

OXLEY POTASH PROJECT

General Manager

14th January 2016

The Company Announcements Office
Australian Securities Exchange
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Dear Sir/Madam

MAIDEN RESOURCE DRILLING COMPLETED AT OXLEY POTASH PROJECT

Highlights

- Maiden 57 drill-hole resource definition program completed at WA potash project
- All assays received and maiden resource estimate is expected in coming weeks
- Intercepts to date show combined down drill hole thicknesses up to 77m (using a 6% K₂O cut-off), and weighted average grade intervals up to 12% K₂O
- Drilling program covered just 3km section of overall 32km long ultrapotassic lava flow to support a start-up potassium nitrate fertiliser operation, with excellent expansion potential
- Bench scale roast testwork already indicates up to 91% leach extraction of potassium from the lava

Summary

Centrex Metals Limited ("Centrex") has completed a maiden resource definition drilling program for its Oxley Potash Project ("Oxley") located just 125km from the Port of Geraldton in Western Australia.

A total of 57 reverse circulation ("RC") drill holes have been completed over a small 3km section of the overall 32km long ultrapotassic lava flow (microsyenite) that forms the basis of the project. Drilling of the 3km section was completed to provide sufficient Mineral Resources to underpin a start-up potassium nitrate fertiliser operation (assumed FOB price range in 2015 of between \$US 700 to \$US 1,100 per tonne). Previous rock chip sampling by Centrex has shown

consistently high potassium grades along the entire strike length of the lava flow, meaning strong potential for further resource extensions in the future.

All assay results have been received for the drilling program and resource estimation is now underway. Drilling has shown down hole intercepts up to 77m thick (OXRC018) using a 6% K₂O cut-off. Weighted average interval grades range up to 12% K₂O over significant intervals. The deposit is shallowly dipping and outcrops along its length, which is favourable for simple open-cut mining methods.

Centrex Chief Executive Officer Ben Hammond said “It is a great step to complete the first resource drilling program at our Oxley potash project, and we’re excited about the first resource estimate due in the coming weeks. Our focus for this drill program was to underpin a start-up potassium nitrate operation, but having drilled just 3km of the overall 32km strike length and seeing the initial results, the expansion potential for the project is huge. Having a deposit of this scale also means we can chase higher grade ore as the project expands.”

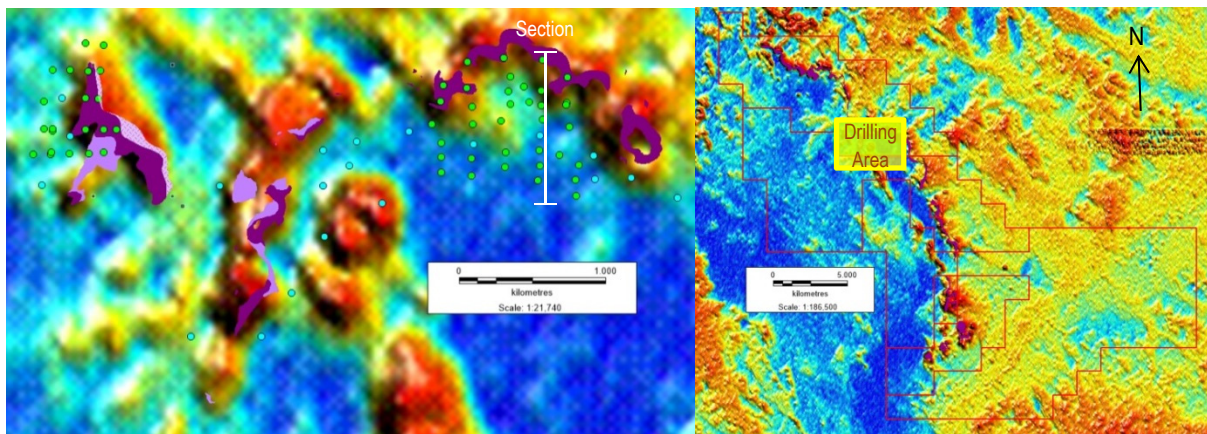


Figure: Resource program drill holes (green) plus historic drill holes (blue) along with ultrapotassic lava outcrop (purple) shown over air-borne radiometric potassium image.

