



CENTREX METALS
LIMITED

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ASX Announcement April 2016 Period Ending 31ST March 2016

Quarterly Activities Report

Highlights

Corporate

- ▶ A\$ 28.0 million cash reserves as at 31ST March 2016 with no debt
- ▶ A\$ 2.4 million proceeds generated from rural land sales during quarter

Oxley Potassium Project, WA

- ▶ 155 million tonne Inferred Mineral Resource at 8.3% K₂O (using a 6% K₂O cut-off grade) defined at Oxley from just 3km section of 32km striking ultrapotassic lava flow
- ▶ 38 million tonnes at 10% K₂O within Inferred Mineral Resource using a 9% K₂O cut-off grade
- ▶ Exploration Target interpreted over remaining deposit area, showing massive expansion potential
- ▶ Scoping Study for high value potassium fertiliser complex nearing completion
- ▶ Ultrapotassic lava flow is at surface, unlike deep underground evaporite deposits, and far higher grade than alternative brine sources
- ▶ Export infrastructure already exists at deposit located just 125km from Geraldton Port, in politically stable area for development

Goulburn Polymetallic Project, NSW

- ▶ Independent review along with petrology of mineralisation intersected in previous drilling reclassified deposit as transitional between low sulphidation epithermal to submarine VHMS
- ▶ Reclassification gives further priority to newly defined gravity "lobes" sited adjacent to previously intersected magnetic related massive sulphides
- ▶ Diamond drilling planned to commence in April to test gravity "lobe" adjacent to the Collector Deposit

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REPORT

1. CORPORATE

The Company continues to maintain a healthy balance sheet with A\$ 28.0 million (including A\$ 1.19 million contained in the Eyre Iron Magnetite Joint Venture) in cash reserves as at 31st March 2016 with no debt outside of current trade payables.

As part of the Company's decision to focus its activities on development of the Oxley Potassium Project ("Oxley") in Western Australia along with base metals exploration in NSW, four land sale transactions were completed during the quarter with net proceeds totaling A\$ 2.4 million. All four parcels of land located on the Eyre Peninsula in South Australia had been purchased to assist in the development of the iron ore projects that are now considered surplus to its needs.

2. OXLEY POTASSIUM PROJECT, WA (CENTREX 100%)

A new major potassium resource was defined during the quarter at the Oxley Potassium Project ("Oxley") just 125km from the Port of Geraldton in Western Australia. A maiden 155 million tonne Inferred Mineral Resource at 8.3% K₂O was estimated (using a 6% K₂O 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 included 38 million tonnes at 10% K₂O using a 9% K₂O cut-off.

A further Exploration Target of 0.5 to 0.8 billion tonnes at between 7.5 and 9.5% K₂O was also interpreted over the remainder of the Oxley deposit, showing potential for large resource extensions in the future.

The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

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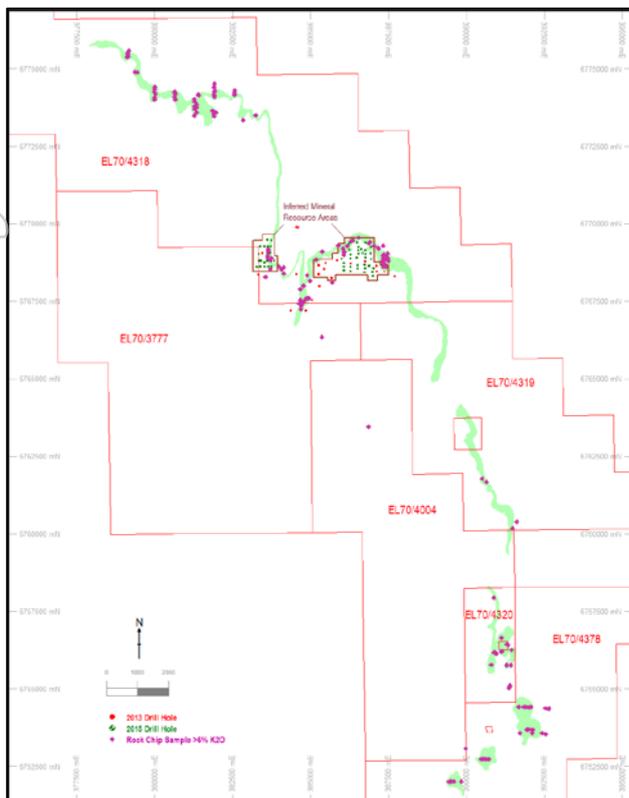


FIGURE: Plan view of Inferred Mineral Resource and Exploration Target areas defined by microsyenite (ultrapotassic lava flow, in green) outcrop over the Oxley deposit.

Centrex has developed a process route to produce specialty potassium fertilisers 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 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. Engineering design has commenced for a Scoping Study expected for completion in the first half of 2016 focusing on an initial start-up operation. With the large resource potential at Oxley there is scope for much larger operational expansions in the future with long mine lives.

