

## BUNGALOW JOINT VENTURE

General Manager

18<sup>th</sup> December 2015

The Company Announcements Office  
Australian Securities Exchange  
Electronic Lodgement System

Dear Sir/Madam

### CENTREX AND BAOTOU SIGN TRANSITIONAL ARRANGEMENT FOR BUNGALOW MAGNETITE JOINT VENTURE

Centrex Metals Limited ("Centrex") advises that as part of its focus on development of the Oxley Potash Project in Western Australia it has signed an agreement with Baotou Iron & Steel (Group) Co. ("Baotou") for a transitional arrangement until 31<sup>st</sup> October 2016, at the end of which Centrex will exit the Bungalow Magnetite Joint Venture ("Bungalow") in South Australia.

Bungalow was placed on care and maintenance earlier this year by the Joint Venture partners due to depressed iron ore market conditions. While Centrex sees potential long-term value in the iron ore market, it recognises that an iron ore price turnaround could be many years away and therefore will instead focus its balance sheet on nearer-term revenue potential from its potash prospects.

Under the new agreement reached with Baotou, at the end of the transitional arrangement Baotou will have an option to purchase Centrex's remaining interest in Bungalow for a sum of A\$ 250,000. Alternatively Baotou may choose to exit the project along with Centrex. During the transitional arrangement period the partners will work to minimise the holding costs while the iron ore market remains depressed.

For further information please contact:

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