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PORT SPENCER

General Manager 21st November 2013

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Dear Sir/Madam

CENTREX COMPLETES TRANSHIPMENT OPTION STUDY FOR PORT SPENCER, REDUCES START-UP CAPITAL COST TO A$ 142M

Highlights

- Pre-feasibility Study for new transhipment technology option at Port Spencer has been completed
- Transhipment option is based on now proven transhipper technology currently in use for iron ore by CSL at Whyalla
- Transhipment option reduces jetty length to 200 metres (from 515m) with a simplified point shiploader
- The option reduces start-up capital cost of facility to A$ 142M
- The new design option retains ability to handle regional export volumes in the future via larger or multiple transhipper arrangements
- Transhippers are self-mooring, without the need for tugs or tug berthing facilities, which greatly reduces operating costs compared to traditional transhipment options

Summary

Centrex Metals Limited ("Centrex") has completed a Pre-Feasibility Study ("PFS") for an alternate low start-up capital cost design option at its Port Spencer development on the Eyre Peninsula in South Australia. The alternate design option is based on new CSL transhipment technology that has been recently proven in the region at Whyalla for iron ore exports. The option significantly reduces the initial capital required for the Port Spencer development, but retains the ability to increase capacity in the future to handle foreseeable bulk export volumes from the Eyre Peninsula through the use of larger or multiple transhipper arrangements.

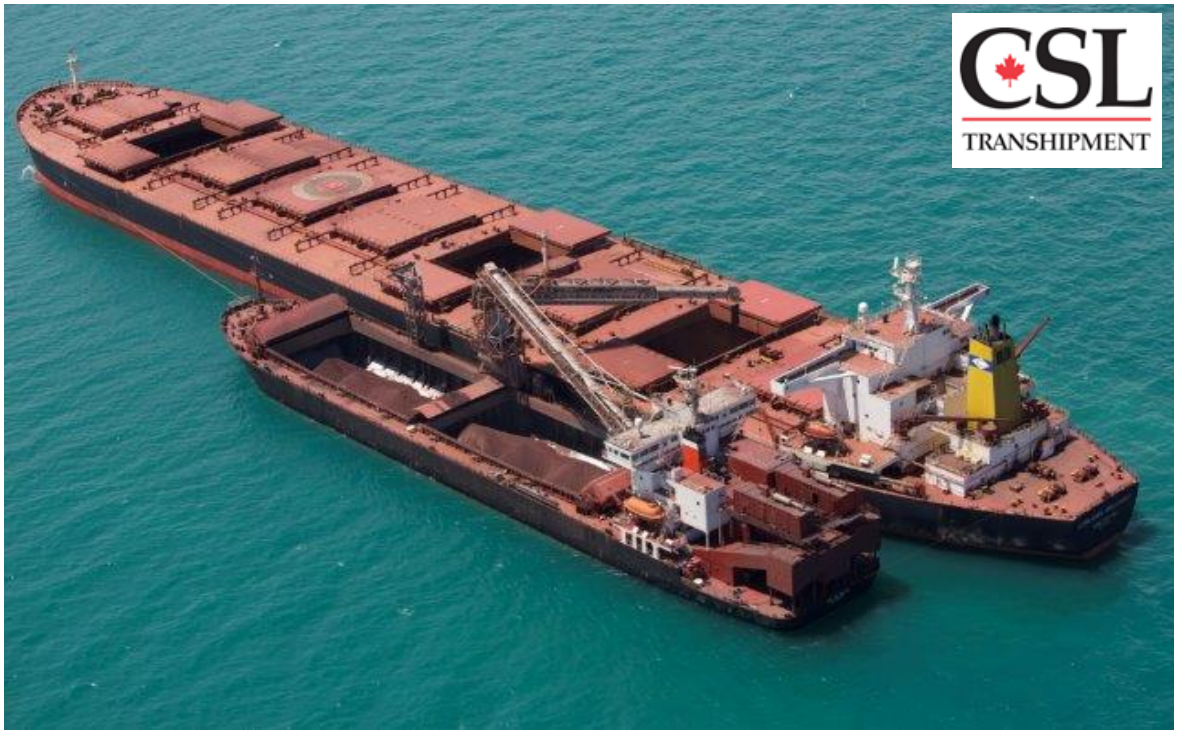

Figure: CSL transhipper in operation loading iron ore into a Cape-class vessel.

The new CSL transhipper technology comprises a self-powered self-docking vessel, which replaces traditional barge and tug arrangements and also eliminates the need for tug berthing facilities. This means a significant reduction in operating costs compared to traditional transhipment options. Using a 15,000 tonne CSL transhipper reduces the required loading depth at Port Spencer to 7m at low-tide, and through the use of both bow and stern thrusters the transhipper can maneuver itself to load under a simple point shiploader.

Allowing for a 10m loading depth to be able to handle larger 25,000 tonne transhippers in the future, the effect of the new design option is a reduction from the currently designed 515m jetty plus wharf and traveling shiploader, to a 200m jetty with a point shiploader and mooring fenders, significantly reducing the capital costs for the dcevelopment.

Under the new design option the transhipper would load Cape-class vessels anchored approximately 1 nautical mile offshore in a water depth of about 23m. This depth would also allow consideration in the future for larger vessels sizes if warranted. The transhipper would also be capable of loading of smaller Panamax-class vessels required for grain

exports. The transhipper has the ability to self-clean, with all cleaning water retained onboard for eventual disposal at appropriate on-shore facilities.

