



**FOR IMMEDIATE RELEASE**

Monday 11<sup>th</sup> May 2009

General Manager  
The Company Announcements Office  
Australian Securities Exchange  
Electronic Lodgement System

Dear Sir/Madam

**CENTREX / WISCO JOINT VENTURE UPDATE**

**HIGHLIGHTS**

- Centrex Metals Limited (Centrex”) and Wuhan Iron & Steel (Group) Co (“WISCO”) have agreed to increase WISCOs interests in the iron ore rights to ELs 3611, 3421, 3269, 3731 and 3877 from 50% to 60%.
- In consideration of the increased participating interest WISCO shall:
  - a. Pay Centrex a total of A\$186,000,000 in accordance with the summary table shown below.
  - b. Pay A\$75,000,000 into the joint venture to cover exploration and study costs.
  - c. Purchase by way of a share placement approximately 40 million shares in Centrex at A\$0.25/share. [This placement will be made under the 15% limit contained in ASX Listing Rule 7.1 and as such shareholder approval will not be sought].
- Centrex and WISCO have agreed that the Stage 1 scope for exploration and studies is to develop two five million tonne magnetite concentrate operations.
- Centrex and WISCO agree to a 50:50 joint venture to develop a deep water port facility at Sheep Hill

The Board of Centrex Metals Limited (‘Centrex’) is pleased to announce that Centrex and Wuhan Iron & Steel (Group) Co (‘WISCO’) have agreed some important changes to the Heads of Agreement announced on 18<sup>th</sup> December 2008. A summary of the detailed terms are as follows:

<u>Detail</u>	<u>New Terms</u>	<u>Former Terms</u>	<u>Comment</u>
<b>Participating interest</b>	40:60 (Centrex:WISCO)	50:50 (Centrex:WISCO)	In iron ore rights
<b>First resource instalment</b>	A\$52,000,000#	A\$60,000,000#	Payable on the Completion Date
<b>Second resource instalment</b>	A\$26,000,000	A\$30,000,000	Payable on the first anniversary of the Completion Date
<b>JORC Inferred Resource milestone</b>	4 x payments of A\$27,000,000 each	4 x payments of A\$22,500,000 each	When JORC Inferred Resource reaches 1.25Bt; 1.5Bt; 1.75Bt and 2Bt respectively
<b>Total</b>	A\$186,000,000*	A\$180,000,000	When Inferred Resource reaches 2Bt
<b>Subscription agreement (15% issued capital)</b>	A\$10,090,000	A\$9,700,000	Centrex to issue approx 40 million shares under ASX Listing rule 7.1.
<b>Sheep Hill port participating interest</b>	50:50 (Centrex:WISCO)	50:50 (Centrex:WISCO)	No change
<b>Project financing beyond Bankable Feasibility Study</b>	WISCO to arrange project financing for Centrex if required by Centrex.	Centrex to arrange own project financing.	Centrex to provide security to the financier.

# Includes the A\$500,000 non-refundable deposit paid by WISCO to Centrex on 24 December 2008.

\* WISCO to pay A\$75,000,000 into the joint venture to fund exploration and project studies.

Under the revised agreement WISCO will make payment for work commitments totalling A\$75,000,000 into Eyre Iron Pty Ltd (an unincorporated company set up to manage the joint venture on behalf of Centrex and WISCO) to fund exploration operations. Once the A\$75,000,000 has been expensed, Centrex and WISCO will pay called sums into Eyre Iron Pty Ltd in proportion to interest held in the joint venture.

Centrex and WISCO have agreed that Stage 1 development will consist of two mines with a combined annual output of 10 million tonnes of magnetite concentrate.

#### **Approvals**

Applications to the Foreign Investment Review Board ("FIRB") and the National Development Reform Commission ("NDRC") will be submitted in May 2009. The approval times for both the NDRC and FIRB are not known at this time but both companies believe that government consents and permits could reasonably be expected by mid-July 2009.

The joint venture covering EL 3611, 3421, 3269, 3731 and 3877 remains conditional on receiving all government consents and permits.

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#### **Information about WISCO**

Wuhan Iron & Steel (Group) Co (WISCO) is ranked third in its sector in China, with a current annual capacity of 30 million tonnes of steel. WISCO's operations are predominately located in Wuhan in the Hubei province of central China. WISCO operates an integrated supply chain comprising mining, coking, sintering, pelletising, iron making, steel making and rolling operations. WISCO's assets were valued at 118 billion RMB (A\$26 billion) in 2007. WISCO has a 48.3% interest in Kunming Iron and Steel Corporation which is located in Yunnan province. WISCO also has an 80% interest in the Guangxi Iron and Steel Group which currently has approval to construct a new 10 million tonne steel plant in the Guangxi port of Fangchenggang, with further plans to expand the facility to 50 million tonnes per annum by 2011.

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