CENTREX METALS LIMITED

ASX Announcement December 2015

OXLEY POTASH PROJECT

General Manager 9th December 2015

The Company Announcements Office
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Dear Sir/Madam

POSITIVE INTERIM RESOURCE DRILLING RESULTS AT OXLEY POTASH PROJECT

Highlights

- Results received from first 26 drill holes of planned 50 drill hole maiden resource definition program
- Intercepts to date show combined down drill hole thicknesses up to 55m (using a 6% K_2O cut-off), and weighted average grade intervals up to 11% K_2O
- Drilling targeted for completion in 2015 with Mineral Resource estimate to follow in early 2016 to underpin a Scoping Study for a start-up high-value potassium nitrate fertiliser operation
- Drill program covering just 3km section of overall 32km long ultrapotassic lava flow
- Bench scale roast testwork already indicates up to 91% leach extraction of potassium from the lava
- Favourable project development conditions with shallow open-cut mining potential, existing bulk port close by via roads or rail, and cheap gas supply for nitrate production

Summary

Centrex Metals Limited ("Centrex") has received positive results for the first 26 holes it has completed as part of a maiden resource definition drilling program at its Oxley Potash Project ("Oxley") just 125km from the Port of Geraldton

in Western Australia. Intercepts to date show combined down drill hole thicknesses up to 55m using a 6% K_2O cut-off (OXRC043), and weighted average grades up to 11% K_2O (OXRC022).

Seventeen planned holes remain to be completed from the reverse circulation drilling program. Drilling is being targeted for completion by the end of 2015 with a maiden Mineral Resource estimate to follow at the start of 2016. This will underpin a Scoping Study for a high-value potassium nitrate fertiliser operation (assumed FOB price range in 2015 of between $US 700 to $US 1,100 per tonne).

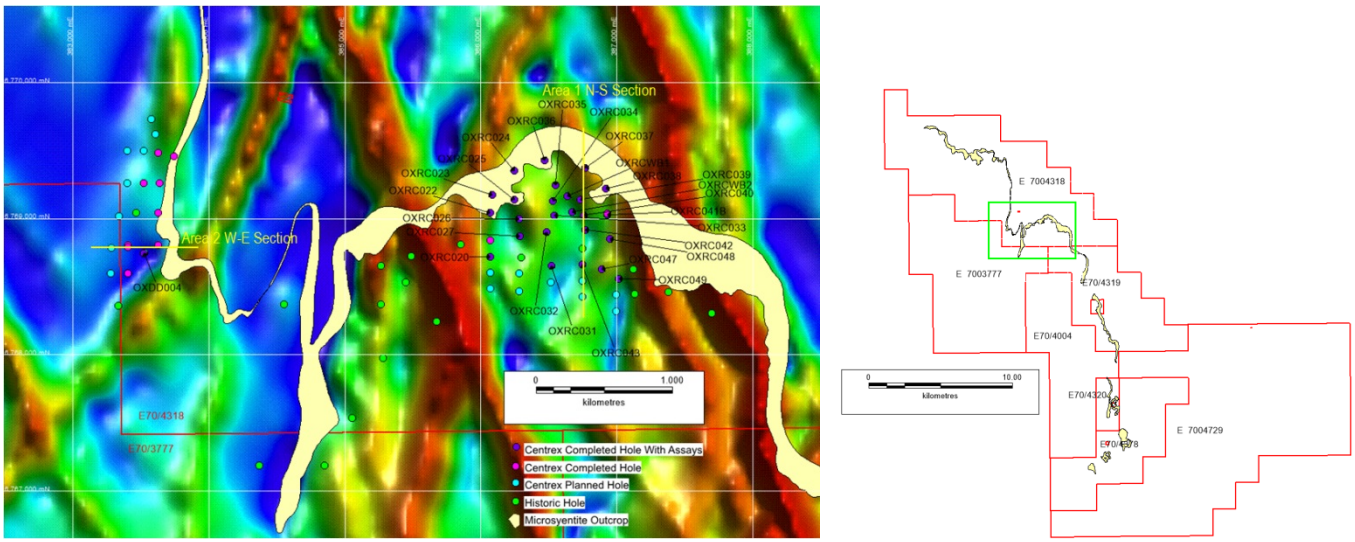

Figure: Magnetic image of the drilling areas with outcrop geology and drill hole locations shown.

Current drilling is being completed over just a small 3km section of the overall 32km strike length of outcropping ultrapotassic lava flow (microsyenite) that forms the basis of the project. The 3km section currently being drilled is composed of two areas focused around previous historic drill holes to understand the variability of the ore body, and provide sufficient Mineral Resources to underpin a start-up potassium nitrate fertiliser operation. Previous rock chip sampling by Centrex has shown consistently high potassium grades along the length of the 32km long strike deposit, meaning a high potential for further resource extensions in the future.

