

# Centrex Limited

ABN 97 096 298 752

## Annual Report - 30 June 2023

# Contents

<b>Chairman's Report</b>	<b>3</b>
<b>Managing Director's Report</b>	<b>4</b>
<b>Mining Exploration Entity Annual Reporting Requirements</b>	<b>5</b>
<b>Directors' Report</b>	<b>9</b>
<b>Lead Auditor's Independence Declaration</b>	<b>23</b>
<b>Consolidated Statement of Profit or Loss and Other Comprehensive Income</b>	<b>25</b>
<b>Consolidated Statement of Financial Position</b>	<b>26</b>
<b>Consolidated Statement of Changes in Equity</b>	<b>27</b>
<b>Consolidated Statement of Cash Flows</b>	<b>28</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>29</b>
<b>Directors' Declaration</b>	<b>59</b>
<b>Independent Auditor's Report</b>	<b>60</b>
<b>ASX Additional Information</b>	<b>64</b>

# Chairman's Report

Dear Shareholders

On behalf of Centrex Limited's Directors and senior management I present the Company's Annual Report for the 2023 Financial Year.

The Company and management have experienced the numerous challenges of a small exploration company transferring to production and this Annual Report reflects the financial changes in reporting.

As with numerous mining companies entering the production phase, cost controls are critical to ensure the profitability and that is demonstrated by the Company's results of operations disclosing a small gross profit for the 2023 financial year. The Company is currently seeking long term project debt funding to address its cost of production issues. The debt funding assignment has commenced with potential lenders presenting indicative term sheets for consideration.

Recently in June 2023 I personally visited the mine site at Ardmore with the Managing Director Robert Mencil to view all aspects of the mine operations. Pleasingly I can report a very orderly structured operation, and after discussions with senior mine management I came away suitably impressed with the stable mine team who were invested to advance the project in increased tonnage through put and in reducing production costs.

The long-term debt funding when successful will allow management to embark on project capital expenditure the direct result of which will enable the Company to increase production and more importantly reduce costs.

Senior management have been involved in the debt funding assignment but also in addressing logistics and operational issues to reduce cost of production. It is pleasing that the company has been able to retain senior management through a difficult period which was helped by the prior introduction of an Employee Share Performance Plan.

I wish to thank my fellow directors, employees and shareholders as the Company focuses on the Ardmore Rock Phosphate Mine.

Kind Regards



**Mr Peter Hunt**

**Chairman**

# Managing Director's Report

During the Financial 2023 year, Centrex Limited successfully transitioned from an exploration/development company into a production company.

Its focus was the profitable operation and growth of its 100% owned agricultural fertiliser company Agriflex Pty Ltd (Agriflex). Agriflex achieved a number of key milestones.

In October 2022 Agriflex became the first producer of beneficiated high grade phosphate rock. Australia previously imported 100% of its high-grade phosphate rock. A month later, Agriflex sold its first shipment to an overseas customer, in the process establishing a new export industry for Australia.

In November 2022, Agriflex announced its "Stage 1.5" project as an interim project development stage. The Stage 1.5 project provides a near term, low capital, interim development stage, allowing production to increase to 625ktpa, at a significantly lower capital cost per installed production tonne capacity compared to the original Feasibility Study. The Stage 1.5 expansion is possible due to continuing strong demand for Ardmore phosphate and the performance of the Ardmore beneficiation plant that has exceeded design throughput and metallurgical design performance criteria.

In February 2023 Agriflex announced that it had signed a binding transport and logistics service agreement with Australia's largest rail freight operator Aurizon for the provision of transport, storage and stevedoring services for Ardmore beneficiated phosphate rock. The Transport and Logistics Agreement replaced the short-term agreement that was executed in May 2022 with Aurizon.

In May 2023, the company announced that it had exported its first shipment of phosphate rock to a substantial customer in South Korea. The shipment was sold to a substantial commercial fertiliser producer customer of Samsung C&T and represented a further step forward in Agriflex realising its potential as a mass exporter of some of the highest quality phosphate in the world.

For the year ahead the company's primary focus remains Agriflex and the successful completion of AgriFlex's Stage 1.5 project funding and its implementation. Once accomplished, the resulting increased production level and greater efficiency will significantly reduce Ardmore's operating costs.

Once Stage 1.5 Project funding is complete, Agriflex intends to increase production capacity to 625,000 tonnes per annum. All environmental and mining approvals are in place to achieve this expansion. Based on having a year's worth of production data and the internal modelling completed to date, post Stage 1.5 Project construction, the Company perceives the operating cost of production per tonne will range from \$160-\$180 AUD. The production forecast, Stage 1.5 Project capital expenditure and projected operation cost is subject to funding.

During the planned Stage 1.5 Project construction program, the Ardmore operation will continue to operate and is projected to produce and sell at least 55,000 tonnes of beneficiated phosphate rock over the next 6 months. The sales will be skewed to the last calendar quarter in readiness for the Southern Hemisphere fertiliser production season.

Elsewhere, Centrex continues to investigate other long term development opportunities, including its 100% owned Oxley Potassium Feldspar Project. In June 2023, the company reported that test work had successfully demonstrated at lab scale the extraction of potassium from Oxley potassic feldspar via a hydrothermal hydroxide leach process path. The hydrothermal process has the potential to lead to the production of high value potassium carbonate with further potential to produce other byproducts. Further test work planned for the next 6 months is aimed at investigating the process pathway. Once complete, the company expects to move towards a full scoping and pre-feasibility study.

On behalf of the Board, I would like to thank our all our employees for their contribution to Centrex throughout the year and acknowledge the support of our suppliers and contractors who have played a significant role in the company's success to date.

Kindest regards



**Mr Robert Mencil**  
**Managing Director**

# Mining Exploration Entity Annual Reporting Requirements

## LIST OF TENEMENTS IN WHICH THE GROUP HAS AN INTEREST

TENEMENT LIST			AS AT 30 <sup>TH</sup> JUNE 2023	
Location	Licence number	Description	Held by:	Interest %
Queensland	ML 5542	Ardmore Phosphate Rock Mine	AgriF <sup>1</sup>	100
	EPM 26551	Ardmore EPM 26551	AgriF <sup>1</sup>	100
	EPM 26568	Ardmore EPM 26568	AgriF <sup>1</sup>	100
	EPM 26841	Ardmore EPM 26841	AgriF <sup>1</sup>	100
	EPM 28684	Duchess	AgriF <sup>1</sup>	Application
Western Australia	E70/4318	Oxley C	CPot <sup>2</sup>	100
	E70/5976	Oxley	CPot <sup>2</sup>	100
	E70/5977	Oxley	CPot <sup>2</sup>	100
	E70/5978	Oxley	CPot <sup>2</sup>	100
New South Wales	EL 7388	Goulburn	LM <sup>3</sup>	100
Northern Territory	ELA 32048	Northern Territory ELA 32048	CQld <sup>4</sup>	Application

Wholly owned subsidiaries of Centrex Limited:

<sup>1</sup> Agriflex Pty Ltd

<sup>2</sup> Centrex Potash Pty Ltd

<sup>3</sup> Lachlan Metals Pty Ltd

<sup>4</sup> Centrex QLD Exploration Pty Ltd

## ANNUAL REVIEW OF MINERAL RESOURCES AND ORE RESERVES

The information included in the tables below was prepared in accordance with the JORC Code 2012. The Group confirms that it is not aware of any new information or data that materially affects the information included in the table and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

PHOSPHATE ORE MINERAL RESOURCES BY AREA			AS AT 30 <sup>TH</sup> JUNE 2023	
Location	Resource Classification	Tonnage (Mt)	Head Grade	
			P <sub>2</sub> O <sub>5</sub> (%)	Cut-off grade P <sub>2</sub> O <sub>5</sub> (%)
Ardmore Phosphate Rock Mine	Measured	3.0	29.8	16.0
	Indicated	11.1	27.4	16.0
	Inferred	1.7	26.8	16.0
	<b>Total</b>	<b>15.8*</b>	<b>27.8</b>	<b>16.0</b>

\* Totals may not add precisely due to rounding.

PHOSPHATE ORE RESERVE ESTIMATE		AS AT 30 <sup>TH</sup> JUNE 2023	
Ore Reserve Category	Tonnage (Mt)	P <sub>2</sub> O <sub>5</sub> (%)	
Probable	7.3	30.2	
Proven	2.5	30.3	
<b>Total Ore Reserves</b>	<b>9.8*</b>	<b>30.2</b>	

\* Totals may not add precisely due to rounding.

POTASSIUM ORE MINERAL RESOURCES BY AREA			AS AT 30 <sup>TH</sup> JUNE 2023	
Location	Resource Classification	Tonnage (Mt)	Head Grade	
			K <sub>2</sub> O (%)	Cut-off grade K <sub>2</sub> O (%)
Oxley Potassium Project	Measured	-	-	-
	Indicated	-	-	-
	Inferred	154.7	8.3	6.0
	<b>Total</b>	<b>154.7</b>	<b>8.3</b>	<b>6.0</b>

## COMPARISON OF ANNUAL MINERAL RESERVES AND RESOURCES STATEMENT TO THE PRIOR YEAR

The table below summarises the changes that took place as far as the Group's mineral resources and reserves are concerned. The information contained in this table should be read in conjunction with the detailed resource and reserve information provided above.

Location	Resource or Reserve	Tonnage (Mt)		Notation
		30/6/2023	30/6/2022	
<b><u>Phosphate</u></b>				
Ardmore	Resource	15.8*	16.2	Mining depletion
Ardmore	Reserve	9.8*	10.1	Mining depletion
<b><u>Potassium</u></b>				
Oxley	Resource	154.7	154.7	No change.

\* Totals may not add precisely due to rounding.

## SUMMARY OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS IN PLACE FOR THE REPORTING OF MINERAL RESOURCES AND ORE RESERVES

Mineral Resources and Ore Reserves are estimated by suitably qualified consultants in accordance with the JORC Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. These estimates and the supporting documentation are then reviewed by suitably qualified Competent Persons from the Group.

All Ore Reserve estimates are prepared in conjunction with feasibility studies which consider all material factors.

The Mineral Resources and Ore Reserves Statements included in the Annual Report are reviewed by suitably qualified Competent Persons from the Group prior to its inclusion.

## CROSS REFERENCING OF THE RESOURCES ANNOUNCEMENTS

For more detail regarding the Oxley resources please see the announcement of 8<sup>th</sup> March 2016.

<http://www.asx.com.au/asxpdf/20160308/pdf/435nrchjm48mjl.pdf>

For more detail regarding the Ardmore resources please see the announcement of 1<sup>st</sup> June 2018.

<https://www.asx.com.au/asxpdf/20180601/pdf/43vgxdjlpqgcwb.pdf>

For more detail regarding the Ardmore reserves please see the announcement of 8<sup>th</sup> October 2018.

<https://www.asx.com.au/asxpdf/20181008/pdf/43z1q8nvm95k58.pdf>

## COMPETENT PERSONS & FORWARD-LOOKING STATEMENTS

*The information in this report relating to Exploration Results (contained in the Managing Director's report) is based on information either compiled or reviewed by Mr Alastair Watts who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Watts is the General Manager Exploration of Centrex Limited. Mr Watts has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which 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 Watts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report relating to the Mineral Resources of the Oxley Potassium Project is based on and accurately reflects information compiled by Ms Sharron Sylvester of OreWin Pty Ltd, who is a consultant and adviser to Centrex Limited and who is a Member of the Australian Institute of Geoscientists (RPGeo). Ms Sylvester has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity she 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". Ms Sylvester 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 relating to Mineral Resources of the Ardmore Phosphate Rock Project is based on and accurately reflects information compiled by Mr Jeremy Clark of Lily Valley International Limited, who is a consultant and adviser to Centrex Limited and who is a Member of the Australian Institute of Geoscientists and AusIMM. Mr Clark 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 Mr 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.*

**Past and future performance** –Forward-looking statements generally relate to current expectations, hopes, beliefs, intentions, strategies or productions about future events or Centrex's future financial or operating performance. For example, statements regarding anticipated growth in the industry in which Centrex operates and anticipated growth in demand for Centrex's products and services, projections of Centrex's future financial results and other metrics are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "pro forma", "may", "should", "could", "would", "might", "plan", "possible", "project", "strive", "budget", "targets", "aims", "outlook", "guidance", "forecast", "expect", "intend", "will", "estimate", "anticipate", "believe", "predict", "potential" or "continue", or the negatives of these terms or variations of them or similar terminology, but the absence of these words does not mean that a statement is not forward-looking. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Centrex. You are cautioned not to place undue reliance on any forward looking statement. Forward looking statements in this Announcement are based on assumptions and contingencies which are subject to change without notice. Actual results, performance or achievements may vary materially from any forward looking statements and the assumptions on which statements are based. The forward looking statements in this Announcement are based on information available to Centrex as at the date of this Announcement and nothing in this Announcement should be regarded as a representation by any person that the forward-looking statements set forth herein will be achieved or that any of the contemplated results of such forward-looking statements will be achieved. Except as required by law or regulation, Centrex its related bodies corporate and their respective officers, employees and advisers disclaim any obligation or undertaking to provide any additional or updated information whether as a result of new information, future events or results or otherwise.