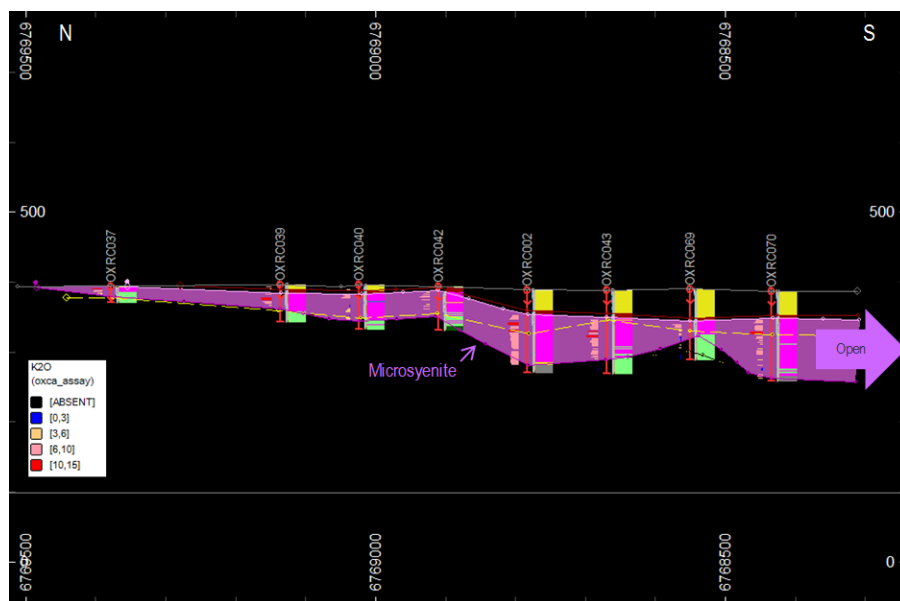


Figure: Preliminary north-south cross section from the most eastern area of drilling.

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 using a salt flux. Optimisation of bench scale roast testwork was completed during December and backend leach and crystallisation testwork has commenced, which is expected to be completed in January. Differential scanning calorimetry ("DSC") tests were undertaken on the ore and salt flux both combined and separately to provide key energy inputs for the project furnace design. All process testwork results will feed into a Scoping Study plant design to be completed in the first half of 2016.

The Scoping 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, ore roasting and power generation.

For further details of drilling results, rock chips, and current metallurgical testwork progress see announcements 8th March 2015, 2nd September 2015, 12th October 2015 and 9th December 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/431zvggrwb7zs.pdf>

<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.

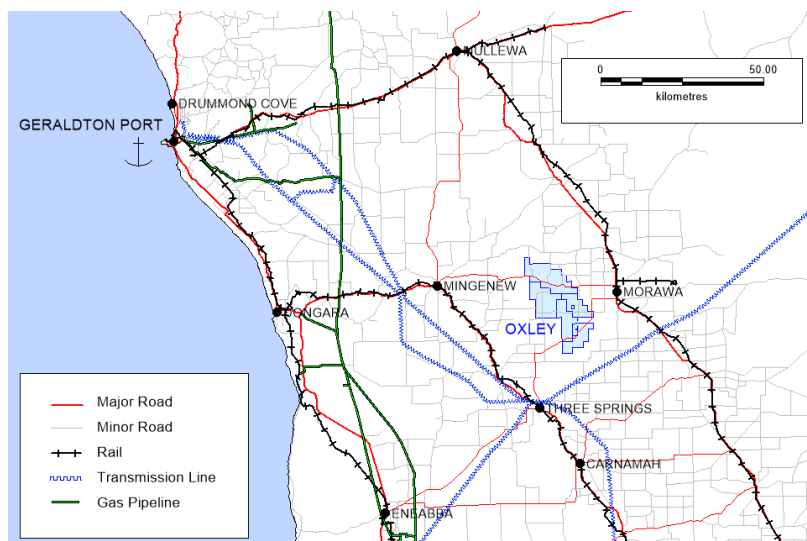


Figure: Oxley infrastructure location map.

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 – final batch.

