

OXLEY POTASH PROJECT

General Manager

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The Company Announcements Office
Australian Securities Exchange
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Dear Sir/Madam

RESOURCE DRILLING STARTS AT NEW WA POTASH DEVELOPMENT

Highlights

- Maiden resource drilling commences at Oxley Potash Project in WA, with expected completion in 2015
- Drilling to focus on 3km portion of 32km long ultrapotassic lava flow underpinning a Scoping Study for a start-up high-value potassium nitrate fertiliser operation
- Bench scale roast testwork already indicates up to 91% leach extraction of potassium from the lava
- Favourable project development conditions with shallow open-cut mining potential, existing bulk port close by via roads or rail, and cheap gas supply for nitrate production

Summary

Centrex Metals Limited ("Centrex") has commenced a maiden resource drilling program at its Oxley Potash Project ("Oxley") just 125km from the Port of Geraldton in Western Australia. A 50 drill hole reverse circulation program will underpin a Scoping Study for a high-value potassium nitrate fertiliser operation (assumed FOB price range in 2015 of between \$US 700 to \$US 1,100 per tonne).

The drilling will be completed on a 3km section of the 32km strike length very rare ultrapotassic lava flow that is the basis of the project. Previous exploration drilling and rock chip sampling across the target area has shown combined

interval thicknesses of up to 72m, weighted average combined interval grades up to 10.1% K₂O, and individual sample grades up to 14.9% K₂O.



Figure: Centrex GM Exploration Alastair Watts oversees drilling commencement at Oxley.

The drill program is specifically targeting the weathered zone of the outcropping ultrapotassic lava flow, where leaching of calcium has resulted in a relative upgrade in overall potassium grades. This weathered zone has been shown from historical drilling to average down to 70m below surface. Drill holes for the program are planned to a maximum depth of 100m, with the program expected to be completed by the end of 2015.

With the commencement of resource drilling, Centrex CEO Ben Hammond commented:

“Completing a resource estimate for Oxley will be a major milestone for the project, taking it from an exploration play into project development. Our process testwork to date has been very successful, demonstrating an ability to extract potassium at high rates from this very rare lava flow sitting right at the surface.

You could not ask for more favourable supporting conditions for a bulk development; with very simple and shallow open-cut mining potential, an existing bulk port close by via sealed roads or rail lines, and importantly for potassium nitrate production, cheap gas on the project doorstep.

Potassium nitrate is a much higher value fertiliser than regular potassium chloride which is what is most commonly referred to as potash. Vertically integrated production of such a high quality product demanded increasingly by horticulture around the globe is what sets the Oxley development apart from other potash developments.”

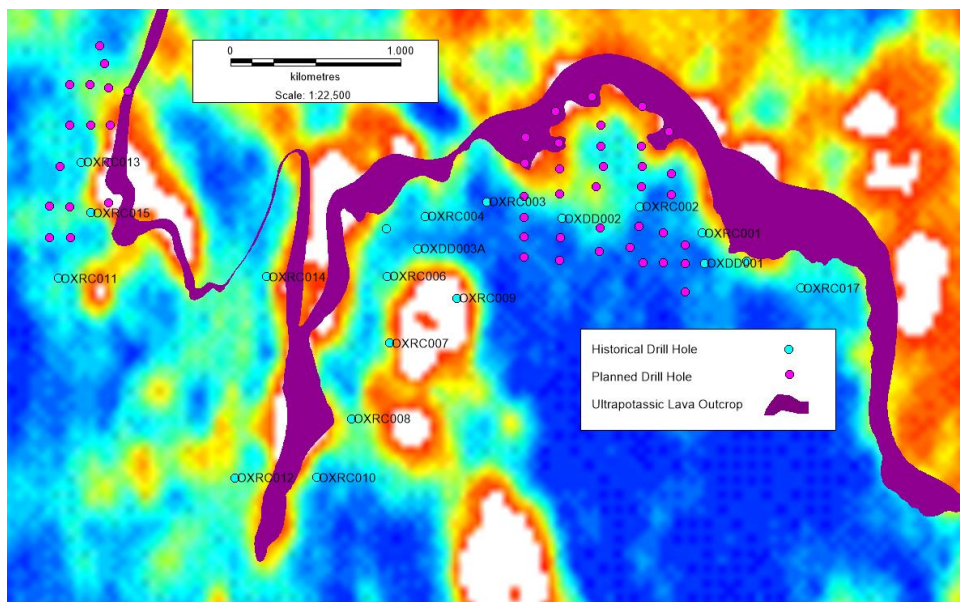


Figure: Drill hole locations and ultrapotassic lava outcrop map shown over air-borne radiometric potassium image.

For further details of the historical drilling results, rock chips, and current metallurgical testwork progress see announcements 8th March 2015, 2nd September 2015, and 12th October 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/431zvqgrwb7zs.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.

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. Final optimisation of the bench scale testwork is expected to be completed in December, with results feeding into process plant design.

A Scoping Study for the project is planned for completion in the first half of 2016. The 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.

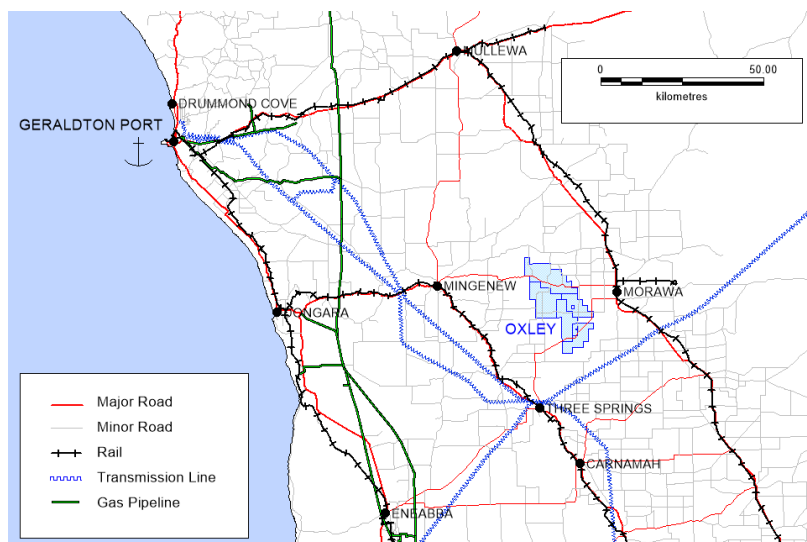


Figure: Oxley infrastructure location map.

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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