CENTREX METALS LIMITED

ASX Announcement May 2015

OXLEY POTASH PROJECT

General Manager 7th May 2015

The Company Announcements Office
Australian Securities Exchange
Electronic Lodgement System

Dear Sir/Madam

CONDITIONS PRECEDENT FULFILLED FOR OXLEY POTASH ACQUISTION

Highlights

- FIRB and 3rd party approvals received for Oxley Potash Acquisition
- Centrex to investigate processing routes for a vertically integrated operation producing high value potassium products
- Relatively thick, 32km long, outcropping, and shallow dipping ultrapotassic lava flow means potential for scale and favourable mining costs
- Ideally located close to existing infrastructure including roads, rail, gas, power, and 125km from Geraldton Port
- Small PQ diamond core metallurgical drilling program to be completed for bulk sample
- Bench scale testwork to follow on chosen priority process flowsheets

Summary

Centrex Metals Limited ("Centrex") announces that is has received all necessary FIRB and 3rd party approvals to complete the acquisition of the Oxley Potash Project ("Oxley") in Western Australia from Sheffield Resources Limited ("Sheffield"). Completion and tenement transfer processes are now underway.

A small PQ diamond drilling program will be completed by Centrex to provide bulk sample for bench scale pyrometallurgical and hydrometallurgical testwork due to be undertaken in the second half of 2015. Approvals for the

drilling will be lodged upon transfer of the project tenements. The bench scale testwork will be undertaken for a number of priority process flowsheets for the project to directly produce high value potassium products from potash feldspar.

An overview of the project and the various potential product markets is presented in the attached presentation.

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CENTREX METALS LIMITED

DEVELOPING RESOURCES FOR DEVELOPING MARKETS

OXLEY POTASH PROJECT ACQUISITION

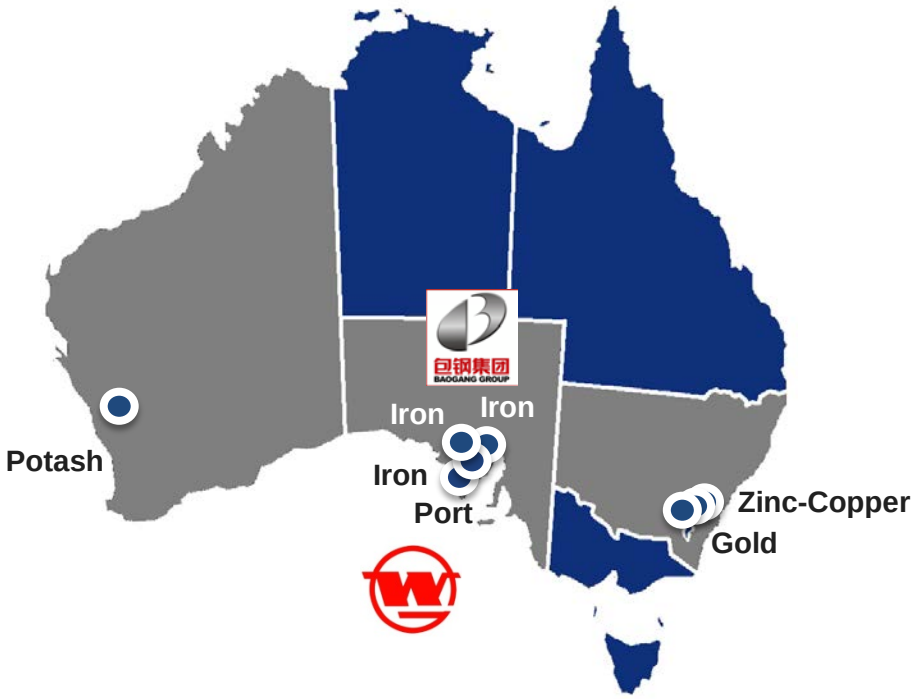
May 2015

Ben Hammond
Chief Executive Officer

FORWARD LOOKING STATEMENTS

- These materials include forward looking statements. Forward looking statements inherently involve subjective judgement and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to Centrex Metals Limited ('Centrex' or the 'Company').
- Actual results and developments may vary materially from those expressed in these materials. The types of uncertainties which are relevant to the Company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the Company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.
- Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or any change in events, conditions or circumstances on which any such statement is based.
- Forward looking statements include, but are not limited to, statements concerning Centrex's planned exploration program, targeted resources, commencement of product export and other statements that are not historical facts. When used in this document, the words such as "could", "target", "plan", "estimate", "intend", "may", "aim", "potential", "should", and similar expressions reflected in these forward-looking statements are reasonable, such as statements involving risks and uncertainties and no assurance can be given that actual results be consistent with these forward-looking statements.

