CENTREX METALS LIMITED

ASX Announcement

October 2015

QUARTERLY ACTIVITIES REPORT

Period Ending 30th September 2015

HIGHLIGHTS

Corporate

- A$ 27.3 million cash reserves as at 30th September 2015 with no debt
- Centrex focused on development of the Oxley Potash Project in Western Australia and metals exploration in NSW
- Contracts for sale signed relating to land previously held for the development of iron ore projects holdings to net A$ 1.1 million in proceeds upon settlement in February 2016

Oxley Potash Project, WA

- Initial bench scale static roast and leach tests indicate up to 85% leach extraction of potassium from the potash feldspar bearing Oxley ultrapotassic lava flow using salt (sodium chloride) as a flux
- An optimisation test program has been initiated which will investigate alternative fluxes, optimal roast conditions, and the effect of agitation in roasting
- Results of metallurgical testwork to feed into a Scoping Study with focus on initial high-value potassium nitrate operation
- Direct operating cost range per tonne of 100% nitric acid between $US 148 and $US 331(depending on ammonia make or buy option) for potassium nitrate production that comprises approximately 62% of nitric acid equivalent
- Resource definition program to commence next quarter once Government approvals received, focusing on just a 3km portion of a 32km long strike length to underpin a start-up operation
- Rock chips show consistently high potassium grades along regional outcrop trend of Oxley ultrapotassic lava flow

Goulburn Polymetallic Project, NSW

- High-resolution ground gravity and magnetic surveys completed over Collector & Collector North prospects
- Newly defined magnetic data shows previous drill holes by Centrex at Collector North only clipped the target, magnetic anomaly extends further southwest of drilling

- Gravity high "lobe" anomaly at Collector North also shown southwest of previous drilling and secondary gravity high "lobe" anomaly related to Collector
- Independent expert geological review commissioned to determine forward exploration plan

Woolgarlo Gold Project, NSW

- Final RC drill hole of 4 hole program completed intersects siliceous rhyolite with propylitic alteration
- Further review of exploration data including petrology of sulphides and alteration intersected being undertaken to determine potential vectors towards mineralisation

Iron Ore Portfolio, South Australia

- Eyre Iron Magnetite Joint Venture completes resource estimation at Bald Hill deposit defining 289Mt of Inferred Resources
- Bald Hill Deposit forms part of the Fusion Magnetite Project with total Fusion Mineral Resources now at 969Mt
- Eyre Iron Magnetite Joint Venture holds A$ 3.2 million in cash to maintain project
- Baotou Iron & Steel completes preliminary metallurgical testwork study at Kimba Gap Magnetite project showing ability to produce saleable iron ore concentrate from both fresh and oxidised iron formations

REPORT

1. CORPORATE

The Company continues to maintain a healthy balance sheet with A$ 27.3 million (including A$ 1.28 million contained in the Eyre Iron Magnetite Joint Venture) in cash reserves as at 30th September 2015 with no debt outside of current trade payables.

As announced in June 2015 the Company is focusing its activities on nearer term development of the Oxley Potash Project ("Oxley") in Western Australia along with metals exploration in NSW. Accordingly the Company has sought to recoup value from its iron ore portfolio. As part of the review of assets within this portfolio it has identified land holdings that were purchased to assist in the development of the iron ore projects that are now surplus to its needs. The Company has signed contracts for sale of property at Port Neill that will provide net proceeds of A$ 1.1 million in the third quarter of this financial year upon settlement of those contracts.

The Company is continuing its attempts to maximise value from the remaining iron ore assets it controls.

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

Centrex commenced bench scale testwork for its Oxley Potash Project ("Oxley") neat the port of Geraldton in Western Australia during the quarter. The testwork aims to develop a process route to produce high-value potassium fertiliser from potash feldspar ($KAlSi_3O_8$), which comprises up to 90% of the 32km long outcropping and shallow dipping Oxley ultrapotassic lava flow that is the basis of the project. The bench scale testwork is analysing the optimal roasting conditions of individual salt blends to convert potassium from the feldspar into a leachable form for subsequent processing. A single PQ diamond core hole has now also been completed by Centrex to provide a bulk sample for future larger scale testwork.

Figure: Removing roast sample from muffle furnace.

First results of the testwork program were received at the very end of the quarter on static roast tests in a muffle furnace without any optimisation of roast variables, which showed up to 85% conversion and leach of potassium from the potash feldspar bearing ultrapotassic lava flow using sodium chloride as a flux (salt). Further testing was due to commence in October using a bench scale rotary furnace designed to better mix the sample and flux. Improvements upon the static test results are anticipated using the rotary furnace.

