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ASX Announcement

3rd March 2017

Oxley Potassium Nitrate Project

Successful Scale Up of Roast Test Work at Oxley

Highlights

- Three 2kg agitated batch molten salt roast trials successfully completed in Canada showing high potassium extraction rates and the ability to mechanically agitate the roast material
- Further optimisation of the roast process is underway and the design for a continuous mini-pilot plant has commenced
- Design reviews of the Scoping Study roasting circuit by Hatch Pty Ltd (Hatch) has reduced the complexity and footprint of the plant design
- Hydrometallurgical circuit optimisation by Novopro nearing completion
- Hatch progressing to compile design reviews into updated Scoping level cost estimates
- KBR Weatherly engaged for onsite nitric acid plant feasibility study

Summary

Centrex Metals Limited ("Centrex") has successfully scaled up testwork on its Oxley Potassium Nitrate Project ("Oxley") near the Port of Geraldton in Western Australia. Three 2kg batch molten salt roasts were completed at Kingston Process Metallurgy Inc. in Canada to convert and leach potassium from the ultrapotassic lava that forms the basis of the Oxley project. Initial results at the increased scale were highly encouraging with potassium extractions of up to 88% based on the residual potassium grades in the solid tails after water leaching and filtering of the roast products. Further optimisation is underway to improve on these already high recoveries.

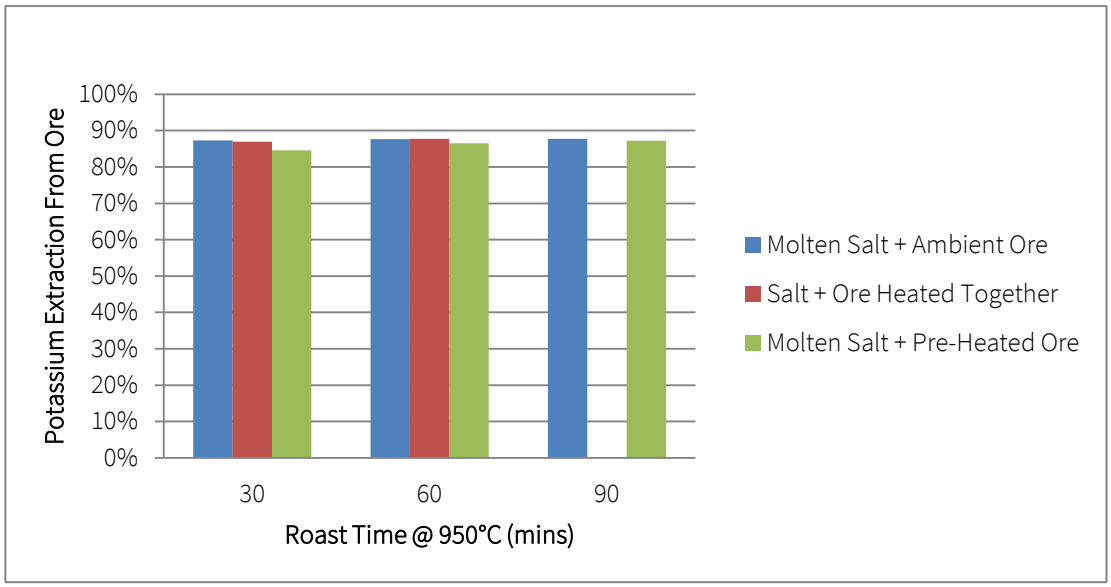

FIGURE: Potassium extraction from ore based on pin tube leach residue results.

The three tests were undertaken in a roasting vessel and successfully agitated by a mechanical impeller. Each test was performed in a slightly different manner to test the impact of differing feed conditions;

- Test 1 - evaluated the addition of ambient temperature ore to molten chloride salt and then holding the mixture at temperature;
- Test 2 - evaluated the ore and salt mixed at ambient temperature and then the mixed ore and salt brought to temperature and held; and
- Test 3 - evaluated adding pre-heated ore to molten salt and then holding at temperature.

The roasting temperature for all three tests was 950°C and the ore grind size was a P_{80} of 150µm. Pin tube samples of the molten material were collected at 30 minute increments during the roasts. The final roast product and last pin tube were leached, filtered and assayed to provide a duplicate analysis of the final roast product. The results from all three tests showed a strong correlation.