Hole	Drill Type	Easting (DGPS)	Northing (DGPS)	Elevation (DGPS)	Hole Depth	Date Completed	Azimuth	Inclination
OXRC018	RC	386073	6768487	377	150	16/12/15	0	-90
OXRC019	RC	386072	6768608	376	74	12/12/15	0	-90
OXRC021	RC	386005	6768865	370	65	3/12/15	0	-90
OXRC028	RC	386281	6768600	379	86	13/12/15	0	-90
OXRC029	RC	386283	6768465	379	150	16/12/15	0	-90
OXRC041A	RC	386931	6769042	389	53	25/11/15	0	-90
OXRC052A	RC	383392	6768603	332	39	25/11/15	0	-90
OXRC052B	RC	383397	6768619	332	107	7/12/15	0	-90
OXRC053A	RC	383404	6768786	332	59	2/12/15	0	-90
OXRC053B	RC	383403	6768803	332	107	6/12/15	0	-90
OXRC054	RC	383627	6768803	339	47	26/11/15	0	-90
OXRC055	RC	383628	6769045	340	59	26/11/15	0	-90
OXRC056	RC	383641	6769259	332	55	26/11/15	0	-90
OXRC057	RC	383517	6769265	328	89	27/11/15	0	-90
OXRC058	RC	383396	6769264	323	71	28/11/15	0	-90
OXRC059	RC	383340	6769019	327	65	29/11/15	0	-90
OXRC060	RC	383519	6768611	339	125	11/12/15	0	-90
OXRC061	RC	383754	6768802	340	41	11/12/15	0	-90
OXRC062	RC	383621	6769480	324	71	2/12/15	0	-90
OXRC063	RC	383744	6769461	326	29	2/12/15	0	-90
OXRC064	RC	383655	6768611	345	53	11/12/15	0	-90
OXRC065	RC	383757	6768624	345	35	11/12/15	0	-90
OXRC066	RC	383341	6768804	329	148	9/12/15	0	-90
OXRC067	RC	383272	6768602	326	155	8/12/15	0	-90
OXRC068	RC	386511	6768537	384	95	14/12/15	0	-90
OXRC069	RC	386754	6768550	388	100	13/12/15	0	-90
OXRC070	RC	386741	6768434	386	128	13/12/15	0	-90
OXRC071	RC	386997	6768442	386	132	14/12/15	0	-90
OXRC072	RC	387002	6768316	386	138	15/12/15	0	-90
OXRC073	RC	383839	6768801	339	29	14/12/15	0	-90
OXRC074	RC	383715	6769044	335	35	14/12/15	0	-90
OXRC075	RC	383727	6769263	330	17	15/12/15	0	-90

Table 2: Details of consecutive mineralised intercepts >6% K₂O by weighted average grade.

Hole	From (m)	To (m)	Interval (m)	K ₂ O (%)
OXRC018	75	76	1	8.3
OXRC018	77	154	77	9.3
including	93	104	11	11.1
including	117	135	18	10.1

Hole	From (m)	To (m)	Interval (m)	K ₂ O (%)
OXRC019	41	42	1	6.6
OXRC019	43	51	8	8.6
OXRC021	47	65	18	7.7
OXRC028	30	77	47	10.5
including	44	62	18	11.9
including	63	75	12	11.5
OXRC029	35	52	17	8.8
OXRC029	62	67	5	7.5
OXRC029	68	73	5	6.9
OXRC041A	26	40	14	10.4
Including	34	40	6	11.4
OXRC041A	41	50	9	8.3
OXRC052B	60	70	10	7.9
OXRC054	2	7	5	8.6
OXRC054	9	36	27	8.8
OXRC055	4	13	9	9.6
OXRC055	16	26	10	8.4
OXRC055	39	58	19	8.7
OXRC056	9	24	15	8.6
OXRC056	27	36	9	7.2
OXRC056	47	53	6	8.5
OXRC057	80	87	7	8.8
OXRC057	88	89	1	7.6
OXRC058	69	71	2	6.4
OXRC060	48	51	3	8.0
OXRC060	53	75	22	8.4
OXRC060	85	101	16	7.2
OXRC060	102	105	3	6.3
OXRC060	111	113	2	6.7
OXRC060	115	116	1	7.3
OXRC061	1	3	2	7.0
OXRC061	8	20	12	7.5
OXRC061	21	31	10	8.1
OXRC062	9	10	1	6.3
OXRC063	5	6	1	6.3
OXRC063	7	13	6	7.9
OXRC063	14	17	3	10.2
OXRC063	18	19	1	6.8
OXRC064	1	33	32	8.9
OXRC064	34	50	16	9.5
OXRC065	0	7	7	7.6
OXRC065	15	21	6	6.9
OXRC065	26	28	2	8.7
OXRC065	29	31	2	6.9