DIVERSIFIED EXPLORER & DEVELOPER



- Centrex is a diversified explorer and developer operating across three Australian states
- Strong balance sheet with A$ 31.4 million in cash
- History of paying dividends prior to production
- Traditional South Australian iron ore & infrastructure portfolio being developed through Chinese backed joint ventures
- Drilling programs underway in 2015 for base and precious metals exploration projects in NSW
- Commencing work on new potash acquisition in WA
- Strong investment networks in China, India and South East Asia

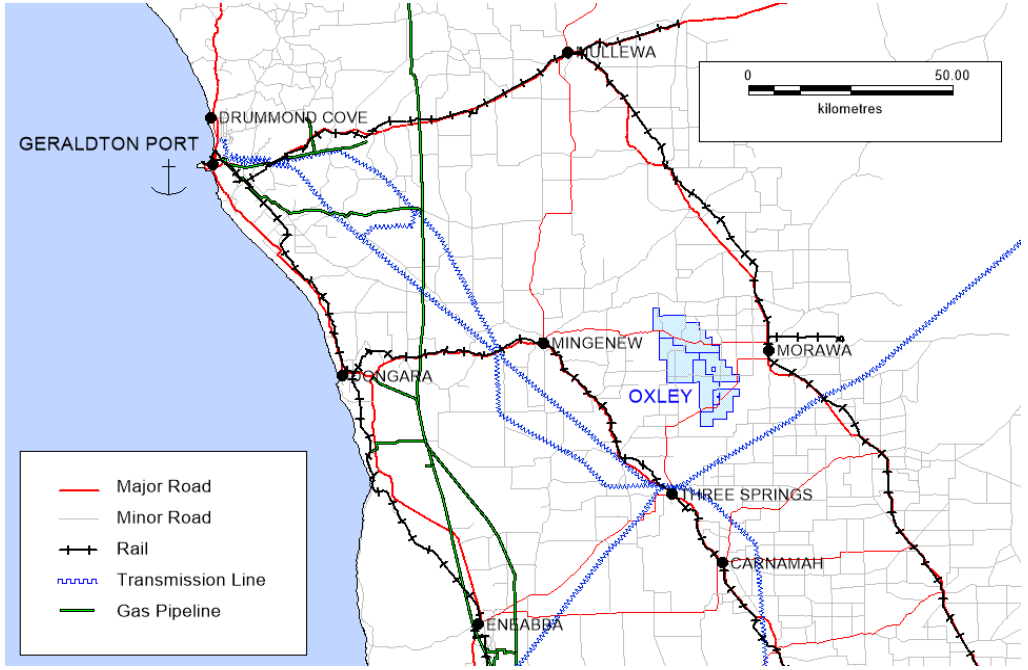
OXLEY POTASH PROJECT ACQUISITION

WHY POTASH & WHY OXLEY?

- Centrex purchased the Oxley Potash Project in WA for A$ 2.5M from Sheffield Resources
- A unique bulk commodity opportunity with the scale, logistics and infrastructure scenarios to potentially become a Tier 1 asset
- A very rare homogenous high potassium grade potash feldspar dominant lava flow
- Project to develop a direct process route to higher value potash fertiliser products
- Centrex can apply its experience in bulk commodities and its international investor networks
- Relatively low cost BFS expected due to the existing infrastructure and deposit nature
- Centrex anticipates to replicate its foreign investment business model on the project
- Close to existing port and major Asian consumers relative to northern hemisphere potash peers
- Strong long-term fundamentals for potash market due to:
    - growing developing economies;
    - increasing global population; and
    - greater demand for higher crop yields on less arable land

OXLEY POTASH PROJECT SUMMARY

- Very rare 32km long outcropping and shallow potash rich lava flow
- Drilling to date shows down-hole combined interval thicknesses of up to 72m
- Simple mining scenarios compared to most potash projects
- Comprised of up to 90% potash feldspar with weighted average combined interval grades of up to 10.1% K_2O
- Only 125km from Geraldton Port
- Existing roads, rail, power and gas infrastructure
- Simple infrastructure and logistics compared to most potash projects



Centrex previously reported the historical drilling results.