# Directors' Report

For the Year Ended 30<sup>th</sup> June 2023

The Directors present their report together with the consolidated financial report of Centrex Limited ("Company") and its controlled entities ("Group"), for the financial year ended 30<sup>th</sup> June 2023 and the auditor's report thereon.

<b><u>Section</u></b>	<b><u>Contents of Directors' Report</u></b>
<b>1</b>	<b>Directors and the Company Secretary</b>
<b>2</b>	<b>Executives considered to be Key Management Personnel</b>
<b>3</b>	<b>Directors' Meetings</b>
<b>4</b>	<b>Corporate Governance Statement</b>
<b>5</b>	<b>Principal Activity</b>
<b>6</b>	<b>Operating and Financial Review</b>
<b>7</b>	<b>Remuneration Report (audited)</b>
<b>8</b>	<b>Dividends</b>
<b>9</b>	<b>Events subsequent to year end</b>
<b>10</b>	<b>Likely Developments</b>
<b>11</b>	<b>Indemnification and insurance of Directors and Officers</b>
<b>12</b>	<b>Environmental Regulation and Performance</b>
<b>13</b>	<b>Material Business Risks</b>
<b>14</b>	<b>Non-audit services</b>
<b>15</b>	<b>Lead Auditor's Independence Declaration</b>

## 1. Directors and the Company Secretary

### 1.1 Directors

The directors in office at any time during or since the end of the financial year are:

Name and Qualifications	Position, Experience and special responsibilities
<b>Mr Peter Hunt</b> FCA  Appointed 15/12/20 Chairman since 30/06/21	<u>Chairman – Non-executive Director – Independent</u> <p>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 Chartered Accountants Australia &amp; New Zealand.</p> <p>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.</p> <p>Mr Hunt is a member of the Company's Remuneration and Nomination Committee and Audit and Risk Committee.</p> <p>In the three years prior to 30 June 2023, Mr Hunt held no other positions with any other ASX listed companies.</p>
<b>Mr Robert Mencil</b> B Eng(Mining) MBA Appointed CEO 24/05/21 Appointed MD 01/09/21	<u>Managing Director – Executive Director</u> <p>Mr Mencil is an engineering and mining executive with more than 25 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 the Indian Pacific region.</p> <p>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.</p> <p>In the three years before 30 June 2023, Mr Mencil held no director positions with any other ASX listed companies.</p>
<b>Mr Graham Chrisp</b> B Tech (CE)  Appointed 21/1/10 Executive Chairman 2/12/19 – 30/06/21 Remains a Non-Executive Director	<u>Non-executive Director – Not Independent</u> <p>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. Having previously been 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 Limited (having previously served as its CEO from 2003 to 2005) and has numerous private interests.</p> <p>Mr Chrisp is a director of Dapop Pty Ltd, trustee of the Chrisp CXM Family Trust, which is the largest shareholder in the Company. In addition, Mr Chrisp is Managing Director of Australian New Zealand Resources Corporation Pty Ltd, who through the Chrisp Family Trust is the Company's second largest shareholder. Accordingly, Mr Chrisp is not considered to be "independent" for the purposes of the Company's corporate governance policies.</p> <p>Mr Chrisp is a member of the Company's Remuneration and Nomination Committee and Audit and Risk Committee.</p> <p>In the three years before 30 June 2023, Mr Chrisp held no director positions with any other ASX listed companies.</p>

<p><b>Dr A John Parker</b></p> <p>BSc (Hons).PhD, DipCompSc, MAIG, MAICD</p> <p>Appointed 17/12/19</p>	<p><u>Non-Executive Director – Independent</u></p> <p>Dr Parker is a geologist, geophysicist and manager with extensive local and international experience and knowledge of the geology, mineral deposits and mineralizing systems in the Precambrian. He was formerly Chief Geologist with the mapping branch of the South Australian Geological Survey and in the late 1980's he initiated the first geological mapping GIS in Australia, a system that has subsequently been developed to become the global leading GIS, SARIG. He was formerly Managing Director of Lincoln Minerals Limited and is a member of the Australian Institute of Geoscientists and the Australian Institute of Company Directors.</p> <p>Dr Parker is a member of the Company's Remuneration and Nomination Committee and the Audit and Risk Management Committee.</p> <p>In the three years before 30 June 2023, Dr Parker held no director positions with any other ASX listed companies.</p>
--	--

## 1.2 Company Secretary

Dr John Santich was appointed on the 6<sup>th</sup> September 2023. 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. With a lifetime of application in the resources industry, he has broad experience in the formulation of policy and in corporate and legal matters and in the formation and establishment of businesses.

The outgoing Company Secretary, Mr Jonathan Lindh, was appointed Company Secretary on 29<sup>th</sup> March 2021 and resigned on 6<sup>th</sup> September 2023.

## 2. Executives considered to be Key Management Personnel (KMP)

The executive considered to be Key Management Personnel in office at any time during or since the end of the financial year are:

### Mr Brian Hall, General Manager, Ardmore Rock Phosphate Mine

*DipBs(Front Line Management), DipBs(Surface Operations Management), Dip (Management), Site Senior Executive (SSE Certificate)*

Mr Brian Hall, appointed 1<sup>st</sup> December 2021, has been in mining for over 35 years, coming from a dual trade background, having worked in Iron Ore, Gold, Laterite Nickel, Tin and Phosphate mining in Australia and Nauru. Mr Hall has worked in all levels of the mining structure, from trades to Dept Manager to General Manager roles. He was the Registered Manager and Maintenance Manager for Mt Gibson Mining, Maintenance Manager for Bluestone Tin, Maintenance Manager for RONphos Phosphate Corporation, Registered Manager and Maintenance and Engineering Manager for Litcho Bald Hill Lithium operations. Mr Hall holds diplomas in Surface Operations Management, Management and Front-line Management.

### Mr Alastair Watts, General Manager, Exploration (Ceased to be a KMP during the year)

## 3. Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Group during the year ended 30<sup>th</sup> June 2023 was:

	Board Meetings		Audit and Risk Management Committee Meetings		Remuneration and Nomination Committee	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Mr P Hunt	12	12	2	2	-	-
Mr R Mencil	12	12	2	2	-	-
Mr G Chrisp	12	12	2	2	-	-
Dr J Parker	12	10	2	2	-	-

## 4. Corporate Governance Statement

The Board is committed to the principles underpinning best practice in corporate governance. The Company must comply with the ASX Listing Rules which require it to report annually on the extent to which it complied with the Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition ("Principles") as published by the ASX Corporate Governance Council. The Board believes that the Company has complied with the Principles for the current reporting period unless otherwise stated in the Appendix 4G and Corporate Governance Statement which is lodged on the Company announcements platform at the same time as the annual report.

A description of the Company's main corporate governance practices is available on the Company's website located at:

<https://www.centrexlimited.com.au/governance/>

## 5. Principal Activities

The principal activity of the Group during the reporting period was phosphate rock production and exploration on the following areas:

- Phosphate Rock mining at the Ardmere Project in Queensland;
- Potash exploration in Western Australia;
- Base metals exploration in New South Wales and
- Exploration for additional phosphate resources.

During the period the Company commenced production and export of high-grade beneficiated concentrate at the Company's flagship Ardmere Phosphate Rock Mine in Queensland.

## 6. Operating and Financial Review

A review of the operations of the Group during the year and the results of those operations are as follows:

The net (loss) for the reporting year, after providing for income tax was:

	2023 \$	2022 \$
<b>Net loss after income tax</b>	(9,548,243)	(21,654,584)

The net loss for the 2022 financial year is inclusive of a once off expense totalling \$18.934M relating to the remeasurement to fair value of the convertible note on issue immediately prior to its exercise into ordinary shares. Pursuant to the terms of the convertible note, the note converted to 59,545,454 shares with 59,545,454 attaching options. Given the material movement in the share price of the Company since the convertible note was issued, the fair value uplift of the note was a significant accounting transaction included in the loss for the year.

Further information on the Group's operating activities can be found in the Managing Director's Report.

## 7. Remuneration Report - audited

### 7.1 Principles of compensation

The remuneration report provides details of the remuneration of the Company's directors and the executives identified as those who had authority for planning, directing and controlling the Company's activities during the reporting period ("Key Management Personnel").

Total remuneration packages for the key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced people. The Remuneration and Nomination Committee assists the Board in setting remuneration strategy.

#### Non-Executive Directors

Total compensation for all Non-Executive Directors, pursuant to the constitution must not exceed \$500,000 per annum.

For the year ended 30<sup>th</sup> June 2023, the Non-Executive Directors' compensation comprised Directors' base fees of \$54,545 per annum (2022: \$54,545 per annum) for the Chairman and \$45,455 per annum (2022: \$45,455 per annum) for the other Non-Executive Directors.

Superannuation is paid on behalf of the Non-Executive Directors as is legislated. Where the Company engages a director as a consultant the value of superannuation benefits that would otherwise have been payable are paid as additional fees.

#### Managing Director and other key management personnel

Remuneration packages for the Managing Director and other Key Management include a mix of fixed and variable compensation. The variable compensation uses short and long term incentives. The remuneration packages take into account market practice of comparable organisations within the industry and reflect capability, role and experience of each executive.

The fixed remuneration component (cash, superannuation and fringe benefits) is currently set by utilising industry surveys with particular reference to the practices of companies in the lowest quartile of the survey (i.e. those with a similar market capitalisation and with a similar sized workforce). Total remuneration (base salary packages and variable remuneration) provides the opportunity for executives to reach compensation levels in the next quartile as outlined within the industry surveys through the following variable awards:

- the Short Term Incentive ("STI") Plan, which awards a cash bonus of between 0% and 20%

of fixed remuneration subject to individual and Company targets being met; and

- the Long Term Incentive ("LTI") Plan, under which the executive may be granted incentive rights, some of which vest after an extended period of continuous employment (Retention Rights), the others vesting after an assessment of performance (Performance Rights).

In the 2022 financial year Mr Robert Mencil was awarded 3 Million Performance Rights (over 3 tranches) as approved at the 2021 AGM.

Following their issue in 2022, the 1,000,000 performance rights (Tranche 1) vested and were exercised into the equivalent number of ordinary shares after meeting the following Performance Conditions.

- (a) 500,000 vesting upon a continuous period of employment of 12 months with the Company;
- (b) 100,000 vesting upon completion of an update of the 2018 Ardmore Project Definitive Feasibility Study;
- (c) 100,000 vesting upon securing direct application phosphate rock sales to 3 or more customers;
- (d) 200,000 vesting upon securing 2 or more sales/marketing agreements for future Ardmore Project production; and
- (e) 100,000 vesting upon the Company completing a successful capital raise of \$2m or more.

In the 2023 financial year 1,000,000 performance rights (Tranche 2) vested after meeting the following Performance Conditions:

- (a) 500,000 vesting upon a continuous period of employment of 24 months with the Company;
- (b) 300,000 vesting upon shipment of more than 20,000t in trial shipments for Ardmore;
- (c) 200,000 vesting upon completion of FEED for 625ktpa process plant for the Ardmore Project.

1,000,000 Performance Rights (Tranche 3), with the performance period being the financial year ending 2024:

- (a) 250,000 vesting upon a continuous period of employment of 36 months with the Company;
- (b) 350,000 vesting upon completing of financial closure for the construction and operation of a 625ktpa Process Plant;
- (c) 400,000 vesting upon 80% of production at the Ardmore Project allocated by sales/marketing agreements or off take agreements.

