



CENTREX METALS
LIMITED

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Interim Report

For the Six Months Ending

31st December 2020

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Director's Report

For the Six Month's ending 31st December 2020

The Directors present their report together with the consolidated interim financial report of Centrex Metals Limited ("Company") and its controlled entities ("Group"), for the six months ended 31st December 2020 and the auditor's review report thereon.

1 Review of Operations

Outlined below are the operational activities undertaken by the Group to 31st December 2020.

1.1 Ardmore Phosphate Project, QLD

The Ardmore Phosphate Project in North West Queensland is Centrex's flagship development.

As announced post the audited period, mining has commenced at the Ardmore project. Initial work will produce 25,000 to 30,000 tonnes of ore from the Ardmore South Deposit at a very attractive cost. Interest has already been shown in purchasing some of this Ardmore production and we anticipate demand will increase as the product becomes available.

This mining operation will also produce data that will be able to be incorporated in the previously completed Optimised Definitive Feasibility Study so as to make available more accurate projections for Centrex to determine the optimal implementation plan for the Ardmore project.

Work has also commenced on lowering the sustainable carbon footprint from the Ardmore project. The Ardmore rock phosphate, because of its high grade and low impurities, can contribute to the reduction of greenhouse gases by promoting increased plant growth. Also, the Ardmore phosphate ore has a relatively low carbon footprint because the ore requires only minimal processing after mining, reducing typical on-site energy requirements. In addition, in an effort to minimise the Ardmore project's greenhouse emissions, work during the year also included an assessment of the cost of replacing the proposed diesel generators with a renewable energy system comprising a solar combined with energy storage.

Work is also continuing on efforts to achieve increased revenues from other products resulting from the Ardmore project, including investigating additional existing markets and also some interesting new potential commercial opportunities.

Progress has also been made with potential funding partners for the Ardmore phosphate project in numerous directions, with current potential interest in both equity and debt funding solutions.

Ardmore is one of the few remaining undeveloped high-grade phosphate rock deposits in the world and is substantially "shovel ready" given the benefits of shallow free-dig mining, the simple processing method capable of producing a "clean" premium grade phosphate rock concentrate with ultra-low cadmium levels, access to existing logistics infrastructure and its strategic positioning for supply domestically and throughout Asia-Pacific.

1.2 Phosphate Exploration, QLD & NT

Centrex is proceeding with investigation of a pipeline of phosphate exploration projects in the Georgina Basin around its Ardmore Phosphate Rock mining project and is particularly focused on exploring for additional deposits near the Ardmore Phosphate Project so as to extend the project's life beyond its already proven resources, and to capitalize on its now advanced relationships with phosphate rock customers and the knowledge developed from Ardmore.

No significant advancements have been made in the period as the Company focused on its more advanced Ardmore project.

1.3 Oxley Potassium Nitrate Project, WA & Goulburn Zinc Project, NSW

Progress has been slow on the Oxley potash project and also the Goulburn gold/base metal project partly due to the Covid lockdowns and other factors. Centrex had planned to carry out detailed laboratory testing on samples of Oxley ore at a University laboratory, but unfortunately that laboratory was closed during the pandemic leaving the Company without the necessary facilities.

Nevertheless, work is still proposed for the Oxley project with testing of a new technology we anticipate may help with the liberation of potassium from the Oxley ore planned to progress in the first half of this year.

Gold exploration is also proposed at the Goulburn gold/base metal project with a program planned to be carried out in the first half of this year and after the company's geologists return from the Ardmore project.

1.4 Financial Performance

During the period, substantial cost saving measures were implemented while operational capabilities were retained. Significant changes to directors' fees were also made, increasing the sustainability of the company going forward.

During the period the Company raised \$280,000 via a share placement as announced on the 12th October 2020. The Company also announced on the 20th October 2020, it had successfully raised \$899,417 from a Non-Renounceable Rights Issue before costs. Each share issued under the rights had an accompanying unlisted option with an exercise price of \$0.05 expiring on the 31st December 2023.

The Group generated a net loss after tax of \$281,378 (six months ended 31st December 2019: net loss after tax of \$3,369,734) and holds combined cash and term deposits of \$2,504,438 (30th June 2020: combined cash and term deposits of \$2,136,513).