Hole	From (m)	To (m)	Interval (m)	K ₂ O (%)
OXRC065	33	35	2	6.5
OXRC066	79	80	1	6.8
OXRC066	99	100	1	6.3
OXRC066	144	145	1	7.2
OXRC066	147	148	1	8.1
OXRC068	23	91	68	10.7
including	50	77	27	12.0
OXRC069	46	47	1	6.8
OXRC069	48	55	7	8.0
OXRC070	39	62	23	9.1
OXRC070	64	69	5	7.3
OXRC070	71	74	3	6.8
OXRC070	77	78	1	6.6
OXRC070	79	81	2	6.5
OXRC070	83	91	8	6.8
OXRC070	92	93	1	6.3
OXRC070	94	95	1	6.8
OXRC070	96	97	1	6.5
OXRC070	99	100	1	6.1
OXRC070	102	103	1	6.6
OXRC070	104	107	3	6.6
OXRC070	118	123	5	6.2
OXRC071	47	93	46	10.1
OXRC071	97	99	2	6.4
OXRC071	102	105	3	6.8
OXRC071	108	129	21	7.5
OXRC072	52	57	5	9.4
OXRC072	58	59	1	8.1
OXRC072	63	70	7	7.9
OXRC072	71	72	1	7.7
OXRC072	74	75	1	6.3
OXRC072	79	80	1	7.4
OXRC072	82	83	1	7.8
OXRC072	85	89	4	7.1
OXRC072	91	101	10	6.9
OXRC072	123	134	11	6.8
OXRC074	1	6	5	8.4
OXRC074	7	8	1	6.2
OXRC075	3	9	6	9.7

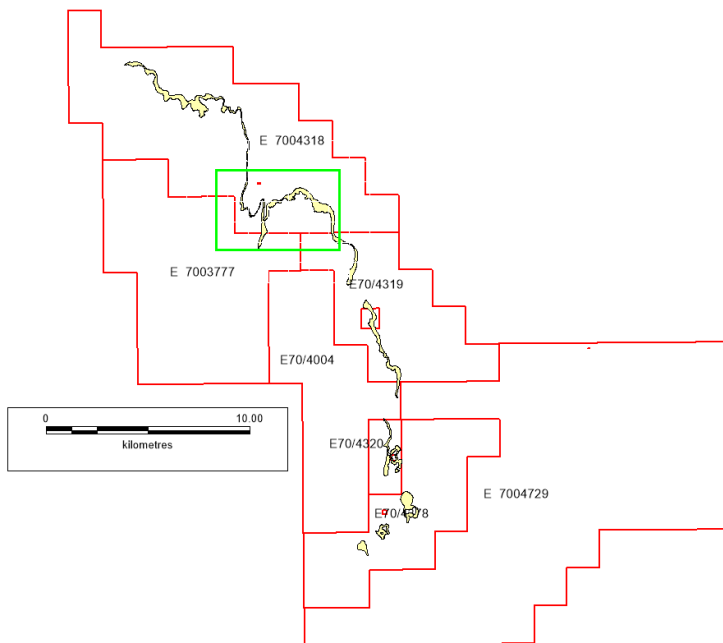


Figure 1: Oxley drilling area location map shown against full deposit strike length held by Centrex.

