

Strategic Investment Opportunity ARDMORE PHOSPHATE PROJECT



May 2020

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Note: References are in appendix



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Ardmore Phosphate Rock Project

A uniquely positioned, low risk project set to deliver premium quality phosphate rock to the fertiliser market, to meet growing demand on the farm



Strategic Investment Opportunity

- Centrex Metals (Centrex) owns the high-grade lowimpurity Ardmore Phosphate Project (Ardmore)
- Centrex is currently seeking Strategic Partners to join in the funding and development of Ardmore
- Investment may be available either in the Ardmore holding company, Centrex Phosphate Pty Ltd, or directly in the Project
- Centrex may discuss a proportionate share of offtake as part of the Strategic Investment
 - Size and structure of the investment will determine the Investor's rights





Ardmore Investment Highlights

Project economics ¹	 Optimised DFS for Ardmore Project indicated ungeared pre-tax NPV₁₀ of A\$ 269m and IRR of 63% Project Capex A\$69m providing initial payback of 1.8 years 10 year mine life in JORC ore Reserves only Further upside through regional exploration, conversion of Resources to Reserves and other strategic regional opportunities
Regional advantage	 Major sea freight advantage over existing suppliers to the important Asia-Pacific markets Almost half the traded phosphate rock market is to Ardmore's target customers in the Asia-Pacific region
Premium quality product	 Premium-grade low impurity phosphate rock product proposed which is in high demand regionally Unique ultra-low cadmium content provides capability to be used by local manufacturers without the need for blending
Phosphate market	 Positive price and demand outlook correlates well with world population growth Global shift away from purchasing disputed and high cadmium Moroccan exports from Western Sahara region China forecast to move to net importer in the near term Limited high grade phosphate rock capacity regionally implies potential for increasing product premiums
Risk profile	 Simple open cut operation, low cost, low strip ratio mining located on granted Mining Lease Chemical-free simple on site processing based on using recently-installed processing plant Resource well known, DFS^{1, 5} has derisked development and execution risk – majority of infrastructure already in place (eg road, rail network to Townsville port)
Www.centrex	METALS.COM.AU 6

Holding Company Investment

- The Investor can be issued shares in holding company Centrex Phosphate Pty Ltd (CPL) at an agreed price
- Centrex Phosphate is a private company 100% owned through DSO Developments Pty Ltd by Centrex Metals Limited
- Depending on the size of the investment the Investor may be granted CPL board representation to support their investment

Advantages

- Privacy of ownership
- Investment is easily protected
- May require further investment
- Potential gain from Centrex's other phosphate exploration portfolio

Investment in Holding Company ------

- Proportional offtake may be guaranteed if an agreement is entered into at the time of investment
- May be able to influence the development program for Ardmore
- Simple investment structure





Project Level Investment

- The Investor and Centrex Phosphate Pty Ltd form an unincorporated Joint Venture (JV)
- Ownership of the JV up to 50% could be negotiated dependent upon the size of the investment
- The Investor would be secured via shared ownership on title of Mining Lease 5542 etc
- The Ardmore project would be controlled by a JV Committee where the Investor would be represented. Relationship and management is documented via a formal JV Agreement

Advantages

- Offtake may be possible on basis of share of ownership
- Direct ability to share in development decisions for Ardmore
- Requirement for further investment to develop Ardmore
- No exposure to other assets and changes to the Centrex business model





Supporting Information

Centrex Metals Ltd - Corporate





Board of Directors and Secretary



Mr Graham Chrisp

Executive Chairman (Appointed 1/12/2019, Non-Executive Director since 21/1/2010) B.Tech (CE)

Mr Chrisp has a degree in Civil Engineering and has substantial experience in numerous aspects of successful business operations, including design and construction of roads and other earthworks, mineral exploration, project management and property development. Having previously been an owner and operator of earth moving equipment for mining and civil applications, Mr Chrisp has practical experience with modest scale earthmoving and 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 Audit Committees.