Centrex has completed the shallowest holes across an interpreted synform within the easternmost areas. The ultrapotassic lava flow outcrops consistently in the area with numerous drill holes intersecting the unit from surface, meaning upper levels of the unit have been eroded off. Deeper drill holes are targeted to intersect the full sequence down dip of the outcrop. Drilling and preliminary interpretations to date have aligned with the expected stratigraphic succession showing the host series of lava flows to unconformably overlie granitic basement, and in turn be unconformably overlain by a sequence of marine shelf sediments. The unconformities at the top and base of the sequence are expressed as undulating paleosurfaces resulting in a variation of lava flow thickness forming a series of troughs and peaks.

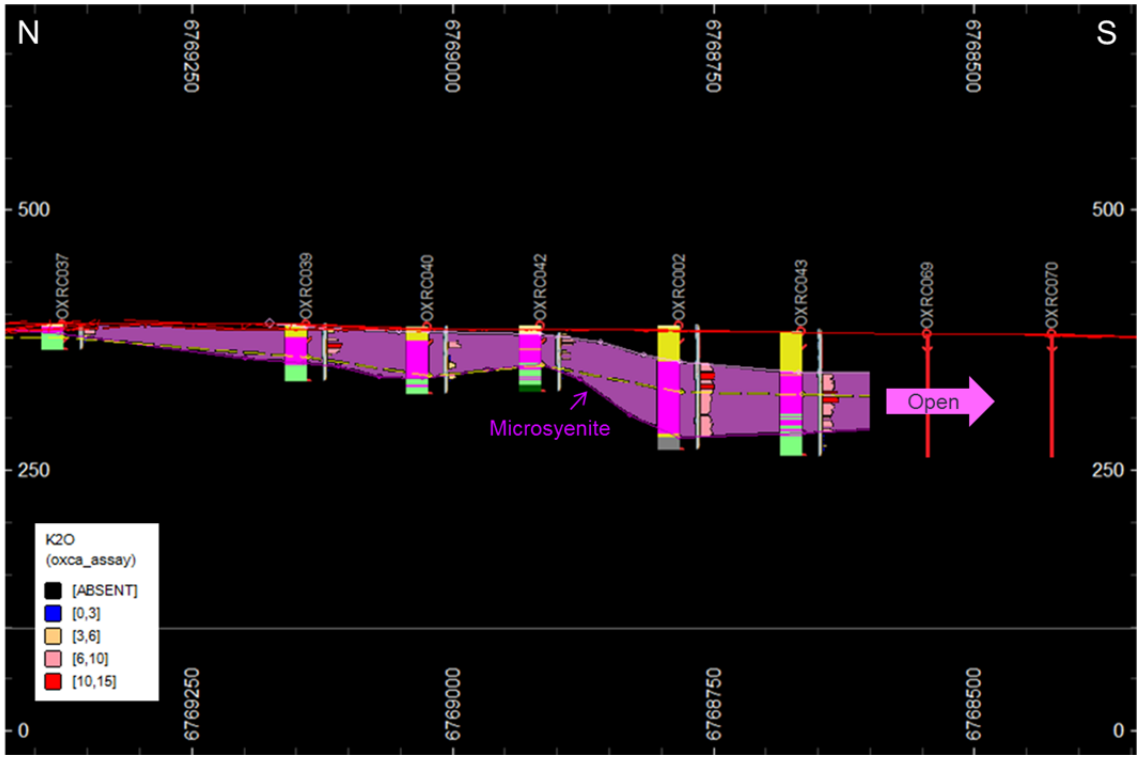

Figure: Preliminary north-south cross section from the most eastern area of drilling with the targeted ultrapotassic lava flow shown in purple (holes OXRC069 and OXRC070 yet to be drilled).