The fair value of the share-based payments was determined using appropriate valuation techniques as at the grant date.

### Service agreements

#### Robert Mencil, Managing Director

Mr Mencil was appointed Chief Executive Officer (CEO) on 24<sup>th</sup> May 2021 and Managing Director on 1<sup>st</sup> September 2021. On the 1<sup>st</sup> June 2022 Mr Mencil's total annual fixed remuneration was \$450,000 plus statutory superannuation. On the 24<sup>th</sup> May 2023 Mr Mencil's total annual fixed remuneration was increased to \$500,000 plus statutory superannuation.

Mr Mencil's employment with the company may be terminated with three months written notice.

### Other Key Management Personnel

Mr Brian Hall - General Manager – Ardmore Rock

Mr Alastair Watts - General Manager Exploration.  
As noted Mr Watts ceased being a KMP in 2023.

### Service Agreements

Mr Hall's employment contract outlines an annual fixed salary of \$300,000 plus statutory superannuation. Mr Hall's employment with the company may be terminated with three months written notice subject no misconduct or dishonesty.

### Consequences of performance on shareholder wealth

Any variable components of the Company's executives' remuneration (the short and long-term incentives) seek to encourage alignment of management performance and shareholders' interests by linking remuneration to performance of the Company as a whole.

Any award of any short term or long-term incentive is always at the discretion of the Board which will also take into account the following indices when assessing performance, although the Board acknowledges that as an exploration company the use of such indices does not fully reflect Company performance.

	2023	2022	2021	2020	2019
Loss attributable to owners of the company	(9,548,243)	(21,654,584)	(2,626,637)	(19,820,532)	(1,384,316)
Dividends paid (per share)	-	-	-	-	-
Share price at 30 June	\$0.14	\$0.15	\$0.05	\$0.03	\$0.11

## Remuneration of Key Management Personnel (KMP) (Consolidated)

Details of the nature and amount of each major element of remuneration of each of the KMP are:

		Salary & fees	Non- monetary benefits	Super- annuation benefits	Share-based payments <sup>(1)</sup> Note 24	Total	Options / Rights related
		\$	\$	\$	\$	\$	%
<b>Directors</b>							
Mr P Hunt	2023	60,000	-	-	121,500	181,500	66.94
<b>Chairman</b>	2022	52,819	-	-	-	52,819	-
Mr G Chrisp.	2023	45,455	-	4,773	101,250	151,478	66.84
<b>Non-executive</b>	2022	41,970	-	4,197	-	46,167	-
Mr A J Parker	2023	45,455	-	4,773	101,250	151,478	66.84
<b>Non-executive</b>	2022	41,970	-	4,197	-	46,167	-
Mr R Mencil	2023	455,253	-	27,500	407,000	889,753	45.74
<b>Managing Director</b>	2022	395,000	-	27,500	83,000	505,500	16.42
<b>Total compensation: Directors</b>	<b>2023</b>	<b>606,163</b>	<b>-</b>	<b>37,046</b>	<b>731,000</b>	<b>1,374,209</b>	
	<b>2022</b>	<b>531,759</b>	<b>-</b>	<b>35,894</b>	<b>83,000</b>	<b>650,653</b>	
<b>Executives</b>							
Mr A Watts(2)	2023	-	-	-	-	-	-
<b>GM Exploration</b>	2022	196,061	-	19,607	-	215,668	-
Mr Brian Hall (3)	2023	281,896	-	29,599	159,039	470,534	33.80
<b>GM Ardmore</b>	2022	-	-	-	-	-	-
<b>Total compensation: executives</b>	<b>2023</b>	<b>281,896</b>	<b>-</b>	<b>29,599</b>	<b>159,039</b>	<b>470,534</b>	
	<b>2022</b>	<b>196,061</b>	<b>-</b>	<b>19,607</b>	<b>-</b>	<b>215,668</b>	
<b>Total compensation: KMP</b>	<b>2023</b>	<b>888,059</b>	<b>-</b>	<b>66,645</b>	<b>890,039</b>	<b>1,844,743</b>	
	<b>2022</b>	<b>727,820</b>	<b>-</b>	<b>55,501</b>	<b>83,000</b>	<b>866,320</b>	

(1) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity linked compensation determined as at the grant date and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that the senior executives may ultimately realise should the equity instruments vest.

(2) From 1 July 2022 Mr Watts ceased being a KMP.

(3) From 1 July 2022 Mr Hall became a KMP.



## Key Management Personnel Holding of Shares:

The movement during the reporting period in the number of ordinary shares in Centrex Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

		Opening Balance	Number Purchased/ Issued	Issued on Vesting	Ceased as KMP	Number Sold	Closing Balance
Mr Peter Hunt	2023	-	200,000	-	-	-	200,000
	2022	-	-	-	-	-	-
Graham Chrisp (i)	2023	170,451,126	-	-	-	-	170,451,126
	2022	110,905,672	59,545,454	-	-	-	170,451,126
Dr A J Parker	2023	-	-	-	-	-	-
	2022	-	-	-	-	-	-
Mr Robert Mencil (ii)	2023	1,111,905	-	-	-	-	1,111,905
	2022	100,000	1,011,905	-	-	-	1,111,905
Mr Alastair Watts (iii)	2023	1,176,190	-	-	(1,176,190)	-	-
	2022	200,000	976,190	-	-	-	1,176,190
Mr Brian Hall (iv)	2023	-	-	-	-	-	-
	2022	-	-	-	-	-	-

- (i) Shares are held by Dapop Pty Ltd <The Chrisp CXM A/C> and Australia New Zealand Resources Corporation Pty Ltd both are entities associated with Mr Graham Chrisp. The movement of 59,545,454 shares during the year related to the conversion of the convertible note as previously approved by shareholders. Refer to note 25 for more detail.
- (ii) Shares are held by Mrs Georgina Mencil and Mr Robert John Mencil <Tcharlie Family A/C> an entity associated with Mr Robert Mencil. The movement of 1,011,905 shares represents the exercise of 1,000,000 performance rights to shares with the remaining 11,905 shares acquired through participation in the Company's 2022 Pro Rata Rights Issue.
- (iii) During the period Mr Watts ceased being a KMP.
- (iv) During the period B Hall commenced as a KMP.

## Key Management Personnel Holding of Performance Rights:

The number of performance rights issued during the current and prior years which has been recognised as Director and Key Management Personnel remuneration is shown below:

30 <sup>th</sup> June 2023	Holding at 30 <sup>th</sup> Jun 2022	Issued	Exercised (E) or Lapsed (L)	Holding at 30 <sup>th</sup> Jun 23	Vested but unexercised	Unvested
<b>2023 Performance Rights</b>						
Mr Robert Mencil	2,000,000	-	-	2,000,000	1,000,000	1,000,000
Mr Brian Hall	-	2,000,000	-	2,000,000	666,667	1,333,333
<b>Total</b>	<b>-</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

### Mr Robert Mencil Performance Rights:

During the year ended 30 June 2023, the second tranche of performance conditions were met but remain unexercised.

Tranche 2, 1,000,000 Performance Rights with a performance period of the financial year ending 2023

- (a) 500,000 vesting upon a continuous period of employment of 24 months with the Company;
- (b) 300,000 vesting upon shipment of more than 20,000t in trial shipments for Ardmore;
- (c) 200,000 vesting upon completion of FEED for 625ktpa process plant for the Ardmore Project.

Tranche 3, 1,000,000 Performance Rights with a performance period of the financial year ending 2024

- (a) 250,000 vesting upon a continuous period of employment of 36 months with the Company;
- (b) 350,000 vesting upon completing of financial closure for the construction and operation of a 625kt pa Process Plant;
- (c) 400,000 vesting upon 80% of production at the Ardmore Project allocated by sales/marketing agreements or off take agreements.

Mr Brian Hall Performance Rights:

The performance criteria is as follows for the Performance Rights issued in the period:

Tranche 1: Performance Rights

Vesting performance condition:

- (a) 100% vesting upon a continuous period of employment of 12 months with the Company

Performance vesting period: Financial year ending 2023

Tranche 2: Performance Rights

Vesting performance condition:

- (a) 50% vesting upon a continuous period of employment of 24 months with the Company;  
 (b) 30% vesting upon successful completion of production, export and sale of more than 125,000t of phosphate rock/concentrate in FY24 at the Ardmore Phosphate mine;  
 (c) 20% vesting upon the successful completion of the 800ktpa FEED study for the Ardmore Phosphate Project.

Performance vesting period: Financial year ending 2024

Tranche 3: Performance Rights

Vesting performance condition:

- (a) 25% vesting upon a continuous period of employment of 36 months with the Company;  
 (b) 50% vesting upon successful completion of production, export and sale of more than 250,000t of phosphate rock/concentrate in FY25 at the Ardmore Phosphate mine;  
 (c) 25% vesting upon the successful completion of FID for the 800ktpa plant at the Ardmore Phosphate Project.

Performance vesting period: Financial year ending 2025

**Key Management Personnel Holding of share options:**

30 <sup>th</sup> June 2023	Holding at 30 <sup>th</sup> Jun 2022	Issued Note 24	Exercised (E) or Lapsed (L)	Holding at 30 <sup>th</sup> Jun 23
<b>2023 Unlisted Options</b>				
Mr Graham Chrisp (i)	59,545,454	-	-	59,545,454
<b>Total</b>	<b>59,545,454</b>	<b>-</b>	<b>-</b>	<b>59,545,454</b>
<b>2023 Unlisted Directors Options (ii)</b>				
Mr Peter Hunt	-	1,500,000	-	1,500,000
Mr Graham Chrisp	-	1,250,000	-	1,250,000
Dr A J Parker	-	1,250,000	-	1,250,000
Mr Robert Mencil	-	4,000,000	-	4,000,000
<b>Total</b>	<b>-</b>	<b>8,000,000</b>	<b>-</b>	<b>8,000,000</b>

- (i) On the 1<sup>st</sup> April 2022 the Company advised the market upon that a notice of conversion was received from the convertible note holder. At that time the company converted the convertible note (including all capitalised interest on the convertible note) into 59,545,454 ordinary shares and 59,545,454 free attaching options in accordance with it's terms. The movement in options during the period reflects the free attaching options which all have an exercise price of \$0.05 per option and an expiry date of 31<sup>st</sup> December 2023.

- (ii) At the 2022 AGM, shareholders approved the issue of 8 million options to the directors which vested on issue.

**Other related party transactions:**

During the 2021 year, Centrex entered into a convertible securities agreement with Australia New Zealand Resources Corporation Pty Ltd (a director related entity of Graham Chrisp). The effective date of the note was 2 June 2021 being the date the convertible note was issued and the face value of \$1,000,000 was received. The interest rate was 12% per annum which accrues and compounds on the first day of each calendar month.

On the 1<sup>st</sup> April 2022 the Company advised the market upon that a notice of conversion was received from the convertible note holder. The company converted the convertible note (including all capitalised interest outstanding) into 59,545,454

ordinary shares and 59,545,454 attaching options in accordance with its terms as approved by shareholders at the Company's 2021 AGM. The total fair value at the date of conversion was \$18.934 million.

Total interest paid or payable on the convertible note held by a related party of Mr Chrisp for the year ended 30 June 2022 was \$340,000 of which \$30,000 was paid in cash.

Other than transactions as detailed in Note 18 to the financial statements, no director has received or become entitled to receive, during or since the end of the reporting year, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or a Company in which a director has a substantial financial interest.

## **End of audited remuneration report.**

### **8. Dividends**

No dividends were declared during the year or prior year.

### **9. Events subsequent to year end**

On 3<sup>rd</sup> July the Company signed a binding offtake agreement with Ravensdown for up to 20% of production. The offtake agreement is for a term of 2.5 years to purchase 15KT of phosphate in the first year with the subsequent years allocations to be mutually agreed.

