Dear Sir/Madam

FUSION DRILLING DELAYED WHILE AWAITING FURTHER LAND ACCESS

Highlights

- 16 drill holes completed since December 2013 for expanded PFS at flagship Fusion project
- Expanded PFS drill program focused on 9km long magnetic trend at Bald Hill adjacent to existing 680Mt Mineral Resources
- Despite best efforts during more than 6 months of negotiations and through mediation, commercial agreement for exploration drilling access has yet to be reached over several areas at Bald Hill
- In the absence of commercial agreements the only option for exploration drilling access is referral for determination under the South Australian Mining Act
- Expanded PFS schedule would be directly impacted by delays in seeking a determination

Summary

Centrex Metals Limited (“Centrex”) and its partner Wuhan Iron & Steel (Group) Co. (“WISCO”) announce that drilling at their flagship Fusion project under the Eyre Iron Magnetite Joint Venture will be delayed while awaiting further land access.

The joint venture commenced a major drill program at its Fusion project in December 2013, to drill out new deposits adjacent to its existing 680Mt Mineral Resource*. Additional resources defined at the new deposits are to form the basis
of an expanded Prefeasibility Study ("PFS") focusing mostly on mine design, with the current process plant, logistics and infrastructure designs remaining largely unaltered. Centrex and WISCO agreed to commence exploration of additional deposits within the Fusion project area to reduce the required mining depths for the initial mining life, in order to lower estimated production costs, and hence to increase project returns creating greater investment certainty given recent iron ore price fluctuations.

*Full details of the latest Fusion Mineral Resource estimates can be found via the link below.


Since commencing drilling for the expanded PFS in December 2013, a total of 16 drill holes have been completed immediately west of the existing Koppio deposit as well as at the Bald Hill deposit. Bald Hill is the focus of the drilling program with the deposit comprising an approximately 9km long magnetic trend adjacent to the existing Fusion Mineral Resources. Drilling results to date at the deposit have demonstrated the presence of magnetite banded iron formations similar to those forming the project’s current resources.

While access for exploration drilling has been gained to some areas of Bald Hill, agreements have yet to be reached on a number of other areas. Negotiations for access have been ongoing for over 6 months and mediation has also been attempted. Despite all efforts to reach a commercial agreement the only path forward available to the joint venture is to refer access for a determination under the South Australian Mining Act. The access sought is for exploration drilling only, and is not part of any mining lease application.

While the process for a determination is relatively clear, the timeframe is not and could take a number of months to provide a result. This would impact directly on the overall schedule for the expanded PFS as drilling forms a critical line item for the project.

Fusion

The Fusion project comprises a 50km long magnetic banded iron formation on the Southern Eyre Peninsula in South Australia. The project revolves around numerous satellite magnetite ore deposits feeding into a centralised processing facility to produce a magnetite concentrate. The concentrate is in turn planned to be transported via a relatively short 40km slurry pipeline to the proposed Port Spencer export facility also being developed by Centrex and WISCO.

To date the project has established 680Mt* of Mineral Resources at the deposits of Koppio, Brennand, Kapperna and Iron Mount, which collectively represent just around 14km of the overall magnetic trend.
Figure: High-resolution magnetic image of the Fusion project area with magnetic iron formations highlighted in red.

For further information please contact:

Ben Hammond
Chief Executive Officer
Centrex Metals Limited
Ph (08) 8100 2200

Gavin Bosch
Company Secretary
Centrex Metals Limited
Ph (08) 8100 2200