

QUARTERLY ACTIVITIES REPORT

Period Ending 30th June 2015

HIGHLIGHTS

Corporate

- A\$ 28.2 million cash reserves as at 30th June 2015 with no debt
- Centrex adopts conservative approach to write down the non-cash carrying value of its iron ore assets while uncertainty and volatility remains in iron ore prices
- Centrex focused on development of the Oxley Potash Project in Western Australia and metals exploration in NSW
- Consideration towards options available to recoup value from iron ore portfolio

Oxley Potash Project, WA

- Completion of Oxley Potash Project acquisition in Western Australia
- Bureau Veritas awarded initial bench scale roast testwork
- Roast testwork to analyse the optimal conditions of individual salt blends to convert potassium into a leachable form for extraction from potash feldspar
- Amec Foster Wheeler to oversee testwork program
- Approvals gained for PQ diamond hole to provide bulk sample for subsequent larger scale testwork
- Clough nearing completion of nitric acid plant study at Oxley to feed into a potential high-value potassium nitrate fertiliser operation

Goulburn Polymetallic Project, NSW

- Further mineralisation intercepted along strike and down dip from historically defined Collector Skarn Deposit
- CD009 intersects 8m massive sulphide zone including 3.0m at 4.5% Zn, 0.9% Cu, 1.0% Pb and 17.8g/t Ag
- High-resolution ground gravity survey commenced over Collector Skarn Deposit, the newly discovered Collector North Prospect, and >3km of prospective stratigraphy along strike
- Regional geophysical base metals targets supported by air-core program results

Woolgarlo Gold Project, NSW

- Centrex completes the first 3 out of 4 planned RC drill holes for maiden program at Woolgarlo Gold Project in NSW
- Petrology of base metal mineralisation and alteration intersected indicates late epithermal origin
- Land access pending to complete final program drill hole

Iron Ore Portfolio, South Australia

- Mineral Claim secured over Kimba Gap Magnetite Project
 - Baotou Iron & Steel continuing up to A\$ 250,000 of metallurgical evaluation testwork at Kimba Gap
 - Bald Hill resource drilling completed at Fusion for Eyre Iron Joint Venture
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REPORT

1. CORPORATE

The Company continues to maintain a healthy balance sheet with A\$ 28.2 million (including A\$ 1.46 million contained in the Eyre Iron Magnetite Joint Venture) in cash reserves as at 30th June 2015 with no debt outside of current trade payables.

During the quarter Centrex advised that in light of recent volatility in both actual spot and long-term forecast iron ore prices it had conducted a detailed review of the non-cash carrying values of its South Australian iron ore exploration assets. From the review and given the present uncertain market conditions for the commodity, the Company is adopting a conservative approach to impair the non-cash carrying value of the total iron ore portfolio asset base by \$17.4 million in the 2015 financial year statutory accounts.

Centrex believes potential remains in its iron ore assets over the long-term, however to allow the Company to focus its activities on nearer term development of the Oxley Potash Project (“Oxley”) in Western Australia along with metals exploration in NSW, consideration will be given towards options available to recoup value from its iron ore portfolio.

2. OXLEY POTASH PROJECT, WA (CENTREX 100%)

During the quarter Centrex completed the acquisition of the Oxley Potash Project (“Oxley”) from Sheffield Resources Limited.