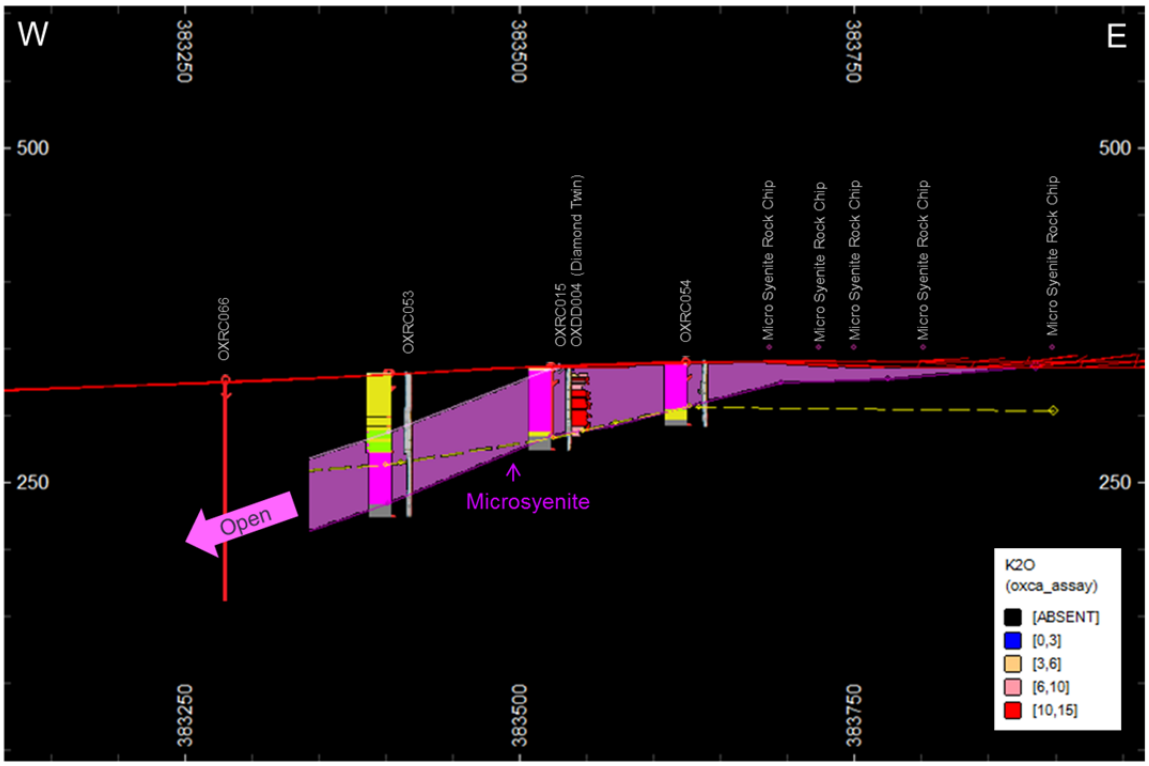

Figure: Preliminary west-east cross section of most western area of drilling with the targeted ultrapotassic lava flow shown in purple (hole OXRC066 yet to be drilled).

Drilling results to date have shown indications of a correlation between magnetic lows and the thickest intersections of the ultrapotassic lava. More prominent NNW and NNE linear magnetic features represent cross cutting dolerite dykes however more subtle magnetic anomalies down dip from ultrapotassic lava outcrops are interpreted to represent magnetic trachybasalts that gradationally underlie the higher potassic grade microsyenite units. This correlation indicates high potential in the section of the ore body between the two areas currently being drilled, where two historic holes approximately 1.5km apart show thick intersections.

Centrex continues to progress its metallurgical studies for the project having previously shown up to 91% leach extraction from static roast trials using salt flux. A custom tube insert for a laboratory scale rotary furnace has now been received to commence roast trials observing the effects of agitation that is anticipated to further improve results. Differential scanning calorimetry ("DSC") tests have been completed to provide heat input data into furnace design. Back end crystallisation and separation testwork is also to commence this month providing the last of the inputs into the process plant design.

For further details of the historical drilling results, rock chips, and current metallurgical testwork progress see announcements 8th March 2015, 2nd September 2015, and 12th October 2015:

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

http://www.asx.com.au/asxpdf/20150902/pdf/4311dj2748rw54.pdf

http://www.asx.com.au/asxpdf/20151012/pdf/431zvgqrrwb7zs.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.

Oxley Potash Project Development

Centrex is developing a process route to produce potassium fertiliser from potash feldspar ($KAlSi_3O_8$), which comprises the bulk of the Oxley ultrapotassic lava flow. Bench scale roast and leach testwork has already shown very high success with up to 91% leach extraction of potassium. Final optimisation of the bench scale roast testwork is expected to be completed in December, with results feeding into process plant design.

A Scoping Study for the project is planned for completion in the first half of 2016. The study will consider a high-value potassium nitrate fertiliser start-up operation, with further expansion options including potassium sulphate production. Centrex has previously announced a conceptual study showing a competitive operating cost range of between $US 148 and $US 331 per tonne to produce 100% nitric acid equivalent at the Oxley site depending on the decision to make or buy ammonia. One tonne of potassium nitrate (KNO_3) contains approximately 0.62 tonne of 100% nitric acid (HNO_3) equivalent.

The project is ideally located close to all required infrastructure. The multi-user bulk minerals port of Geraldton is located 125km to the northeast and can be accessed via either existing roads or multiple rail lines. Major gas infrastructure linked to both the North West Shelf and Perth Basin is located directly west of the project for nitrate production, roasting and power generation.

