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ASX Announcement

2nd September 2016

Oxley Potassium Project

Canadian Potash Engineering Specialists Appointed To Oxley

Highlights

- ▶ Canadian potash engineering specialists Novopro appointed to Oxley Potassium Project Prefeasibility Study
- ▶ Novopro have completed engineering from study phase through to construction on numerous potash projects and operations around the globe
- ▶ Novopro to analyse and recommend optimisations of the Oxley hydrometallurgical circuit developed in the previously completed Scoping Study based on their extensive potash project knowledge
- ▶ Go-forward option recommended by Novopro will feed into Prefeasibility Study testwork program
- ▶ 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 appointed Canadian based potash engineering experts Novopro to analyse and recommend optimisations of its Oxley Potassium Project hydrometallurgical circuit developed in a Scoping Study completed last month. This work forms part of the commencement of a Prefeasibility Study for the project. 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/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. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Preliminary engineering studies including by Novopro, will further review the numerous design options considered and costed in the Scoping Study. Based on these studies the go-forward option will be chosen that will be underpinned by a small-scale pilot testwork program during the Prefeasibility Study. The Prefeasibility Study is targeted for completion by the end of 2017. Novopro will review the hydrometallurgical section of the project which includes leaching and purification of potassium chloride from the molten salt roast circuit that extracts potassium from feldspar.

A simplified production process flow is shown below.

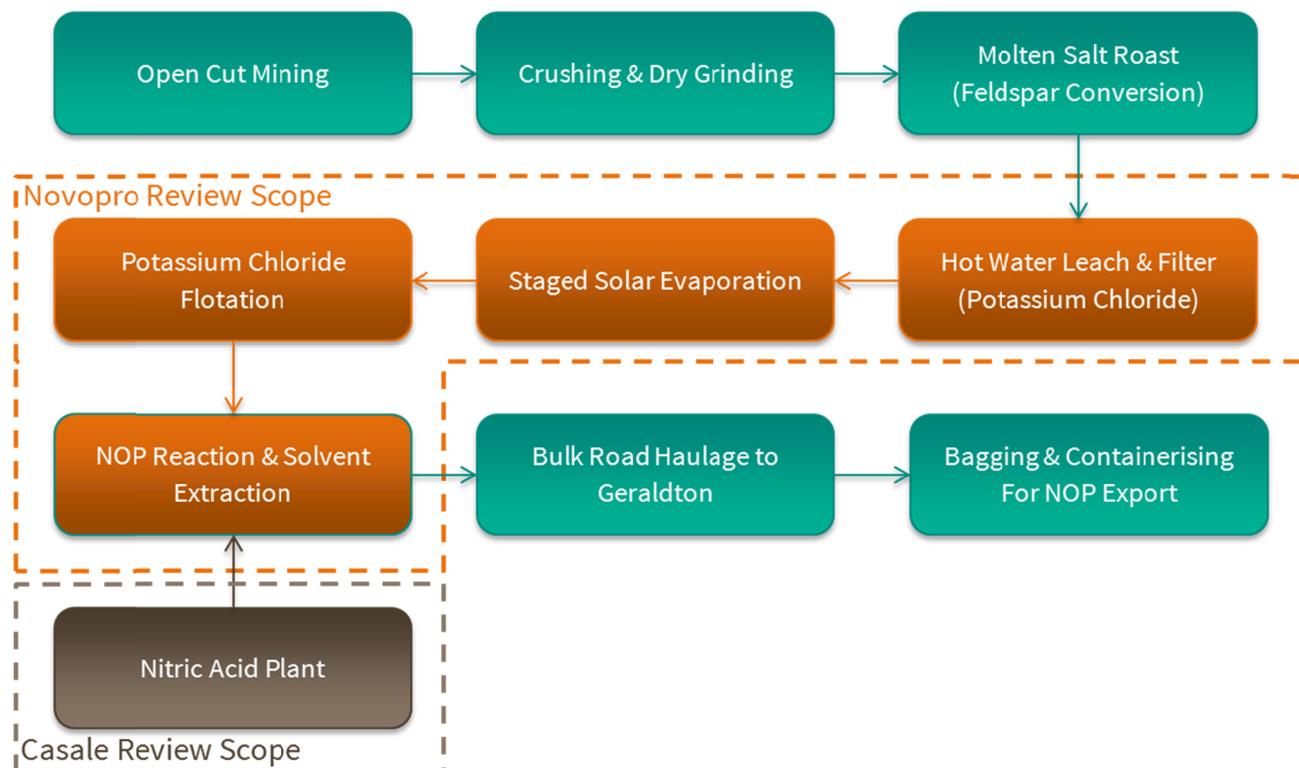


FIGURE: Simplified NOP production process flow.

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