For further details of the historical drilling results see announcement 8th March 2015:

http://www.asx.com.au/asxpdf/20150309/pdf/42x4hkg86j6w1d.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.

MAIN POTASH MARKETS (DOMINANTLY FERTILISER)

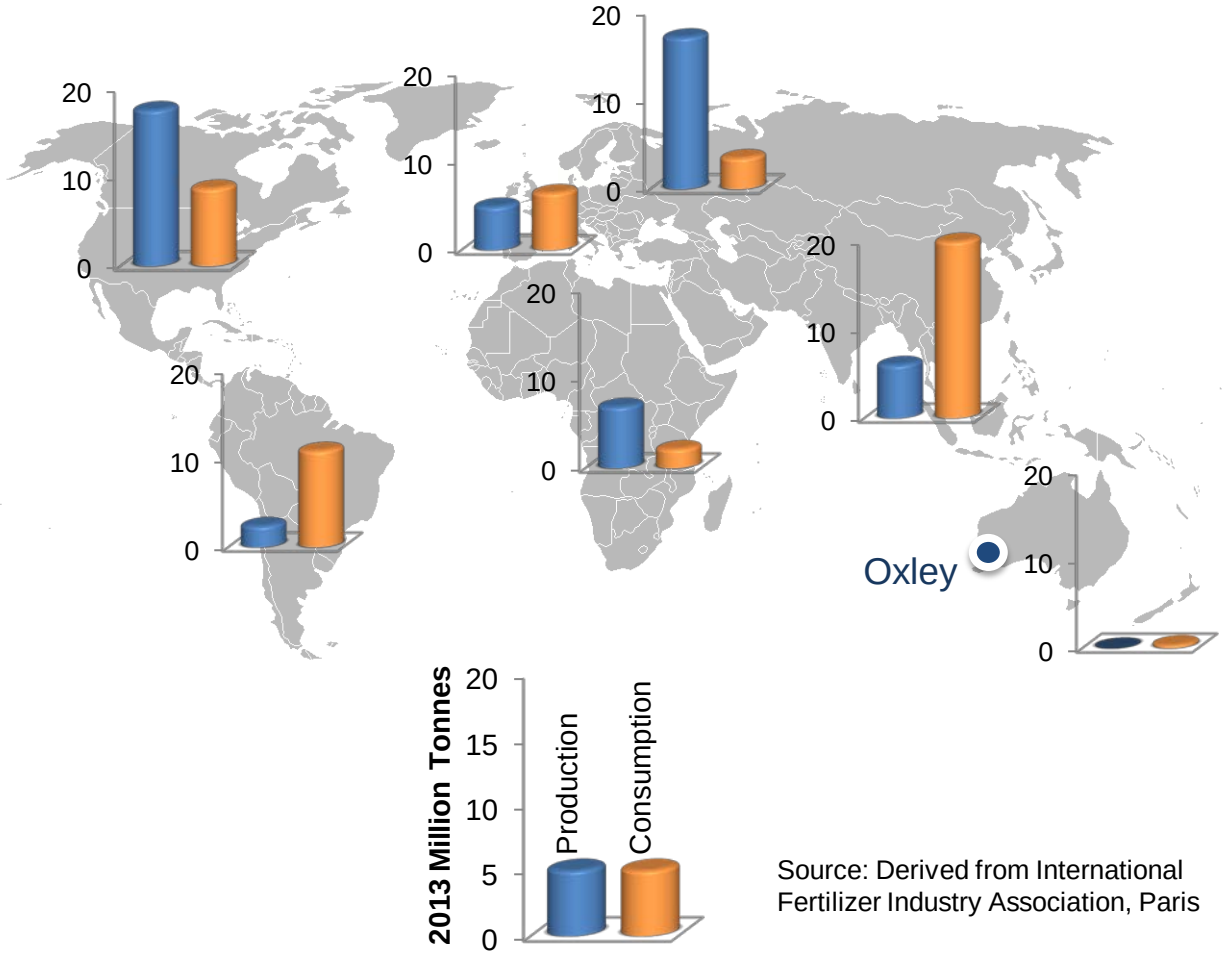
Formula	Product	2014 Global Production	Assumed 2015 Price Range $US/t FOB
KCl	Muriate of Potash ("MOP")	59.6Mt	$265-375
K_2SO_4	Sulphate of Potash ("SOP")	6.5Mt	$460-600
KNO_3	Nitrate of Potash ("NOP")	2.2Mt	$700-1100