On the 16<sup>th</sup> August the Company signed an agreement to take first steps towards commencement of exploration on Banaba Island. The Company has entered into a binding agreement with the Rabi Council of Leaders, the appointed representative of the official traditional owners of Banaba Island ('Banaba'), to explore the feasibility of mining the remanent phosphate rock on the Pacific island of Banaba. If the project proceeds, Centrex's plans include the expected delivery of extensive rehabilitation projects and initiatives to improve environmental and socio-economic conditions on the island which were impacted by previous mining activity.

On the 23<sup>rd</sup> August the Company announced that it had completed a \$4.25M placement and launched a Share Purchase Plan. The placement resulted in the issue of 47,222,222 shares at \$0.09 on the 30<sup>th</sup> August. On the 25<sup>th</sup> September the Company announced the results of the Share Purchase Plan, which raised a total of \$0.182M issuing 2,016,666 shares at \$0.09 on the 28<sup>th</sup> September.

On the 29<sup>th</sup> August the Company issued 42,312 shares as a result of exercise of unlisted options at \$0.05.

On the 7<sup>th</sup> September Dr John Santich was appointed as company secretary of the Company. Dr Santich replaced Mr Jonathan Lindh who tendered his resignation to concentrate on his private legal practise.

On the 12<sup>th</sup> September the Company issued 7,088,461 share as a result of performance rights exercised.

### **10. Likely Developments**

During the period the Company commenced production and export of high-grade beneficiated concentrate at the Company's flagship Ardmore Phosphate Rock Mine in Queensland.

It is noted however, that next advancement of the Ardmore Phosphate Rock Mine is subject to sufficient finance being raised. The Company continues to make further progress with its debt finance and is in advanced discussions with a number of parties and will keep the market updated in accordance with its continuous disclosure obligations.

The Directors have assessed the status of all of the Group's remaining tenements and believe all tenements have sufficient mineral potential to warrant continued exploration.

## 11. Indemnification and insurance of Directors and Officers

Directors' and Officers' Liability Insurance has been secured to insure the Directors, officers and senior executives of the Group to the extent permitted by the Corporations Act 2001. The officers of the Company and the Group covered by the insurance policy include any person acting in the course of duties for the Company or the Group who is or was a Director, secretary or senior executive. The contract of insurance prohibits the disclosure of the nature of the insurance covered and the amount of the premium.

The Company's constitution provides that the Company indemnifies every person who is or has been an officer of the Company for any liability (other than for legal costs) incurred by that person as an officer of the Company and any subsidiary of the Company. The Company has entered into deeds of access, insurance and indemnity with the current Directors of the Company. The agreements indemnify the Directors to the extent permitted by law against certain liabilities and legal costs incurred by the Directors; require the Company to maintain and pay Directors' and Officers' Liability Insurance in respect of the Director; and provide the Director with access to board papers and other documents.

## 12. Environmental Regulation and Performance

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the period under review the majority of work carried out was on Ardmore Phosphate Rock Project in NW Queensland and the Group followed procedures and pursued objectives in line with requirements published by the relevant regulators including the Department of Environment and Science, the Department of Natural Resources, Mines and Energy and the Department of Aboriginal and Torres Strait Islander Partnerships.

The requirements from the relevant government departments are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable. The Group and its partner companies have individuals with detailed job responsibilities in this area.

The Board is not aware of any significant environmental breaches during the period covered by this report.

## 13. Material Business Risks

The material business risks for the group include:

### **Foreign exchange and commodity price**

The financial results and position of the Group are reported in Australian dollars. Phosphate Rock Concentrate is sold principally based on a United States Dollar (USD) price. Accordingly, the Group's revenues are linked to both the USD commodity price and AUD/USD exchange rate. Volatility in the Phosphate Rock market creates revenue uncertainty and requires careful management to ensure that operating cash margins are maintained should there be a sustained fall in the Phosphate Rock price. Phosphate Rock is not a commodity for which hedging or derivative transactions can be used to manage commodity price risk.

### **Costs**

Production, cost and capital estimates: The Group prepares estimates of future production, operating costs and capital expenditure relating to production at its operations. The ability of the Group to achieve production targets or meet operating and capital expenditure estimates on a timely basis cannot be assured. The future production and costs of the Group are subject to uncertainty for a variety of reasons, including:

- variances in actual ore mined due to varying estimates of grade, tonnage, dilution, metallurgical and other characteristic; revisions of mine plan;
- the next advancement of the Ardmore Phosphate Rock Mine Stage 1.5 is subject to sufficient finance being raised;
- changing ground conditions; labour availability and costs; diesel costs; and general inflationary pressures being felt across the industry.

Failure to achieve production, cost or capital estimates, or material increases to costs, could have an adverse impact on the Group's future cash flows, profitability and financial condition. The development of estimates is managed by the Group using a budgeting process. Actual results are compared with budgets to identify drivers behind discrepancies which may result in updates to future estimates.

## **Operating risks and hazards**

The Group's operations, consisting of shallow open pit strip mining and site construction activities involve a degree of risk. The Group's operations are subject to all the hazards and risks normally encountered in the exploration, development, construction, and production phase of an operation. This level of operations is subject to hazards such as equipment failure, loss of power, fast moving heavy equipment, water, and tailings infrastructure such as retaining dams, rain and seismic events which may result in environmental pollution and consequent liability. The impact of these events could lead to disruptions in operations and scheduling, increased costs, and loss of facilities, which may have a material adverse impact on the group's results of operations, financial condition, license to operate and prospects. These risks are managed by a structured operational risk management framework, experienced employees and contractors and formalised procedures. The Company also has a comprehensive insurance program in place.

## **Ore reserves and mineral resources**

The Group's estimates of Mineral Resources and Ore Reserves are based on different levels of geological confidence and different degrees of technical and economic evaluation, and no assurance can be given that anticipated tonnages and grades will be achieved, that the indicated level of recovery will be realised or that Ore Reserves could be mined or processed profitably. The quality of any Mineral Resources and Ore Reserves estimate are a function of the quantity of available technical data and of the assumptions used in engineering and geological interpretation and modifying factors affecting economic extraction. Such estimates are compiled by experienced and appropriately qualified personnel and subsequently reported by Competent Persons under the JORC Code. Fluctuation in Phosphate Rock prices, key input costs to production, as well as the results of additional drilling, and the evaluation of reconciled production and processing data subsequent to any estimate may require revision of such estimates.

Actual mineralisation of ore bodies may be different from those predicted, and any material variation in the estimated Ore Reserves, including metallurgy, grade, dilution, ore loss, or stripping ratio at the group's properties may affect the economic viability of its properties, and this may have a material adverse impact on the group's results of operations, financial condition, and prospects. There is also a risk that depletion of reserves will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower reserve base. The reserve base of the group may decline if reserves are mined without adequate replacement and the group may not be able to sustain production beyond the current 14-year Stage 1.5 mine life.

## **Climate**

The Group may be impacted by climate related risks including reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes.

## **14. Non-audit services**

During the year Grant Thornton, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or accrued to the auditor of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out below.

	2023 \$	2022 \$
Audit and review Services	241,152	102,486
Other services	9,150	15,927
<b>Auditors of the company</b>	<b>250,302</b>	<b>118,413</b>

## 15. Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 23 and forms part of the Directors' Report for the financial year ended 30<sup>th</sup> June 2023.

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

A handwritten signature in black ink, appearing to read 'R Mencil', with a long horizontal stroke extending to the right.

Mr Robert Mencil  
Managing Director

Dated at Adelaide this 29<sup>th</sup> day of September 2023.

---

**Grant Thornton Audit Pty Ltd**  
Grant Thornton House  
Level 3  
170 Frome Street  
Adelaide SA 5000  
GPO Box 1270  
Adelaide SA 5001  
T +61 8 8372 6666

## Auditor's Independence Declaration

### To the Directors of Centrex Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Centrex Limited for the year ended 30 June 2023, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 29 September 2023

**[www.grantthornton.com.au](http://www.grantthornton.com.au)**  
**ACN-130 913 594**

---

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

# **Centrex Limited**

## **Contents**

### **30 June 2023**

Statement of profit or loss and other comprehensive income	25
Statement of financial position	26
Statement of changes in equity	27
Statement of cash flows	28
Notes to the financial statements	29
Directors' declaration	59
Independent auditor's report to the members of Centrex Limited	60
ASX additional shareholder information	64



**Centrex Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	Note	2023 \$'000	2022 \$'000
<b>Revenue</b>			
Revenue from sales	5	25,967	214
Cost of Sales	6	(25,586)	(236)
		<u>381</u>	<u>(22)</u>
Other income	7	63	22
<b>Expenses</b>			
Administration and other expenses	8	(7,304)	(2,037)
Exploration and evaluation expense		(231)	(187)
Share-based payments expense	24	(2,393)	(132)
Change in fair value of convertible notes	9	-	(18,934)
Finance Costs	10	(64)	(365)
		<u>(9,548)</u>	<u>(21,655)</u>
<b>Loss before income tax expense</b>		(9,548)	(21,655)
Income tax expense	11	-	-
		<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the year attributable to the owners of Centrex Limited</b>		(9,548)	(21,655)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year attributable to the owners of Centrex Limited</b>		<u>(9,548)</u>	<u>(21,655)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	37	(1.56)	(4.93)
Diluted earnings per share	37	(1.56)	(4.93)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Centrex Limited**  
**Statement of financial position**  
**As at 30 June 2023**

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	6,735	12,848
Trade and other receivables	13	1,204	476
Inventories	14	4,710	-
Other	16	441	79
Total current assets		13,090	13,403
<b>Non-current assets</b>			
Inventories	14	505	-
Plant, equipment and mine development assets	17	28,520	141
Exploration and evaluation	18	342	22,298
Financial assets - security deposits	15	563	530
Other	16	113	-
Total non-current assets		30,043	22,969
<b>Total assets</b>		43,133	36,372
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	8,843	2,783
Borrowings	20	3,599	-
Lease liabilities	21	974	-
Provisions	22	435	169
Total current liabilities		13,851	2,952
<b>Non-current liabilities</b>			
Lease liabilities	21	1,954	151
Provisions	22	2,503	1,573
Total non-current liabilities		4,457	1,724
<b>Total liabilities</b>		18,308	4,676
<b>Net assets</b>		24,825	31,696
<b>Equity</b>			
Issued capital	23	75,100	74,816
Share-based payments reserve	24	12,208	9,815
Accumulated losses		(62,483)	(52,935)
<b>Total equity</b>		24,825	31,696

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Centrex Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2023**

	Issued capital \$'000	Share-based payments reserve \$'000	Profit reserve \$'000	Retained losses \$'000	Total equity \$'000
Balance at 1 July 2021	42,564	-	1,005	(32,285)	11,284
Loss after income tax expense for the year	-	-	-	(21,655)	(21,655)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(21,655)	(21,655)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 23)	19,897	-	-	-	19,897
Share-based payments (note 24)	12,272	132	-	-	12,404
Transfer of Historical Profit Reserve to Accumulated Losses	-	-	(1,005)	1,005	-
Exercise of performance rights	83	(83)	-	-	-
Fair value of options issued in conjunction with the exercise of the convertible note	-	9,766	-	-	9,766
Balance at 30 June 2022	74,816	9,815	-	(52,935)	31,696

	Issued capital \$'000	Share based payments reserve \$'000	Profit reserve \$'000	Retained losses \$'000	Total equity \$'000
Balance at 1 July 2022	74,816	9,815	-	(52,935)	31,696
Loss after income tax expense for the year	-	-	-	(9,548)	(9,548)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(9,548)	(9,548)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 24)	-	2,393	-	-	2,393
Exercise of options - free attaching	284	-	-	-	284
Balance at 30 June 2023	75,100	12,208	-	(62,483)	24,825

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Centrex Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		25,143	217
Payments to suppliers and employees		(32,123)	(1,756)
		(6,980)	(1,539)
Interest received		63	4
Other revenue		-	20
Interest and other finance costs paid		(45)	(55)
Net cash used in operating activities	36	(6,962)	(1,570)
<b>Cash flows from investing activities</b>			
Payments for plant, equipment and mine development asset		(2,149)	-
Payments for exploration and evaluation		(300)	(7,647)
Cash transferred (to) / from term deposits		(33)	(530)
Proceeds from release of security deposits		-	857
Net cash used in investing activities		(2,482)	(7,320)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	23	-	20,024
Proceeds from exercise of option	23	284	1,102
Proceeds from borrowings		3,563	-
Share issue transaction costs		-	(1,229)
Repayment of leases		(516)	-
Net cash from financing activities		3,331	19,897
Net increase/(decrease) in cash and cash equivalents		(6,113)	11,007
Cash and cash equivalents at the beginning of the financial year		12,848	1,841
Cash and cash equivalents at the end of the financial year	12	6,735	12,848

*The above statement of cash flows should be read in conjunction with the accompanying notes*

# Centrex Limited

## Notes to the financial statements

### 30 June 2023

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Centrex Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Centrex Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are entities controlled by the Group. The consolidated financial statements of the Group include the financial statements of the Company, being the parent entity, and its wholly owned subsidiaries, from the date that control commences until the date control ceases:

- DSO Development Pty Ltd
- Flinders Pastoral Pty Ltd
- Lachlan Metals Pty Ltd
- Kimba Gap Iron Project Pty Ltd
- Centrex QLD Exploration Pty Ltd (previously named Port Spencer Holdings Pty Ltd)
- South Australia Iron Ore Group Pty Ltd
- AgriFlex Pty Ltd (previously named Centrex Phosphate Pty Ltd)
- Centrex Potash Pty Ltd
- Centrex Zinc Pty Ltd

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## **Note 1. Significant accounting policies (continued)**

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Impairment**

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **Note 1. Significant accounting policies (continued)**

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### **Share-based payment transactions**

Where performance rights or share options are issued to employees or directors as remuneration for past services, the fair value of equity instruments granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the equity instruments. Unless otherwise stated, the fair value of the equity instruments granted is measured using an appropriate valuation option-pricing model, taking into account the terms and conditions upon which the equity instruments were granted. The amount recognised as an expense is adjusted to reflect the actual number of equity instruments that vest except for those that fail to vest due to market conditions or vesting conditions not being met.