2 Directors

The names of the directors in office at any time during or since the end of the half year:

Name and Qualifications	Appointed / Resigned	Position
Mr Graham Chrisp B Tech (CE)	Appointed 21/1/10 Appointed 02/12/19	Non-Executive Director Executive Chairman
Mr Jason Chrisp BA (Acc), DBAC	Appointed 23/07/19	Non-executive Alternate Director to Mr Graham Chrisp
Dr A John Parker BSc (Hons).PhD, DipCompSc, MAIG, MAICD	Appointed 17/12/19	Independent Non-Executive Director
Mr Ben Chrisp	Appointed 22/9/2020	Independent Non-Executive Director
Mr Peter Hunt FCA	Appointed 15/12/2020	Non-Executive Director
Mr Peter Cox FCA (retired)	Appointed 28/01/20 Retired 11/12/2020	Independent Non-Executive Director
Mr Chris Indermaur BEng (Mech), GDipEng (Chem), LLB, LLM, GDLP	Appointed 01/07/17 Resigned 28/01/20	Independent Non-Executive Director

3 Other

3.1 Rounding

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that Financial Instrument, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated. All currencies are in Australian dollars unless stated otherwise.

3.2 Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 16 and forms part of the Directors' Report for the six months ended 31st December 2020.

Signed in accordance with a Resolution of the Board of Directors:



Mr Graham Chrisp

Dated at Adelaide this 15th day of March 2021.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months ending 31st December 2020

	Note	Six months ending 31 Dec 2020 \$'000	Six months ending 31 Dec 2019 \$'000
Other income – cashflow boost		50	-
Office and administration expenses		(113)	(221)
Consultants and management expenses		(94)	(166)
Directors' fees		(53)	(144)
Employee benefit expenses		(15)	(479)
Depreciation expense		(12)	(7)
Exploration expense	9	(45)	(2,343)
Other expenses		-	(45)
Results from operating activities		(282)	(3,405)
Finance income		7	36
Finance cost		(7)	(1)
Net finance income		-	35
Loss before income tax		(282)	(3,370)
Income tax benefit / (expense)		-	-
Loss for the period		(282)	(3,370)
Other comprehensive income		-	-
Total comprehensive income for the period		(282)	(3,370)
Loss attributable to:			
Owners of the Company		(282)	(3,370)
Loss for the period		(282)	(3,370)
Loss per share for loss attributable to the ordinary equity holders of the company:		Cents per share	Cents per share
Basic earnings/(loss) per share	8	(0.0768)	(1.0674)
Diluted earnings/(loss) per share	8	(0.0768)	(1.0674)

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Financial Position

As at 31st December 2020

	Note	As at	
		31 st Dec 2020 \$'000	30 th June 2020 \$'000
Assets			
Cash and cash equivalents		1,154	437
Term deposits		840	1,377
Receivables and other assets		202	188
Total Current Assets		2,196	2,002
Deposits held as security		510	323
Exploration and evaluation expenditure	9	11,117	10,674
Plant and equipment		-	12
Total Non-Current Assets		11,627	11,009
Total assets		13,823	13,011
Liabilities			
Trade and other payables		58	72
Employee benefits		32	78
Total Current Liabilities		90	150
Employee benefits		-	11
Provision for rehabilitation		151	151
Total Non-Current Liabilities		151	162
Total Liabilities		241	312
Net assets		13,582	12,699
Equity			
Contributed equity		42,516	41,351
Share option reserve		-	2,648
Profit reserve		1,005	1,005
Accumulated losses		(29,939)	(32,305)
Total equity		13,582	12,699

The consolidated interim statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Changes in Equity

For the Six Months ending 31st December 2020

	Contributed equity	Share Option reserve	Profit reserve	Accumulated Losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Current Period					
Balance at 1 st July 2020	41,351	2,648	1,005	(32,305)	12,699
Loss for the period	-	-	-	(282)	(282)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	(282)	(282)
Contributions from/to equity owners					
Issue of shares for the period	1,179	-	-	-	1,179
Transaction costs	(14)	-	-	-	(14)
Share-based payment transactions	-	(2,648)	-	2,648	-
Balance at 31st December 2020	42,516	-	1,005	(29,939)	13,582
Prior Period					
Balance at 1 st July 2019	41,351	2,540	1,005	(12,484)	32,412
Loss for the period	-	-	-	(3,370)	(3,370)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	(3,370)	(3,370)
Contributions from/to equity owners					
Share-based payment transactions	-	68	-	-	68
Balance at 31st December 2019	41,351	2,608	1,005	(15,854)	29,110

