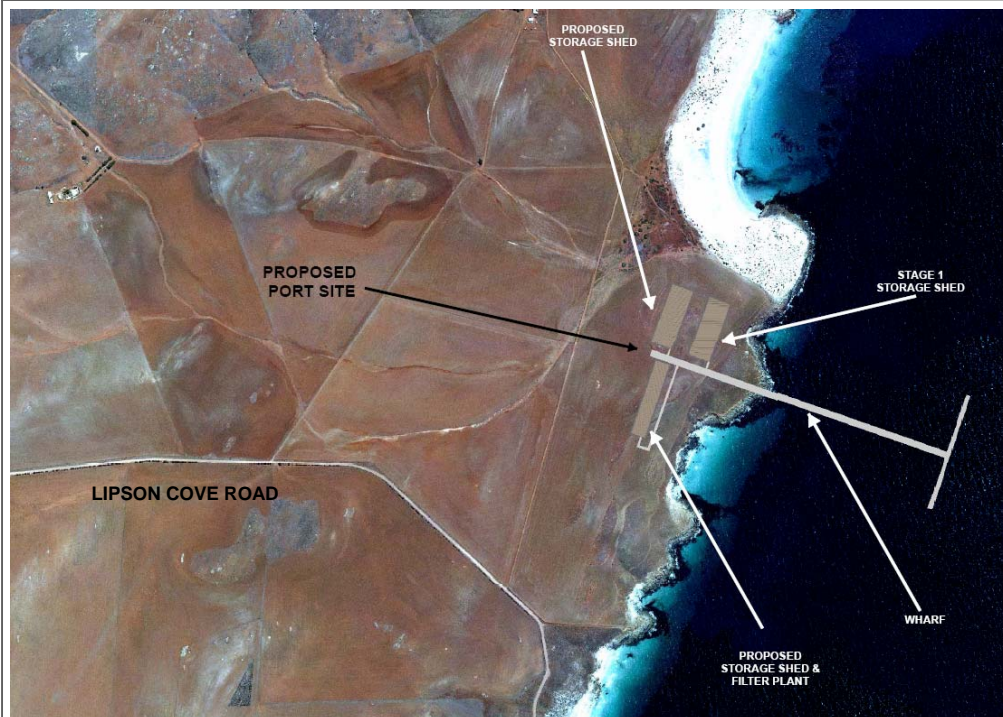


SHEEP HILL PORT

PROJECT UPDATE 1



Dec 2008



Conceptual aerial view layout of port facilities and wharf at Sheep Hill Port site.

export operations. These new industries could provide huge benefits to the local region and SA through the creation of jobs, increased local spending associated with development and operations as well as increased government royalties on exported products.

The proposed port would be a \$150-200 million project with an expected completion date of 2012. Before the construction can commence, Centrex requires

The Sheep Hill Port site comprises 260 acres of land located approximately 20km North of Tumbly Bay. Centrex Metals Limited ("Centrex") proposes to develop a multi-user deep water bulk commodities port facility at the site. The site was chosen due to the close proximity of deep water (18m) capable of loading Cape sized vessels. The distance from the shoreline at Sheep Hill to this depth is only 450m. This would allow loading of vessels of >160,000 tonnes capacity with bulk commodities. Currently SA has no ports capable of loading such volumes.

The development of the Sheep Hill Port site would open up the Eyre Peninsula to new mining developments by providing a cost effective port for the-

res government approval for the development. Part of this approval requires the demonstration that Centrex has considered all environment, technical and social aspects of the development and that it reviews these aspects in its development plans. For this reason Centrex has appointed Golder Associates to carry out baseline studies of the site and surrounding region in order to independently review all potential environmental and social implications of the project.

This brochure is the first of a series of project updates to explain the steps Centrex is taking in order to progress the development of a first class deep water port at Sheep Hill.

Conceptual development schedule for Sheep Hill Port.

	2009	2010	2011
BASELINE STUDIES	[Blue bar spanning early 2009 to mid-2009]		
APPROVALS PREPERATION	[Blue bar spanning mid-2009 to late 2009]		
ENGINEERING DESIGN	[Blue bar spanning late 2009 to early 2010]		
GOVERNMENT REVIEW OF APPLICATION	[Orange bar spanning early 2010 to mid-2010]		
CONSTRUCTION (IF APPROVED)	[Pink bar spanning mid-2010 to late 2011]		



THE APPROVALS PROCESS

The proposed Sheep Hill Port facility will require development approval from the state development authority. The state Development Assessment Commission (DAC) will review the development application including managing public notification periods. Government will determine if the project is considered a major development in terms of social, economic or environmental impacts or classified as a standard development under section 33 of the Development Act 1993 and associated regulations. The likely level and process of project assessment is expected to be determined during 2009.

As part of preliminary scoping activities relating to development approval, Centrex has commenced discussions with local and state government stakeholder agencies. The aim of these meetings is to introduce the project, identify preliminary areas of government agency interest and consider potential challenges as raised by considerations and management aspects.