FIGURE: Test work setup for agitated roast vessel

Design and planning has now commenced on a continuous mini-pilot plant for the roasting process, including pre-heating, roasting, and cooling circuits.

The agitated roast testwork and mini-pilot plant trials are based on design reviews of the original Scoping Study by Hatch who has made modifications to the design to reduce the complexity and footprint of the overall roasting circuit. Hatch continues to optimise the design of the roasting circuit while Novopro improve the hydrometallurgical circuit for the leaching and purification of the potassium chloride from the roast product and conversion with nitric acid to high-value water-soluble potassium nitrate fertiliser. KBR Weatherly has also been engaged to complete a feasibility study for a standalone nitric acid plant at the Oxley site. Upon completion of the area design reviews Hatch will complete overall engineering designs to complete updated Scoping level cost estimates for the project, likely now in April. The finalised design from this works will represent the go-forward option for preliminary cost estimation in the Prefeasibility Study.

Oxley Project Summary

The Oxley Potassium Nitrate Project ("Oxley") is located around 125km southeast of the Port of Geraldton in Western Australia. The basis of the project is a globally rare out-cropping ultrapotassic lava flow, composed dominantly of potassium feldspar. Rock chipping along the length of the 32km striking deposit has showed consistently high potassium grades up to 14% K_2O. Centrex has drilled just a small 3km section of the deposit

already establishing an initial Inferred Mineral Resource of 155 million tonne at 8.3% K_2O (6% cut-off) including 38 million tonne at 10% K_2O.

For full details of the Inferred Mineral Resource please see announcement 8th March 2016:

http://www.asx.com.au/asxpdf/20160308/pdf/435nrchjm48mjx.pdf

The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

A positive Scoping Study for a start-up high-value water-soluble potassium nitrate fertiliser ("NOP") operation was completed in August 2016. Centrex has commenced a Prefeasibility Study for the project, initially with a number of engineering design reviews of the main process plant areas to determine the go-forward option from the numerous design options flagged in the Scoping Study.

The Scoping Study was based on a vertically integrated primary producer NOP operation, with both potassium chloride and nitric acid feedstock produced on site. A simplified production process flow is shown below:

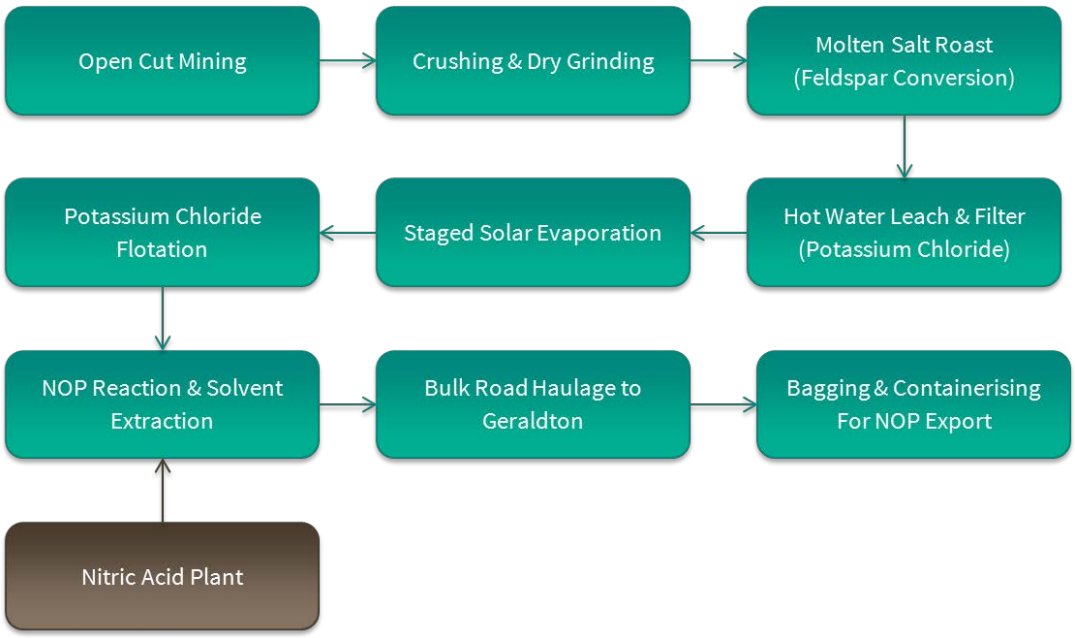

FIGURE: Simplified NOP production process flow.