## **Note 2. Critical accounting judgements, estimates and assumptions (continued)**

### **Provision for impairment of inventories**

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing and conditions of inventories.

### **Fair value measurement hierarchy**

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### **Estimation of useful lives of assets**

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### **Impairment of property, plant and equipment and development assets**

The Group assesses impairment of property, plant and equipment and development assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### **Financial instruments - Convertible note**

The Group was required to fair value its convertible note at each reporting date utilising appropriate valuation methodologies. The conversion option was considered a derivative liability measured at fair value using observable inputs (Monte Carlo). Immediately prior to the conversion of the convertible note fair value was determined using the Centrex share price as at conversion date and the attaching options using a Black Scholes valuation taking into account observable data and assumptions.

### **Rehabilitation provision**

The Group assesses its site restoration and rehabilitation provision at each reporting date in accordance with the accounting policy. Significant judgement is required in determining the provision for restoration and rehabilitation as there are many transactions and other factors that will affect the ultimate liability payable to rehabilitate and restore the site.

The estimate of future costs therefore requires management to make assessment of the future restoration and rehabilitation date, future environmental legislation, changes in regulations, price increases, changes in discount rates, the extent of restoration activities and future removal and rehabilitation technologies. When these factors change or become known in the future, such differences will impact the restoration and rehabilitation provision in the period in which they change or become known. At each reporting date the rehabilitation and restoration provision is remeasured to reflect any of these changes.



## **Note 2. Critical accounting judgements, estimates and assumptions (continued)**

### **Exploration and evaluation costs**

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources.

Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest.

Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

## **Note 3. Going Concern**

The Group's financial statements are prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities and commitments in the normal course of business.

During the year ended 30 June 2023, the Group recognised a loss of \$9.55m (2022: \$21.66m), had net cash outflows from operating and investing activities of \$9.44m (2022: \$8.89m) and had accumulated losses of \$62.48m (2022: \$52.94m) as at 30 June 2023. The continuation of the Group as a going concern is dependent upon its ability to generate sufficient net cash inflows from operating and financing activities and manage the level of expenditure within available cash resources.

The Directors consider that the going concern basis of accounting is appropriate, as the Group has the following options:

- Achieve steady state commercial production levels to generate sufficient cash inflows to meet operating costs;
- The ability to obtain debt funding to assist with the continued development of the Ardmore Phosphate project;
- The ability to issue share capital under the Corporations Act 2001, by a share purchase plan, share placement or rights issue;
- The option of farming out all or part of its assets;
- The option of selling interests in the Company's assets; and
- The option of relinquishing or disposing of rights and interests in certain assets.

In the event that the Group is unsuccessful in implementing one or more of the funding options listed above, such circumstances would indicate that a material uncertainty exists that may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 4. Operating segments**

**Identification of reportable operating segments**

Management has determined the operating segments based on internal reports about components of the Group that are regularly reviewed by the Managing Director to make strategic decisions.

The Group has identified two reportable segments of its business:

- Ardmore mining operations; and
- Exploration: exploration and evaluation of phosphate rock, potash, zinc and copper.

The Managing Director monitors performance in these areas separately. Unless stated otherwise, all amounts reported to the Managing Director are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

	<b>Ardmore mining Operations \$'000</b>	<b>Exploration \$'000</b>	<b>Total \$'000</b>
<b>2023 Segment results</b>			
Segment revenue	25,967	-	25,967
Cost of sales	(25,586)	-	(25,586)
Gross profit / (loss)	381	-	381
Finance costs	(64)	-	(64)
Other expenses	(3,996)	-	(3,996)
Exploration and evaluation expenses	-	(231)	(231)
<b>Segment Result</b>	<b>(3,679)</b>	<b>(231)</b>	<b>(3,910)</b>
Unallocated corporate overheads	-	-	(5,638)
<b>Total loss for the year</b>			<b>(9,548)</b>
<b>Total segment assets</b>	36,024	342	36,366

Operating segment assets are reconciled to total assets as follows:

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<b>Segment assets</b>	36,366	-
Unallocated assets:		
Cash and cash equivalents	6,735	-
Other receivables	32	-
<b>Total assets</b>	<b>43,133</b>	<b>-</b>

There are no comparatives in previous year as there was only one segment.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 5. Revenue from sales**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Sales - Concentrate	25,786	-
Sales - DARPS	181	214
	<u>25,967</u>	<u>214</u>

**Revenue recognition**

The consolidated entity recognises revenue as follows:

**Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Revenue from sale of goods is recognised upon delivery of the goods to customers as this corresponds to the transfer of control of the goods and the cessation of all involvement with those goods. All revenue is stated net of goods and services tax (GST).

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

**Concentrate Sales**

Concentrate sales comprises the fully processed phosphate rock concentrate. Revenue from the sale is recognised once control has passed to the customer and performance obligations have been met.

**Direct Application Phosphate Rock (DAPR) Sales**

DAPR revenue from low-grade direct application crushed phosphate rock is recognised when control passes to the customer and performance obligations are satisfied. Control of the goods will pass to the customer at the point in time when the goods are delivered or collected by the customer.

**Note 6. Cost of Sales**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Mining expenses	6,846	236
Crushing expenses	3,593	-
Depreciation and amortisation expenses	798	-
Processing and drying	4,639	-
Freight expense	8,335	-
Royalties	1,375	-
	<u>25,586</u>	<u>236</u>

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 7. Other income**

	2023 \$'000	2022 \$'000
Government grants	-	20
Interest Income	63	2
	<hr/>	<hr/>
Other income	63	22
	<hr/> <hr/>	<hr/> <hr/>

**Interest**

Interest revenue is recognised as interest accrues.

**Note 8. Administration and other expenses**

	2023 \$'000	2022 \$'000
Office and administration expenses	1,170	632
Sales and marketing	513	-
Insurance and legal expenses	1,658	384
Employee benefit expense	2,823	883
Directors fees	151	137
Travel expenses	90	-
Depreciation expense	151	1
Foreign exchange loss	141	-
Other expenses	607	-
	<hr/>	<hr/>
	7,304	2,037
	<hr/> <hr/>	<hr/> <hr/>

**Note 9. Change in fair value of convertible notes**

On the 26<sup>th</sup> February 2021 at the Company's AGM, shareholders approved the issue of the convertible note to Australia New Zealand Resources Corporation Pty Ltd (a director related entity of Graham Chrisp). At the time of the shareholder approval it was outlined that the maximum number of shares that could be issued on conversion of the note assuming no interest payments were made during the term of the note was 63,770,882 shares and 63,770,882 free attaching options with a \$0.05 exercise price expiring 31<sup>st</sup> December 2023.

**Comparative year - subsequent treatment**

On the 29 September 2021 notice was produced by the note holder to defer payment of the interest coupon, which triggered accrual and compounding effect of the to the face value of the note. In total a further \$340,000 in interest was accrued in the year to 30 June 2022 with \$30,000 being settled in cash.

On 1<sup>st</sup> April 2022, the Company advised the market that it had received a notice of conversion from the convertible note holder. Pursuant to the terms of the convertible note, the company converted the convertible note (including all capitalised interest on the outstanding loan) into 59,545,454 ordinary shares and 59,545,454 attaching options in accordance with it terms.

The 59,545,454 shares and equal number of options was attributed to the note as follows:

- 45,454,545 shares on conversion of the face value of the convertible note (\$1,000,000)
- 14,090,908 shares relating to capitalised interest on the convertible note (\$310,000)

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 9. Change in fair value of convertible notes (continued)**

The fair value of the ordinary shares at conversion were determined using the closing share price on 1 April 2022 totalling \$12,272,000. This amount was transferred from derivative liability to share capital.

The convertible note options were measured at fair value utilising a Black Scholes valuation model and totalled \$9,766,000. This amount was transferred from derivative liability to the share based payment reserve.

Total fair value of the shares and options recognised in the statement of profit or loss was \$18,934,000.

The following inputs were utilised to value the components as at the conversion date:

Valuation date:	1 April 2022
Share price at valuation date:	\$0.2061
Expiry date:	31 December 2023
Risk free rate:	2.15%
Company specific volatility:	68%
Strike price:	\$0.05; and
Maximum expected life:	1.75 years

**Note 10. Finance Costs**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Finance costs	64	365

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 11. Income tax expense**

	2023 \$'000	2022 \$'000
Current income tax expense / (benefit) Current period	-	-
<b>Total income tax expense / (benefit)</b>	<b>-</b>	<b>-</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(9,548)	(21,655)
Tax at the statutory tax rate of 25%	(2,387)	(5,414)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	657	4,767
Timing differences & tax losses not brought to account	1,730	647
Income tax expense	-	-
<b>Deferred tax assets (DTA) and Deferred tax liabilities (DTL)</b>		
Trade and other receivables	(1)	(17)
Property, plant & equipment	(1,909)	-
Provisions and accrued expenses	782	454
Exploration and evaluation assets	114	(4,235)
Development asset	(4,148)	-
Lease liabilities	222	-
Deferred capital expenses	190	253
<b>Net DTL</b>	<b>(4,750)</b>	<b>(3,545)</b>
Tax losses recognised to the extent of the DTL	4,750	3,545
Unrecognised tax losses – tax effected at 30 June 2023	9,253	7,610

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 11. Income tax benefit (continued)**

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The company and its wholly owned Australian resident subsidiaries commenced being a tax consolidation group on 27<sup>th</sup> January 2005 and are therefore taxed as a single entity. The head entity within the tax consolidation group is Centrex Limited.

**Note 12. Cash and cash equivalents**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Current assets</i>		
Cash at bank	6,700	12,848
Cash on deposit	35	-
	<u>6,735</u>	<u>12,848</u>

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 13. Trade and other receivables**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Current assets</i>		
Trade receivables	<u>1,204</u>	<u>476</u>

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

**Note 14. Inventories**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Current assets</i>		
Mined ore	1,262	-
Crushed ore	158	-
Processed ore	2,834	-
Stock in transit	456	-
	<u>4,710</u>	<u>-</u>
<i>Non-current assets</i>		
Mined ore	<u>505</u>	<u>-</u>
	<u>5,215</u>	<u>-</u>

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 14. Inventories (continued)**

Recognition and measurement of Inventories includes ore, crushed, rejects and concentrate stockpiles, estimated at the lower of cost and net realisable value. Cost represents the weighted average cost and comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditures including depreciation and amortisation.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Quantities of inventories are determined using various estimation techniques, including observation, weighing and other industry methods and are subject to periodic physical verification.