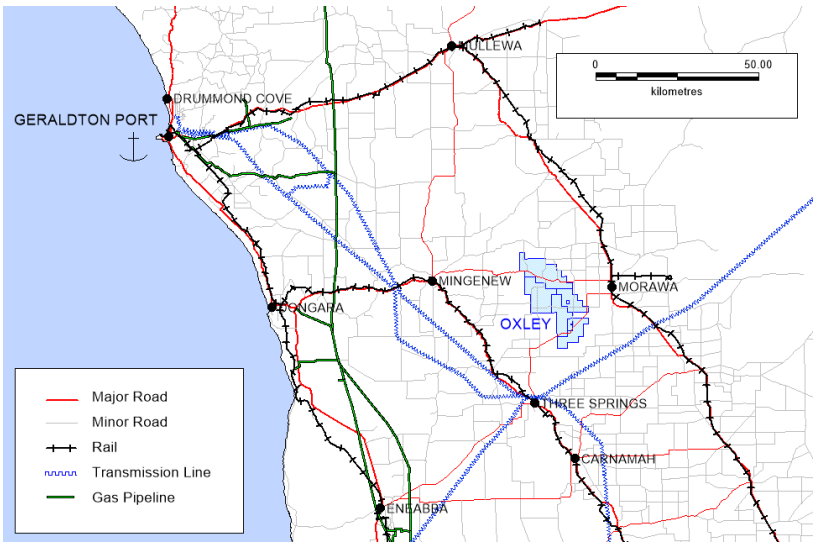

Figure: Oxley infrastructure location map.

Table: Updated Oxley Phase 1 project schedule estimate.

	2015				2016			
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Metallurgical Bulk Sample Drilling								
Process Route Scoping								
Bench Scale Testwork								
Process Scoping Level Cost Estimates								
Conceptual Nitric Acid Plant Cost Estimate								
Resource Definition Drilling								
Resource Estimate								
Scoping Study								

Completed	
Commenced	
Pending	

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Appendix – Technical Information.

Table 1: Centrex completed (drilled and assays returned) drill hole details.

Hole	Drill Type	Easting (Hand GPS)	Northing (Hand GPS)	Elevation (Planned)	Hole Depth	Date Completed	Azimuth	Inclination
OXDD004	Diamond	383525	6768749	335	52.5	11/07/15	0	-90
OXRC020	RC	386072	6768720	366	65	21/11/15	0	-90
OXRC022	RC	386069	6769046	362	41	10/11/15	0	-90
OXRC023	RC	386083	6769175	362	35	10/11/15	0	-90
OXRC024	RC	386248	6769353	380	11	10/11/15	0	-90
OXRC025	RC	386246	6769141	379	23	10/11/15	0	-90
OXRC026	RC	386280	6768997	375	41	9/11/15	0	-90
OXRC027	RC	386286	6768871	370	55	9/11/15	0	-90
OXRC031	RC	386520	6768654	381	71	18/11/15	0	-90
OXRC032	RC	386483	6768901	384	47	2/11/15	0	-90
OXRC033	RC	386538	6769021	387	48	1/11/15	0	-90
OXRC034	RC	386530	6769129	393	43	31/10/15	0	-90
OXRC035	RC	386548	6769245	390	41	31/10/15	0	-90
OXRC036	RC	386469	6769427	395	23	12/11/15	0	-90
OXRC037	RC	386766	6769373	389	23	12/11/15	0	-90
OXRC038	RC	386921	6769222	373	20	12/11/15	0	-90
OXRC039	RC	386732	6769140	389	53	3/11/15	0	-90
OXRC040	RC	386757	6769024	387	63	4/11/15	0	-90
OXRC041B	RC	386928	6769028	378	89	8/11/15	0	-90
OXRC042	RC	386769	6768915	388	62	5/11/15	0	-90
OXRC043	RC	386748	6768665	383	119	17/11/15	0	-90
OXRC047	RC	386889	6768629	379	113	16/11/15	0	-90
OXRC048	RC	386952	6768854	378	79	7/11/15	0	-90
OXRC049	RC	387016	6768558	380	112	14/11/15	0	-90
OXRCWB1	RC	386636	6769167	390	53	7/11/15	0	-90
OXRCWB2	RC	386673	6769051	390	53	21/11/15	0	-90

Table 2: Details of consecutive mineralised intercepts >6% K_2O by weighted average grade.

Hole	From (m)	To (m)	Interval (m)	K_2O (%)
OXDD004	2	14	12	9.6
OXDD004	17	49	32	10.9
OXRC020	19	30	11	8.9
OXRC020	41	43	2	7.0
OXRC020	44	45	1	6.7
OXRC020	51	54	3	6.2
OXRC022	0	13	13	11.1
OXRC023	0	18	18	9.8
OXRC024	5	6	1	7.0
OXRC024	9	11	2	7.9

