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## AUSTRALIAN SECURITIES EXCHANGE RELEASE

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FOR IMMEDIATE RELEASE

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

10<sup>th</sup> May 2011

Dear Sir/Madam

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### **CENTREX ANNOUNCES 103MT RESOURCE ESTIMATE AT BUNGALOW (EYRE PENINSULA, SA) AND REVISED EXPLORATION TARGET OF 530MT TO 750MT**

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Centrex Metals Limited ("Centrex") is pleased to announce an initial 103Mt Inferred Magnetite Resource grading 25.3% Fe head, 68.5% Fe concentrate and 29.4% Davis Tube Recovery (DTR). The Inferred Mineral Resource is reported at a 10% DTR cut-off and has been independently estimated by SRK Consulting (Australasia) Pty Ltd (SRK).

The latest drilling has also resulted in increasing the Exploration Target <sup>(2)</sup> for the combined Bungalow and Minbrie deposits with the revised Exploration Target <sup>(2)</sup> being between 530Mt and 750Mt. Minbrie is adjacent to Bungalow.

The Inferred Resource estimate is based on Stage 1 drilling over the Southern portion of the Bungalow deposit. The remaining areas of the Bungalow deposit are currently being drilled as part of the 30,000m Stage 2 drilling program with the aim of establishing a Resource over the Central and Northern Bungalow Exploration Target <sup>(2)</sup> areas.

The Inferred Resource and Exploration Targets <sup>(2)</sup> have been determined from 81 diamond drill holes spread over the Bungalow and Minbrie deposits. The Inferred Resource is only over a portion of the Bungalow deposit with the current drill program expected to significantly increase the overall Resource in the coming months.

Following analysis of the Stage 1 drilling and metallurgical results our Chinese joint venture partner Baotou Iron and Steel Group Ltd (Baogang) has elected to accelerate the project by bringing forward the Stage 2 payments. Stage 2 of the program gives Baogang a 20% interest in any iron ore found

within the exploration tenement and commits the partners to undertake a Pre-Feasibility study which is due for completion in early 2012.

Following the early commencement of Stage 2 drilling in March, a number of aspects of the Pre-Feasibility study are expected to commence over the coming months with AMEC Minproc being awarded the mining, metallurgical, process engineering and transport studies and Golder Associates being awarded the environmental and baseline monitoring studies.

The Stage 2 Resource definition drilling is expected to continue into the middle of 2011 followed by a further Resource announcement and commencement of the mining and engineering Pre-Feasibility studies.

The table below summarises the Inferred Resource at a 10% DTR cut off followed by the Exploration Target <sup>(2)</sup> domains as determined by SRK.

<b>Bungalow Inferred Resources - 10% DTR cut off</b>					
<b>Domains</b>	<b>Tonnage Mt</b>	<b>DTR %</b>	<b>Concentrate Fe %</b>	<b>Concentrate SiO<sub>2</sub> %</b>	<b>Head Fe %</b>
Bungaow South	78	27.5	68.1	3.7	24.0
Zone 36	15	39.8	70.5	2.1	31.3
Bungalow Central	11	29.1	67.1	2.5	26.6
<b>Total</b>	<b>103</b>	<b>29.4</b>	<b>68.5</b>	<b>3.3</b>	<b>25.3</b>

<b>Bungalow and Minbrie Exploration Targets (2)</b>					
<b>Domain</b>	<b>Tonnage Range Mt</b>		<b>Head Grade Range Fe %</b>		
Mimbrie	250	350	26	32	
Bungalow North	150	190	26	32	
Bungalow Central	100	145	26	35	
Bungaow South	20	40	23	27	
Zone 36	10	25	28	32	
<b>Total</b>	<b>530</b>	<b>750</b>	<b>25</b>	<b>32</b>	

\*DTR concentrate results were performed at -38µm

\*Tonnages are Dry Metric Tonnes and grades are reported on a dry mass percent basis.

\*The Mineral Resource figures have been rounded hence small differences in the total figures.

\*Mineral Resources and Exploration Target were reported in accordance with the guidelines of the JORC Code (2004) by SRK Consulting (Australasia) Pty Ltd

The Bungalow and Minbrie deposits are spread over a significant strike length of approximately 18kms, hence requiring a staged approach to the drilling to prove up the Resource.

Figure 1 outlines the entire tenement area and the separate Bungalow and Minbrie deposits as highlighted by the reduced to pole (RTP) interpretation of the aero magnetics data.