- Price dependent on physical form and product quality

MOP MARKET

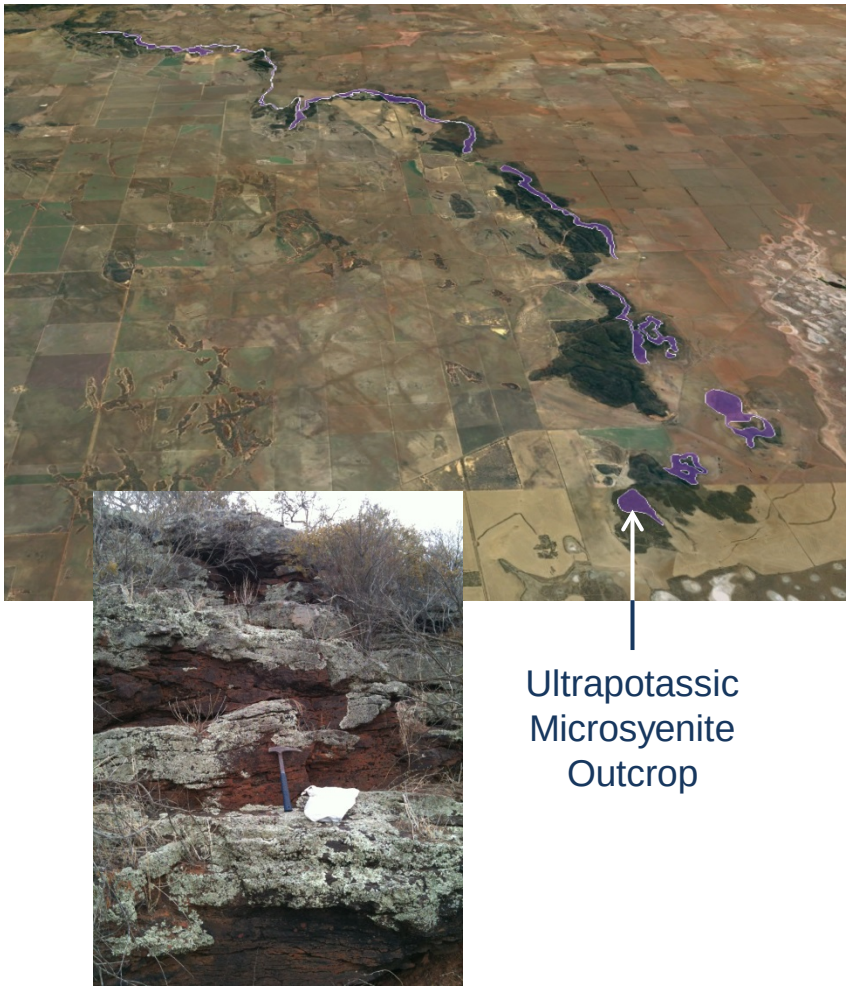
GLOBAL MOP PRODUCTION & CONSUMPTION

- Asia one of the largest MOP consumers but relies on imports
- Majority of imports coming from Central Canada, Belarus and Western Russia
- Oxley has potential competitive advantage over major producers in terms of freight to Asian markets



