



ASX Announcement

15th June 2016

Oxley Potassium Project

WA & SA Governments Award Grants for Oxley Research at UniSA

Highlights

- ▶ Grants awarded from both the Western Australian and South Australian Governments for molten salt minerals processing research based on Centrex's Oxley Potassium Project
- ▶ Research to be undertaken as an extension to UniSA's existing molten salt solar thermal storage systems facility, with cash contributions also being made from the university
- ▶ Research program in three stages over approximately three years
- ▶ \$390,000 of external research funding conditionally committed to date for first two stages
- ▶ Current development by Centrex at Oxley is a mixed molten and aqueous salt process circuit focused on high value specialty fertilisers such as potassium nitrate and potassium sulphate
- ▶ Research at UniSA to consider potential for a second generation process circuit at Oxley undertaking all processing steps in a molten salt environment
- ▶ Successful research could lead to significantly lower processing energy, water and capital costs, to allow consideration of expansion of the project into lower value bulk potassium chloride fertiliser

Summary

Centrex Metals Limited ("Centrex") has received notices from both the Western Australian and South Australian Governments that application by Centrex for grant funding towards molten salt mineral processing research based around the Oxley Potassium Project ("Oxley") has been successful.

Grant funding will be provided to the University of South Australia ("UniSA") by both Governments to expand current molten salt research for solar energy applications into minerals processing. The specific research program will be to develop a minerals processing circuit to leach, extract and purify metals from silicate minerals in a solely

molten salt environment, without the need for subsequent aqueous processing. Oxley will be the basis of the research targeting potassium from potassium feldspar, an alkali metal silicate mineral (KAlSi_3O_8).

Centrex has already developed a process route for its Oxley potassium deposit that is a mix of molten salt processing for conversion of potassium to a leachable form, followed by extraction and purification in a low temperature aqueous circuit. The process route is focused on the production of high value specialty fertilisers such as potassium nitrate or potassium sulphate, and is the basis of a Scoping Study nearing completion by Centrex.

If the new research program is successful at UniSA, the ability to undertake all processing steps in a molten salt environment could significantly lower processing energy, water and capital costs, to allow consideration of and expansion of the project into lower value bulk potassium chloride fertiliser.

The research is proposed in three stages over approximately three years. Funding for each stage will be based on successful completion of the preceding stage. Funding is now committed for the first two stages of research. The Minerals Research Institute of Western Australia ("MRIWA") has committed \$246,000 of grant funding to the first two stages. The Mining & Petroleum Services Centre of Excellence ("COE") of South Australia has committed \$28,000 of grant funding to the first stage, with a further funding application to be made at stage completion. Centrex and UniSA have committed \$190,000 and \$116,000 cash respectively to the first two stages.

Stage 1 of the program will provide proof of concept for the behavior of ore to be processed in a molten salt environment. Stage 2 of the program will seek to design, build and test the required processing equipment components for the molten salt circuit. Stage 3 of the program will seek to construct a continuous pilot plant to demonstrate the technology. Centrex will have exclusive rights to the technology developed within the fertiliser industry.

Contracts for the program are now being prepared and the research is due to commence in the second half of the year.

For further information please contact:

Ben Hammond

Chief Executive Officer
Centrex Metals Limited
Ph (08) 8213 3100

Gavin Bosch

Chief Financial Officer & Company Secretary
Centrex Metals Limited
Ph (08) 8213 3100

The Minerals Research Institute of Western Australia is a statutory body established by the Western Australian Government. MRIWA's objective is to foster and promote minerals research by granting funds for research needed by the State's minerals industry. MRIWA invests through competitive grants made to research organisations (within Australia and abroad), that leverage multi-partner co-funding from industry and/or other government sources. MRIWA also awards scholarships annually for post-graduate research.

The Mining and Petroleum Services Centre of Excellence is an initiative of the South Australian Government implemented to support collaborative projects across the mining and energy value-chains from research to advanced technology and service commercialisation. The Centre of Excellence provides a collaborative platform for mining and energy companies, research institutions and South Australian businesses to work together to find solutions that will strengthen South Australia's reputation as a globally competitive mineral and energy services hub.