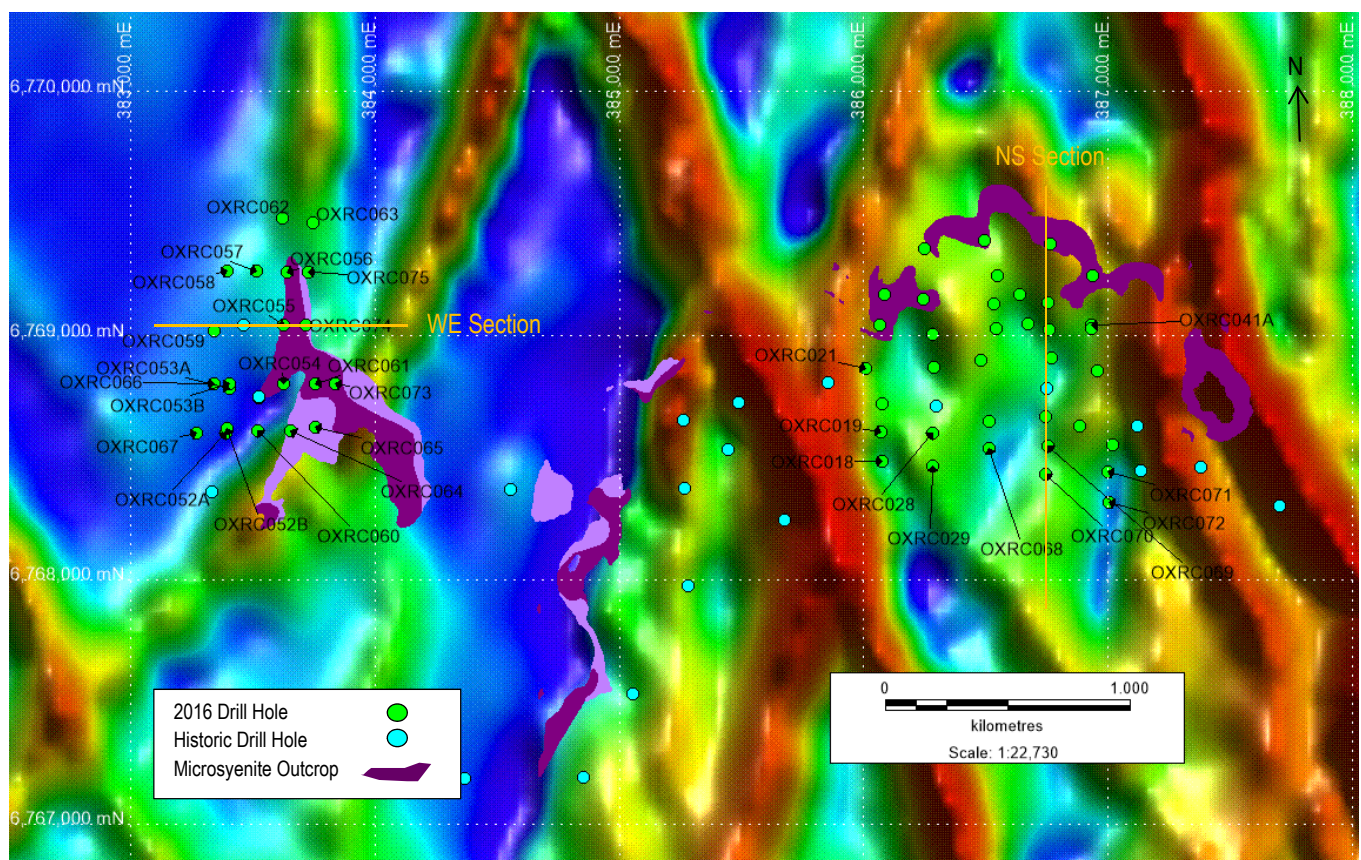


Figure 2: Plan outcrop geology, magnetic image and drill hole location map.