OXRC025	3	9	6	9.4
OXRC025	11	21	10	8.7
OXRC025	22	23	1	7.0
OXRC026	6	8	2	6.3
OXRC026	12	20	8	9.4
OXRC026	31	34	3	7.9
OXRC027	12	13	1	6.3
OXRC027	14	22	8	9.1
OXRC027	26	30	4	7.6
OXRC027	32	38	6	8.2
OXRC031	12	24	12	7.7
OXRC031	33	34	1	6.1
OXRC031	48	52	4	7.3
OXRC031	53	54	1	7.0
OXRC032	6	8	2	7.1
OXRC032	10	20	10	9.5
OXRC032	26	30	4	6.5
OXRC033	7	8	1	6.8
OXRC033	12	30	18	10.3
OXRC034	11	19	8	9.0
OXRC034	28	29	1	6.0
OXRC035	10	19	9	8.8
OXRC035	26	28	2	7.6
OXRC036	3	8	5	8.0
OXRC036	13	14	1	7.1
OXRC037	2	9	7	9.2
OXRC039	2	4	2	6.2
OXRC039	12	28	16	9.1
OXRC039	32	33	1	6.1
OXRC040	4	5	1	7.0
OXRC040	7	8	1	6.1
OXRC040	13	24	11	8.7
OXRC040	32	33	1	6.6
OXRC041B	27	73	46	8.1
OXRC041B	76	80	4	7.0
OXRC041B	81	82	1	6.1
OXRC042	9	11	2	7.6
OXRC042	12	19	7	9.6
OXRC042	26	28	2	7.0
OXRC042	30	32	2	7.7
OXRC043	38	40	2	7.2
OXRC043	41	81	40	8.5
OXRC043	82	84	2	6.7
OXRC043	85	92	7	7.5
OXRC043	93	97	4	7.0

OXRC047	31	32	1	7.0
OXRC047	33	52	19	7.5
OXRC048	35	41	6	7.6
OXRC048	42	44	2	7.3
OXRC049	36	56	20	8.0
OXRC049	63	64	1	6.4
OXRCWB1	21	28	7	7.5
OXRCWB1	29	33	4	6.6
OXRCWB2	7	8	1	6.4
OXRCWB2	10	18	8	8.9
OXRCWB2	23	24	1	6.5

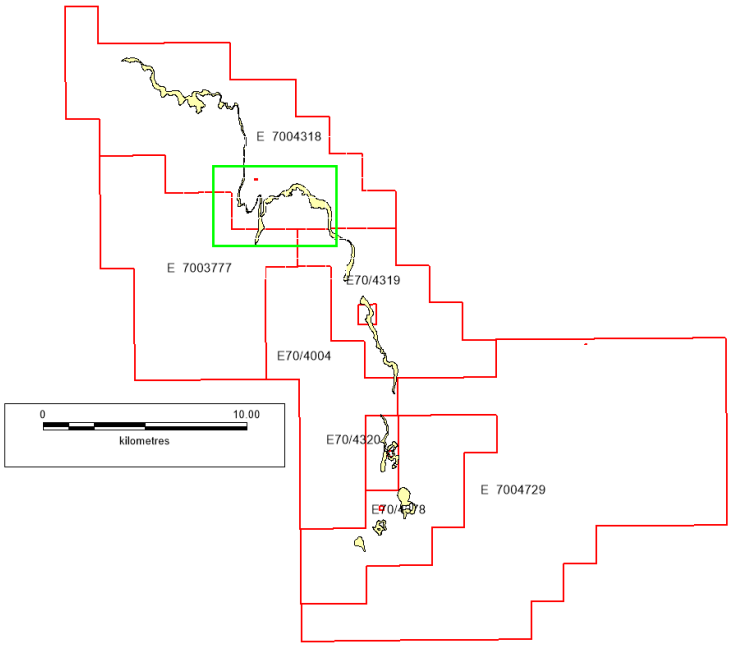

Figure 1: Oxley drilling area location map shown against full deposit strike length held by Centrex.