Source: Derived from International Fertilizer Industry Association, Paris

MOP MINES

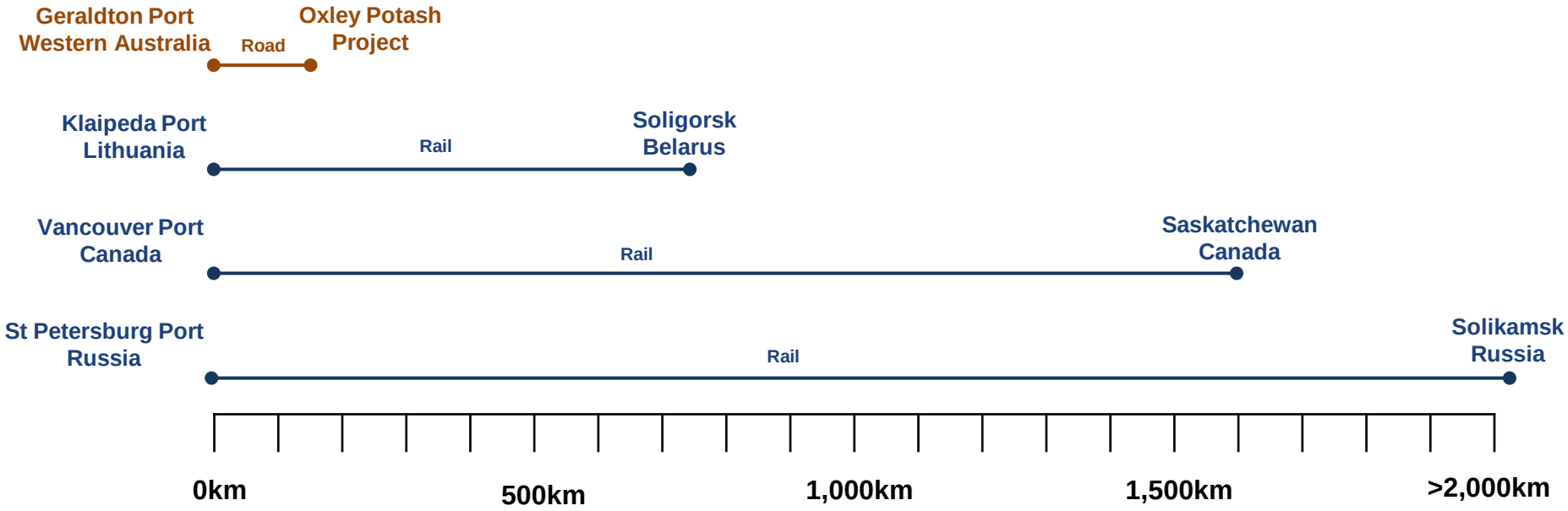


Ultrapotassic Microsyenite Outcrop

- Most MOP production comes from deep underground evaporite deposits comprised of a mixture of potassium and other salts
- Russian and Belarus deposits are often >400m below surface
- Canadian potash projects in Saskatchewan are often >1km or even 1.5km deep
- Deep deposits mined by either conventional underground or energy intensive dissolution mining techniques
- Traditional barriers of entry to MOP cited as capital for underground mines
- Oxley outcrops at surface over a length of 32km
- Oxley would be mined by low cost shallow open-cut methods