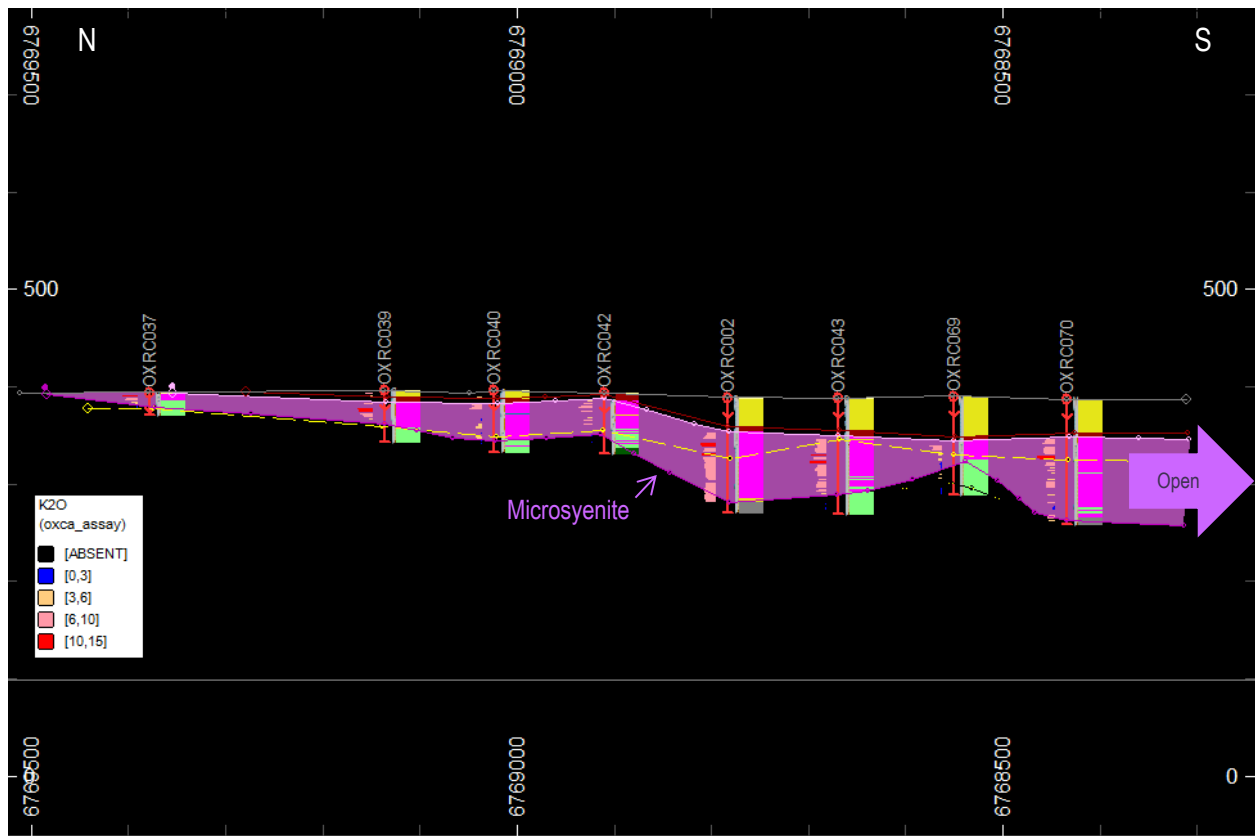


Figure 3: Preliminary north-south drilling cross section (eastern area of drilling).

