

FOR IMMEDIATE RELEASE

Friday 8th December 2010

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

Dear Sir/Madam

**AUSSINO HEADS OF AGREEMENT COVERING A FEASIBILITY STUDY INTO
BENEFICIATING LOW GRADE WILGERUP HEMATITIC MATERIAL**

- **Centrex Metals Limited (“Centrex”) and Aussino Mining Pty Ltd (“Aussino”) have signed a Heads of Agreement to complete a feasibility study into the beneficiation of low grade hematitic material at the Company’s 100% owned Wilgerup mine.**
 - **Under the terms of the HoA, Aussino is to provide full financing for the feasibility study to be conducted in four (4) phases.**
 - **Upon successful completion of the first three (3) phases of the feasibility study, and subject to all statutory approvals and Centrex board approval to proceed, Aussino is required to fully fund the design, construction, commissioning and ongoing operating costs of the beneficiation plant on the Wilgerup site.**
 - **At the completion of the feasibility study Aussino has the first right to carry out the project in joint venture with Centrex. This first right will lapse on 30th June 2011 unless extended by mutual agreement.**
 - **Based on preliminary testwork, the HoA has the potential to re-categorise 15 - 16 million tonnes of <50% Fe material, currently classified as mineralised waste into saleable hematite ore. Depending on recovery rates and capital and operating costs to be determined during the feasibility study, Centrex anticipates that potentially 7 – 8 million tonnes of saleable iron ore may be generated through the beneficiation process.**
-

Centrex Metals Limited is pleased to announce that it has signed a Heads of Agreement (HoA) with Aussino Mining Pty Ltd to complete a feasibility study into the beneficiation of low grade iron material from its Wilgerup mine.

Under the terms of the HoA, Aussino is to provide full financing for the feasibility study to be conducted in four (4) phases.

1. Phase one – Metallurgical testwork for process evaluation.
2. Phase two – Funding for the completion of the feasibility study and feasibility study into the project viability and profitability.
3. Phase three – Funding for the completion of engineering design for construction of a low grade material processing plant including funding for all statutory approvals required.
4. Phase four – Construction and commissioning, including funding of all construction and commissioning costs of the low grade material processing plant.

Upon successful completion of the first three (3) phases of the feasibility study, and subject to all statutory approvals and Centrex board approval to proceed, Aussino is required to fully fund the design, construction, commissioning and ongoing operating costs of the beneficiation plant on the Wilgerup site.

Centrex sees this HoA as a significant opportunity for the Company to further optimise the Wilgerup resource and the potential to extract additional high grade ore tonnes from material currently classified as waste. The proposal also provides further benefits to the Company by potentially reducing the overall mine footprint of the waste dump and reducing the rehabilitation requirements for the Wilgerup mine.

Based on preliminary testwork, the HoA has the potential to re-categorise ≈15.5 million tonnes of <50% Fe material, currently classified as mineralised waste into saleable ore. Depending on recovery rates and capital and operating costs, to be determined during the feasibility study, Centrex anticipates that potentially 7 – 8 million tonnes of saleable Iron ore may be generated through the beneficiation process.

The company sees this HoA as a low risk venture with the potential to provide significant additional revenue to shareholders.

The HoA entails CXM providing the following information and services:

- Orebody samples for metallurgical testing.
- Resource / Reserve evaluation data.
- Comprehensive mining schedule.
- Low grade mining schedule (approved by Centrex).

Upon completion of the feasibility study and receipt of all statutory and Centrex board approvals to proceed:

- Access to site infrastructure including power, water, allocated area on site for plant construction for treatment of low grade ore.
- Access to approved transport route.
- Management of all statutory operational approvals on the lease (EL3317).
- Access to port facilities for ship loading on Eyre Peninsula.

Centrex is not responsible for any capital or operating costs of the project and only needs to supply access to the mineralised waste stockpile.

Should Aussino fail to progress the project following the feasibility study, all information is to be passed on to Centrex including engineering drawings, production schedules, capital cost and design operating costs.

This proposal represents a low risk opportunity for Centrex to capitalize on a significant mineralised waste stockpile that would otherwise require rehabilitation. Centrex Chairman Mr David Lindh said “Centrex is confident of progressing the feasibility with Aussino and creating the opportunity to fully optimise the Wilgerup deposit and add further value to our shareholders”.

Current Wilgerup Production Schedule

The latest Wilgerup production schedule 7b1, completed in December 2009 indicates that, in addition to the high grade hematite there is a further 34 million tonnes of material at <50% Fe within the optimised pit shell. In the original plan, this material was scheduled to be directed to the waste dump, requiring profiling, top soil application and rehabilitation. Following a review of iron grades into various categories, the 34 million tonnes is now re-categorised into Mineralised Waste (>30% Fe to <50% Fe) and Waste (<30% Fe). Mineralised waste material totals ≈15.5 million tonnes at 36.4% Fe. Total waste material is reduced to ≈18.6 million tonnes.

Information about Aussino

Aussino Mining Pty Ltd is an Australian registered company with expertise in mine design and optimisation, low grade iron ore beneficiation techniques and technology and project funding in the resources, telecommunications and retail outlet sectors.

Aussino has stated that it has access to sufficient funding to fully fund the venture following completion of the feasibility study and granting of all necessary approval under the HoA.

Aussino has two Directors:

- Mr Weifeng Li, an Australian Citizen and Executive Director of Aussino, is a Mining Consultant based in Perth. Mr Li has extensive experience in Iron ore and gold mining in Australia, particularly the mine planning and optimisation fields.
- Ms Ruoning Li, an Australian Citizen and non-executive Director of Aussino, is a businesswomen with business development and financing resource projects experience.

Competent Persons Statement

The information in this report relating to mine optimisation results is based on information compiled by Mr Kevin Malaxos who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Malaxos is the Chief Operating Officer of Centrex Metals Limited. Mr Malaxos 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 Malaxos consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.

Note

The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration or preliminary beneficiation testwork undertaken to define an overall mineralized waste tonnage and it is uncertain if further exploration or beneficiation testwork will result in the determination of a saleable product.

For further information please contact:

**Mr Gerard Anderson
Managing Director
Centrex Metals Limited
Ph (08) 8232 0400**

or

**Mr Duncan Gordon
Investor Relations
Adelaide Equity Partners
Ph. 0404 006 444**