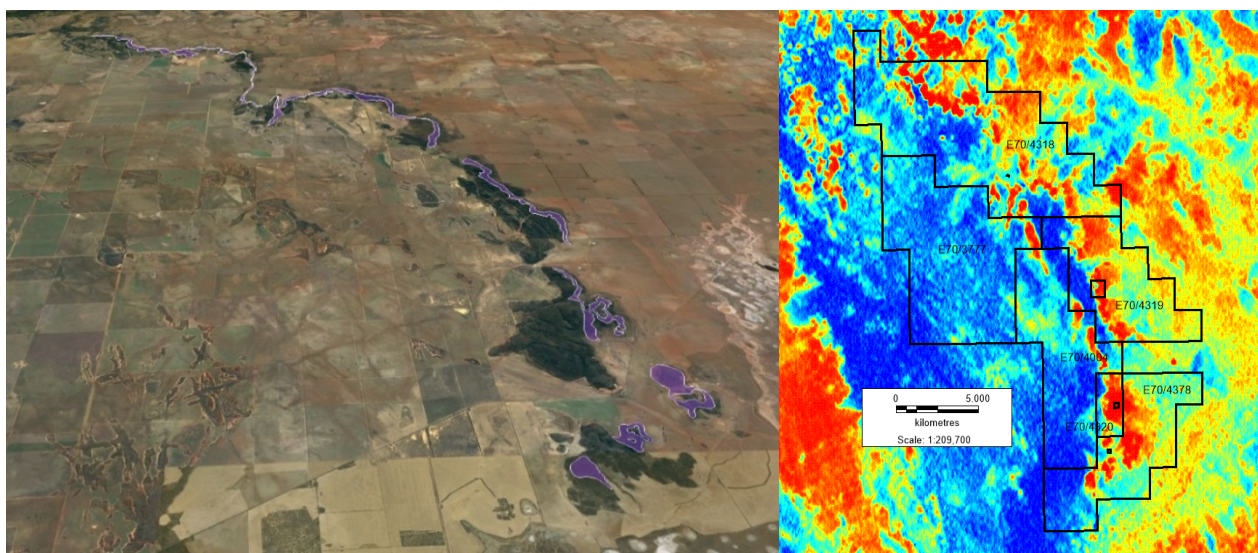


Figure: Satellite image of Oxley with ultrapotassic microsyenite outcrop highlighted in purple (left), and potassium radiometric image of the Oxley tenement areas (right).

The Company is focusing on developing a process route for the project and has appointed AMEC Foster Wheeler to complete a review of processing options and oversee an initial roast testwork program to be undertaken at Bureau Veritas’s laboratories in Perth. The testwork will utilise a 25kg composite sample from previous drilling to complete thermogravimetric analysis (“TGA”), roast tests, and roast product water leaching analysis for blends of the Oxley ultrapotassic microsyenite with various salts. The aim of the initial program will be to analyse the optimal conditions

of individual salt blends to convert potassium into a leachable form for extraction from potash feldspar (KAlSi_3O_8) that comprises up to 90% of the Oxley ultrapotassic microsyenite. The initial program is expected to be completed over next quarter.

Centrex has also gained all required approvals to complete a single PQ diamond hole to provide a bulk metallurgical sample for subsequent larger scale testwork including pressure leach trials. The drill hole will twin the top 50m of historical RC drill hole OXRC015. The drilling is aimed for completion by August. Historical drilling results were previously reported by Centrex. For full details of the results see announcement 8th March 2015:

<http://www.asx.com.au/asxpdf/20150309/pdf/42x4hkg86j6w1d.pdf>

The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release.

A market intelligence trip was completed through Southeast Asia during the quarter to determine the demand for the primary potassium fertiliser products, particularly the higher value non-chloride potassium sulphate ("SOP") and potassium nitrate ("NOP") fertilisers. A large demand was noted for a potassium mining source in close proximity to Asia with Asia currently reliant on imports from mostly Europe and the Americas. Potential markets for the high value SOP and NOP products were identified as well as possible distribution and investment partners already in the industry.

Clough commenced and neared completion during the quarter of a conceptual study into the construction of a nitric acid plant at the Oxley site for production of NOP. The study has considered both supply of ammonia for nitric production from existing 3rd party operations in Western Australia as well as in-house production from a specialised small-scale plant. The study is expected to be completed next quarter.

Table: Oxley Phase 1 project schedule estimate.

	2015				2016			
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Metallurgical Bulk Sample Drilling								
Process Route Scoping								
Bench Scale Testwork								
Process Scoping Level Cost Estimates								
Conceptual Nitric Acid Plant Cost Estimate								
Resource Definition Drilling								
Resource Estimate								
Scoping Study								

3. GOULBURN POLYMETALLIC PROJECT, NSW (CENTREX 100%)

Full results were received from a 4 diamond and 72 air-core drill hole program focusing on the Collector Skarn Deposit ("Collector") and adjacent geophysical anomalies. With the discovery the previous quarter of the Collector North Polymetallic Prospect ("Collector"), Centrex defined further extensions of mineralisation at Collector itself down-dip and along strike from historical drilling with diamond hole CD009 of the program intersecting:

CD009

- 8m @ 2.5% Zn, 0.8% Cu, 0.4% Pb, 0.1g/t Au and 10.6g/t Ag from 242.2m depth
including 3m @ 4.5% Zn, 0.9% Cu, 1.0% Pb, 0.1g/t Au and 17.8g/t Ag

Centrex had previously reported drilling results for Collector and Collector North including the discovery holes for each DDH C2 and CD010 respectively:

DDH C2

- 25.2m @ 4.1% Zn, 0.8% Cu, 0.1% Pb from 86m depth
including 6.3m @ 9.9% Zn, 0.7% Cu
- 25.2m @ 3.3% Zn, 0.2% Cu from 113m depth
including 3.8m @ 6.7% Zn, 0.3% Cu, 0.1% Pb
- 35.2m @ 2.3% Zn, 0.3% Cu from 141m depth
including 7.6m @ 4.6% Zn, 0.2% Cu, 0.1% Pb
- 20.4m @ 3.9% Zn, 0.4% Cu, 0.5% Pb from 210m depth

CD010

- 5.9m at 0.98% Cu, 0.31g/t Au, 0.50% Zn, and 8.64g/t Ag from 105.9m
Including 2.9m at 1.34% Cu, 0.54g/t Au, 0.77% Zn and 9.0g/t Ag

For further details of the diamond drilling results see announcements 17th June 2014, 27th February 2015 and 9th April 2015:

<http://www.asx.com.au/asxpdf/20140617/pdf/42q7znkpi7hkbv.pdf>

<http://www.asx.com.au/asxpdf/20150227/pdf/42wy4j3mf43n6h.pdf>

<http://www.asx.com.au/asxpdf/20150409/pdf/42xslpdl10vx0z.pdf>

The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release.

The three regional geophysical targets derived from air-borne magnetics and a ground based gradient IP survey anomalies to the east of Collector were tested during the quarter with fence lines of shallow (average 13m depth) air-core drill holes, and samples from the paleosurface as well as other units of interest from each hole were analysed for their geochemistry. Two of the targets showed elevated base metal contents, namely zinc in line with the targeted geophysical anomalies.