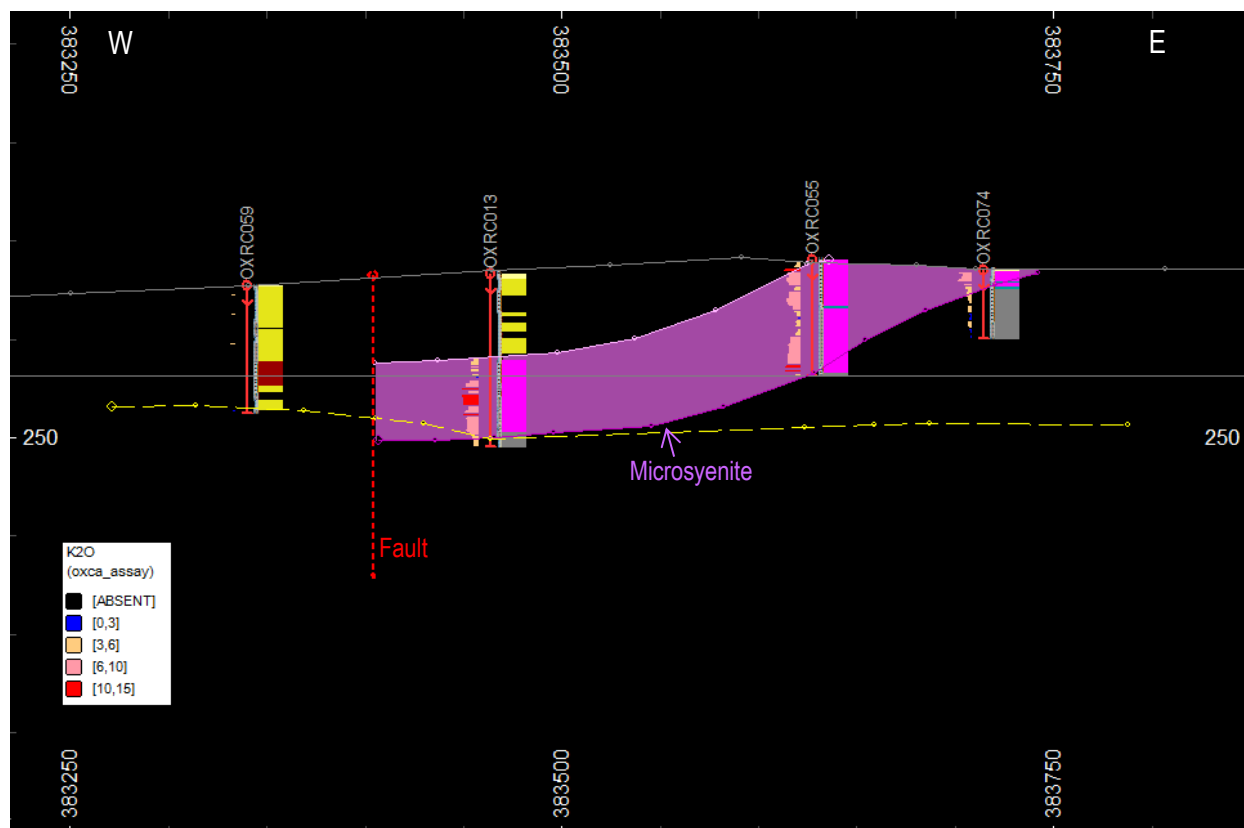


Figure 4: Preliminary west-east drilling cross section (western area of drilling).

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	<ul style="list-style-type: none"> Nature and quality of sampling. Sample representivity. Determination of mineralisation. 	<p>RC 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.</p> <p>RC samples were collected from a rotary cone splitter on board the drilling rig. A roughly 1-3kg sample is crushed to -3mm and split for an assay sub-sample. XRF was completed for major elements.</p> <p>Sampling was checked via field duplicates sent for assay every 25th sample.</p>

Criteria	JORC Code explanation	Commentary
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>Drill type.</i> 	RC drilling was completed with a mixture of a 4 1/2" and 5 1/2" hammer depending on ground conditions by United Drilling using a DE810 500Psi multi-purpose rig with compressor and booster and Orbit Drilling using a Hydco 350 with compressor and booster.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing sample recoveries.</i> • <i>Measures taken to maximise sample recovery.</i> 	RC drilling recoveries were visually monitored by Centrex contract geologists and any concerns addressed at the time. Overall sample recoveries and weights were good.
<i>Logging</i>	<ul style="list-style-type: none"> • <i>Geological and geotechnical logging.</i> • <i>Whether logging is qualitative or quantitative.</i> • <i>Total length and percentage of the relevant intersections logged.</i> 	All 1m sample intervals are logged for colour, hardness, oxidation, lithology, mineralogy and stratigraphy.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • <i>Nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control.</i> • <i>Sample representivity.</i> • <i>Sample sizes</i> 	<p>RC chips were collected from a cone splitter mounted at the cyclone discharge in one metre intervals into sequentially numbered sample bags of one to three kilogram weight. Remaining reject splits were collected in green plastic bags for future analyses.</p> <p>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.</p> <p>No QAQC issues have been noted to date.</p>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • <i>Nature of quality control procedures.</i> 	<p>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.</p> <p>No QAQC issues have been noted to date.</p>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage protocols.</i> • <i>Any adjustment to assay data.</i> 	All data is entered into excel spreadsheets prior to being directly loaded into Datamine Studio 3D modelling software.
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>Accuracy and quality of surveys.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	Holes collars were collected by DGPS by a licensed surveyor. All holes are vertical and no down hole surveys have been completed. The coordinate system reported is MGA Zone 50 (GDA94).
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource.</i> 	<p>Drilling is being undertaken on a nominal 240m along strike, 120m across strike pattern. A Mineral Resource has yet to be reported.</p> <p>Assays results reported have been composited for consecutive intervals >6% K₂O. Compositing have been undertaken on a weighted average basis.</p>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	Samples are bagged and then further packed into larger polyweave bags and dispatched directly from site on a regular basis using a courier.
Audits or reviews	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Exploration by other parties. 	Historical drill holes previously reported by Sheffield Resources have been included in the Figures in plan view and specifically the drill holes OXRC013, OXRC002 included in the cross sections.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<p>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 be 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.</p> <p>The deposit represents an unconventional hard rock potash deposit or ceramic feldspar deposit.</p>
Drill hole Information	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 consecutive 1m sample intervals >6% K ₂ O.

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>Geometry of the mineralisation with respect to the drill hole angle.</i> 	The mineralised unit is dipping shallow to moderate meaning true thickness of mineralisation would be slightly less than the down hole intervals reported.
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>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.</i> 	See figures included in this announcement and the Appendix.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Representative reporting of both low and high grades and/or widths.</i> 	<p>The reporting is considered to be balanced and all relevant results have been disclosed for this current phase of exploration.</p> <p>All intervals >6% K₂O have been reported.</p>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data.</i> 	No other significant exploration data has been reported.
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work.</i> 	A resource estimate has now commenced which will feed into a Scoping Study.