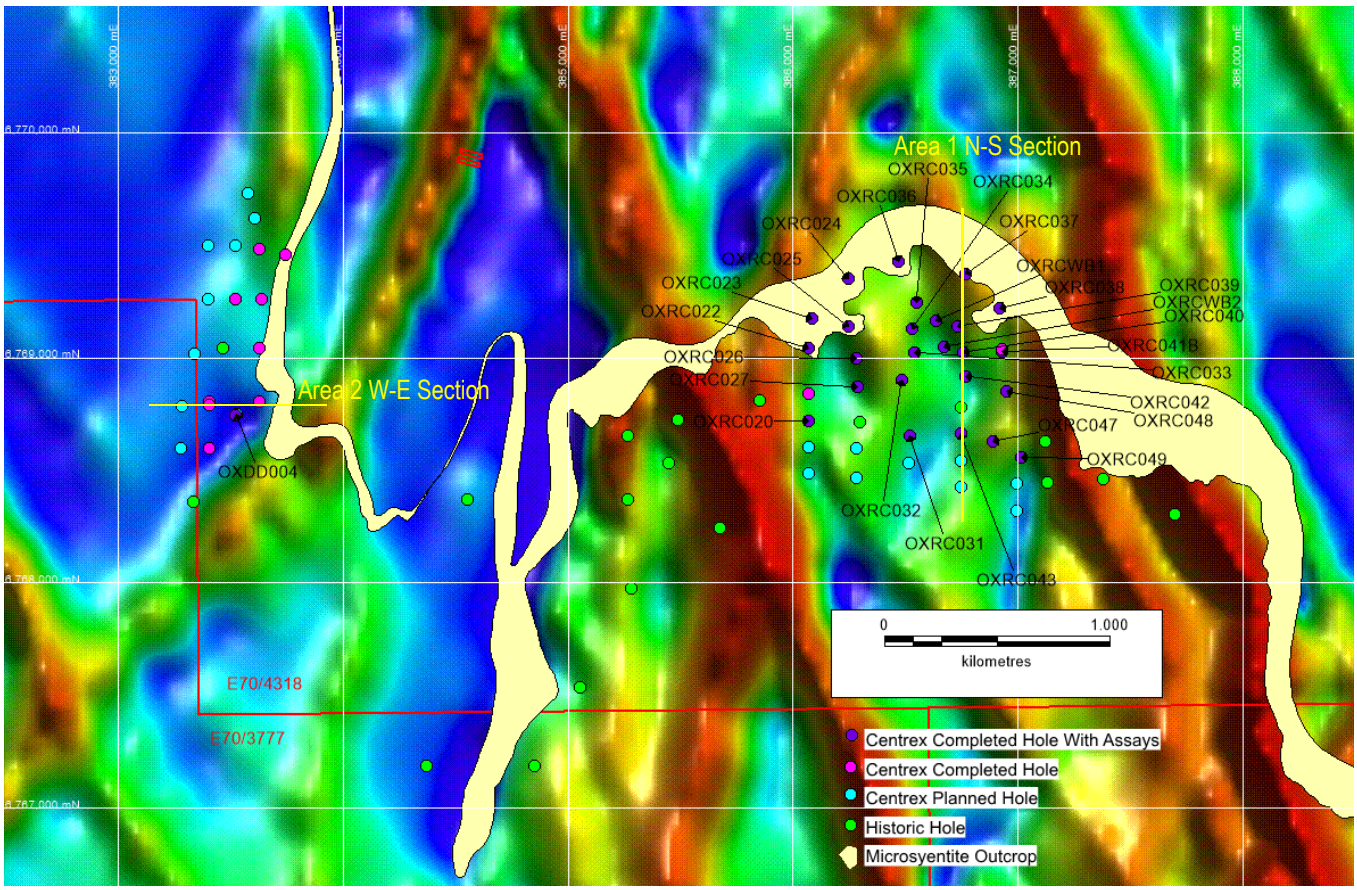

Figure 2: Plan geology, magnetic image and drill hole location map.

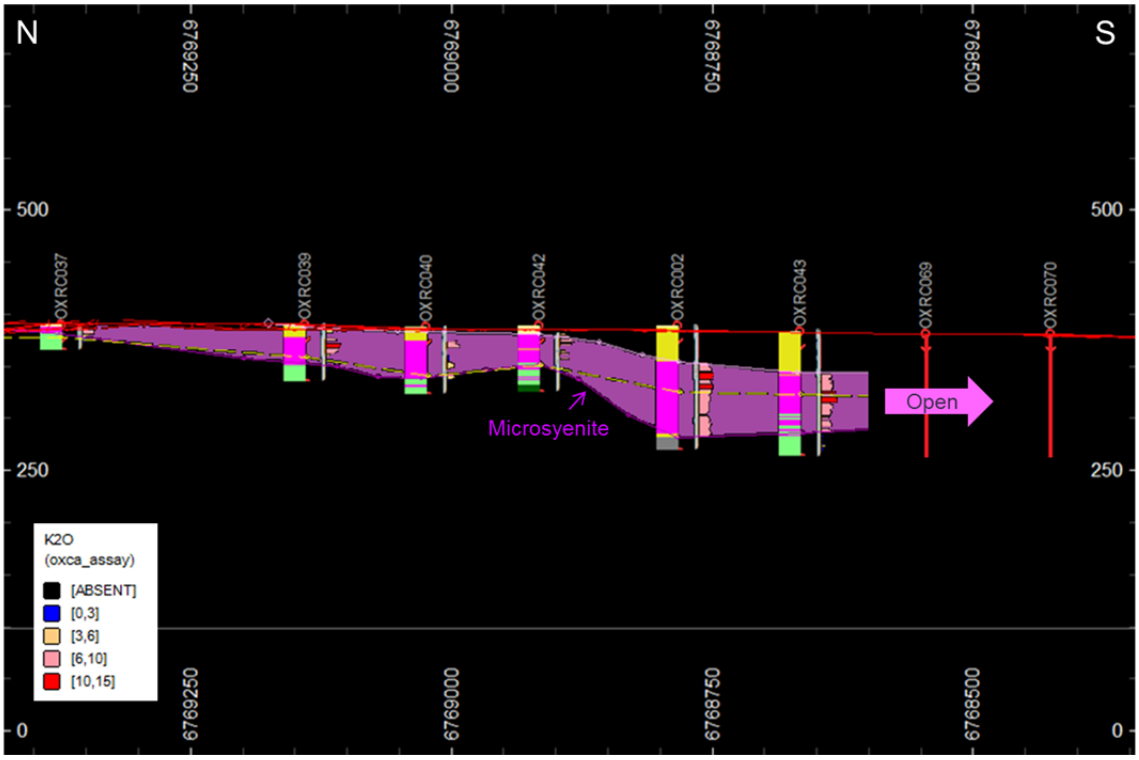

Figure 3: Preliminary Central Area 1 north-south drilling cross section (OXRC069 and OXRC070 yet to be drilled).