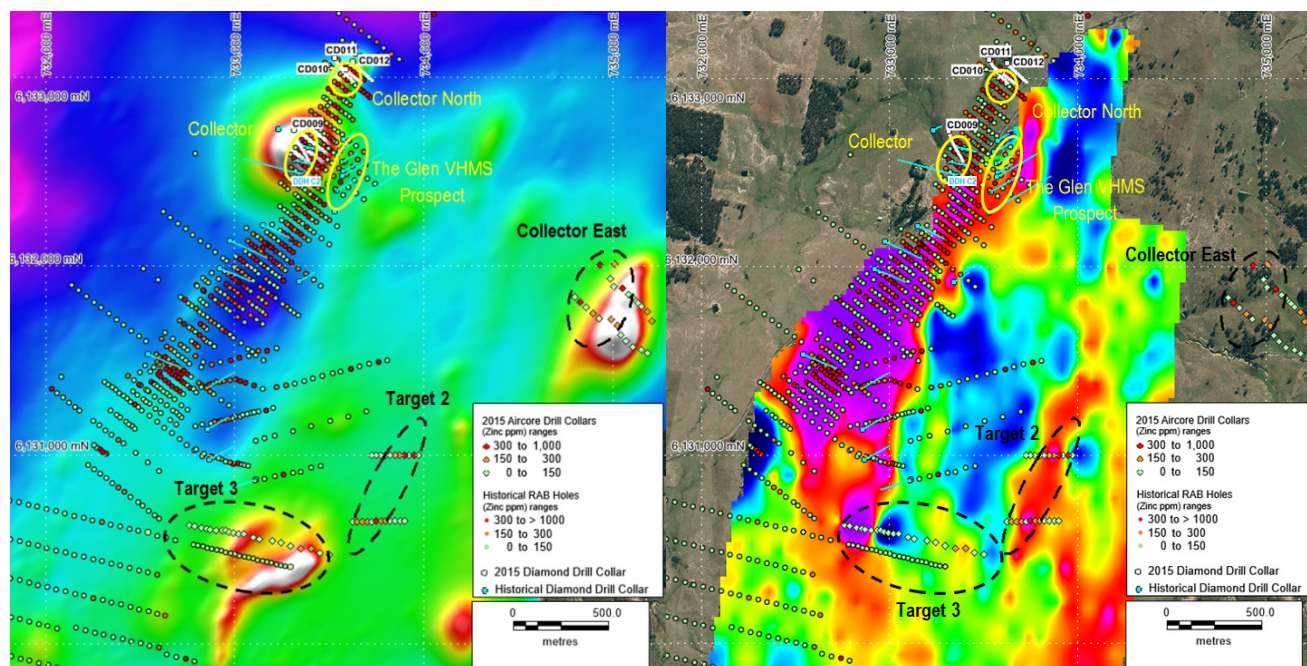


Figure: Image of the Collector region showing zinc ppm results for the recent air-core drilling and historical RAB drilling over reduced to pole magnetics (left) and gradient IP chargeability (right).

A high-resolution ground based gravity survey was commenced during the quarter over Collector, Collector North, and The Glen VHMS Prospect as well as >3km of prospective De Drack Formation stratigraphy along strike predominantly to the southwest. The processed gravity survey results are expected in July.

4. WOOLGARLO & GUNDAROO GOLD PROJECTS, NSW (Centrex 100%)

Three reverse circulation (“RC”) drill holes were completed at the Woolgarlo Gold Project (“Woolgarlo”) in NSW during the quarter. The drill program was designed to test structural epithermal gold targets identified from airborne magnetic, soil geochemical and ground based dipole-dipole induced polarisation (“IP”) surveys.

The drill holes intersected the Mountain Creek Volcanics, host unit to epithermal gold mineralisation in the region. Encouragingly the drilling intersected bands of silica, chlorite and epidote alteration believed to be indicative of the outer propylitic alteration zone of a hydrothermal system. Petrological analysis of base metal mineralisation intersected within hole WO-01 also showed interpreted late phase epithermal carbonate and base metal veining to be present.

Land access is still pending for Centrex to complete a fourth hole (WO-05) to drill test a resistive and chargeable target associated with the Devil’s Pass Fault, a dominant regional structure. Base metals mineralisation intersected so far in the program was encountered approximately 5km SSE (WO-01 with 1m at 0.3% Pb and 0.1% Cu from 34m) along this same structure associated with a resistive but non-chargeable feature.

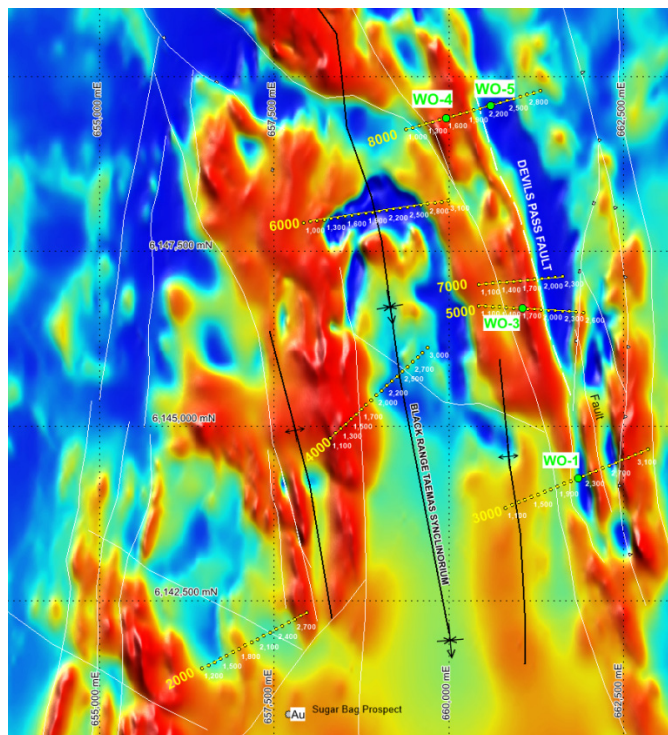


Figure: Map displaying dipole-dipole IP lines in yellow over reduced to pole magnetics, interpreted structure, completed (WO-1, WO-3, WO-4) and planned (WO-5) drill holes.

