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ASX Announcement

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Oxley Potassium Project

Casale Appointed for Ammonia & Nitric Plant Feasibility

Highlights

- Global licensor and engineering firm Casale appointed to complete feasibility study for Oxley ammonia and nitric acid plants
- Nitric acid to form a key input of high-value potassium nitrate fertiliser production
- Feasibility being commenced as Oxley transitions from Scoping to Prefeasibility Studies
- Scoping Study mining, grinding, roasting, and infrastructure studies as well as cost estimations complete, with only potassium purification and crystallisation circuit cost estimation remaining to be finalised
- Scoping Study due for completion over coming months

Summary

Centrex Metals Limited ("Centrex") has appointed Swiss based licensor and engineering firm Casale to complete a feasibility study for ammonia and nitric acid plants based at its Oxley Potassium Project ("Oxley"), located 125km southeast of the Port of Geraldton in Western Australia. Casale has designed over 150 ammonia synthesis reactors using its own in-house technology, and has worked on numerous facilities within Australia. Nitric acid produced from ammonia is a key input into high-value potassium nitrate horticultural fertiliser production at the project. Centrex is finalising a Scoping Study for a start-up integrated potassium mine and fertiliser complex, initially focusing on potassium nitrate ("NOP") and potassium sulphate ("SOP") products.

Centrex previously announced results of a conceptual nitric acid study considering both make and buy ammonia options. As part of the transition of the project from Scoping to Prefeasibility Studies, Casale will complete feasibility level designs for ammonia and nitric acid plants located at the project site. Low cost natural gas for ammonia synthesis, as well as potassium ore roasting, and power will be provided from the nearby Perth Basin. This ammonia and nitric acid plant feasibility study is expected to be completed in the second half of the year.

Oxley Potassium Project Development

Centrex recently announced a 155 million tonne Inferred Mineral Resource at 8.3% K_2O (using a 6% K_2O cut-off) from just a 3km section of the overall 32km striking ultrapotassic lava flow that is the basis of the Project. The Inferred Mineral Resource includes 38 million tonnes at 10% K_2O using a 9% K_2O cut-off that is the focus of the Scoping Study start-up operation.

For full details of the resource see announcement 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.

Centrex has developed a process route to produce specialty potassium fertilisers from potash feldspar ($KAlSi_3O_8$) that comprises the bulk of the Oxley ultrapotassic lava flow. Bench scale roast and leach testwork has already shown very high success with greater than 90% leach extraction of potassium using a salt flux. The salt for roasting will be provided from a brine source held by Centrex, directly adjacent to Oxley and which also contains potassium.

Mining, grinding, roasting, and infrastructure studies as well as cost estimations have been completed for the Scoping Study, with only the potassium purification and crystallisation circuit cost estimation remaining to be finalised. The Scoping Study report is expected to be delivered in the coming months.

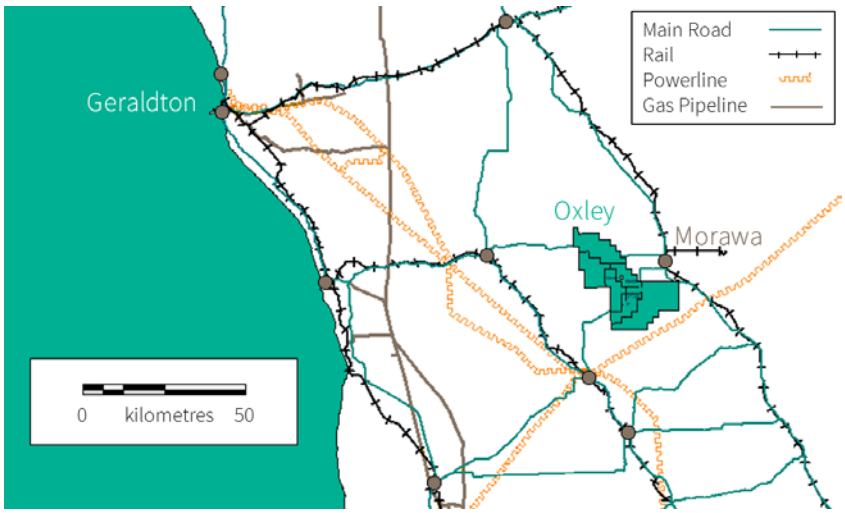

FIGURE: Oxley location and infrastructure map.

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