The initial start-up operation will consider high-value potassium nitrate (KNO_3), and potassium sulphate fertiliser (K_2SO_4) options. Nitric acid for nitrate related products will be supplied from an

on-site ammonia and nitric acid plant, supplied by a natural gas connection to the Perth Basin. Gas will also be utilised for roasting and power generation. Centrex has previously announced a Conceptual Study showing a competitive operating cost for making nitric acid onsite of \$US 148 per tonne (on a 100% nitric acid equivalent basis) that includes pipeline connection capital recovery. Potassium nitrate (KNO_3) contains approximately 0.62 tonne of 100% nitric acid (HNO_3) equivalent. Analysis of the potential to further utilise the nitric acid plant along with locally available high quality limestone to produce horticultural calcium nitrate decahydrate fertiliser is also underway.

The project is ideally located close to all required infrastructure. The multi-user bulk minerals port of Geraldton is located 125km to the north-west, and can be accessed via either existing roads or multiple rail lines. Rail lines could also be potentially utilised for transport to the domestic market including the main horticultural areas in Eastern Australia.

For further details of current metallurgical testwork progress and Mineral Resource and Exploration Target statements see announcements 12th October 2015 and 8th March 2016:

<http://www.asx.com.au/asxpdf/20151012/pdf/431zvqqrwb7zs.pdf>

<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.



FIGURE: Oxley infrastructure location map.

	2015				2016			
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Metallurgical Bulk Sample Drilling		Completed						
Process Route Scoping		Completed						
Bench Scale Testwork			Completed	Completed				
Process Scoping Level Cost Estimates				Commenced	Commenced			
Conceptual Nitric Acid Plant Cost Estimate		Completed	Completed					
Resource Definition Drilling				Completed				
Resource Estimate					Completed			
Scoping Study					Commenced	Commenced		

Completed	
Commenced	

TABLE: Updated Oxley Phase 1 project schedule estimate.

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3. GOULBURN POLYMETALLIC PROJECT, NSW (CENTREX 100%)

Following the completion of a ground based gravity survey at the Goulburn Polymetallic Project ("Goulburn") that identified two gravity "lobes" adjacent to magnetic associated massive sulphides intersected in drilling at Collector and Collector North, Centrex engaged independent consulting geologists from Agaiva Holding Pty Ltd to review the further potential of the project.

The review that included analysis of recent petrology on mineralisation and alteration from drilling in 2015 concluded the deposit to be transitional between low sulphidation epithermal to submarine volcanogenic hosted massive sulphide ("VHMS"). The classification was a revision of the previous skarn interpretation and concluded the Collector, Collector North and Glen sulphide mineralisation to be part of a large hydrothermal system.

Given the revised classification further priority was placed on testing the non-magnetic gravity targets adjacent to the previous drilling which targeted and intersected magnetic related massive sulphide mineralisation. These gravity targets potentially represent low iron proximal massive sulphide mineralisation.

Centrex proposes to complete a small diamond drilling program comprised of two holes for 650m to commence in April 2016. The two holes will test the gravity anomaly "lobe" closest to the Collector Deposit. The two holes will be cased to allow consideration of downhole electromagnetic ("EM") surveys upon completion dependent on intersection of sulphides. All drilling approvals for the program have been received.

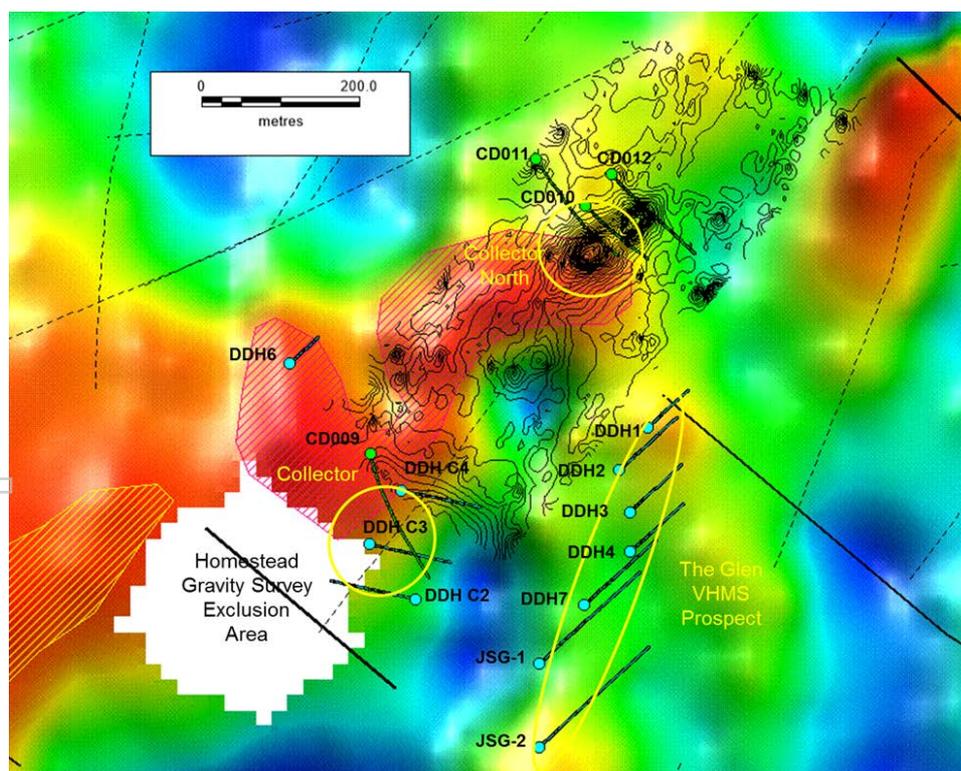


FIGURE: Plan view of Collector area showing the Upward Continued 200 metre filter subtracted from the Residual Bouguer Gravity, and high-resolution ground based magnetic survey contours.