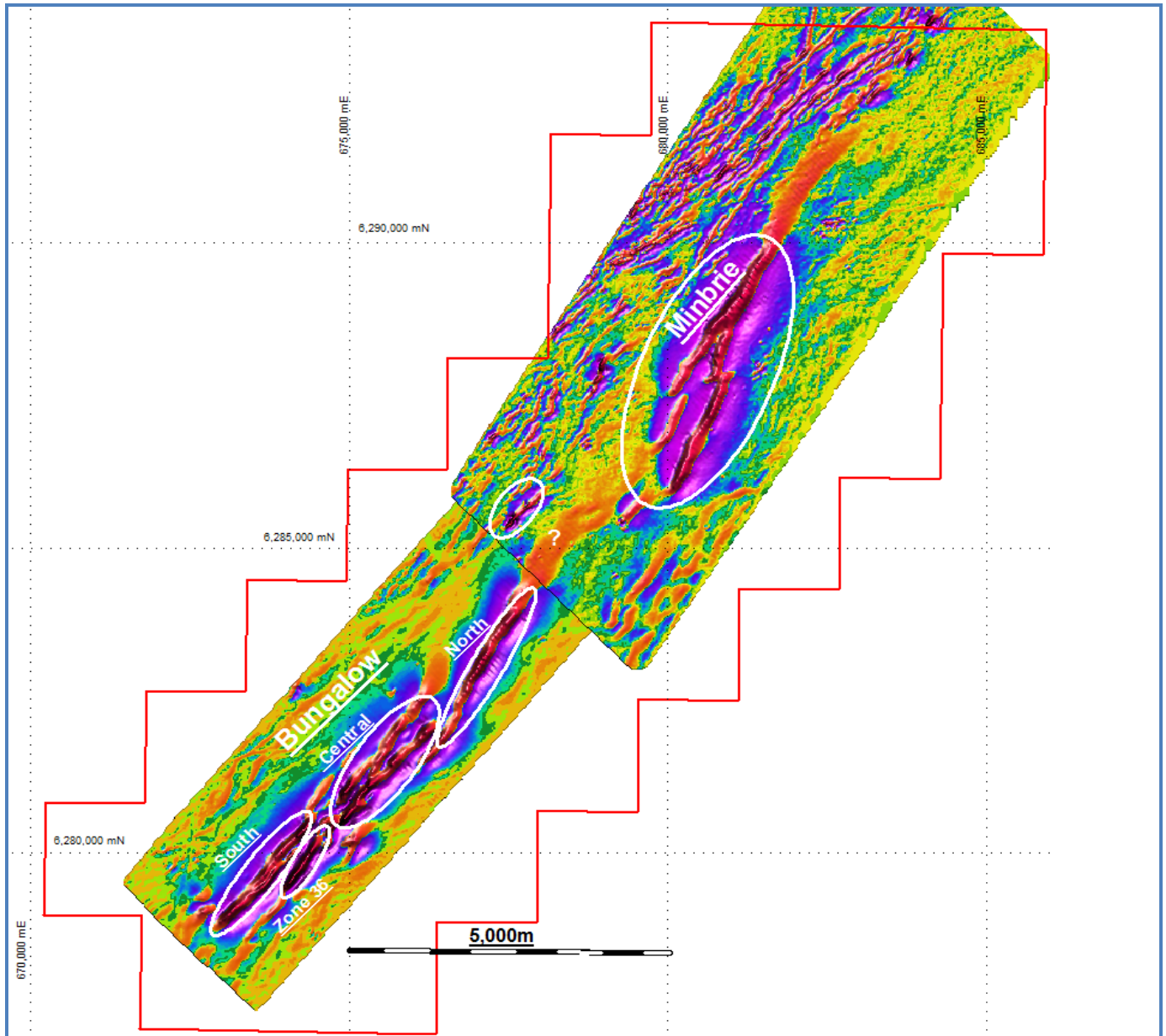


Figure 1: The Bungalow/Minbrie tenement displaying the various Bungalow domains and the separate Minbrie deposit as highlighted by the RTP interpretation.

The Minbrie domain will not be the focus of the current phase of drilling however this remains an attractive target for future work. The Exploration Target <sup>(2)</sup> range of 250Mt to 350Mt was determined from aeromagnetic data and 4 diamond drill holes from 2010 that all intersected significant magnetite BIF.

Figure 2 focuses on the Bungalow deposit with the 103Mt Inferred Resource highlighted in yellow and the remaining Exploration Target <sup>(2)</sup> domains in cyan. The Bungalow Exploration Target <sup>(2)</sup> domains have a tonnage range of between 280Mt and 400Mt and Centrex is aiming to establish further Inferred Resources during the current phase of drilling.