Centrex engaged Parsons Brinckerhoff and Lend Lease to develop PFS level capital cost estimates for off-shore and onshore infrastructure and facilities to handle the CSL transhippers. The onshore design provides site works for start-up iron ore volumes from Centrex's own projects and joint ventures in the region delivered via slurry pipeline and road, however it still retains full expansion capability for third party users, and allows for implementation of a rail loop if required in the future. The design also includes sufficient space for a 20 gigalitre per annum desalination plant to support future magnetite iron ore concentrate operations in the region.

Capital estimates for the new transshipment option are shown below to an accuracy of +/-25%:

Port Spencer Transhipment Option Pre-Feasibility Study Capital Estimate	
Item	Cost A$
Design Management and Preliminaries	17.7
Civil Works	12.2
Onshore Structures	1.5
Marine Structures	53.5
Ship Loader	4.9
Materials Handling	8.5
Services (power, water, communications, fire)	15.5
Construction Village	11.7
Sub Total	125.5
Contingency	16.5
TOTAL	142.0

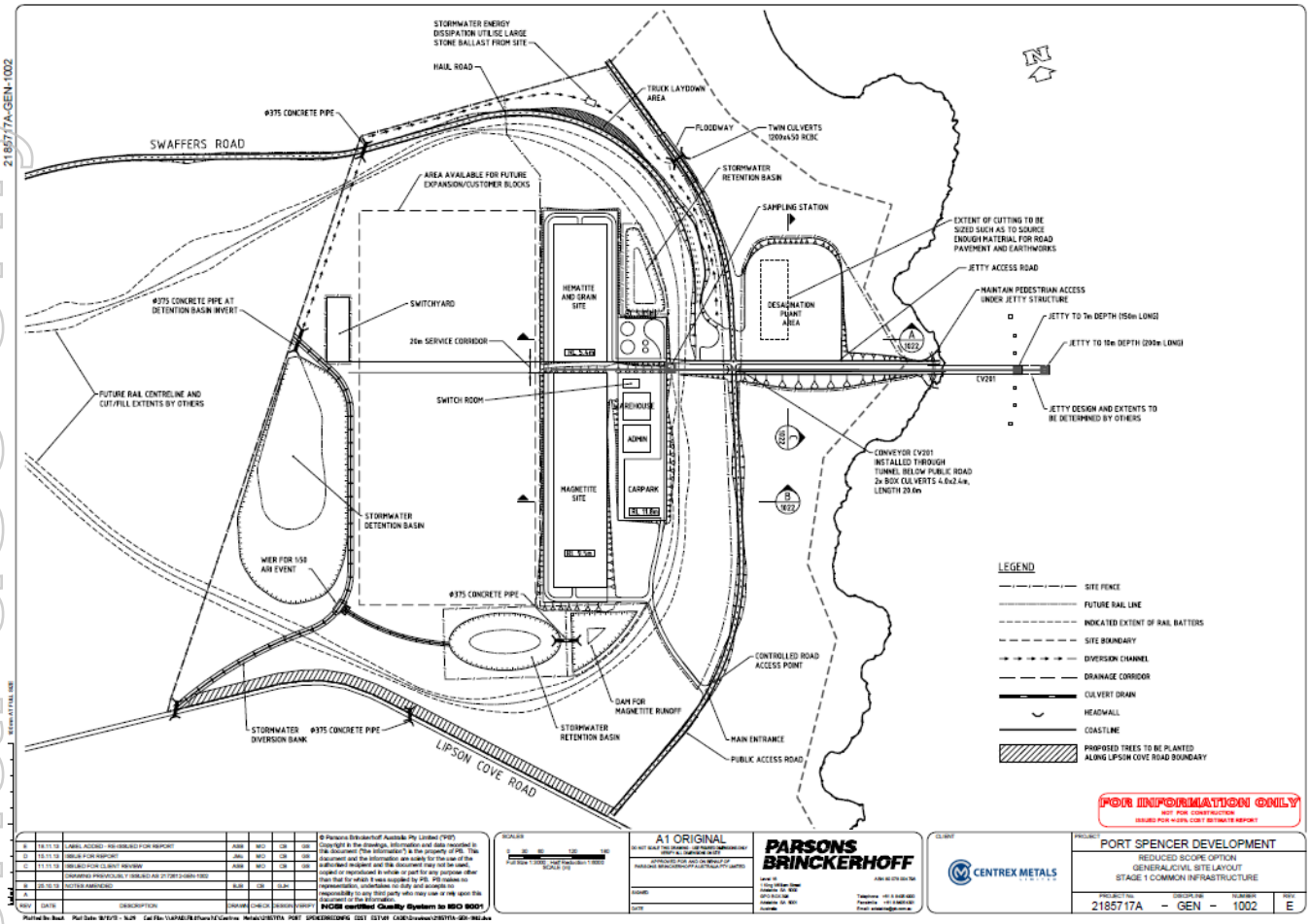

Figure: Start-up transhipment option site layout.

Centrex has previously obtained conditional State and Federal Government development approval for Port Spencer. Centrex believes that the transhipment design option meets the conditional environmental approval requirements and in fact would have a smaller marine footprint.

Centrex iron ore projects on the Eyre Peninsula include;

- Eyre Iron Magnetite Joint Venture with Wuhan Iron & Steel (Group) Co. approximately 40km by slurry pipeline from Port Spencer
- Bungalow Magnetite Joint Venture with Baotou Iron & Steel Group approximately 100km by slurry pipeline from Port Spencer
- The wholly owned Wilgerup DSO Hematite Project approximately 110km by road from Port Spencer.
- The wholly owned Kimba Gap magnetite deposit 150km north of Port Spencer.

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