For full details of the initial testwork results see announcement 30th September 2015:

http://www.asx.com.au/asxpdf/20150930/pdf/431pqq9lhxfvvp.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.

Upon receipt of results from the bench scale rotary furnace trials Centrex will undertake a final bench scale optimisation test program to support a Scoping Study. The Scoping Study planned for completion in the first half of 2016 will consider an initial low-volume high-value potassium nitrate fertiliser start-up operation (assumed FOB price potassium nitrate range in 2015 of between $US 700 to $US 1,100 per tonne).

Potassium nitrate is a highly soluble fertiliser used in horticulture, with large markets not only in Asia but also Australia currently importing it mainly from the Middle East and South America. Potassium sulphate is likely to be the second product targeted once a potassium nitrate operation is in production. There is further potential for a lower value but larger scale potassium chloride (standard potash) operation in the longer term. Centrex completed a conceptual study during the quarter showing an operating cost range of between $US 148 and $US 331 per tonne to produce 100% nitric acid at the Oxley site depending on the decision to make or buy ammonia. One tonne of potassium nitrate (KNO3) contains the equivalent of approximately 0.62 tonne of nitric acid (HNO3) equivalent.

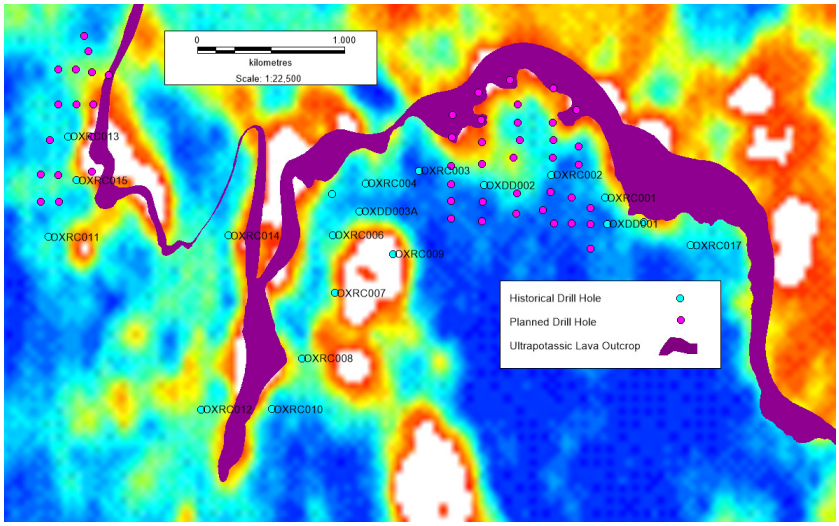

Figure: Drill hole locations and ultrapotassic lava outcrop map shown over air-borne radiometric potassium image.

To support the Scoping Study approvals were lodged with the Western Australian Government to complete a maiden 50 reverse circulation drill hole resource definition program that will target two areas in the Central Area of the deposit with a combined 3km strike length out of the overall 32km strike length. Land access has already been gained for the program and it is expected drilling will be completed before the end of 2015. Further consideration after completion of the program will be given to drilling between the two areas, however at present Centrex seeks to understand the variability of mineralisation at the project laterally along the strike of the lava flow. The combined 3km to be drilled is proposed to be sufficient to support the analysis of the initial start-up operation. The planned drill program is specifically targeting the weathered zone of the ultrapotassic lava flow, where leaching of calcium has resulted in a relative upgrade in overall potassium grades. This weathered zone has been shown from historical drilling to average approximately down to 70m below surface. Drill holes for the program are planned to drill to a maximum depth of 100m.

Results from a regional rock chipping campaign were received in early September extending the project dataset to the full 32km strike length and confirming consistently high potassium grades along the outcrop trend of the lava flow.

For full results of the rock chips see announcement 2nd September 2015:

http://www.asx.com.au/asxpdf/20150902/pdf/4311dj2748rw54.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.