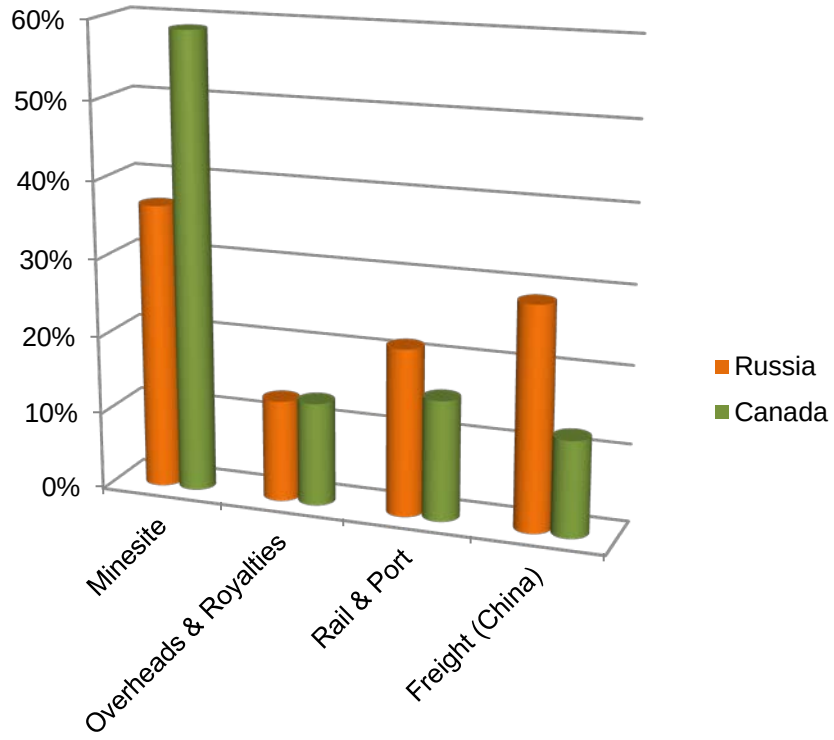
MOP MINE TO PORT LOGISTICS

- Geraldton Port located around 145km by road from Oxley
- Alternatively two rail lines run to Geraldton either side of Oxley 15km and 25km east and west respectively
- Large potential competitive advantage in mine to port logistics to service Asian markets over major MOP producers



AVERAGE MOP CHINA DELIVERED COST BREAKDOWN

- Around 30-50% of MOP production costs for product delivered to China from Canada or Russia is composed of logistics & freight
- Canadian freight costs are even higher to South Asia
- Bulk freight rates from Geraldton in Western Australia to the Chinese and South Asian markets would be relatively low



Source: Estimated by Centrex from Potash Corp 2014 Annual Report, Uralkali 2015 Investor Presentation, Argus Fertiliser Freight 2012

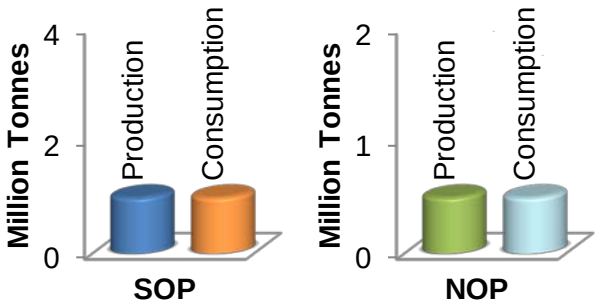
MOP PROCESSING

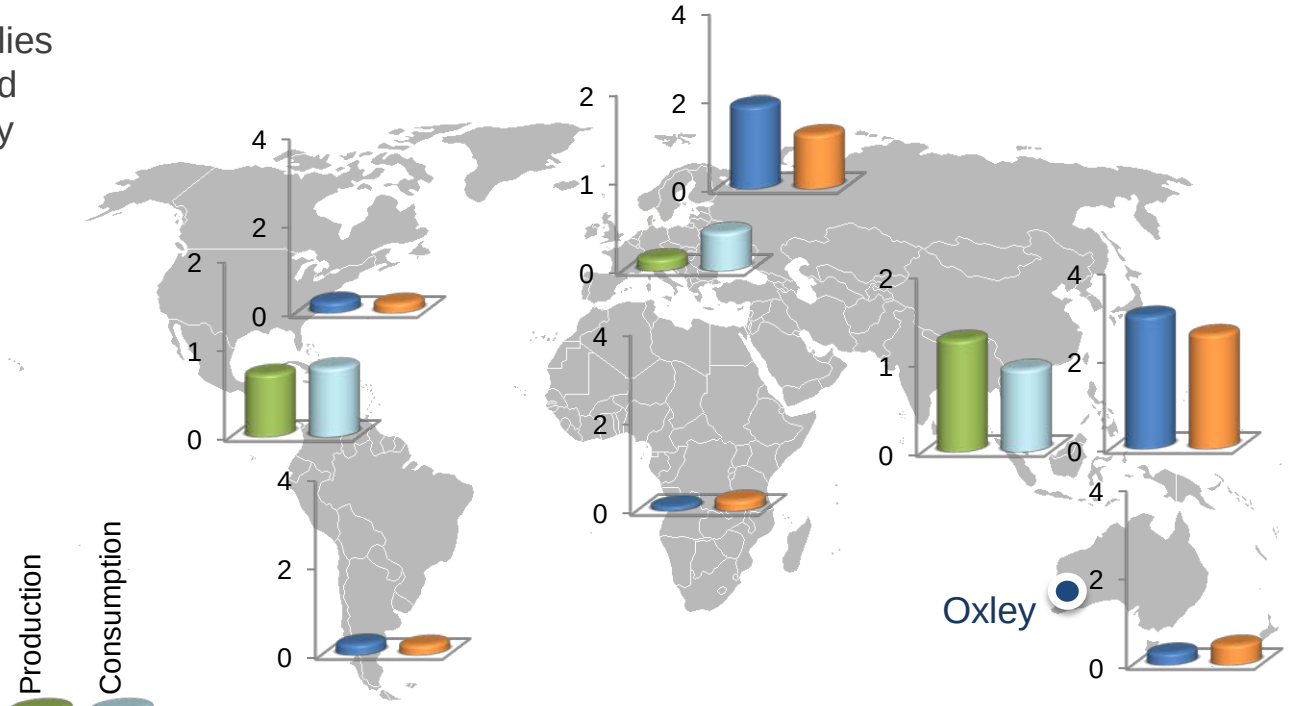
- Although most MOP producers mine minerals such as sylvinite (KCl), the deposits are not direct ship ores
- A common process flow for Sylvinite deposits comprises:
  - Crushing
  - Cleaning
  - Flotation
  - Drying
  - Sizing
  - Compaction
- A potassium feldspar feed source at Oxley would require a more complex pyro/hydrometallurgical process flow if it were to produce MOP
- Oxley processing costs would be offset by lower mining, logistics, and freight costs for the Asian markets

