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ASX Announcement

3rd July 2017

Oxley Potassium Nitrate Project

Oxley Engineering Design Review Complete

Highlights

- Engineering design review of the Oxley Potassium Nitrate Project is complete
- Comminution & roasting circuit designs, overall engineering and 3D plant model have been completed by Hatch
- Solar evaporation pond design and hydrometallurgical circuit design completed by Novopro
- Nitric acid plant feasibility study completed by KBR Weatherly
- The review of the scoping study has reduced the overall complexity and footprint of the original plant design
- A small-scale continuous pilot plant is planned to commence in the coming months based on the updated roasting circuit design

Summary

Centrex Metals Limited ("Centrex") announces that an engineering design review of its Oxley Potassium Nitrate Project ("Oxley") 125km from the Port of Geraldton in Western Australia has been completed. The purpose of the design review was to increase the confidence in the original scoping study design, and consider any areas of potential improvement. The key outcomes from the design review have been to reduce the overall complexity and footprint of original scoping study design, and to a select a go-forward design option to underpin a prefeasibility study testwork program. This testwork program includes a small-scale continuous pilot plant for the roasting circuit, which is planned to commence in the coming months. The updated engineering design also includes a 3D plant model which allows for a better understanding of the plant layout and has been used to estimate the construction quantities required for plant and ancillary facilities. The revised capital and operating costs for the project are being finalised based on the updated design, and are expected to be provided to Centrex next month.

Hatch Pty Ltd ("Hatch") completed the review and updated design for the comminution & roasting circuits, as well as completing the overall engineering designs for the site. The overall engineering design work included the site infrastructure and consolidation of the Novopro hydrometallurgical plant design into the 3D model. The most significant change from the original scoping study has been the re-design of the roasting circuit by Hatch, resulting in a more compact design.

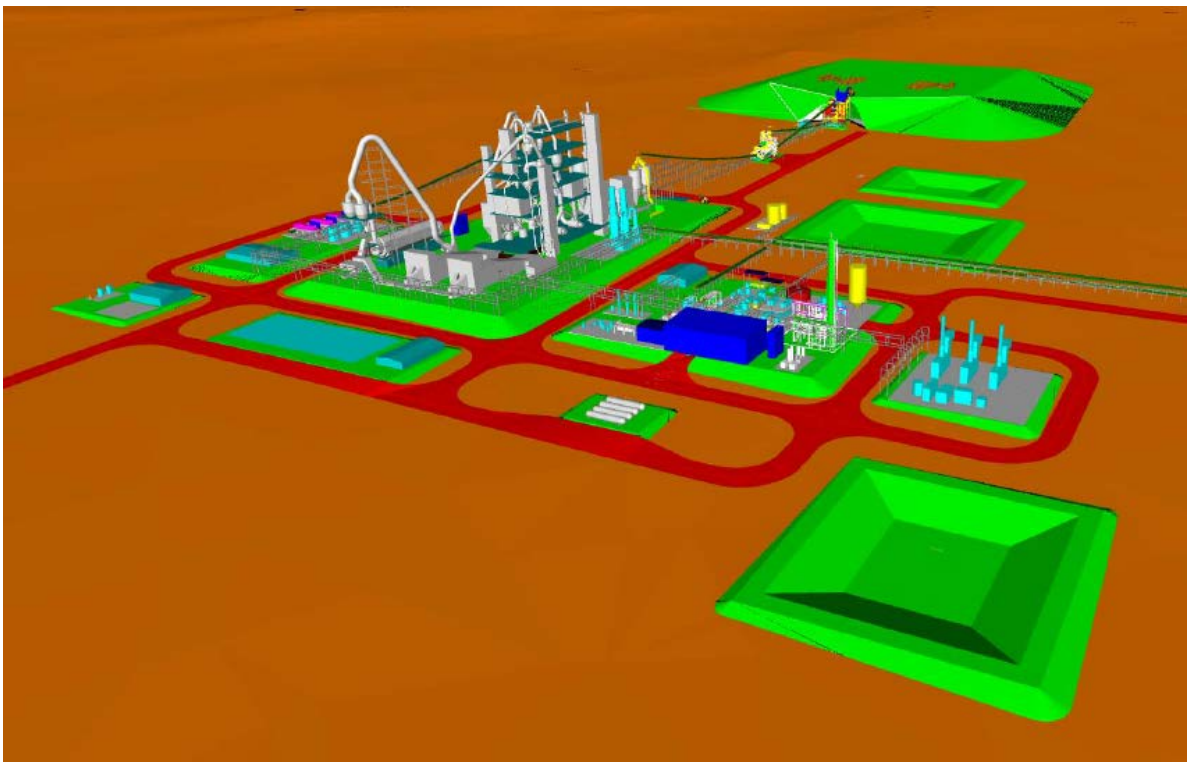

FIGURE: Oblique view looking south-east at the Oxley process plant, pit and mine waste facilities designs.