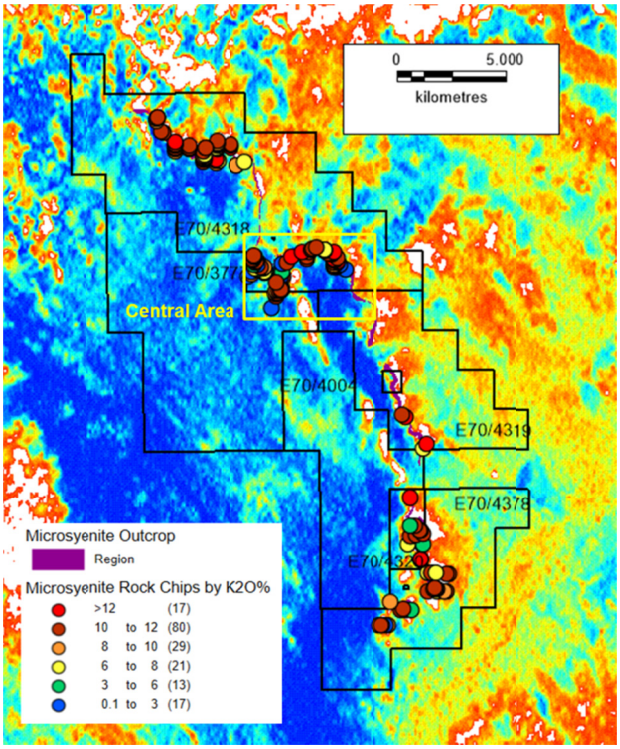

Figure: Rock chips logged as microsyenite shown by potassium grade over outcrop map and air-borne potassium radiometric image.

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

Centrex has completed a high-resolution ground based gravity survey at its Goulburn Polymetallic Project ("Goulburn") in NSW during the quarter over the Collector Skarn Deposit ("Collector"), Collector North Polymetallic Prospect ("Collector North"), and The Glen VHMS Prospect ("The Glen"). The gravity survey highlighted two gravity "lobes" of curvilinear shape in the areas of Collector and Collector North. The more northeastern of the two lobes is potentially related to mineralisation at Collector North and had peak amplitudes approximately 150m southwest of the drilling completed by Centrex earlier in 2015. The closest hole to the anomaly completed by Centrex CD010, passes just on the northeastern edge. CD010 was the only drill hole in the Collector North area to intersect massive sulphides.

Centrex also completed a high-resolution ground based magnetic survey over the Collector North area. The survey was completed after targeting an extension of the magnetic anomaly and coincident magnetic mineralisation in CD010 based on a historical lower resolution ground magnetic survey with CD012 that failed to intersect any significant magnetic minerals. The new high-resolution magnetic data shows CD012 just clipped the northeastern edge of the Collector North magnetic anomaly, with the anomaly extending further southwest than originally indicated from the historical survey.