SOP & NOP MARKETS

A DIRECT ROUTE TO HIGHER VALUE POTASH PRODUCTS

- The majority of SOP and NOP is produced from MOP as a raw material
- Potassium can be leached from Oxley ore to produce SOP and NOP directly
- Asia is the major consumer of SOP and NOP
- Asian production relies on MOP imports and is often not vertically integrated
- Oxley could be vertically integrated

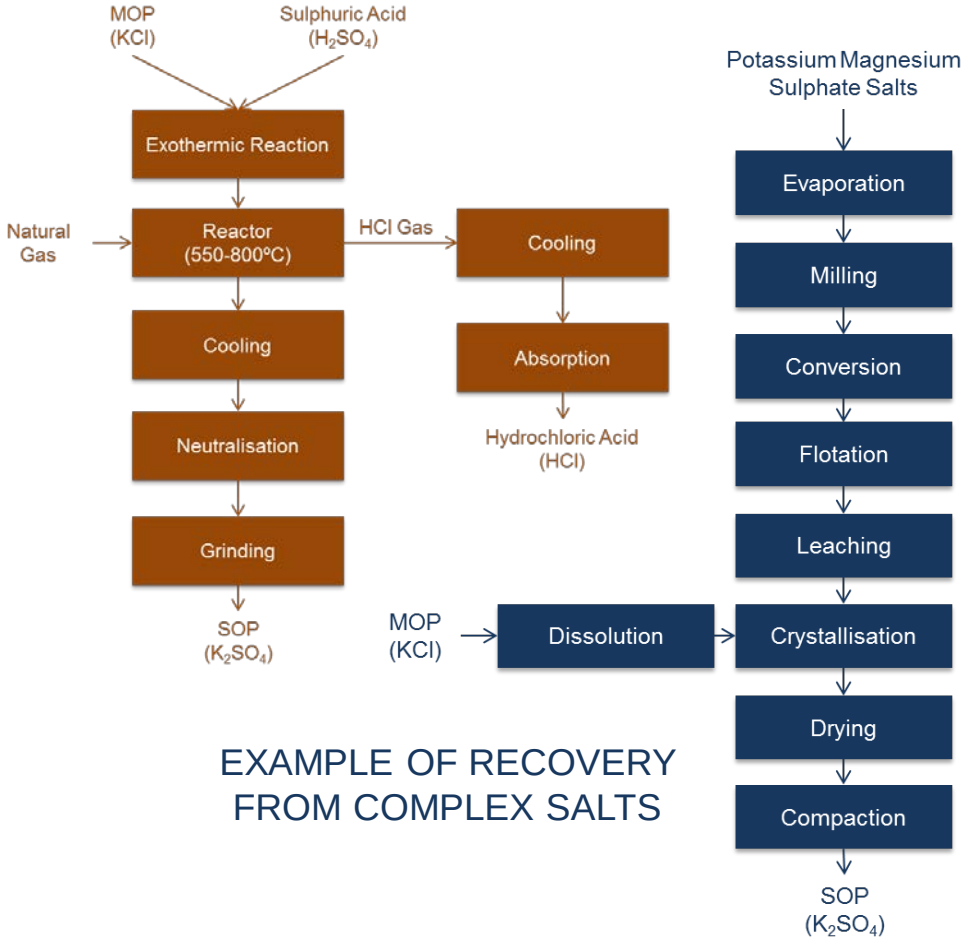




Source: QY Research (NOP), Intercontinental Potash Corp (SOP)