Dr John Santich

Company Secretary (Appointed 31/3/20)

Dr Santich is a lawyer and engineer with decades of experience in mining, geoscience and corporate law. He has been a director and secretary of listed exploration, mining and technology companies and is a principal of a specialist resources and technology legal firm. Dr Santich had an academic career in Australia, France and the USA, working in several capacities in engineering and law, including researcher and lecturer. In Australia as a lawyer he has worked with government and the private sector, establishing and directing a number of listed exploration, mining and technology companies

Mr Peter Cox



Non-Executive Director (Appointed 28/01/20) FCA (retired)

Mr Cox is a retired Chartered Accountant who has been involved in a broad crosssection of public accounting and has had roles both as a Director and Secretary of a number of Listed Companies over the last 30 years, principally in the mineral resource sector. He retains several private company positions.

Peter is Chairman of the Audit and Risk committee and the Remuneration Committee.



Dr A. John Parker Non-Executive Director (Appointed 19/12/2020)

Dr Parker is a geologist and geophysicist with extensive knowledge of economic geology, mineral deposits and mineralizing systems. He was formerly Chief Geologist with the SA Geological Survey but has spent the last 27 years in mineral exploration. He is a former Fulbright Post-Doctoral Fellow, was Managing Director of Lincoln Minerals Limited from 2007-2017 inclusive and is Director of Geosurveys Australia Pty Ltd.

Dr Parker is a member of the Australian Institute of Geoscientists, Australian Institute of Company Directors and the Company's Audit and Risk Committee.



Senior Management Team



Mr Gérard Bosch

Manager Approvals & Stakeholder Relations

Bsc(Geol)(Hons), FAusIMM

Mr Bosch is a geologist with over 37 years working in Australian mineral exploration, discovery and development. He has held previous positions in BP Minerals, North Flinders Mines, Normandy Mining, Australian Zircon and Eyre Iron. Mr Bosch has particular experience in the pre-development phase of mining operations, including statutory approvals and land access, and has broad experience in the management of exploration.

Mr Andrew Graham

Lead Technical Consultant

BAppSc(App Geo) MEconGeol(CODES) DiplMgmt CertIV TAE MAusIMM MIQ Andrew has 30 years of technical, operational and managerial experience in the resources sector with both private and public companies in Australia and overseas. Andrew has founded multiple companies in the mining, mineral processing, consulting and technology sectors.

Andrew has built a global network of investors, innovators and technical specialists. He has been involved in raising 100's of millions of investment capital, building large teams of specialists and developing numerous projects from greenfields exploration to operating mines.



Mr Alastair Watts General Manager, Exploration

BSc(Geo), DipBs (Front Line Management), MAusIMM

Mr Watts is a Geologist with over 25 years experience in exploration, mining and project development. He has extensive gold, iron ore and phosphate mining experience as well as a successful history of mineral discovery and development. The technical expertise gained at the Phosphate Hill mine provided significant exposure to the fertiliser market to complement Centrex's development of the Ardmore Phosphate Rock Project. A broad technical knowledge of exploration has been gained from base metal and gold projects in the Lachlan Fold Belt of New South Wales, the eastern goldfields of Western Australia, the Drummond Basin in north Queensland and nickel laterite deposits in Indonesia. He has held previous positions in both major resources houses, and mid-tier and junior operators. His roles have spanned mining, quality control and project management.

Mr Norman Dinevski

Finance & Commercial Manager

Mr Dinevski is a Chartered Accountant with over 20 years' experience in the mining and resources sector. He has extensive experience managing the commercial, marketing and logistics aspects of both precious and base metal products, and providing leadership to the accounting, finance and commercial functions with previous roles held at Terramin Australia, Oxiana Ltd, Xstrata Zinc Plc, Newmont Australia Ltd. and Normandy Mining.



Supporting Information

Centrex Metals Ltd - Corporate



Ardmore Phosphate Project





- One of the few undeveloped high-grade low-cadmium phosphate deposits in the world
- Shallow open-cut, low-cost strip mining without the need for blasting
- No expensive flotation plant required
- Premium phosphate rock concentrate with simple crushing and deslime circuit
- Existing roads, rail, and port solutions
- Significantly lower capital intensity than other projects proposed around the world
- Major freight cost advantage to Australia, New Zealand, Indonesia and Eastern India
- 70tph modular Start-Up plant already erected on site⁸

Note: References are in appendix



Value Milestones – Progress To Production

Fabrication of Start-Up Plant	First Product	Off ion Cont	Take tracts	Full-Scale Production
2019	2020	2021		2022
DFS Completed	Start-Up Mining	First Sales	St rema	art Construction of ining infrastructure etc
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Optimised Definitive Feasibility Results¹