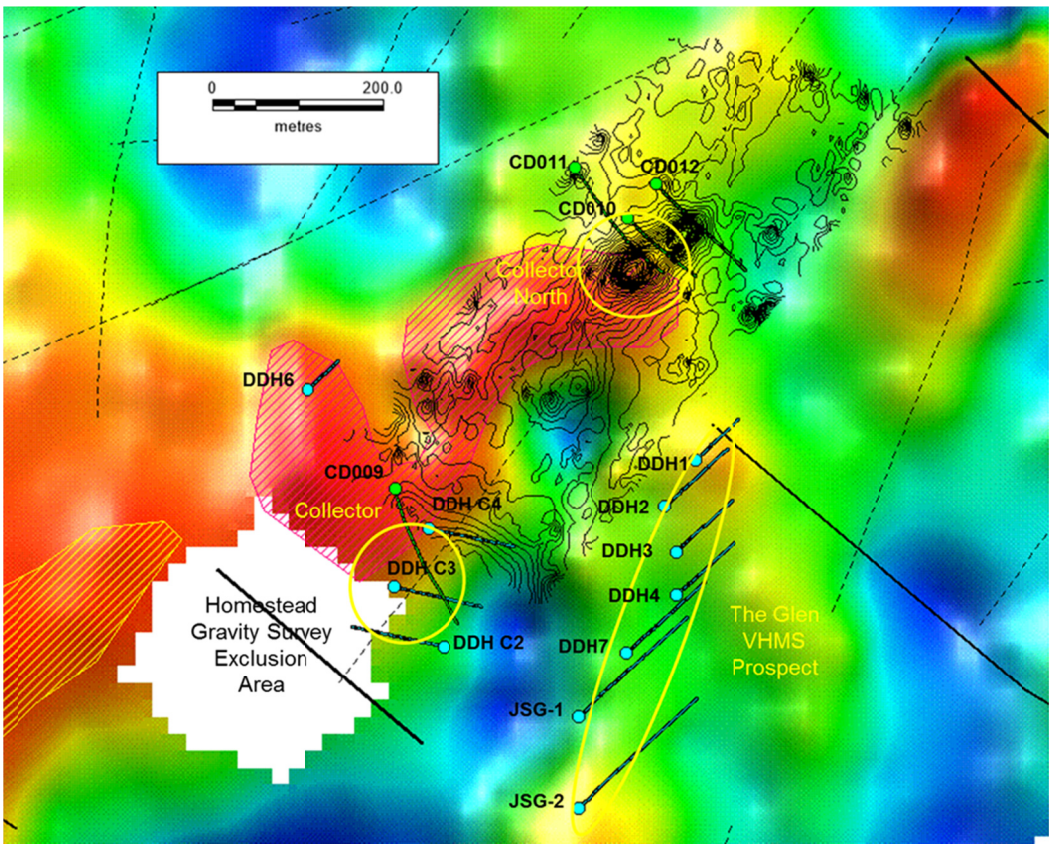

Figure: Plan view of Collector area showing the Upward Continued 200 metre filter subtracted from the Residual Bouguer Gravity, and high-resolution ground based magnetic survey contours.

Centrex has commissioned and independent geological review of exploration at Goulburn to date in order to determine a forward exploration plan to target extensions of the mineralisation intersected by drilling. The review is due for completion early next quarter.

For full details of the gravity and magnetic survey results see announcement 6th July 2015:

http://www.asx.com.au/asxpdf/20150706/pdf/42zn9z3bz6357f.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.

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

A final reverse circulation drill hole WO-05 was completed during the quarter at the Woolgarlo Gold Project ("Woolgarlo") in NSW located approximately 5km NNW along the Devil's Pass Fault from where previous hole WO-01 intersected anomalous base metals mineralisation thought to be associated with epithermal alteration. WO-05 targeted related resistive and chargeable dipole-dipole IP anomalies.

WO-05 intersected siliceous rhyolitic strata of the Mountain Creek Volcanics with propylitic alteration. The siliceous strata was in line with interpreted epithermal targets however only minor anomalous gold was intersected along with some magnetic minerals.

A further review of exploration data including petrology of sulphides and alteration intersected is being undertaken by geological consultants to determine potential vectors towards mineralisation, with conclusions due next quarter.

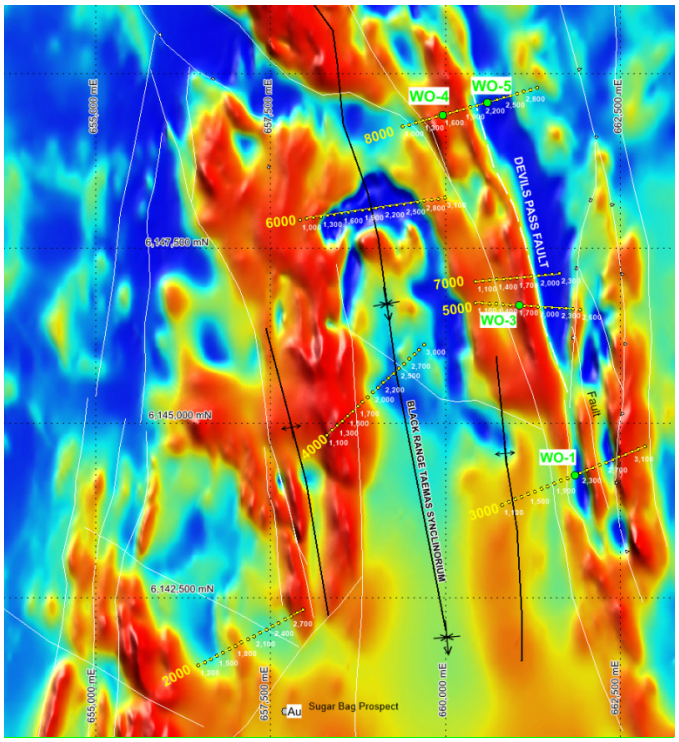

Figure: Map displaying dipole-dipole IP lines in yellow over reduced to pole magnetics, interpreted structure, and completed drill holes.

5. SOUTH AUSTRALIA IRON ORE PORTFOLIO

5.1. Eyre Iron Joint Venture (Centrex 40%, Wuhan Iron & Steel 60%)

The Eyre Iron Magnetite Joint Venture ("Eyre Iron") of which Centrex holds a 40% interest completed drilling and resource estimation at the Bald Hill Deposit ("Bald Hill"), which forms part of the Fusion Magnetite Project ("Fusion") on the Southern Eyre Peninsula in South Australia. An Inferred Resource of 289Mt was estimated for the deposit taking the total Fusion Mineral Resources to 969Mt.

For full details of the resources see announcement 17th September 2015:

http://www.asx.com.au/asxpdf/20150917/pdf/431cv62tjj50xc.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.