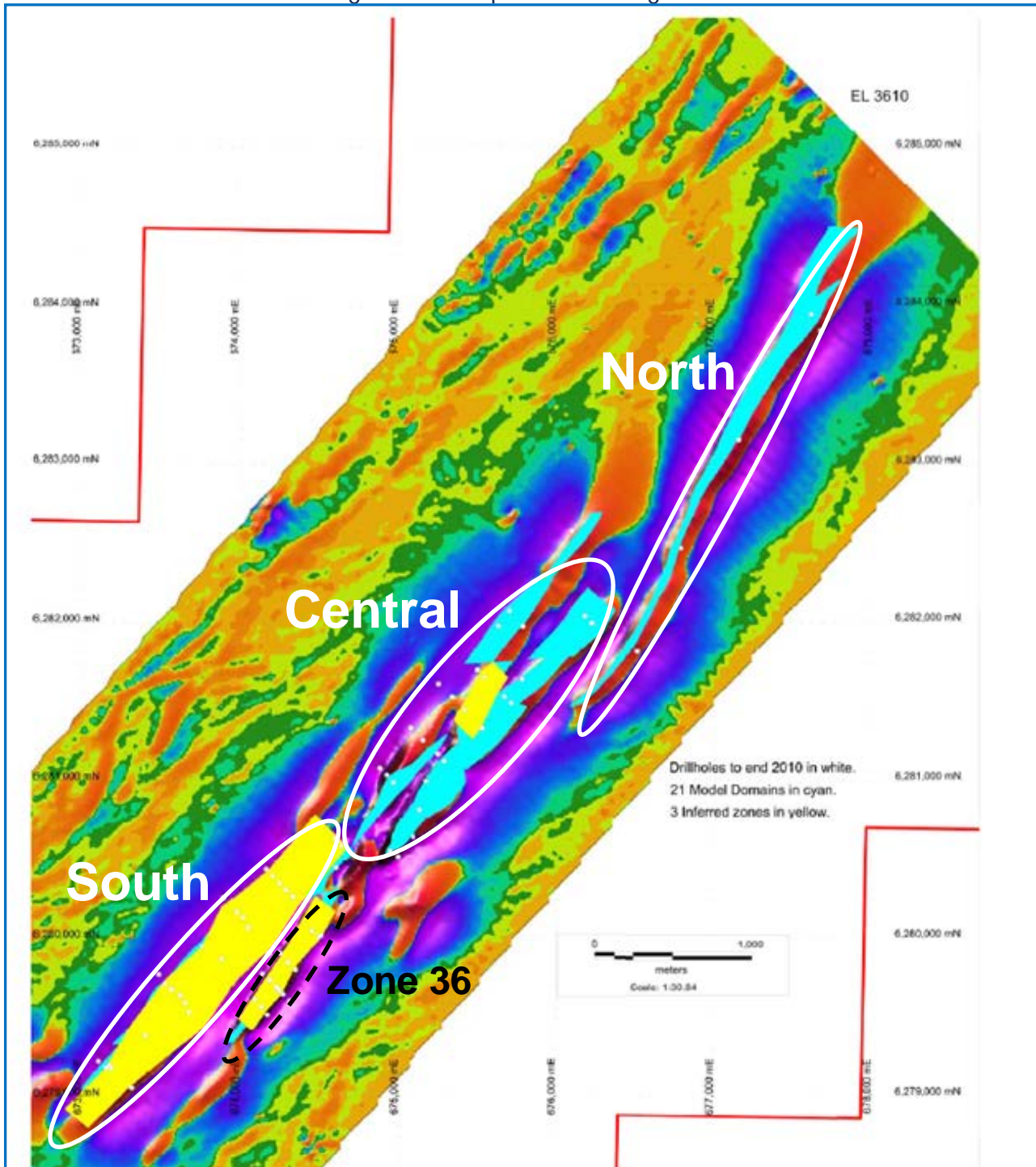


Figure 2: The Bungalow deposit highlighting the domains classified as Inferred Resources (Yellow) and Exploration Targets <sup>(2)</sup> in cyan.

The Bungalow magnetite deposit has a range of ore types and associated metallurgical characteristics ranging from fine (-38µm) to coarse (- 75µm) grained magnetite and DSO crystalline magnetite and hematite 'skarn' style of mineralisation.

A metallurgical program has recently been completed by AMDEL in Adelaide with results confirming that the bulk of the ore types from Zone 36 and the Central and Northern Bungalow areas are coarse grained with high grade products achieved from a grind of - 75µm to 200µm. This is an improvement on the previous metallurgical testwork from the finer grained -38µm Bungalow South domain where the bulk of the Stage 1 drilling was focused and the subsequent Inferred Resources are located.

The aim now is to refine the boundaries and proportions of the various ore types for Geometallurgical modelling in order to optimize the ore processing model.