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Cash Flows

For the Six Months ending 31st December 2020

	Note	Six months ending 31 Dec 2020 \$'000	Six months ending 31 Dec 2019 \$'000
Cash flows from operating activities			
Payments to suppliers and employees		(450)	(1,929)
Other Income (Cashflow boost)		50	-
Net cash (used in) / operating activities		(400)	(1,929)
Cash flows from investing activities			
Expenditure on mining tenements		(405)	(1,028)
Interest received		7	42
Acquisition of plant and equipment		-	(2)
Customs duty refund		-	125
Cash transferred (to) / from term deposits		351	2,500
Net cash (used in) / provided from investing activities		(47)	1,637
Cash flows from financing activities			
Transaction cost		(15)	-
Net cash from financing activities		1,164	-
Net increase / (decrease) in cash		717	(292)
Cash at the beginning of the year		437	1,268
Cash at the end of the year		1,154	976

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

Condensed Notes to the Consolidated Interim Financial Report

For the Six Months ending 31st December 2012

1 REPORTING ENTITY

Centrex Metals Limited (the 'Company') is a company domiciled in Australia. Its registered office is located at Level 6, 44 Waymouth Street Adelaide, SA 5000.

The consolidated interim financial report of the Company as at and for the six months ended 31st December 2020 comprises the Company and its subsidiaries (together referred to as the "Group").

2 STATEMENT OF COMPLIANCE

The consolidated interim financial report has been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* and does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30th June 2020 and announcements made to the Australian Securities Exchange

This consolidated interim financial report was approved by the Board of Directors on 15th March 2021.

3 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in preparing the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30th June 2020.

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

4 GOING CONCERN

The Interim financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activity and realization of assets and the settlement of liabilities in the normal course of business.

The Group's principal objective is to create value through the discovery and development of mineral resources and as such it does not presently have a source of operating income. To support the planned level of exploration and project development activities of the business, including the continued development of the Ardmore project, the Group is reliant on funds from external sources over the next 12 months and in the future. At the company's AGM held on the 26th of February 2021, shareholder approved the issue of a \$1m convertible note facility, through an entity associated with Mr Graham Chrisp.

Should the Group not achieve the matters set out above, there would be significant uncertainty over the ability of the Group to continue as a going concern and therefore it may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business.

The Directors reasonably expect that the Group will be able to source sufficient funds as required to meet future costs associated with its planned activities. If required, the Group is able to curtail expenditure such that existing cash reserves will be sufficient to meet the working capital needs for at least the next 12 months.

5 ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30th June 2020.

6 FINANCIAL RISK MANAGEMENT

The consolidated entity's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30th June 2020.

7 SEGMENT REPORTING

The Executive Chairman receives information internally based on the geographical location of the Group's assets. It has been determined that as all of the assets are in one country (Australia), it is appropriate to have one operating segment.

Outlined in note 9 of the Interim Financial Report relating to Exploration and Evaluation Expenditure is the exploration expenditure incurred on all of the Group's exploration projects.

8 EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Six months ending 31 Dec 2020	Six months ending 31 Dec 2019
Earnings used in calculation of basic EPS: Profit / (Loss) after tax (\$'000)	(282)	(3,370)
Weighted average number of ordinary shares for the purpose of basic earnings per share	366,566,757	315,685,357
Weighted average number of ordinary shares for the purpose of diluted earnings per share	366,566,757	315,685,357
Basic earnings/(loss) – cents per share	(0.0768)	(1.0674)
Diluted earnings/(loss) – cents per share	(0.0768)	(1.0674)

Pursuant to AASB 133, potential ordinary shares are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease the loss. Therefore, there is no dilutive EPS disclosed.