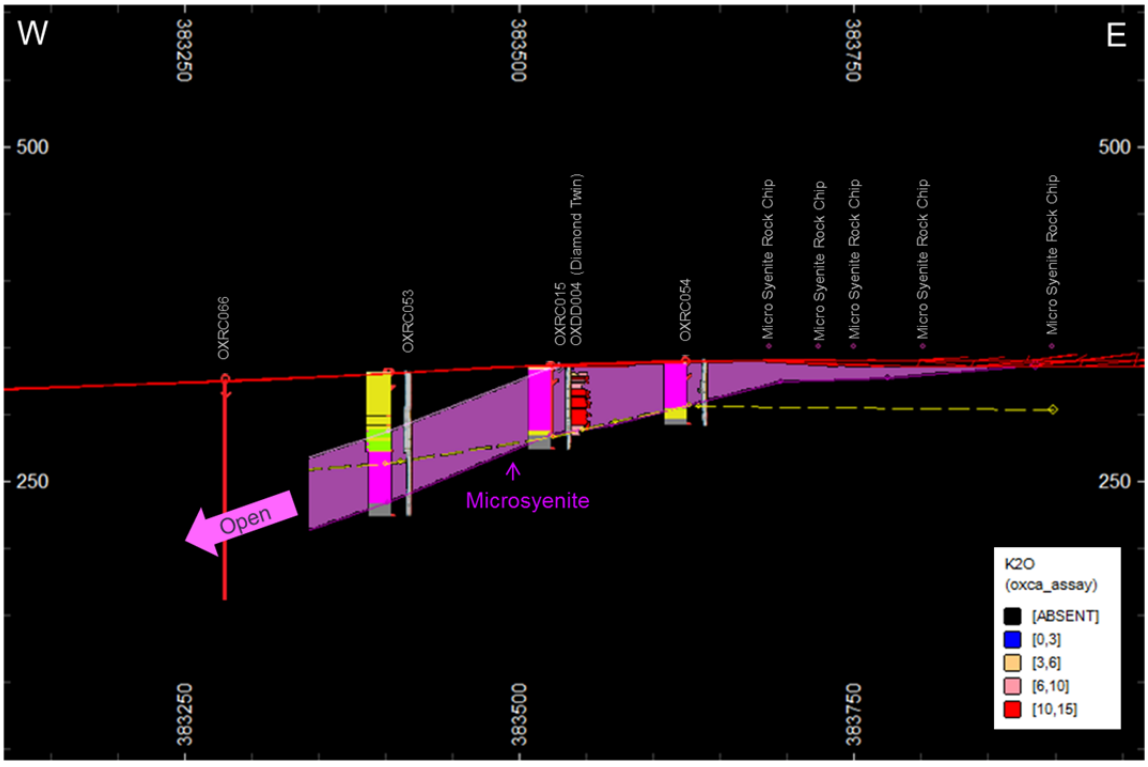

Figure 4: Preliminary Central Area 2 west-east drilling cross section (OXRC066 yet to be drilled).

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 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.*	RC and diamond drill holes were sampled at 1m intervals downhole. Sampling was undertaken within identified units of microsyenite, tuff, trachybasalt and any other lithology that wasn't clearly recognised as waste. The single diamond core was completed with PQ and half core was sent to prepare a metallurgical composite. Prior to preparing the composite all 1m intervals were crushed to -3mm, homogenised and sub-sampled for XRF analysis of major elements. RC samples were collected from a rotary splitter on board the drilling rig. A roughly 2-3kg sample is crushed to -3mm and split for an assay sub-sample. XRF was completed for major elements. Sampling was checked via field duplicates sent for assay every 25th sample.
Drilling techniques	• *Drill type.*	PQ diamond drilling was undertaken by Westcore Drilling using a LF90D track mounted diamond drill rig. RC drilling was completed with a mixture of a 41/2" and 51/2" hammer depending on ground conditions by United Drilling using a DE810 500Psi multi-purpose rig with compressor and booster.
Drill sample recovery	• *Method of recording and assessing sample recoveries.* • *Measures taken to maximise sample recovery.*	Diamond core sample recovery was high (average >90%) within the mineralised horizon given the relative competent nature of the microsyenite. RC drilling recoveries have been visually monitored by Centrex contract geologists withgood weights obtained in most samples.
Logging	• *Geological and geotechnical logging.* • *Whether logging is qualitative or quantitative.* • *Total length and percentage of the relevant intersections logged.*	All 1m sample intervals are logged for colour, hardness, oxidation, lithology, mineraology and stratigraphy. RQDs were logged on PQ diamond core.
Sub-sampling	• *Nature, quality and appropriateness of the sample preparation technique.*	PQ core was cut in half at 1m intervals. The single PQ hole was primarily for compiling a metallurgical composite. Prior to selecting intervals to composite