Attractive economics projected

Annual production	800,000 wet tonnes
Current mine life	10 years
Pre-production capital estimate	A\$ 69 m 🔶
NPV ₁₀ (pre tax unlevered)	A\$ 269 m
IRR	63%
Payback	Less than 2 years
AUD:USD	0.72
Life of mine average sales price (real CFR)	US\$ 154/t 🔶
Average operating costs (real CFR)	US\$ 99/t (ex royalties)

- Low capex as utilising existing and under utilised logistics chain
- Based on grade adjusted CRU India 71-75 BPL (33.4% P₂O₅) benchmark forecast
- Below the 10 year historical real average benchmark even without grade adjustment for the proposed higher grade Ardmore rock

Note: The DFS was compiled and managed by independent firm GR Engineering. Contributors to the DFS are detailed in the appendix. Note: References are in appendix

Optimised DFS Results¹



Capital Costs estimate (real 2018)

	Result
Overall estimate accuracy	+/- 15%
Pre-production capital costs	
Area	A\$ million
Mining	3.9
Process plant	16.0
Mine site infrastructure	11.9
Road haulage	2.2
Rail siding	7.6
General (camp, borefield etc.)	6.2
Sub-total directs	47.8
EPCM	6.0
Other in-directs	5.8
Owners	1.6
Sub-total in-directs	13.4
Growth & contingency – 12%	7.5
Total pre-production capital	68.7

Life of mine average CFR operating costs (real 2018)

	Result
Overall estimate accuracy	+/- 15%
Average LOM operating costs / DMT of concentrate – Real 2018 \$	
Area	US\$/DMT
Mining	10
Processing	10
Road haulage & siding	9
Rail & port	45
Sea Freight	20
Owners	5
Total CFR	99
Royalties	6

Note: References are in appendix.



Start-Up Mine

- Start-up mine planned to produce up to 30,000 tonnes of premium concentrate*
- Modular Start-Up plant already erected on site (70tph, easily expandable for full scale production)⁹
- Total of 10,000t of trial shipment offtakes executed with long term target customers³
- Long term offtake contracts proposed
- Plant designed to be upgradeable for full-scale 800,000tpa operations



*The Company continues to review its near-term funding options, with the plan for the start-up phase of the project to be fully funded prior to commissioning the Start-Up Plant and commencing mining and processing operations. Note: References are in appendix

Modular process plant already erected on site



Logistics – Utilising Existing Latent Capacity

- Various established options to deliver phosphate
 concentrate to the port of Townsville
- Product trucked using triple road trains on existing roads to an upgraded rail siding at Duchess
- Product railed on the existing Mount Isa rail line to the Port of Townsville
- Container or bulk storage options available
- Ship loading using either existing container unloading system or existing bulk shiploader









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Freight Advantage





Asia Pacific Target Markets

Country	2017 ('000 t)	
India	7,855	
USA	2,571	
Indonesia	2,390	
Brazil	1,935	
Canada	940	
New Zealand	546	
Malaysia	410	
Pakistan	405	
Australia	431	
South Korea	298	
Japan	260	
China	122	
Taiwan	118	
Others	9,889	
Total	28,011	

Globally Competitive

Global phosphate rock production business costs

Previously-projected business costs at capacity in 2023





- The CRU Business Operating Cost curve reflects the sum of site and realization costs
- Costs are adjusted for quality and logistics costs to target market v supply from Morocco as major global producer
- Ardmore benefits from premium grade rock and location advantage
- Ardmore is forecast to be placed in the second quartile of the operating cost curve when compared to forecast global production

Ardmore Target Markets



- The traded phosphate rock market is 30 million tonnes of which 12 million are to Ardmore's target customers in the Asia-Pacific
- Annual demand to target customers may grow by 5 to 7 million tonnes over the next 5 years
- Traded phosphate rock benchmarks range from 27%-34% P₂O₅ and Ardmore concentrate is proposed to be above the top end
 of this range
- Ardmore concentrate has low cadmium levels and toxic cadmium is a major issue for consumers and the industry.
- Ardmore concentrate has low carbonate levels, reducing sulphuric acid consumption and processing costs for target customers
- Australia & New Zealand SSP* production is reliant on 1 million tonnes of imports, mainly from North Africa
- Unique Ardmore product capable of producing SSP in Australia & New Zealand without the need for blending
- Ardmore has a significant sea freight advantage over the current major phosphate rock suppliers to the Asia-Pacific region
- Proximity to target markets critical with shipping costs expected to rise with regulatory changes towards low sulphur bunker fuel