Potassium feldspar ore would be mined via open cut from a series of shallow pits; selectively mining higher grade ore from the larger scale deposit using a small fleet of 90 tonne haul trucks. The ore would be crushed and then ground to P_{80} 150µm via a dry circuit to reduce moisture into the furnace. The ore along with salt would be roasted to convert the potassium feldspar to soluble potassium chloride for hot water leaching and filtration.

The resulting potassium rich brine (order of magnitude higher potassium concentration than naturally occurring brines) would be staged crystallised in solar evaporation ponds to provide a potassium chloride and sodium chloride concentrate. The concentrate would be fed to a standard potash flotation plant to produce a pure potassium chloride product. The potassium chloride product would then be reacted with nitric acid produced on

site to form potassium nitrate product. Both make onsite and buy ammonia options for nitric acid production were considered in the study, and both continue to be assessed for their relative merits. The final NOP product would be hauled by road in bulk to Geraldton where it would be bagged and placed into containers for export using existing third party facilities.

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Competent Persons Statement

The information in this report relating to Exploration Results is based on information compiled by Mr Ben Hammond who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Hammond is the CEO of Centrex Metals Limited. Mr Hammond 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 Hammond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Oxley Potassium Nitrate Project JORC Table 1 Report

SECTION 1: Sampling techniques and data.

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling.* • *Sample representivity.* • *Determination of mineralisation.*	A roughly 300kg bulk composite was prepared from half core PQ from diamond drill hole OXDD004 from surface to 50m depth: • Easting 383525 (MGA 94 Zone 50) • Northing 6768749 (MGA 94 Zone 50) See announcement 9th December 2015 for full results of OXDD004; http://www.asx.com.au/asxpdf/20151209/pdf/433ns9c4xwrbs0.pdf The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed. The 300kg composite was crushed to -3mm and homogenized at Bureau Veritas Minerals in Perth. A 20kg sub-sample was sent to Kingston Process Metallurgy Inc. in Canada where further 1kg sub-samples were used for the testwork. Head assays of the composite were analysed using XRF showing 10.93% K2O, and thought to be reasonably representative of the oxidised portion of the ore body targeted to be mined. 1kg sub-samples were milled to P80 150µm by Kingston Process Metallurgy Inc.
Drilling techniques	• *Drill type.*	The bulk composite was prepared from half core PQ from 0 to 50m depth from diamond drill hole OXDD004.
Drill sample recovery	• *Method of recording and assessing sample recoveries.* • *Measures taken to maximise sample recovery.*	No drilling results being reported, batch metallurgical testwork only.

Logging	• *Geological and geotechnical logging.* • *Whether logging is qualitative or quantitative.* • *Total length and percentage of the relevant intersections logged.*	No drilling results being reported, batch metallurgical testwork only.
Sub-sampling techniques and sample preparation	• *Nature, quality and appropriateness of the sample preparation technique.* • *Quality control.* • *Sample representivity.* • *Sample sizes.*	The 300kg composite was crushed to -3mm and homogenized at Bureau Veritas Minerals in Perth. A 20kg sub-sample was sent to Kingston Process Metallurgy Inc. in Canada where further 1kg sub-samples were used for the testwork. Head assays of the composite were analysed using XRF showing 10.93% K2O, and thought to be reasonably representative of the oxidised portion of the ore body targeted to be mined. 1kg sub-samples were milled to P80 150µm by Kingston Process Metallurgy Inc.
Quality of assay data and laboratory tests	• *Nature of quality control procedures.*	Pin tube samples were taken at 30 minute increments during the roast. Upon completion of the roast final pin tube samples were taken for analysis and also final material in the roasting vessel was analysed. Comparison of the results from final pin tubes and final vessel product showed strong correlation. Analysis was performed by ICP. Full mass balances were recorded throughout the roast and leaching showing acceptable reconciliation. Off-gas from the roast was not sampled.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage protocols.* • *Any adjustment to assay data.*	Pin tube samples were taken at 30 minute increments during the roast. Upon completion of the roast final pin tube samples were taken for analysis and also final material in the roasting vessel was analysed. Comparison of the results from final pin tubes and final vessel product showed strong correlation.