The Group reviews its inventory at the end of each reporting period to determine if it is properly stated at the lower of cost and net realisable value. Net realisable value is the estimated selling prices in the ordinary course of business, less estimated costs of completion of sale.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**Note 15. Financial assets - security deposits**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Non-current assets</i>		
Financial assets - security deposits	<u>563</u>	<u>530</u>

An amount of \$0.563m (2022: \$0.530m) of term deposits are in place and are held as security for bank guarantees. These guarantees relate to environmental rehabilitation security bonds over mining lease (ML5542). Interest is earned on a fixed interest rate and received at maturity

**Note 16. Other**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Current assets</i>		
Prepayments	<u>441</u>	<u>79</u>
<i>Non-current assets</i>		
Deposits paid for plant and equipment	<u>113</u>	<u>-</u>
	<u>554</u>	<u>79</u>



**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 17. Plant, equipment and mine development assets**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Non-current assets</i>		
Property, plant and equipment	5,187	143
Less: Accumulated depreciation	(218)	(2)
	<u>4,969</u>	<u>141</u>
Right of use assets	3,362	-
Less: Accumulated amortisation	(496)	-
	<u>2,866</u>	<u>-</u>
Development assets	21,096	-
Less: Accumulated amortisation	(411)	-
	<u>20,685</u>	<u>-</u>
	<u><u>28,520</u></u>	<u><u>141</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Property, plant and equipment \$'000	Right of use assets <sup>1</sup> \$'000	Development assets \$'000	Total \$'000
Balance at 1 July 2021	-	-	-	-
Additions	143	-	-	143
Depreciation and amortisation - cost of sales	(1)	-	-	(1)
Depreciation - administration and general	(1)	-	-	(1)
	<u>141</u>	<u>-</u>	<u>-</u>	<u>141</u>
Balance at 30 June 2022	141	-	-	141
Transferred from exploration and evaluation - 1 July 2022	4,586	-	17,873	22,459
Additions	460	3,362	2,347	6,169
Increase from rehabilitation provision	-	-	876	876
Depreciation and amortisation - cost of sales	(67)	(496)	(411)	(974)
Depreciation - administration and general	(151)	-	-	(151)
	<u>4,969</u>	<u>2,866</u>	<u>20,685</u>	<u>28,520</u>
Balance at 30 June 2023	<u><u>4,969</u></u>	<u><u>2,866</u></u>	<u><u>20,685</u></u>	<u><u>28,520</u></u>

1. Refer to note 21 for further detail on right of use assets associated with lease contracts.

**Property, plant and equipment**

Plant and equipment assets are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated to write off the cost of items of plant and equipment less their estimated residual value using an appropriate method (either straight line or units of production basis) over either the estimated useful life or the estimated resource. Depreciation expense is recognised in the Statement of Profit or Loss or absorbed into inventory.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows.

## **Note 17. Plant, equipment and mine development assets (continued)**

<b>Asset class</b>	<b>Estimated useful life</b>
Motor vehicles	5 years
Furniture and fixture	1-5 years
Plant and equipment	Based on the units of production
Right of use assets	Lease term between 2 - 3 years

### *Units Production Basis;*

Depreciation of plant and equipment is computed by the units of production basis over the estimated proven and probable reserve. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserve which can be recovered in the future from known mineral deposits. The depreciation is calculated from recoverable proven and probable reserves and a total reserve processed through the plant during the period.

No impairment of plant, equipment and development assets arose during the reporting period.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### **Development assets**

#### *Deferred Mining Expenditure - Surface Mining Costs*

Mining costs incurred during the production stage of operations are deferred, to recognise the future economic benefit associated with accessing the identified Ore Reserves. This is generally the case where there are fluctuations in deferred mining costs over the life of the mine, and the effect is material. The amount of mining costs deferred is based on the ratio obtained by dividing the volume of waste material moved by the volume of ore mined. Mining costs incurred in the period are deferred to the extent that the current period waste to ore ratio exceeds the expectation being the life of mine waste to ore (life of mine) ratio. The life of mine ratio is based on economically recoverable reserves of the operation.

#### *Stripping activity assets and stripping activities*

The Group incurs waste removal costs (stripping costs) in the creation of improved access and mining flexibility in relation to ore to be mined in the future. The cost are capitalised as a stripping activity asset, where certain criteria are met. Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components for the orebodies in each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. The cost of each component are amortised on a units of production basis in applying a stripping ratio.

#### *Transfer of exploration and evaluation assets to mine development*

Once exploration assets have been assessed to be commercially feasible and development is able to proceed, the costs are transferred to 'development assets'.

An impairment assessment is undertaken on the date assets are transferred using the recoverable amount of the Cash Generating Units (CGU) that included the transferred development asset based on estimated present value of the future cash flows expected to be derived from the CGU (value in use). Impairment is recognised if the recoverable amount of the CGU is estimated to be lower than its carrying amount.

#### *Accounting policy for development assets*

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Development assets are recorded at historical cost less accumulated depreciation / amortisation and impairment losses.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 17. Plant, equipment and mine development assets (continued)**

Amortisation of mining development asset is computed by the units of production basis over the estimated proved and probable reserve. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserve which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commence. The amortisation is calculated from recoverable proven and probable reserves and a total reserve recovered during the period

*Key estimates and judgements - Ore Reserves*

The Group estimates ore reserves and mineral resources each year based on information compiled by Competent Persons as defined in accordance with the Australian code for reporting Exploration Results, Mineral Resources and Ore Reserves 2012 ('JORC code'). Estimated quantities of economically recoverable reserves are based upon interpretations of geological models and require assumptions to be made including estimates of short and long-term commodity prices, exchange rates, future operating performance and capital requirements. Changes in reported reserve estimates can impact the carrying value of plant and equipment, development assets, provision for restoration and rehabilitation obligations as well as the amount of depreciation and amortisation

*Key judgement, estimates and assumptions: Impairment of assets*

The Group assesses its CGU at least annually, to determine whether there is any indication of impairment or reversal of a prior impairment. Where an indicator of impairment or reversal exists, a formal estimate of the recoverable amount is made, which is deemed as being the higher of the fair value less costs to sell and value in use. These assessments require the use of estimates and assumptions such as ore reserves, future production, commodity prices, discount rates, exchange rates, operating costs, sustaining capital costs, any future development cost necessary to produce the reserves (including the magnitude and timing of cash flows) and operating performance.

Some other factors considered in management's assessment as to whether there existed any indicators of impairment at the CGUs included:

- Operational and financial performance of the CGUs;
- Potential to extend mine life across all CGUs; and
- The current and forecast phosphate price environment;

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

**Note 18. Exploration and evaluation**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Ardmore Phosphate \$'000	Northern Territory Phosphate \$'000	Goulburn Zinc \$'000	Oxley Potassium Nitrate \$'000	Total \$'000
Balance at 1 July 2021	11,879	14	7	10	11,910
Increase rehabilitation provision	1,063	-	-	-	1,063
Capitalised during the year	9,313	-	25	81	9,419
Impairment	-	(14)	(5)	(75)	(94)
Balance at 30 June 2022	22,255	-	27	16	22,298
Capitalised during the year	271	-	21	211	503
Transfer to plant and equipment	(4,586)	-	-	-	(4,586)
Transfer to development assets	(17,873)	-	-	-	(17,873)
Balance at 30 June 2023	67	-	48	227	342

## **Note 18. Exploration and evaluation (continued)**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

The exploration and evaluation expenditure assets comprise of exploration expenditure incurred since acquiring the exploration licenses. The expenditure is capitalised on an area of interest basis.

### **Key judgements - exploration and evaluation expenditure**

The future recoverability of capitalised exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale or joint venture. Factors that could impact the future recoverability include the level of Ore Reserves and Mineral Resources, future technological changes, which could impact the cost of mining, future legislative changes, and changes to commodity prices and exchange rates. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made. In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the relevant reporting period in which this determination is made.

### **Key estimates - impairment**

Impairment of specific exploration and evaluation assets during the year have occurred where Directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation. At each reporting date the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the reporting period no indicators of impairment were identified on certain exploration and evaluation assets in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. No impairment loss has been recognised in relation to areas of interest as a result of the review where the Directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation.

## **Note 19. Trade and other payables**

	<b>2023 \$'000</b>	<b>2022 \$'000</b>
<i>Current liabilities</i>		
Trade payables	7,312	2,718
Other payables	1,531	65
	<b>8,843</b>	<b>2,783</b>

Refer to note 26 for further information on financial instruments and exposures.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 20. Borrowings**

	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Export Finance Australia - trade finance	3,599	-

Refer to note 26 for further information on financial instruments and exposures.

The loan from Export Finance Australia has the following terms:

Interest rate: variable interest rate calculated as the sum of the Base Rate plus a margin (6.20%) and 1.5%  
Commitment Fee  
Secured or unsecured: secured by purchase contracts

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Note 21. Lease liabilities**

	2023 \$'000	2022 \$'000
<i>Current liabilities</i>		
Lease - motor vehicle	63	-
Lease - plant and equipment	804	-
Lease - buildings	107	-
	974	-
<i>Non-current liabilities</i>		
Lease - motor vehicle	309	-
Lease - plant and equipment	1,454	151
Lease - buildings	191	-
	1,954	151
	2,928	151

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

*Short-term leases and leases of low value assets*

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in statement of profit or loss as they are incurred.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 21. Lease liabilities (continued)**

**Right of use assets**

Set out below are the carrying amounts of right of use assets recognised and the movements during the period (as shown in note 17 'Plant, equipment and mine development assets'):

	<b>Plant and equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Building \$'000</b>	<b>Total \$'000</b>
<b>2023</b>				
Carrying amount as at 1 July 2022	-	-	-	-
Additions	2,700	295	367	3,362
Depreciation	(301)	(54)	(75)	(430)
<b>Carrying amount as at 30 June 2023</b>	<b>2,399</b>	<b>241</b>	<b>292</b>	<b>2,932</b>

The Group did not recognise any right of use assets in the prior year.

Interest relating to right of use assets used in exploration and mining activities is not capitalised to exploration and evaluation assets or plant, equipment and mine development assets.

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right of use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

<b>Asset class</b>	<b>Estimated useful life</b>
Plant and equipment	2-5 years
Motor vehicles	3-5 years
Buildings	3 years

Periodic adjustments are made for any remeasurement of the lease liabilities and for impairment losses, assessed in accordance with the Group's impairment policies.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 22. Provisions**

Provisions can be analysed as follows:

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Current liabilities</i>		
Employee benefits	435	169
<i>Non-current liabilities</i>		
Employee benefits	53	-
Rehabilitation and restoration provision	2,450	1,573
	<u>2,503</u>	<u>1,573</u>
	<u>2,938</u>	<u>1,742</u>

**Provisions**

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Provision for rehabilitation and restoration*

Estimated costs of decommissioning and removing an asset and restoring the site are included in the cost of the asset as at the date the obligation first arises and to the extent that it is first recognised as a provision. The Group records the present value of the estimated cost of environmental and legal obligations to restore operating locations in the period in which the obligation is incurred. The nature of decommissioning activities includes dismantling and removing structures, rehabilitating mine sites, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation, and revegetation of affected areas. Typically, the obligation arises when the asset is installed, or the environment is disturbed at the development location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in decommissioning costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 23. Issued capital**

	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	614,529,029	608,841,721	75,100	74,816

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$'000</b>
Balance	1 July 2021	367,403,090	42,564
Issue shares via placement		44,444,445	4,005
Issue of shares upon convertible note conversion (Share Based Payment)		59,545,454	12,272
Issue of shares via placement (April 22)		57,104,593	7,995
Issue of shares via underwritten rights issue		57,314,633	8,024
Issue of shares via unlisted options exercised during the period		22,029,506	1,102
Issue of shares for conversion of performance rights (Share Based Payment)		1,000,000	83
Issue costs		-	(1,229)
Balance	30 June 2022	608,841,721	74,816
Issue of shares via unlisted options exercised during the period		5,687,308	284
Balance	30 June 2023	614,529,029	75,100

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.



**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 24. Reserves and share-based payments**

**Capital Management**

Management effectively manages the Group's capital and capital structure by assessing the Group's financial risks through regular monitoring of budgets and forecast cashflows. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, including through the issue of shares. The Group's capital is shown as issued capital in the Statement of Financial Position. The Group is not subject to any external capital restrictions.

