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ASX Announcement

20th September 2016

Oxley Potassium Project

Environmental Studies Commence for Prefeasibility Study

Highlights

- ▶ Environmental studies commenced as part of the Oxley Potassium Project Prefeasibility Study
- ▶ Spring flora and fauna survey underway over main project area
- ▶ Initial groundwater studies for project site and nearby playa lake brine held by Centrex started to refine salt and water provision options for the project
- ▶ Hydrometallurgical process circuit engineering studies started by Canadian potash engineering experts Novopro
- ▶ Grinding and pyrometallurgical studies to be awarded imminently
- ▶ Previous Scoping Study considered a start-up high value potassium nitrate specialty fertiliser operation based on current Inferred Mineral Resources that includes 38 million tonnes at 10% K₂O (9% cut-off), from the total of 155 million tonnes at 8.3% K₂O (6% cut-off)
- ▶ Resources to date defined from just a 3km section of the 32km striking rare ultrapotassic lava flow
- ▶ Huge expansion potential into bulk potassium fertilisers to also be considered in Prefeasibility Study

Summary

Centrex Metals Limited ("Centrex") has commenced environmental studies for its Oxley Potassium Project ("Oxley") near the Port of Geraldton in Western Australia. These studies are part of a Prefeasibility Study commenced for the project, building on the positive Scoping Study completed last month.

Ecology experts COOE Pty Ltd ("COOE") have been engaged to immediately complete an initial flora and fauna spring survey over the current proposed mining areas for the start-up high value potassium nitrate fertiliser operation that was the basis of a positive Scoping Study completed last month. In addition groundwater consultants CDM Smith will characterise water resources both at the project site and at the playa lake brine within

the Centrex tenement to the southeast. The brine is being considered both for process water and make-up salt provision required for processing.

Canadian based potash engineering experts Novopro have now started analysis of the hydrometallurgical component of the process circuit developed in the previous Scoping Study (backend of the circuit), to recommend optimisations aiding in defining a go-forward option that will underpin a small scale pilot testwork program for the Prefeasibility Study. The analysis by Novopro is expected to be completed at the end of this year. Centrex will award similar studies for the grinding and pyrometallurgical components of the process circuit (frontend of the circuit) imminently. Swiss licensor and engineering firm Casale have completed feasibility study designs for ammonia and nitric acid plants at the Oxley site, with cost estimates to be delivered over the coming months.

The Prefeasibility Study will consider not only a start-up potassium nitrate ("NOP") specialty fertiliser operation, but also cover second stage expansion into the bulk potassium fertiliser market.

A start-up NOP operation and associated cost estimates in the previous Scoping Study were based on only a fraction of the current Inferred Mineral Resources that includes 38 million tonnes at 10% K₂O (9% cut-off), from the total of 155 million tonnes at 8.3% K₂O (6% cut-off). Inferred Mineral Resources to date cover just 3kms of the overall 32km striking rare ultrapotassic lava flow that forms the basis of the project.

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

<http://www.asx.com.au/asxpdf/20160308/pdf/435nrchjm48mjl.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 simplified production process flow is shown below.

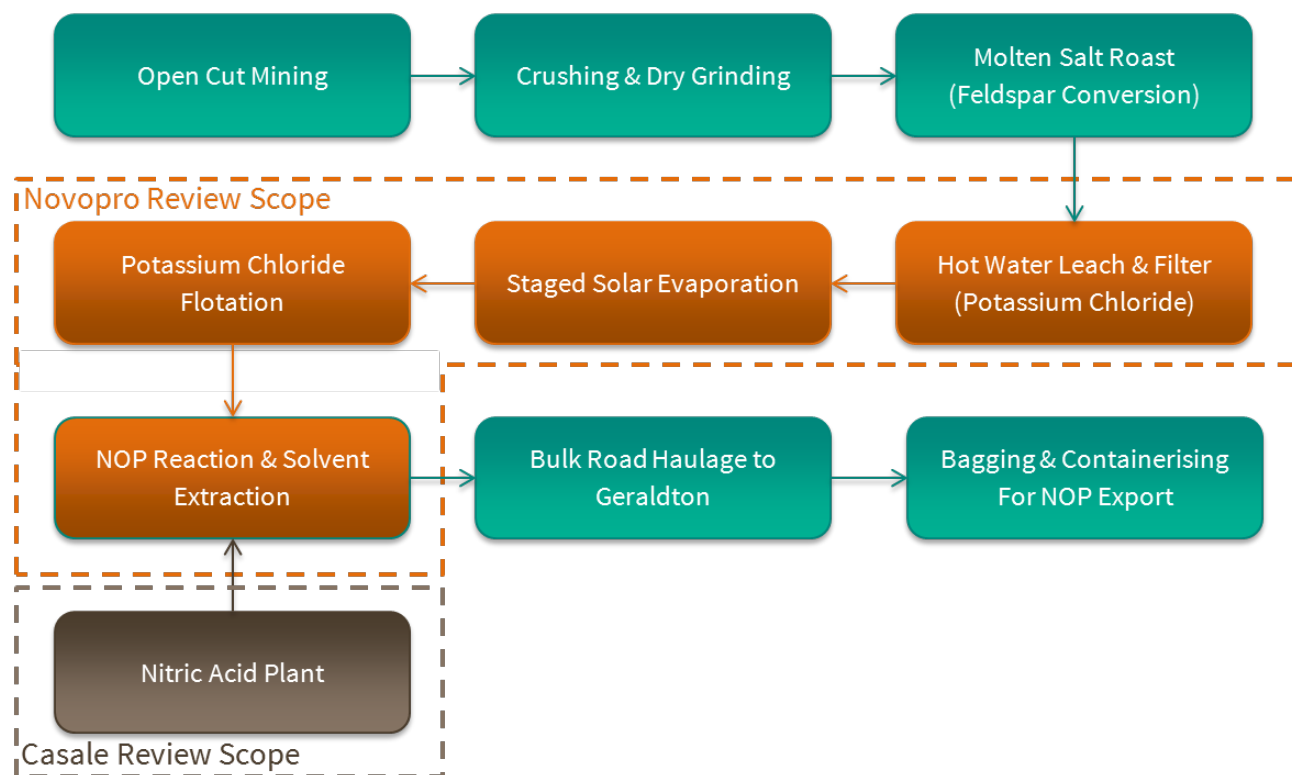


FIGURE: Simplified NOP production process flow.

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