4. SOUTH AUSTRALIA IRON ORE PORTFOLIO

A Retention Lease application for the Kimba Gap Magnetite Project ("Kimba Gap") was submitted and accepted by the South Australian Government during the quarter. The application was released for public comment with submissions due by April.

No exploration activities were undertaken during the quarter by the Eyre Iron Magnetite Joint Venture ("Eyre Iron"). The Joint Venture held cash of A\$ 3.0 million as at 31st March 2016.

Centrex commenced proceedings in the Supreme Court of South Australia on 4th March 2016 seeking orders that Wugang Australian Resources Investment Pty Ltd ("WARI") pay the outstanding capital contribution of approximately A\$ 4.0M into the Port Spencer Joint Venture bank account.

Attempts to resolve the matter prior to commencing court action were unsuccessful. The Company remains willing to resolve the matter with WARI outside of the court process and has indicated it is open to dialogue in spite of the court process taking place.

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5. TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and mining lease;

Western Australia

Oxley A (WA) E70/3777

Oxley B (WA) E70/4004

Oxley C (WA) E70/4318

Oxley D (WA) E70/4319

Oxley E (WA) E70/4320

Oxley F (WA) E70/4378

Oxley G (WA) E70/4729

Northern Eyre Peninsula

Bungalow/Minbrie EL 4884

Kimba Gap EL 5170

Stony Hill EL 4451

Mineral Claim

Kimba Gap MC 4378

New South Wales

Goulburn (NSW) EL 7388

Archer (NSW) EL 7503

Woolgarlo (NSW) EL 8215

Southern Eyre Peninsula

Vanilla EL 5559

Wilgerup EL 5641

Greenpatch EL 4885

Dutton Bay EL 4605

Mount Hill EL 5065

Carrow EL 4998

Mining Lease

Wilgerup ML 6344

Attached is the Appendix 5B Statement of Cash flows for the period from 1st January 2016 to 31st March 2016.

For further information please contact:

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

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Appendix 5B: Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

CENTREX METALS LIMITED

ABN

97 096 298 752

Quarter ended ("current quarter")

31 MARCH 2016

Consolidated statement of cash flows

Cash flows related to operating activities

1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(447)	(1,909)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(330)	(1,451)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	297	763
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / received	-	-
1.7	Other (provide detail)	-	-
	Net Operating Cash Flows	(480)	(2,597)

Cash flows related to investing activities

1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(2)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	2,442	2,454
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide detail if material)	-	-
	Net investing cash flows	2,442	2,452
1.13	Total operating and investing cash flows (carried forward)	1,962	(145)

Current quarter \$A'000	Year to date (9 months) \$A'000
-	-
(447)	(1,909)
-	-
-	-
(330)	(1,451)
-	-
297	763
-	-
-	-
-	-
(480)	(2,597)
-	-
-	-
-	(2)
-	-
-	-
2,442	2,454
-	-
-	-
-	-
2,442	2,452
1,962	(145)

1.13	Total operating and investing cash flows (brought forward)	1,962	(145)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	1,962	(145)
1.20	Cash at beginning of quarter/year to date	26,067	28,174
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of period	28,029	28,029

Payments to directors of the entity and associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	71
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Transactions included in the value disclosed at item 1.23 include (\$A'000):

Director's fees (including superannuation).	\$17
Asiasphere Pty Ltd (consultant director)	\$16
Patna Properties P/L (consultant director)	\$25
Energy Exploration Limited (consultant director)	\$13

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

(\$A'000):

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	702
4.2 Development	-
4.3 Production	-
4.4 Administration	499
Total	1,079

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	12,189	10,222
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.41	Other (term deposits with maturity >90days)	14,653	14,653
5.42	Other (restricted cash – held by the joint venture management company)	1,187	1,192
Total: cash at end of quarter (item 1.22)		28,029	26,067

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	315,505,357	315,505,357		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)				
			<p>① 2016 Employ Performance Rights vesting 01/07/16 (subject to retention hurdles)</p> <p>Period end balance:</p> <p>① 1,000,000</p>		

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7.8	Issued during quarter	1	-	1	-
7.9	Exercised during quarter	1	-	1	-
7.10	Expired during quarter	1	-	1	-
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
2. This statement does ~~does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here:

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Date: 19th April 2016

(Company Secretary)

Print name: Mr Gavin Bosch

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. Issued and quoted securities the issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
5. Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.