**Nature and purpose of reserves**

The share option reserve and performance rights reserve are used to recognise the fair value of all options and performance rights.

Share based payments are in line with the Centrex Limited remuneration policy, details of which are outlined in the Director's report. Listed below are summaries of options and performance rights granted:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of share-based payments reserve</b>		
Opening balance	9,815	-
Issue of options	648	9,898
Issue of performance rights	1,745	-
Exercise of performance rights	-	(83)
<b>Closing Balance</b>	<b>12,208</b>	<b>9,815</b>

	<b>Number of</b>	<b>2023</b>	<b>Weighted</b>
	<b>options</b>	<b>\$'000</b>	<b>Average</b>
			<b>Exercise</b>
			<b>Price</b>
<b>Share Options Reserve</b>			
Opening balance	78,194,348	9,766	\$0.050
Issued	8,000,000	648	\$0.200
Exercised <sup>1</sup>	(5,687,308)	-	\$0.050
<b>Balance at 30 June 2023</b>	<b>80,507,040</b>	<b>10,414</b>	<b>\$0.065</b>

1. This included 5,687,308 unquoted options attaching to shares issued in prior years. Each unquoted option has an exercise price of 5 cents and expiry date of 31 December 2023 and have been attributed no value within the reserve. As at 30 June 2023, 72,507,040 of these unquoted options remain on issue.

	<b>Number of</b>	<b>2022</b>	<b>Weighted</b>
	<b>options</b>	<b>\$'000</b>	<b>Average</b>
			<b>Exercise</b>
			<b>Price</b>
<b>Share Options Reserve</b>			
Opening balance	40,678,400	-	\$0.050
Issued <sup>1</sup>	59,545,454	9,766	\$0.050
Exercised	(22,029,506)	-	\$0.050
<b>Balance at 30 June 2022</b>	<b>78,194,348</b>	<b>9,766</b>	<b>\$0.050</b>

1. There were 59,545,454 unquoted options attaching to shares issued under convertible notes conversion in April 2022. Each unquoted option has an exercise price of 5 cents and expiry date of 31 December 2023 and have been attributed no value within the reserve.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 24. Reserves and share-based payments (continued)**

	Number of performance rights	2023 \$'000
<b>Performance Rights Reserve</b>		
Opening balance	2,000,000	49
Issued to employees as remuneration <sup>1</sup>	20,880,769	1,660
Vesting of performance rights issued in prior year <sup>1</sup>	-	85
<b>Balance at 30 June 2023</b>	<b>22,880,769</b>	<b>1,794</b>

	Number of performance rights	2022 \$'000
<b>Performance Rights Reserve</b>		
Opening balance	-	-
Issued to Key Management Personnel as remuneration <sup>1</sup>	3,000,000	132
Exercised	(1,000,000)	(83)
<b>Balance at 30 June 2022</b>	<b>2,000,000</b>	<b>49</b>

1. Expense reflected in the statement of profit and loss for performance rights issued to personnel and vested over the vesting period

**(a) Share-based payments**

The Group has provided payment to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares, options or performance rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value of share options is determined using a Black-Scholes methodology depending on the nature of the option terms. The fair value in relation to performance rights is calculated using the Black Scholes valuation model.

The fair value of the options and performance rights granted is adjusted to reflect market vesting conditions but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and performance rights that are expected to vest and become exercisable.

At each reporting date, the entity revises its estimates of the number of options and performance rights that are expected to vest and become exercisable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired, and
- (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest.

This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

## **Note 24. Reserves and share-based payments (continued)**

### **Key judgement, estimates and assumptions – Share based payments**

The Group measures the cost of equity-settled transactions with key management personnel and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors with reference to quoted market prices or using the Black-Scholes valuation method or a valuation methodology approximating Monte Carlo simulation as appropriate taking into account the terms and conditions upon which the equity instruments were granted. These assumptions have been detailed within the note above. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Reconciliation of Share Based Payment Expense		
Options issued to directors	648	-
Performance rights issued to directors, and employees	1,745	132
Total share-based payments	<u>2,393</u>	<u>132</u>
Net share-based payment expense in the statement of profit or loss	<u>2,393</u>	<u>132</u>

### **Performance rights granted**

During the year ended 30 June 2023, the group issued 20.881 million performance rights to senior executives and employees of the Company under the term of the Company's Performance Rights Plan (Plan). The Plan was approved by shareholder at the Company's 2021 Annual General Meeting.

- Date granted – 27<sup>th</sup> September 2022
- Share Based Payment expense recognised in current financial year \$1,660,472
- Fair Value of the Performance rights being \$2.923M to be expensed over the vesting period.
- The fair value of the share based payments were determined based on the market price for the shares as at the issue date.

The performance criteria is as follows for the Performance Rights issued in the period:

#### Tranche 1: Performance Rights

Vesting performance condition:

- (a) 100% vesting upon a continuous period of employment of 12 months with the Company

Performance vesting period: Financial year ending 2023

#### Tranche 2: Performance Rights

Vesting performance condition:

- (a) 50% vesting upon a continuous period of employment of 24 months with the Company;  
(b) 30% vesting upon successful completion of production, export and sale of more than 125,000t of phosphate rock/concentrate in FY24 at the Ardmore Phosphate mine;  
(c) 20% vesting upon the successful completion of the 800ktpa FEED study for the Ardmore Phosphate Project.

Performance vesting period: Financial year ending 2024

#### Tranche 3: Performance Rights

Vesting performance condition:

- (a) 25% vesting upon a continuous period of employment of 36 months with the Company;  
(b) 50% vesting upon successful completion of production, export and sale of more than 250,000t of phosphate rock/concentrate in FY25 at the Ardmore Phosphate mine;  
(c) 25% vesting upon the successful completion of FID for the 800ktpa plant at the Ardmore Phosphate Project.

Performance vesting period: Financial year ending 2025

# Centrex Limited

## Notes to the financial statements

### 30 June 2023

## Note 24. Reserves and share-based payments (continued)

### *Fair value of performance rights granted*

The fair value at grant date of the performance rights issued for performance rights with market based on conditions have been determined using a valuation methodology approximating a Monte Carlo pricing model that takes into account the term of the performance right, the impact of dilution, the impact of the KPI on the underlying share price, the non-tradeable nature of the performance right, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the performance right. For those performance rights issued where a non-market performance condition exists the share price at grant date is the fair value at grant date.

The table below outlines the summary of inputs used in the fair value calculation for the performance rights issued under the performance share plan during the reporting period:

Performance Rights Valuation Inputs	2023	2022
Exercise price	Nil	Nil
Performance right life	0.76 - 2.76 years	0.52 - 2.52 years
Underlying share price	\$0.135	\$0.083
Expected share price volatility (weighted average) <sup>1</sup>	103%	N/A
Risk free interest rate <sup>2</sup>	3.27%	N/A
Weighted average fair value	\$0.140	\$0.083
Weighted average contractual life	1.76 years	1.52 years

- Where applicable, the expected volatility has been based on the evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected performance right life.
- Where applicable, this is based on high quality government bonds sourced from the Reserve Bank of Australia which reflect the period commensurate with the performance right life.

### Unlisted Directors Options

At the 2022 Company AGM, 8 million options were issued to the directors. The fair value at grant date of the options issued has been determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The options vested immediately.

The Group have valued the options using Black Scholes model using the following inputs:

- valuation date - 25 November 2022
- share price at valuation date \$0.13
- expiry date - 21 December 2025
- risk free rate - 3.23%
- company-specific volatility - 103%
- strike price - \$0.20

The total fair value of options issued and recognised in the statement of profit and loss during the year amounting to \$0.648 million.

## Note 25. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 26. Financial instruments and exposures**

**Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	6,735	12,848
Trade and other receivables	1,204	476
Security deposits	563	530
<b>Total financial assets</b>	<b>8,502</b>	<b>13,854</b>
<b>Financial liabilities</b>		
Trade and other payables	8,843	2,783
Borrowings	3,599	-
Lease liabilities	2,928	151
<b>Financial liabilities</b>	<b>15,370</b>	<b>2,934</b>

**Market risk**

*Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

*Interest rate risk*

The Group has exposure to future interest rates on investments in fixed and variable-rate deposits. As at 30 June 2023 the Group had \$0.563 million invested in such deposits (2022: \$0.530 million). The Group does not use derivatives to mitigate these exposures.

*Sensitivity Analysis*

For the year ending 30 June 2023, a 1 percent increase in the effective interest rate would have resulted in an increase in profit of \$0.06 million ( 2022: \$0.05 million).

**Credit risk**

The Group does not have significant credit exposure to outstanding receivables or investments due to the present nature of its operations. There have been no historical impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

**Liquidity risk**

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

# Centrex Limited

## Notes to the financial statements

### 30 June 2023

## Note 26. Financial instruments and exposures (continued)

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### *Financial risk management objectives*

The Group does not enter into or trade financial instruments, for speculative purposes. As at 30<sup>th</sup> June 2023 the Group has no exposure to exchange rate risk and has no derivative exposures to commodity prices.

### *Net fair values of financial assets and liabilities*

Net fair values of financial assets and liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors and accounts payable approximate net fair value.

The financial assets and financial liabilities included in assets and liabilities approximate their net fair values.

Cash assets are readily traded on organised markets in a standardised form. All other financial assets and liabilities are not readily traded on organised markets in a standardised form.

## Note 27. Fair value measurement

### *Accounting policy for fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## Note 28. Key management personnel disclosures

### Transactions with Key Management Personnel

Key Management Personnel remuneration includes the following as disclosed in detail in the remuneration report:

### *Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	2023 \$	2022 \$
Short-term employee benefits	888,059	727,819
Long-term benefits	66,645	55,501
Share-based payments	890,039	83,000
	<u>1,844,743</u>	<u>866,320</u>

# Centrex Limited

## Notes to the financial statements

### 30 June 2023

## Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the company:

	2023 \$	2022 \$
<i>Audit services - Grant Thornton</i>		
Audit or review of the financial statements	241,152	102,486
<i>Other services - Grant Thornton</i>		
Tax compliance	9,150	15,927
	<u>250,302</u>	<u>118,413</u>

## Note 30. Contingent assets and liabilities

### Contingent assets

On 22<sup>nd</sup> March 2018 the Group executed agreements to sell the Wilgerup iron ore project and Kimba Gap iron ore project to SIMEC Mining (formerly Arrium Mining) which is a business of OneSteel Manufacturing Pty Ltd ("OMPL"). OMPL will pay royalty streams to Centrex upon commencement of mining at each project. The royalties are capped to a value of A\$ 5 million for each project. The per tonne royalty rates and the royalty caps are both indexed annually to CPI (from 2018). If OMPL has not committed to mining either of the projects by the 10th anniversary of the executed agreement the relevant project will be returned at Centrex's election.

### Bank guarantees

Bank guarantees have been disclosed at Note 15.

## Note 31. Commitments

In order to maintain 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 of the tenements. The tenement commitments are listed in detail in Section 10 of the Directors' Report. A summary of these commitments is as follows:

	2023 \$'000	2022 \$'000
<i>Tenements with annual commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Ardmore (QLD) - Phosphate	300	200
Goulburn (NSW) - Zinc <sup>1</sup>	-	-
Oxley (WA) Potassium Nitrate	<u>152</u>	<u>152</u>

1. 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.

### Capital commitments

Capital expenditure contracted for at end of the reporting period but not recognised as liabilities is \$0.533m (2022: \$nil).

## Note 32. Related party transactions

### Parent entity

Centrex Limited is the parent entity.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 32. Related party transactions (continued)**

*Subsidiaries*

Interests in subsidiaries are set out in note 34.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

*Transactions with related parties*

On the 1<sup>st</sup> April 2022 the Company advised the market upon that a notice of conversion was received from the convertible note holder. Pursuant to the terms of the convertible note, the company converted the convertible note (including all capitalised interest on the outstanding loan) into 59,545,454 ordinary shares and 59,545,454 attaching options in accordance with its terms. The total fair value at the date of conversion was \$18.934 million.

Pursuant to the conditions of the convertible note, total interest accumulated on the convertible note was \$340,000 of which \$30,000 was paid in cash during the prior year leaving \$310,000 subject to share and option settlement.

