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## FOR IMMEDIATE RELEASE

27<sup>th</sup> August 2008

General Manager  
The Company Announcements Office  
Australian Securities Exchange

Dear Sir/Madam,

### **Bungalow Magnetite Drilling Recommences**

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- **Centrex Metals has commenced a 5,000m diamond drilling program at the Bungalow Magnetite project**
  - **Drilling program in place to outline additional resource potential at Bungalow**
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Centrex Metals Limited is pleased to announce that diamond drilling has recommenced at the Company's Bungalow Magnetite project.

The Bungalow magnetite deposit is located 9 kilometres north of Cowell on the east coast of Eyre Peninsula. Bungalow has the potential to support a long-life 3-5Mtpa magnetite concentrate operation and is ideally located to take advantage of the Company's long term strategy to develop a deep water multi-user port facility in the Tumby Bay district.

Boart Longyear has been contracted to drill up to 5,000m over the southern 2km of the 18km anomaly. Results from the drilling will be used to define additional Inferred Resources over the deposit. The drilling will also provide samples for metallurgical test work and an engineering concept study planned for early 2009. An environmental scoping study was completed by Golder Associates in early 2008 with no major environmental barriers identified.

Three (3) drill holes have been completed to date with geological logging from the first 2 drill holes BUDD011 and BUDD012 intersecting approximately 50m (down hole) of intercalated magnetite silica BIF with amphibolite, granite and schist.

The drilling is expected to continue for another 3 to 5 months.

Centrex and Baotou Iron & Steel Co., Ltd are continuing negotiations on the proposed joint venture to jointly explore and develop the project. The negotiations have been protracted and the points of difference between the parties have largely been resolved. Although these negotiations have made good progress and acknowledging the willingness of both parties to finalise Joint Venture arrangements, Centrex wishes to advise that Baotou has been notified that the joint venture needs to be completed expeditiously. If this is not the case, Centrex intends to terminate the Heads of Agreement in favour of other parties who have expressed strong interest in investing in the project.



**For further information please contact:**

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*The information in this report relating to Exploration Results is based on information compiled by Mr Alastair Watts who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Watts is the Exploration Manager of Centrex Metals Limited. Mr Watts has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Watts consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.*