Criteria	JORC Code explanation	Commentary
techniques and sample preparation	• *Quality control.* • *Sample representivity.* • *Sample sizes*	each 1m interval was crushed to -3mm and homogenised with a sub-sample taken to be pulverised for XRF analysis. LOIs were completed to 1000°C. RC chips were collected from a cone splitter mounted at the cyclone discharge in one metre intervals into sequentially numbered sample bags of two to three kilograms weight. Remaining drill spoil was collected in green plastic bags for future analyses. Field duplicates and blanks were submitted every 25th sample along with in-house CRM's. Laboratory duplicates and standards were also undertaken at Bureau Veritas in Perth. Samples were crushed to -3mm split prior to sub-sampling for pulverising and XRF analysis. LOIs were completed to 1000 ° C. No QAQC issues have been noted to date.
Quality of assay data and laboratory tests	• *Nature of quality control procedures.*	Field duplicates and blanks were submitted every 25th sample along with in-house CRM's. Laboratory duplicates and standards were also undertaken at Bureau Veritas in Perth. Samples were crushed to -3mm split prior to sub-sampling for pulverising and XRF analysis. LOIs were completed to 1000°C. No QAQC issues have been noted to date.
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.*	The PQ hole OXDD004 was a twin of historic RC hole OXRC015 with the two holes showing good correlation overall. All data is entered into excel spreadsheets prior to being directly loaded into Datamine Studio 3D modelling software.
Location of data points	• *Accuracy and quality of surveys.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	Holes to date have been positioned by hand held GPS. Upon completion of the program collars will be picked up with DGPS prior to resource modelling. All holes are vertical and no down hole surveys have been completed. The coordinate system reported is MGA Zone 50 (GDA94).
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.*	Drilling is being undertaken on a nominal 240m along strike, 120m across strike pattern. A Mineral Resource has yet to be reported. Assays results reported have been composited for subsequent intervals >6% K_2O. Compositing have been undertaken on a weighted average basis.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling.*	All drilling to date has been vertical given the flat to moderately dipping nature of the ore body. The ore body base and top are both unconformities showing undulation and variation in thickness vertically.
Sample security	• *The measures taken to ensure sample security.*	Samples are bagged and them further packed into larger polyweave bags and dispatched directly from site on a regular basis using a courier.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	All sampling procedures have been reviewed by Centrex and its geological consultants.

Oxley 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.*	Drilling reported has been completed on E70/3777 and E70/4318 both held by Centrex Potash Pty Ltd a 100% subsidiary of Centrex. All tenure is in good standing.
Exploration done by other parties	• *Exploration by other parties.*	No exploration by other parties is reported.
Geology	• *Deposit type, geological setting and style of mineralisation.*	The targeted mineralisation horizon is a series of ultrapotassic microsyenite lava flows. The flows are thought to be formed from an abandoned Proterozoic rifting event in the Yilgarn Basin. The lava comprises multiple flow events and the high potassium content is thought to have occurred due to differentiation within the magma chamber causing the underlying trachyte to de deposited first followed by the relatively enriched ultrapotassic microsyenite. The lava flows are thought to be terrestrial with no observable pillow flow tops and deposition was controlled by the paleosurface. The deposit represents an unconventional hard rock potash deposit or ceramic feldspar deposit.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results.*	Tables of drill hole locations and results are presented in the Appendix. A plan and cross sections are presented in the Appendix.
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.*	The reported intervals were compiled by weighted average for continuous 1m sample intervals >6% K_2O.
Relationship between mineralisation widths and intercept lengths	• *Geometry of the mineralisation with respect to the drill hole angle.*	The mineralised unit is dipping shallow to moderate meaning true thickness of mineralisation would be slightly less than the down hole intervals reported. Insufficient drilling has been completed across strike to complete a structural model to determine the exact relationship between drilling intervals and the lava flows.
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.*	See figures included in this announcement and the Appendix.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Representative reporting of both low and high grades and/or widths.*	The reporting is considered to be balanced and all relevant results have been disclosed for this current phase of exploration. All intervals >6% K2O have been reported.
Other substantive exploration data	• *Other exploration data.*	No other significant exploration data has been reported.
Further work	• *The nature and scale of planned further work.*	The current resource drilling program will be completed to input into the formation of a Mineral Resource and completion of a Scoping Study for the project.