



ABN: 97 096 298 752
Level 3, 100 Pirie Street Adelaide SA 5000
Ph: +61 8 8232 0400 Fax: +61 8 8232 0500
Website: centrexmetals.com.au

FOR IMMEDIATE RELEASE

7th September 2006

General Manager
The Company Announcements Office
Australian Stock Exchange

Dear Sir

Centrex completes placement of 21.9 million shares to Baotou Iron and Steel (Group) Co., Ltd at \$0.20 per share raising \$4.38 million.

Centrex Metals Limited (“Centrex”) confirms that the Company has now completed the placement of 21.9 million ordinary shares at \$0.20 per share to Baotou Iron and Steel (Group) Co., Ltd (“Baotou”) following approval being received from the Foreign Investment Review Board. The placement was issued within the Company’s 15% capacity in accordance with Section 7.1 of the ASX listing rules and pursuant to Section 708(a) of the Corporations Act.

The purpose of the issue is to provide working capital to expedite exploration and resource definition drilling of the Company’s numerous iron ore deposits and prospects on Eyre Peninsula.

Centrex and Baotou have signed a letter of agreement whereby Baotou was to invest \$4.38 million by way of the share placement. The investment was accompanied by a letter of agreement providing for the sale of one million tonnes of hematite ore per annum for five years from Centrex’s Wilgerup hematite deposit on South Australia’s Eyre Peninsula. The term of the Hematite Supply Agreement can be expended for a further five years should sufficient hematite reserves be demonstrated at Wilgerup.

Under the letter of agreement Baotou also has the right to purchase 50% of any production increase over the anticipated 2 million tonnes per annum capacity from the Wilgerup deposit.

Centrex and Baotou have also commenced negotiations for a Magnetite Supply Agreement whereby Baotou will have the first option to enter into an additional supply

agreement with Centrex for magnetite product produced by the Company, with price to be the long-term benchmark price for magnetite ore.

Baotou has signed a voluntary escrow agreement whereby they undertake and agree not to dispose of, or offer to dispose of any of the shares prior to 19th July 2007.

Baotou Iron & Steel (Group) Co., Ltd is a state owned enterprise and is the tenth largest steel producer in China producing over 8 million tonnes of steel products per year. Baotou is part of the Baogang Group based in Inner Mongolia and is the tenth largest steel producer in China.

Gerard Anderson
Managing Director
Centrex Metals Limited