**Note 33. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>2023</b> <b>\$'000</b>	<b>Parent</b> <b>2022</b> <b>\$'000</b>
Loss after income tax	(9,549)	(21,537)
Total comprehensive income	(9,549)	(21,537)

*Statement of financial position*

	<b>2023</b> <b>\$'000</b>	<b>Parent</b> <b>2022</b> <b>\$'000</b>
Total current assets	1,285	13,933
Total non-current assets	24,167	141
Total assets	25,452	14,074
Total current liabilities	594	4,676
Total non-current liabilities	33	-
Total liabilities	627	4,676
Net assets	24,825	9,399
Equity		
Issued capital	75,100	74,816
Share-based payments reserve	12,208	9,815
Accumulated losses	(62,483)	(75,232)
Total equity	24,825	9,399



# Centrex Limited

## Notes to the financial statements

### 30 June 2023

## Note 33. Parent entity information (continued)

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023.

## Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
South Australian Iron Ore Group Pty Ltd	Australia	100%	100%
Flinders Pastoral Pty Ltd	Australia	100%	100%
AgriFlex Pty Ltd (previously named Centrex Phosphate Pty Ltd)	Australia	100%	100%
Centrex QLD Exploration Pty Ltd (previously Port Spencer Holdings Pty Ltd)	Australia	100%	100%
DSO Development Pty Ltd	Australia	100%	100%
Lachlan Metals Pty Ltd	Australia	100%	100%
Kimba Gap Iron Project Pty Ltd	Australia	100%	100%
Centrex Potash Pty Ltd	Australia	100%	100%
Centrex Zinc Pty Ltd	Australia	100%	100%

## Note 35. Events after the reporting period

On 3<sup>rd</sup> July the Company signed a binding offtake agreement with Ravensdown for up to 20% of production. The offtake agreement is for a term of 2.5 years to purchase 15KT of phosphate in the first year with the subsequent years allocations to be mutually agreed.

On the 16<sup>th</sup> August the Company signed an agreement to take first steps towards commencement of exploration on Banaba Island. The Company has entered into a binding agreement with the Rabi Council of Leaders, the appointed representative of the official traditional owners of Banaba Island ('Banaba'), to explore the feasibility of mining the remanent phosphate rock on the Pacific island of Banaba. If the project proceeds, Centrex's plans include the expected delivery of extensive rehabilitation projects and initiatives to improve environmental and socio-economic conditions on the island which were impacted by previous mining activity.

On the 23<sup>rd</sup> August the Company announced that it had completed a \$4.25M placement and launched a Share Purchase Plan. The placement resulted in the issue of 47,222,222 shares at \$0.09 on the 30<sup>th</sup> August. On the 25<sup>th</sup> September the Company announced the results of the Share Purchase Plan, which raised a total of \$0.182M issuing 2,016,666 shares at \$0.09 on the 28<sup>th</sup> September.

On the 29<sup>th</sup> August the Company issued 42,312 shares as a result of exercise of unlisted options at \$0.05.

On the 7<sup>th</sup> September Dr John Santich was appointed as company secretary of the Company. Dr Santich replace Mr Jonathan Lindh who tendered his resignation to concentrate on his private legal practise.

On the 12<sup>th</sup> September the Company issued 7,088,461 share as a result of performance rights exercised.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Centrex Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 36. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Loss after income tax expense for the year	(9,548)	(21,655)
Adjustments for:		
Depreciation and amortisation	949	1
Write off of exploration expenditure	-	94
Share-based payments	2,393	132
Change in fair value of convertible note	-	18,934
(Increase) / decrease in inventories	(5,578)	-
(Increase) / decrease in trade and other receivables	(841)	(475)
Increase / (decrease) in provisions	319	1,222
Increase / (decrease) in trade and other payables	5,344	(2,691)
Increase / (decrease) in payable for investing activities	-	2,868
Net cash used in operating activities	<u>(6,962)</u>	<u>(1,570)</u>

**Note 37. Earnings per share**

	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Centrex Limited	<u>(9,548)</u>	<u>(21,655)</u>
	<b>2023</b> <b>\$'000</b>	<b>2022</b> <b>\$'000</b>
Loss after income tax attributable to the owners of Centrex Limited	<u>(9,548)</u>	<u>(21,655)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>611,932,487</u>	<u>367,404,274</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>611,932,487</u>	<u>367,404,274</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.56)	(4.93)
Diluted earnings per share	(1.56)	(4.93)

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Centrex Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Centrex Limited**  
**Directors' declaration**  
**30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'R. J. ...', is written over a horizontal line.

29 September 2023

---

**Grant Thornton Audit Pty Ltd**  
Grant Thornton House  
Level 3  
170 Frome Street  
Adelaide SA 5000  
GPO Box 1270  
Adelaide SA 5001  
T +61 8 8372 6666

## Independent Auditor's Report

### To the Members of Centrex Limited

#### Report on the audit of the financial report

##### Opinion

We have audited the financial report of Centrex Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**www.grantthornton.com.au**  
**ACN-130 913 594**

---

Grant Thornton Audit Pty Ltd ACN 130 913 594 a subsidiary or related entity of Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389. 'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Limited is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 ACN 127 556 389 and its Australian subsidiaries and related entities. Liability limited by a scheme approved under Professional Standards Legislation.

## Material uncertainty related to going concern

We draw attention to Note 3 in the financial statements, which indicates that the Group incurred a net loss of \$9,548,000 during the year ended 30 June 2023, and cash outflows from operating and investing activities of \$9,444,000. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<b>Inventory – Note 14</b>	
<p>As at 30 June 2023, the total carrying value of inventory was \$5,215,000. Inventory at period end represents mined, crushed, and processed ore and goods in transit.</p> <p>The assessment of the valuation and classification of ore stockpiles includes a number of estimates and judgements. These include, but are not limited to:</p> <ul style="list-style-type: none"><li>• the determination of tonnes of ore on hand at year end;</li><li>• the allocation of mining and processing costs to inventory based on the stage of production;</li><li>• the estimation of actual grades and forecast recovery rates;</li><li>• the estimation of costs to sell; and</li><li>• The net realisable value of inventory.</li></ul> <p>This is a key audit matter given the number of management estimates and judgements applied.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• obtaining an understanding of the internal controls in place with respect to the valuation and classification of ore stocks on hand;</li><li>• attending inventory stock-takes and observing the drone surveys completed;</li><li>• reconciling inventory observations to management's inventory models;</li><li>• assessing the completeness and accuracy of costs allocated to inventories based on the stage of production;</li><li>• assessing the inputs and estimates used in estimating net realisable values; and</li><li>• assessing the appropriateness of the disclosures included in the financial statements.</li></ul>
<b>Carrying value of plant, equipment and mine development assets - Note 17</b>	
<p>As at 30 June 2023, the Ardmore Phosphate Project's plant, equipment, and mine development assets have a total carrying value of \$28,520,000.</p> <p>The carrying value is inclusive of exploration interests totalling \$22,459,000 that were transferred from exploration and evaluation assets to plant, equipment, and mine development assets during the year.</p> <p>The evaluation of the recoverable amount of the assets requires significant judgement in determining key assumptions supporting the expected future cash flows of the Ardmore Phosphate Project and the utilisation of the relevant assets.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Documenting the processes and assessing the internal controls relating to the capitalisation of costs and management's assessment of impairment;</li><li>• Obtaining management's reconciliation of plant and equipment and mine development assets and agreeing to the general ledger;</li><li>• Assessing the determination of cash generating unit's based on understanding how the Chief Operating Decision Maker monitors the Group's operations and makes decisions about the assets that generate independent cash flows;</li></ul>

## Key audit matter

## How our audit addressed the key audit matter

### Carrying value of plant, equipment and mine development assets - Note 17 (Cont)

This area is a key audit matter due to the level of judgement and estimation used in the value in use models.

- Obtaining management's discounted cash flow model and analysing for appropriateness against AASB 136 *Impairment of Assets*, including:
  - Understanding management's assumptions;
  - Performing sensitivity analysis on assumptions;
  - Comparing forecast production against available reserves;
- Compared the market capitalisation of the Group at 30 June 2023 against the carrying value of assets as a cross check against the value in use model; and
- Reviewing the appropriateness of the related disclosures within the financial statements.

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

#### Opinion on the remuneration report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2023.

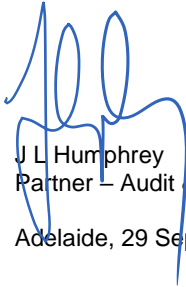
In our opinion, the Remuneration Report of Centrex Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

The logo for Grant Thornton, featuring the company name in a stylized, cursive blue font.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A blue ink signature, likely belonging to J L Humphrey, written over the printed name and title.

J L Humphrey  
Partner – Audit & Assurance

Adelaide, 29 September 2023

## Centrex Limited

### Shareholder information

#### 30 June 2023

The shareholder information set out below was applicable as at 28<sup>th</sup> September 2023.

### ASX Additional Information (unaudited)

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

### Substantial Shareholders of Ordinary and Escrow shares

Rank	Name	28 <sup>th</sup> September 2023	
		Units	% of Issued Capital
1	DAPOP PTY LTD <THE CHRISP CXM A/C>	110,905,672	16.531%
2	AUSTRALIA NEW ZEALAND RESOURCES CORPORATION PTY LTD	59,545,454	8.875%
3	WISCO INTERNATIONAL RESOURCES DEVELOPMENT & INVESTMENT LIMITED	40,399,599	6.022%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,344,924	3.778%
5	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	3.264%

### Distribution of equity holders

Name	28 <sup>th</sup> September 2023	
	Fully paid ordinary and escrow shares	Employee options / rights plan
1 – 1,000	101	-
1,001 – 5,000	347	-
5,001 – 10,000	623	-
10,001 – 100,000	1,684	-
100,001 and over	668	13
	<b>3,423</b>	<b>13</b>

At 28<sup>th</sup> September 2023 there were 2,749 holders of a total of 668,882,024 fully paid ordinary shares and there were 83 shareholders holding less than a marketable parcel.

The issued capital of the Company is fully paid ordinary shares (entitling the holders to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held). On a show of hands every holder of the shares present at a meeting in person or by proxy is entitled to one vote and upon poll each share counts as one vote.



**Centrex Limited**  
**Shareholder information**  
**30 June 2023**

**Top 20 Holders of Ordinary and Escrow shares**

Rank	Name	28 <sup>th</sup> September 2023	
		Units	% of Issued Capital
1	DAPOP PTY LTD <THE CHRISP CXM A/C>	110,905,672	16.531%
2	AUSTRALIA NEW ZEALAND RESOURCES CORPORATION PTY LTD	59,545,454	8.875%
3	WISCO INTERNATIONAL RESOURCES DEVELOPMENT & INVESTMENT LIMITED	40,399,599	6.022%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,344,924	3.778%
5	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	3.264%
6	CITICORP NOMINEES PTY LIMITED	19,648,870	2.929%
7	HONGMEN PTY LTD <HONGMEN FAMILY A/C>	10,500,000	1.565%
8	LENROSS NOMINEES PTY LTD <LEONARD MCKINNON S/F A/C>	8,259,251	1.231%
9	MISS MENGJIAO ZHAO	6,867,500	1.024%
10	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	6,513,409	0.971%
11	VINGO HOLDINGS LTD	5,535,000	0.825%
12	MR MELVIN BOON KHER POH	4,382,404	0.653%
13	MR GREGORY NEVILLE ARNOLD	4,120,962	0.614%
14	MR EWE GHEE LIM & MISS CHARLENE YULING LIM	3,750,000	0.559%
15	MR TREVOR COPE & MRS WENDY COPE <COPE SUPER FUND A/C>	3,600,000	0.537%
16	JARHAMCHE PTY LTD	3,400,000	0.507%
17	MR DIETER URMERSBACH & MRS ROSMARIE URMERSBACH	3,146,301	0.469%
18	MR MICHAEL JOHN ROSSER	3,060,455	0.456%
19	JAMARI PTY LTD <JAMARI P/L STAFF SUPER A/C>	3,000,000	0.447%
20	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,895,811	0.432%
		<b>346,775,612</b>	<b>51.69%</b>

There are no other classes of equity securities.