iron ore and phosphate mining experience and successful history of mineral discovery and development. His roles include mining, quality control and project management.

**John Santich**  
**Company Secretary**

Dr Santich is a lawyer and engineer with many years' experience in the mining industry having held company positions at board, secretarial and management levels.

## Risks

There are risks associated with investments in junior resource companies. Key risks that apply to Centrex are presented below.

- **Phosphate Market/Pricing** – The phosphate price is currently trading around historically high levels and we expect that the market should remain robust with ongoing supply issues and inflationary pressure (at least in the near term). Centrex is well positioned based on the early mover advantage, nevertheless, long term pricing of phosphate is not clear and may impact project NPV.
- **Financing** – With the expansion phase now well understood – financing becomes a critical path item to achieve the timeline announced to the market and benefit from the projected economies-of-scale such a development will bring. Additionally, we expect project debt to be more expensive and must be accounted for (as part of servicing the debt from operational cash flow) in future debt financing situations.
- **Development** – Stage 1.5 development is likely to be completed in CY2024. Any delays would be problematic and naturally pushes back production targets. Additionally, concentrate prices are high in the immediate term and we feel the larger volume (if brought in line with the schedule) will help aid potential higher-than-average cash flows in the early operational stages.
- **Commissioning/Concentrate Quality** – One of the real advantages for CXM is the ability to potentially produce a high-quality product of 34.5%+ P<sub>2</sub>O<sub>5</sub>, which would put the concentrate in the top echelon rock phosphate quality (with the low heavy metal content). The processing plant is a very simple set-up, but again, ensuring the mining & processing meet key deliverables will be important to ensure CXM continue to satisfy customer specification requirements.

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