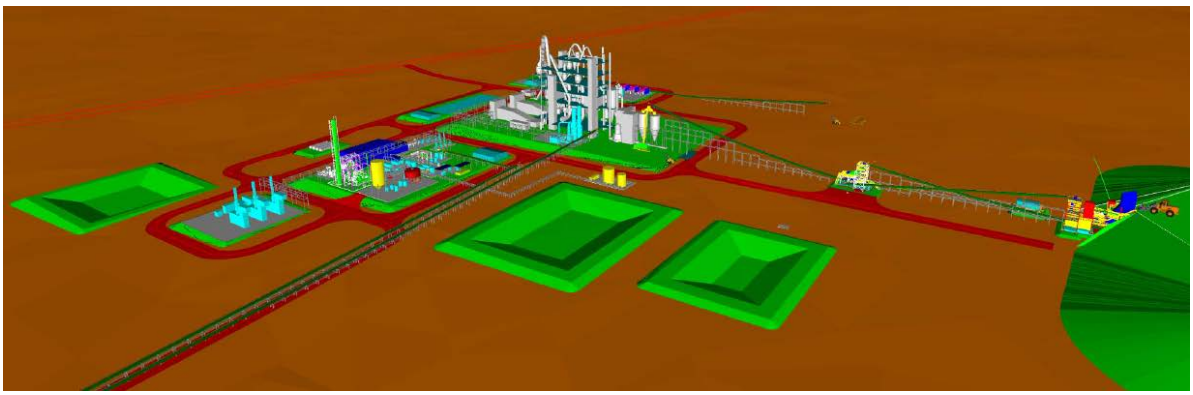

FIGURE: Ground level view looking north-east at the Oxley process plant and run of mine ore ("ROM") pad.

Novopro completed the review and update of the design for the leaching and purification of the potassium chloride in the roast product, and its conversion with nitric acid to high-value water-soluble potassium nitrate fertiliser (hydrometallurgical plant). KBR Weatherly has completed a FEL 2 feasibility study for a nitric acid plant to be located at the project site, and delivered a turn-key capital estimate along with plant operating parameters to feed into the overall project operating cost estimate.

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 predominantly of potassium feldspar. Rock chipping along the length of the 32km striking deposit has shown consistently high potassium grades of up to 14% K_2O. Centrex has drilled just a small 3km section of the deposit and has already established an initial Inferred Mineral Resource of 155 million tonnes at 8.3% K_2O (6% cut-off) including 38 million tonnes at 10% K_2O.

For full details of the Inferred Mineral Resource please see the announcement dated the 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:

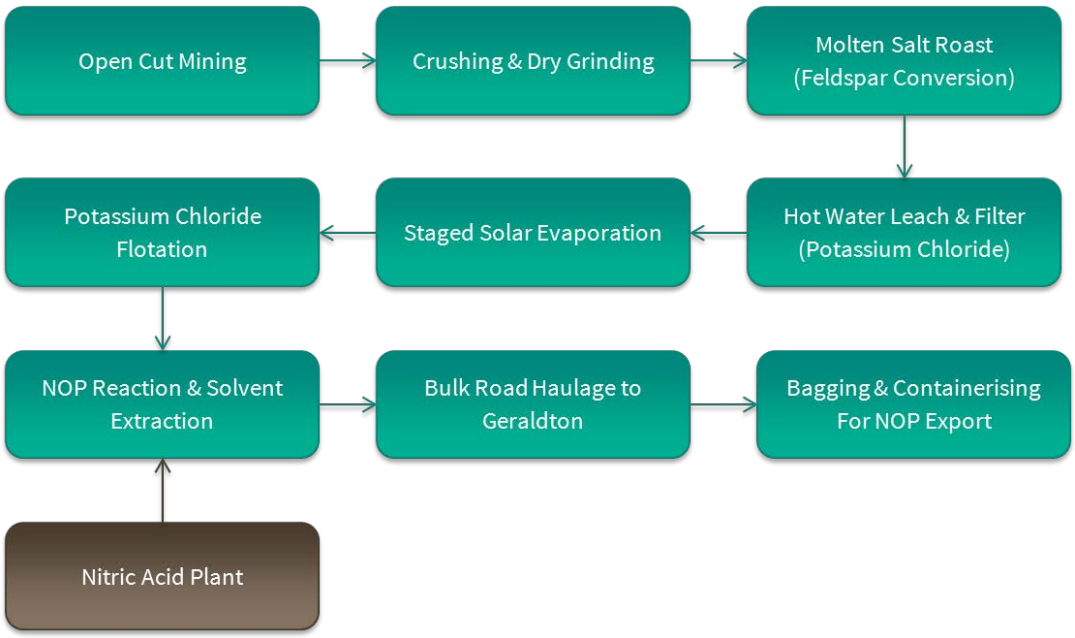

FIGURE: Simplified NOP production process flow.

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 provided from a

brine held by Centrex adjacent to the project 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 the potassium nitrate product. Both the 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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