9 EXPLORATION AND EVALUATION EXPENDITURE

During the six months ended 31st December 2020, the Group incurred expenditure with a cost of \$487,842 (six months ended 30th June 2020: \$1,353,000) on the following exploration projects:

	Cumulative Capitalised Expenditure to 30 th Jun 20	Capitalised expenditure 6 months to 31 st Dec 20	Exploration expense 6 months to 31 st Dec 20	Cumulative Capitalised Expenditure to 31 st Dec 20
	\$'000	\$'000	\$'000	\$'000
Ardmore Phosphate	10,660	442	-	11,102
Northern Territory Phosphate	14	1	-	15
Goulburn Zinc	-	28	(28)	-
Oxley Potassium Nitrate	-	17	(17)	-
Total	10,674	488	(45)	11,117

10 CONTINGENT LIABILITIES AND COMMITMENTS***Minimum exploration tenement expenditures***

In order to support its right of renewal of tenements (reviewed on a regular basis), the Group is required to meet exploration expenditures as defined at the time of the granting/renewal of the tenements. A summary of these commitments is as follows:

	As at 31 Dec 2020 \$'000	As at 31 Dec 2019 \$'000
New South Wales Tenements		
Tenements with annual commitments*	675	645
West Australian Tenements		
Tenements with annual commitments	-	262
Queensland Tenements		
Tenements with annual commitments	9	105

* The annual commitments for the New South Wales tenements are an estimate of the work program to which the Group has committed to undertake over the term of the licence. \$50,000 relates to a commitment on a tenement expiring April 2022, \$625,000 relates to an annual commitment on a tenement expiring August 2023.

Other commitments

At 31st December 2020 the Group has to allow for a make-good obligation of \$10,000 relating to its leased Corporate office. A provision for the make good obligation has been made and is recorded as a current liability in the Group's accounts.

Contingent Liability

On 2nd February 2017 the Group executed agreements to purchase the Ardmore phosphate rock project from Southern Cross Fertilisers Pty Ltd ("SCF"), a wholly owned subsidiary of Incitec Pivot Limited. Under the terms of the agreements SCF retain an interest in the project via a 3% gross revenue royalty secured by a registered mortgage over the mining lease (ML 5542). The first ranking security over ML 5542 also secures other monetary and non-monetary obligations associated with the agreements including:

- SCF is entitled to receive 50% of the residual profit of a sale of in excess of a 70% interest in ML 5542 if the transaction takes place within four years from completion (27th June 2017). In such case SCF will forego its 3% gross revenue royalty.
- The Group must pay to SCF a \$2 million annual agreement extension fee at the beginning of each year from 27th June 2021 if it has not commenced Mining as defined in the agreements. (Mining has recently commenced)

SCF have the right to require ML 5542 be returned to them under certain Breach Events as defined in the transaction agreements with consideration payable to the Group being the lesser of tenement costs incurred by the Group, including acquisition costs, and market value.

11 SUBSEQUENT EVENTS

The following material events occurred subsequent to the period end:

- As announced on the 24th February 2021, that mining at had commenced at the Ardmore project. Initial work will produce 25,000-30,000 tonnes of ore from the Ardmore South Deposit.
- The Company held its AGM on the 26th of February 2020. All resolutions were passed, highlighted by the approval of the Convertible Security and the issue of Shares upon conversion. Details of the Convertible Security are available in the notice of annual general meeting documentation dated the 27th January 2021 available via the following link <https://www2.asx.com.au/markets/trade-our-cash-market/announcements.cxm>

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Directors' Declaration

In the opinion of the Directors of Centrex Metals Limited ('the Company'):

- 1 the consolidated interim financial statements and notes set out on pages 6 to 14, are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31st December 2020 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Board of Directors:



Mr Graham Chrisp
Dated at Adelaide this 15th day of March 2021.

Auditor's Independence Declaration

To the Directors of Centrex Metals Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Centrex Metals Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2021

Independent Auditor's Review Report

To the Members of Centrex Metals Limited

Report on the review of the half-year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of Centrex Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Centrex Metals Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of Centrex Metals Limited's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 4 in the financial report, which indicates that the Company incurred a net loss of \$281,000 during the half year ended 31 December. As stated in Note 4, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 15 March 2021