For further details of the drilling results see announcement 23rd June 2015:

<http://www.asx.com.au/asxpdf/20150623/pdf/42zbvtffjy5bsb.pdf>

The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release.

No activities were undertaken during the period at the Gundaroo Gold Project ("Gundaroo").

Centrex is exploring for intrusion related gold system ("IRGS") targets at Gundaroo. A previous air-borne magnetic survey and stream sediment program by Centrex on the central and southern portion of the project tenement identified nine anomalous gold targets. Three of the nine targets were tested with a small reverse circulation drilling program in 2014, drilling mainly underneath historic gold workings. Whilst the drilling intersected zones of alteration with elevated arsenic values below the old workings at the Cox and Kershaw Claim and Diamond Hill Mines targets, no significant gold mineralisation was identified from the drilling.

Centrex is evaluating the remaining gold targets and the under-explored northern portion of the tenement.

5. SOUTH AUSTRALIA IRON ORE PORTFOLIO

5.1. Wilgerup Hematite Iron Ore Project (Centrex 100%)

All conceptual studies including infrastructure and port options have been completed for a deslime and reverse flotation process option at Wilgerup to reduce phosphorous and increase iron levels of the final product. The project is poised for development in the future once greater certainty is shown iron ore pricing trends. Centrex will consider any options available to recoup value from the project in the meantime.

5.2. Port Spencer Joint Venture (Centrex 100%)

Centrex was advised in March by Wugang Australian Resources Investment Pty Ltd (“WARI”), a subsidiary of Wuhan Iron & Steel (Group) Co. that all conditions precedent had been satisfied for the Port Spencer Joint Venture. Accordingly the Shareholders’ Agreement, which forms the basis of the incorporated joint venture commenced.

WARI is now required to pay its initial contribution into the joint venture to match Centrex’s previous expenditure, subject to Centrex confirming the expense amount, and WARI conducting a confirmatory audit of these amounts. The audit progressed during the quarter after Deloitte was appointed by WARI.

5.3. Kimba Gap Magnetite Project (Centrex 100%)

A new Mineral Claim (MC4378) was secured during the quarter over the Kimba Gap Magnetite Project (“Kimba Gap”) through Centrex’s wholly owned subsidiary Kimba Gap Iron Project Pty Ltd (“KGIP”). The Mineral Claim includes the most eastern section of the project previously held on Arrium Mining’s (“Arrium”) exploration license EL4732. Centrex had signed a dual tenancy agreement over the portion of Arrium’s license that covers the project for the right to conduct an exploration program and lodge a Mineral Claim in its own name.

The new Mineral Claim followed signing of a non-binding memorandum of understanding (“MOU”) for the project in April with a subsidiary of Baotou Iron & Steel (Group) Co. (“Baotou”). Under the MOU Baotou is undertaking preliminary metallurgical testwork in China on a 300kg bulk iron ore sample from Kimba Gap at its own cost. Up to A\$ 250,000 of the testwork costs will be counted as deemed contributions towards payments required under any future exploration joint venture between the companies at Kimba Gap. The testwork has commenced and results are expected next quarter, with Centrex being provided copies of all results.

Kimba Gap is located just 50km north of Centrex’s existing iron ore joint venture with Baotou at the Bungalow Magnetite Project (“Bungalow”).

5.4. Eyre Iron Magnetite Joint Venture (Centrex 40%, WISCO 60%)

The Joint Venture had A\$ 3.5 million in funding at the end of June.

Resource definition drilling was finished at Bald Hill during the quarter with a total of 15 diamond drill holes completed during the program since January. Resource modeling studies are now underway and expected for completion in next quarter.

5.5. Bungalow Magnetite Joint Venture (Centrex 70%, Baotou 30%)

No activities were undertaken during the period.

Baotou had previously requested the Prefeasibility Study being undertaken at Bungalow be extended to analyse potential synergies in utilising common supporting infrastructure with Kimba Gap given the very similar nature of the projects. The new test work program being undertaken by Baotou at Kimba Gap is part of this analysis.

5.6. Iron Ore Exploration Licence Review

Centrex has completed a review of its iron ore exploration licenses in South Australia in an effort to reduce its tenement maintenance costs. From this review the Company plans to relinquish four tenements; EL 4883, EL 4571, EL 5245 and EL 5335. Previous exploration on these tenements has shown limited potential for significant iron ore deposits.