SOP PRODUCTION PROCESS

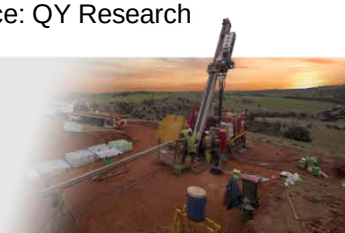
MANNHEIM PROCESS



EXAMPLE OF RECOVERY FROM COMPLEX SALTS

- 43% of SOP production is through the Mannheim Process using MOP and sulphuric acid as raw materials*
- Most remaining production from complex potassium bearing salt deposits or brines
- Current processing methods are complex process flows mostly using costly MOP as a raw material
- A vertically integrated mining operation at Oxley with a process flow to produce SOP directly could have a competitive advantage
- Sulphur sources could include sulphuric acid (already an input to the Mannheim process)

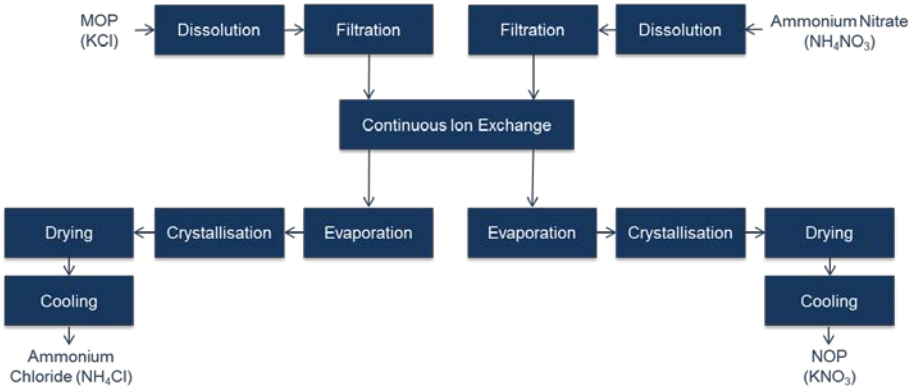
*Source: QY Research



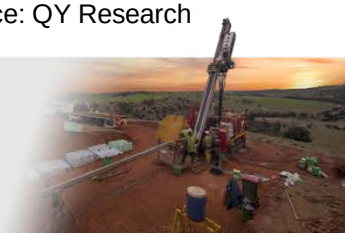
NOP PRODUCTION PROCESS

- NOP is already generally produced via hydrometallurgical process routes
- These processes use imported MOP for potassium, and either nitric acid or ammonium nitrate as the source of nitrogen
- Given the high cost of these raw materials they can comprise over 80% of the direct production costs*
- An integrated potash mining operation at Oxley with a direct processing route to NOP could provide a raw materials cost advantage
- Gas around 70km from Oxley could be accessed for on site ammonia production or nitric acid if required

ION EXCHANGE METHOD



*Source: QY Research



FERTILISER FROM POTASH FELDSPAR

NOT A NEW IDEA BUT OXLEY UNIQUE

- In the past decade numerous new process flowsheets developed for various methods of extraction and various products produced from potash feldspar
- Many methods proposed involve thermal breakdown of feldspar in the presence of caustic or other reagents ready for leaching
- To date focused on lower value MOP or direct application products, but highest cost process front end component similar for all products whether MOP, SOP or NOP
- It is a combination of factors that makes Oxley hard to replicate and the likely candidate for commercialisation

Ultrapotassic	Abnormally High Potassium Grade	Outcropping & Shallow	Large Scale	Close to a Port & Existing Infrastructure
Rare				
Very Rare				
Extremely Rare				
Very Few Globally				
Oxley is Unique				

INVESTMENT SUMMARY

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CONTACT

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COMPETENT PERSONS STATEMENTS

COMPETENT PERSON STATEMENT

The information in this report relating to Exploration Results is based on information compiled by Mr Ben Hammond who is a Member 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.