Prior to preparing a development application for the Sheep Hill Port, Centrex has commissioned a number of environmental and social baseline studies. The findings of these studies will provide information for the purposes of port design and engineering, as well as project impact assessment. Baseline study findings will form part of the final development application and provide a basis for government and Centrex decision making and enquiry. Baseline study areas have included the proposed port site and Swaffer Road transport corridor from Lincoln Highway. Studies include;

- Native Title and heritage
- Geotechnical and groundwater assessments
- Marine ecology
- Terrestrial flora and fauna
- Soil analysis
- Surface water management
- Noise and dust
- Visual amenity
- Socio-economic
- Wave and wind

Many of these studies are already well advanced and results are expected to be obtained by March.

In conjunction with these baseline studies, Centrex will look at detailed options for port facility layouts including jetty and berth designs. These studies will be completed by an experienced engineering consulting firm to be appointed in the near future by the Company.

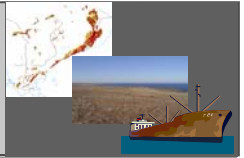
A development application will be prepared and submitted to government, based on baseline studies findings and preliminary engineering design. Once submitted, the government may request further information relating to the development. The government review period can vary and may take up to 12 months for a final approval decision. The actual time period for public consultation on the development application will vary dependant on the level of assessment determined by government.

Centrex are aiming to obtain development approval by 2010. If approved, the intent is to complete construction and commence operation by 2012.

The facility will initially be designed for up to 10 million tonnes shipping capacity per year. There is potential to increase capacity in the future, if other third parties express an interest in transporting goods at the port.



Golder Associates' geotechnical engineer reviews drill core samples with a Sonic Rig Driller at the Sheep Hill Port site.



GEOTECHNICAL AND GROUNDWATER STUDIES

In October 2008 in conjunction with Golder Associates, a baseline geotechnical and groundwater observation study was carried out over the proposed Sheep Hill Port site.

Geotechnical observations are measurements of the physical characteristics of the land at the site to a shallow depth below ground level ($\approx 20\text{m}$). At Sheep Hill a sonic drill rig was used to drill below the surface to recover samples of the soil and rock to look at how competent the material is.

Testing is being undertaken on samples to assess material characteristics such as particle size distribution, strength and moisture content for the purposes of assessing suitability as a foundation for the proposed port development.

A total of eight holes were drilled across the proposed port site and the drilling took around nine days to complete.

Preliminary findings of the study showed;

- Soil depths ranging from 1 to 11.5m of varying materials such as sand, clays and gravels
- Subsurface rock types of schists and granites
- Groundwater levels between 6.8 and 18.7m

A number of core, soil and water samples have been sent to Adelaide laboratories for analysis and results should be returned early in the new year.

Centrex is pleased with the results so far and is confident further results will be positive.



Sonic drilling rig (left) and support truck at Sheep Hill Port site in October 2008.

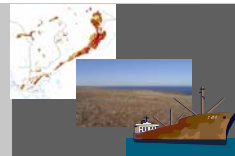
MEET THE TEAM



KEVIN MALAXOS Chief Operating Officer

Kevin is a Mining Engineer with 23 years of experience in both underground and open pit mining. He has vast experience in Iron Ore mining from his previous role as General Manager and Chief Executive Officer with Mt Gibson Iron. Throughout his career Kevin has held numerous high level operations and contract management roles.

Kevin is the senior company officer overseeing the Sheep Hill Port project. To this role he brings his strong experience in developing similar bulk commodity port facilities in Western Australia.



NATIVE TITLE AND HERITAGE



Native heritage survey party as Sheep Hill Port site in September 2008.

Native Title is a set of rights and interests in lands and waters of Australia that are held by indigenous people and groups. This right is recognised and protected in accordance with the *Native Title Act 1993*. While Native Title claims are extinguished over freehold land, any crown land to be developed such as the 50m coastal strip, requires a Indigenous Land Use Agreement (ILUA).

As well as Native Title, the law also recognises the importance of protecting any sites or objects that are of cultural significance under both the *Aboriginal Heritage Act 1988* and the *South Australian Heritage Act 1993*.

Centrex is working actively with the Native Title Claimants for Sheep Hill to develop an ILUA and to complete heritage clearances of the area. On the 11th of September representatives from the Barngarla and Naou Claimants completed a heritage survey along the coastal strip of the port site. The report and findings of this survey are expected soon.

An independent archaeologist was commissioned by Centrex to complete a European heritage survey over the port site which was completed on the 20th of November. Initial results from the survey showed no significant European heritage sites in the proposed development area.

COMMUNITY CONSULTATION

On the 9th of October 2008 Centrex held a community consultation session in Tumby Bay at the Tumby Bay Memorial Hall. The session was attended by over 80 residents.

The presentation was divided into two segments with the first focusing on the Company's Wilgerup Mine Development. The second section of the presentation discussed the potential development of a deep water port at Sheep Hill. The feedback from the meeting was positive with strong support from the Tumby Bay Council for the port to be built in the district. There was also strong support from the Community for the project.

Significant questions raised by the community that were answered during the session included:

Would the project have open storage? - No the port would have enclosed storage sheds to negate the effects of dust.

Would there be employment opportunities? - Yes and the Company would seek to hire local residents or prior residents looking to return to the area.

Where would power come from? - A small diesel power plant would be built until the mains transmission lines are upgraded.

WE APPRECIATE YOUR FEEDBACK

If you have any comments or feedback regarding the project please send written responses to "Sheep Hill Port Project" either by mail or online to:

**Level 3, 100 Pirie Street, Adelaide SA
5000**

or

reception@centrexmetals.com.au