(* Single Super Phosphate)



Ardmore Comparison – Concentrate Grade







Ardmore Comparison – Cadmium Content



Source: derived from Oosterhuis et al 2000

Forecast CFR Pricing for Ardmore

- Ardmore to target pricing referenced to the India CFR 71-75% benchmark (32-34% P₂O₅)
- Conservative linear adjustment for premium Ardmore phosphate grade (34-35% P₂O₅)
- Quality premium for higher grade products forecast to increase given limited supply capacity
- Forecast price rises conservative compared to historical pricing
- Significant upside for Ardmore when prices return to historical levels
- Further upside for Ardmore if the broader industry accepts European cadmium restrictions

Historical & Forecast Phosphate Rock Pricing

(Real USD 2018)



Medium-term lower-grade Phosphate Rock price outlook (source CRU November 2019)



Marketing

- Positive results from two 400 tonne paid run of mine shipments of Ardmore tested by two regional SSP producers with a longer term view to buying premium grade
 concentrate⁷
- Centrex signed a non-binding MOU with Indian major Gujarat
 State Fertilizers & Chemical Limited for 40% of the offtake⁶
 from the Ardmore Phosphate Project (now lapsed)
- Australia's largest phosphate rock importer Incitec Pivot holds a right of first refusal over 20% of available annual production
- Two 5,000 tonne shipment contracts signed with major manufacturers in the local region with a view to long term offtake commitment³
- Further potential contracts continuing in discussion



Note: References are in appendix



Resources and Reserves

Free digging shallow phosphate rock at Ardmore - 2018

	Category	Million Tonne	P ₂ O ₅ %
Mineral Resources ⁴	Measured	3.3	29.8%
	Indicated	11.1	27.4%
	Inferred	1.7	26.8%
	Total	16.2	27.8%
S ^{1,5}	Probable	7.3	30.2%
Ore erve	Proven	2.8	30.3%
Res	Total	10.1	30.2%

- Low risk, low cost, free-dig open cut strip mining
- 1 million dry tonnes per annum processing rate to produce 800,000 wet tonnes of premium grade concentrate

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 presentation continue to apply and have not materially changed. Note: References are in appendix



Growth

- Scope to increase mine life via conversion of Resources to Reserves
- Centrex is developing a pipeline of phosphate exploration projects in the Georgina Basin around its Ardmore Phosphate Rock mining project
- Not all phosphates are as good as the Ardmore deposit, and Centrex is targeting high-grade coarse (pelletal) phosphate similar to Ardmore
- Pelletal ores can be easily processed with minimal phosphate losses
- Prospective areas directly north of Ardmore have already been secured with initial on ground exploration commenced and drilling planned
- Centrex will further build its phosphate exploration portfolio regionally in the Georgina Basin to leverage development of Ardmore



F Thank you CENTREX METALS

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Appendix

Competent Person Statement

The information in this report relating to Mineral Resources is based on and accurately reflects information compiled by Mr Jeremy Clark of RPM, who is a consultant and adviser to Centrex Metals Limited. Mr Clark is a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Clark consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Ben Brown, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Ben Brown is employed by Optima Consulting and Contracting Pty Ltd, an external independent consultancy. Ben Brown has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ben Brown consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



References

- 1. ASX Release (28 February 2019) DFS Optimisation Delivers Significant Increase in Project Pre-Tax NPV to \$269 million
- 2. ASX Release (10 December 2018) Centrex Secures Major Environmental Approval
- 3. ASX Release (14 May 2019) Sales Contract Executed with Leading Fertiliser Producer
- 4. ASX Release (1 June 2018) Updated Mineral Resource Estimate Complete
- 5. ASX Release (8 October 2018) Ardmore Feasibility Study Results & Ore Reserves
- 6. ASX Release (25 May 2018) Mining & Crushing Commences for First Paid Customer Trial
- ASX Release (16 October 2018) First Contract Signed for 5,000t Concentrate Shipment
- 8. ASX Release (12 September 2019) Ardmore Project Update
- 9. ASX Release (7 November 2019) Company Update