Location of data points	• *Accuracy and quality of surveys.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	No drilling results being reported, batch metallurgical testwork only. A roughly 300kg bulk composite was prepared from half core PQ from diamond drill hole OXDD004 from surface to 50m depth: • Easting 383525 (MGA 94 Zone 50) • Northing 6768749 (MGA 94 Zone 50) See announcement 9th December 2015 for full results of OXDD004; http://www.asx.com.au/asxpdf/20151209/pdf/433ns9c4xwrbs0.pdf The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource.* • *Whether sample compositing has been applied.*	No drilling results being reported, batch metallurgical testwork only. A roughly 300kg bulk composite was prepared from half core PQ from diamond drill hole OXDD004 from surface to 50m depth: • Easting 383525 (MGA 94 Zone 50) • Northing 6768749 (MGA 94 Zone 50) See announcement 9th December 2015 for full results of OXDD004; http://www.asx.com.au/asxpdf/20151209/pdf/433ns9c4xwrbs0.pdf The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.
Orientation of data in	• *Whether the orientation of sampling achieves*	OXDD004 was drilled vertically, roughly perpendicular to the shallow dipping lava flow.

relation to geological structure	*unbiased sampling.*	
Sample security	• *The measures taken to ensure sample security.*	Samples were transported from Oxley to Bureau Vertias in sealed bags within sealed drums. Crushed sub-samples were sent to Kingston Process Metallurgy Inc. in sealed bags in a sealed box.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	Only in-house audits of testwork results have been completed outside of the laboratories own internal audits.

Oxley Potassium Nitrate Project JORC Table 1 Report

SECTION 2: Reporting of Exploration Results.

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements.* • *The security of the tenure held at the time of reporting.*	The Oxley ultrapotassic lava flow is located on Exploration Licences E70/4318, E70/3777, E70/4004, E70/4319, E70/4378 and E70/4320. All tenements are held by Centrex's 100% subsidiary Centrex Potash Pty Ltd and all are in good standing.
Exploration done by other parties	• *Exploration by other parties.*	All exploration reported was by Centrex.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The Oxley Potash Project comprises a series of ultrapotassic lava flows thought to have evolved from a failed intercontinental rift. The main target unit is a series of microsyenite lava flows that appear to have thickness controlled by the basement paleosurface. The microsyenite grades into an ultrapotassic trachybasalt at its base and an ultrapotassic tuff at its top.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results.*	No drilling results being reported, batch metallurgical testwork only. A roughly 300kg bulk composite was prepared from half core PQ from diamond drill hole OXDD004 from surface to 50m depth: • Easting 383525 (MGA 94 Zone 50) • Northing 6768749 (MGA 94 Zone 50) See announcement 9th December 2015 for full results of

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Data aggregation methods	• *Weighting averaging techniques and grade cuts.* • *Aggregation procedure.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	All individual testwork results are reported without aggregation.
Relationship between mineralisation widths and intercept lengths	• *Geometry of the mineralisation with respect to the drill hole angle.*	OXDD004 was drilled vertically, roughly perpendicular to the shallow dipping lava flow.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	No drilling results being reported, batch metallurgical testwork only. A roughly 300kg bulk composite was prepared from half core PQ from diamond drill hole OXDD004 from surface to 50m depth: • Easting 383525 (MGA 94 Zone 50) • Northing 6768749 (MGA 94 Zone 50) See announcement 9th December 2015 for full results of OXDD004; http://www.asx.com.au/asxpdf/20151209/pdf/433ns9c4xwrbs0.pdf The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Balanced reporting	• *Representative reporting of both low and high grades and/or widths.*	No drilling results being reported, batch metallurgical testwork only. A roughly 300kg bulk composite was prepared from half core PQ from diamond drill hole OXDD004 from surface to 50m depth: • Easting 383525 (MGA 94 Zone 50) • Northing 6768749 (MGA 94 Zone 50) See announcement 9th December 2015 for full results of OXDD004; http://www.asx.com.au/asxpdf/20151209/pdf/433ns9c4xwrbs0.pdf The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.
Other substantive exploration data	• *Other exploration data.*	No other exploration data is reported at this time.
Further work	• *The nature and scale of planned further work.*	Design and planning of a continuous mini-scale pilot plant.