



CENTREX METALS
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FOR IMMEDIATE RELEASE

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General Manager
The Company Announcements Office
Australian Stock Exchange

Dear Sir

CENTREX COMMENCES FIRST DRILLING ON EYRE PENINSULA IRON ORE PROJECT

First drilling commenced today on a new iron ore project in South Australia.

The 14,000 metre reverse circulation exploration and resource definition drilling program has been scheduled by newly listed Centrex Metals Limited on its Wilgerup hematite deposit, 30 kilometres southeast of Lock on Eyre Peninsula.

Expected to be completed by mid-November, the drilling program has been designed to deliver Centrex's first JORC compliant resource for Wilgerup – the flagship hematite deposit among a suite of iron ore deposits and prospects across Eyre Peninsula which were the subject of the Company's recent successful \$8 million capital raising and listing on the ASX.

If Wilgerup were to be developed, it would be only the second iron ore mining operation in South Australia.

In July, Centrex announced it had signed an initial supply agreement for one million tonnes of hematite per annum from the Wilgerup deposit for five years with a privately owned Chinese steel company, Shenyang Orient Iron & Steel Group, a 7.8% stakeholder in Centrex. On 19th July Centrex announced it had reached agreement with the 10th largest steel producer in China, Baotou Iron & Steel Group for a placement of 21.9 million shares at \$0.20 per share. The Baotou investment will also be accompanied with an agreement to purchase 1 million tonnes of hematite per annum for five years from the proposed Wilgerup development with an option to extend for an additional five years should reserves support the extension. In both deals the price has been established as the international benchmark price for similar grade hematite.

The Wilgerup hematite deposit lies beneath some 20 metres of Tertiary sand cover. The deposit was discovered in the 1990s by WMC whilst exploring for base metals. Assessment by CSIRO on behalf of Hamersley Iron Pty Ltd estimated an Inferred hematite resource of 7.9 million tonnes grading 59.8% Fe (Centrex Metals Limited Prospectus pp22 & 24).

"We have subsequently identified over 30 geophysical targets using a combination of magnetic and gravity surveys in the immediate Wilgerup area," Centrex's Managing Director, Mr Gerard Anderson, said today.

“The drilling program commenced today will be undertaken in two phases. The first will be directed at increasing the Inferred Resource base by drilling at least one line of drill holes through several of the geophysical targets for hematite. Phase 2 will involve close-spaced and strike-extension drilling of the known hematite lenses,” Mr Anderson said.

“The improved drilling density will enable the estimation of a JORC compliant Indicated Resource which will be used as a basis for preliminary project planning that if positive, will lead directly into a feasibility study for mine development.”

On completion of the Wilgerup drilling, Centrex will drill other iron ore targets including Mount Hill in Central Eyre Peninsula and at Stony Hill in the Western Middleback Range.

Mr Anderson said that following the grain harvest, Centrex would commence systematic resource definition drilling at the Bungalow magnetite deposit, nine kilometres northwest of Cowell on northern Eyre Peninsula.

“Bungalow’s exploration potential has been independently assessed at over 250 million tonnes of magnetite-rich BIF to 200 metres depth,” Mr Anderson said.

“Bungalow with magnetite recoveries of over 38%, is located close to the coast and close to existing infrastructure. The deposit has strong potential to support a long-life 3-5 million tonne per annum magnetite concentrate operation.”

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