Bungalow is located around 90km's from the proposed Sheep Hill deep water export facility that Centrex has recently received major project status from the Government of South Australia.

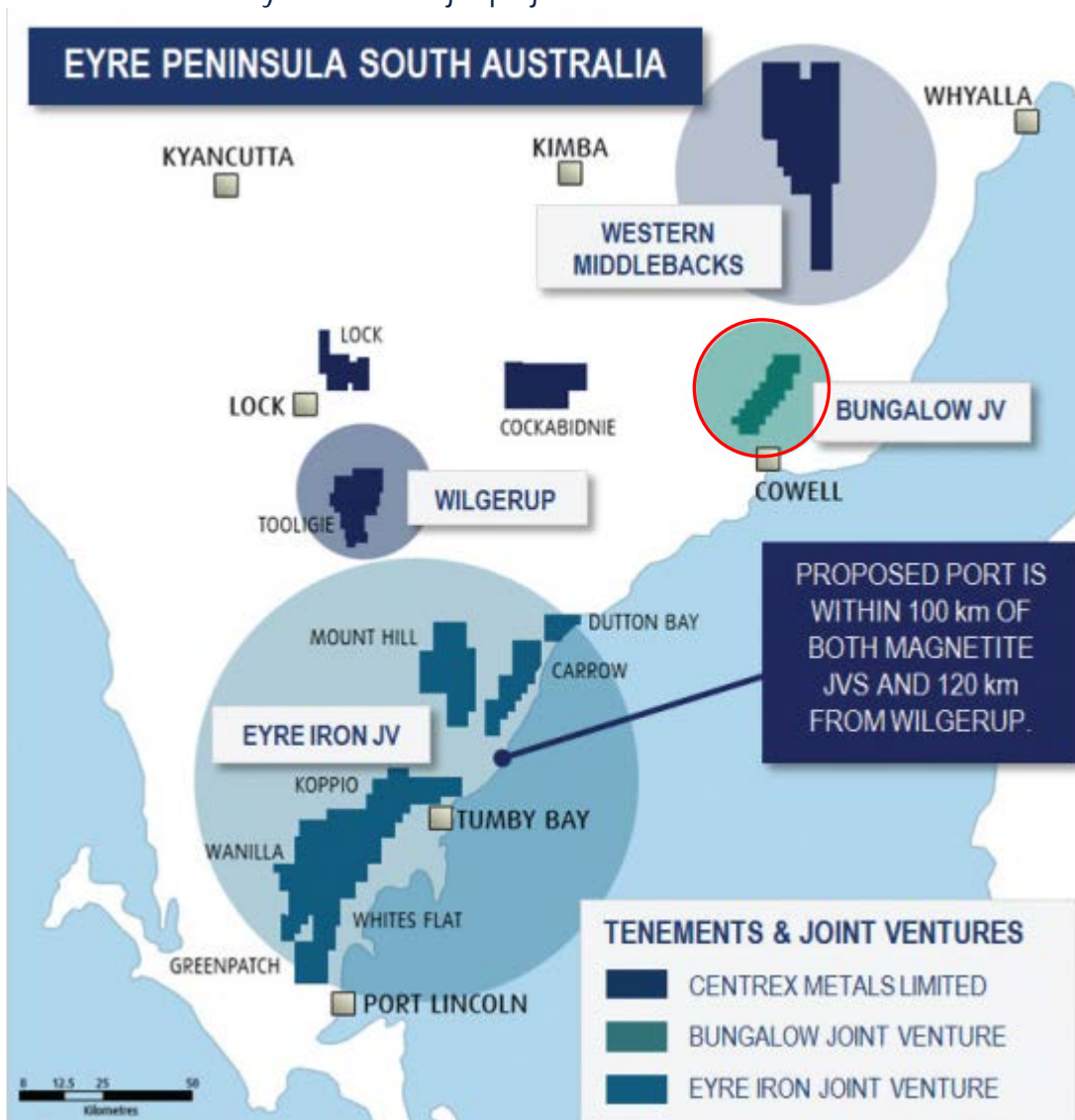


Figure 3: Centrex Metals Eyre Peninsula projects with the Bungalow project north of Cowell.



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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 General Manager Exploration 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 appears.*

*(1)The information in this report relating to Mineral Resources and current Exploration Targets is based on and accurately reflects information compiled by Mr Bruce Sommerville of SRK Consulting (Australasia) Pty Ltd who is a consultant and adviser to Centrex Metals Limited and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Sommerville 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 Sommerville consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*(2)The Exploration Targets quantities and grades presented are conceptual in nature, as there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of additional Minerals Resources other than those stated.*