6. TENEMENTS

The Company and its wholly owned subsidiaries hold the following tenements and mining lease;

Western Australia

Oxley A (WA) E70/3777

Oxley B (WA) E70/4004

Oxley C (WA) E70/4318

Oxley D (WA) E70/4319

Oxley E (WA) E70/4320

Oxley F (WA) E70/4378

Oxley G (WA) E70/4729 (application pending)

Northern Eyre Peninsula

Gilles Downs EL 4571
Bungalow/Minbrie EL 4884
Kimba Gap EL 5170
Ironstone Hut EL 5245
Whyalla ('Ironstone Hill') EL 5335
Stony Hill EL 4451
Cockabidnie EL 4883

Mineral Claim

Kimba Gap MC 4378

Southern Eyre Peninsula

Wanilla EL 5559
Wilgerup EL 4467
Greenpatch EL 4885
Dutton Bay EL 4605
Mount Hill EL 5065
Carrow EL 4998

Mining Lease

Wilgerup ML 6344

New South Wales

Goulburn (NSW) EL 7388
Archer (NSW) EL 7503
Gundaroo (NSW) EL 8133
Woolgarlo (NSW) EL 8215
Goulburn Industrial Minerals (NSW) EL 8098

Attached is the Appendix 5B Statement of Cash flows for the period from 1st April 2015 to 30th June 2015.

For further information please contact:

Ben Hammond
Chief Executive Officer
Centrex Metals Limited
Ph (08) 8100 2200

Gavin Bosch
Chief Financial Officer & Company Secretary
Centrex Metals Limited
Ph (08) 8100 2200

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

CENTREX METALS LIMITED

ABN

97 096 298 752

Quarter ended ("current quarter")

30 JUNE 2015

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(252)	(3,388)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(540)	(2,890)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	306	1,263
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / received	-	(138)
1.7	Other (provide detail)	-	-
Net Operating Cash Flows		(486)	(5,153)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	(2,500)	(2,500)
	(b) equity investments	-	-
	(c) other fixed assets	(1)	(2)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	14
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	8	45
1.12	Other (provide detail if material)	-	-
Net investing cash flows		(2,493)	(2,443)
1.13	Total operating and investing cash flows (carried forward)	(2,979)	(7,596)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(2,979)	(7,596)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,979)	(7,596)
1.20	Cash at beginning of quarter/year to date	31,153	35,770
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of period	28,174	28,174

Payments to directors of the entity and associates of the directors, related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2
1.24	Aggregate amount of loans to the parties included in item 1.10

1.25 Explanation necessary for an understanding of the transactions

Transactions included in the value disclosed at item 1.23 include (\$A'000):	
Director's fees (including superannuation).	\$30
Asiasphere Pty Ltd (consultant director)	\$16
Patna Properties P/L (consultant director)	\$25
Lodge Limited (consultant director)	\$13

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

(\$A'000):

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	710
4.2 Development	-
4.3 Production	-
4.4 Administration	742
Total	1,452

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,128	1,446
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.41 Other (term deposits with maturity >90days)	19,588	28,010
5.42 Other (restricted cash – held by the joint venture management company)	1,458	1,697
Total: cash at end of quarter (item 1.22)	28,174	31,153

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference +securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	314,784,304	314,784,304		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	<p>❶ 2015 Employ Performance Rights vesting 01/07/15 (subject to performance hurdles)</p> <p>❷ 2015 Employ Retention Rights vesting 01/07/15 (subject to retention hurdles)</p>		<p>Nil</p> <p>Nil</p>	
<i>Continued on following page</i>					

+ See chapter 19 for defined terms.

7.7	Options <i>Continued from previous page</i>	③ 2016 Employ Performance Rights vesting 01/07/16 (subject to retention hurdles) <u>Period end balance:</u> ① 1,592,948 ② 938,001 ③ 1,000,000		Nil	
7.8	Issued during quarter	① - ② - ③ -	① - ② - ③ -		
7.9	Exercised during quarter	① - ② - ③ -	① - ② - ③ -		
7.10	Expired during quarter	① - ② - ③ -	① - ② - ③ -		
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 31 July 2015
(Company Secretary)

Print name: Mr Gavin Bosch

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.