Eyre Iron has now established 1,183Mt of Mineral Resources across the three projects; Fusion, Carrow and Greenpatch. With Eyre Iron now having Mineral Resources of greater than 1Bt, the previous obligation for Centrex to cede additional iron ore assets into the Joint Venture should total Mineral Resources be less than 1Bt have now been met. Eyre Iron held cash of A$ 3.2 million as at 30th September 2015.

5.2. Kimba Gap Magnetite Project (Centrex 100%)

Baotou Iron & Steel Group Co. ("Baotou") completed preliminary metallurgical testwork for the Kimba Gap Magnetite Project ("Kimba Gap") around 70km west of the port of Whyalla on the Northern Eyre Peninsula South Australia. The testwork was part of due diligence for a potential joint venture over the project which Centrex and Baotou had previously signed a Memorandum of Understanding for.

The testwork was completed on 300kg of diamond core and assay reject samples covering the main ore types of the deposit. The testwork showed a two-stage grind and two-stage low intensity magnetic separation circuit could produce a saleable magnetic concentrate from the fresh ore that forms the bulk of the project. Partially and fully oxidised iron formation was able to be upgraded to a saleable product using a combination of two-stage low intensity and two-stage high intensity magnetic separation plus flotation.

While testwork showed successful ability to beneficiate all ore types into a saleable concentrate project Baotou has elected not to invest at this time given the current poor iron ore market conditions. Centrex is still in discussions with other parties including Indian companies for investment into the project.

5.3. Bungalow Joint Venture (Centrex 70%, Baotou Iron & Steel 30%)

Centrex and Baotou held discussions in Adelaide as to the Bungalow Magnetite Joint Venture ("Bungalow") during the quarter. Both parties agreed that further development of the project would be unlikely to proceed until the iron ore (and steel) market conditions improved. The parties are currently determining the best option for placing the project on care and maintenance in the meantime.

5.4. Port Spencer (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.

Finalisation of the confirmatory audit (which is the last step required before WARI are required to pay its initial contribution into the joint venture) has taken considerably longer than expected. Representatives of WARI have advised that they are still analysing sections of the audit which was undertaken and completed by Deloitte. The Company is uncertain of how much longer this process will take but is continuing to offer WARI all the information and assistance it can to finalise matters.

5.5. Wilgerup Hematite Project (Centrex 100%)

No activities were undertaken during the quarter.

5.6. Iron Ore Exploration Licence Review

Centrex has completed a review of its exploration activity in the iron ore sector and given the current market conditions has chosen to relinquished four of its greenfield iron ore tenements to reduce the holding costs of the portfolio (EL 4883, EL 4571, EL 5245 and EL 5335). Previous exploration on these tenements has shown limited potential for large scale high grade 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

New South Wales
Goulburn (NSW) EL 7388
Archer (NSW) EL 7503
Woolgarlo (NSW) EL 8215

Northern Eyre Peninsula
Bungalow/Minbrie EL 4884
Kimba Gap EL 5170
Stony Hill EL 4451
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

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

For further information please contact:

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Centrex Metals Limited
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Chief Financial Officer & Company Secretary
Centrex Metals Limited
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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	Quarter ended ("current quarter")
97 096 298 752	30 SEPTEMBER 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(644)	(644)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(558)	(558)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	317	317
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / received	-	-
1.7	Other (provide detail)	-	-
	Net Operating Cash Flows	(885)	(885)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(2)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide detail if material)	-	-
	Net investing cash flows	(2)	(2)
1.13	Total operating and investing cash flows (carried forward)	(887)	(887)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(887)	(887)
	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	(887)	(887)
1.20	Cash at beginning of quarter/year to date	28,174	28,174
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of period**	27,287	27,287

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	84
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).	$26
Asiasphere Pty Ltd (consultant director)	$16
Patna Properties P/L (consultant director)	$25
Energy Exploration Limited (consultant director)	$13
Wugang Australian Resources Investment Pty Ltd (consultant director)	$4

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	736
4.2	Development	-
4.3	Production	-
4.4	Administration	530
	Total	**1,266**

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	6,420	7,128
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.41	Other (term deposits with maturity >90days)	19,588	19,588
5.42	Other (restricted cash – held by the joint venture management company)	1,279	1,458
	Total: cash at end of quarter (item 1.22)	**27,287**	**28,174**

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	EL4571, EL5245, EL5335, EL4883, EL8133 and EL8098	These tenements were all relinquished voluntarily by the Company.	100%	0%
6.2	Interests in mining tenements acquired or increased	E70/4729	An application made to the WA Dept of Mines and Petroleum was approved on 10/8/2015 for this tenement.	0%	100%

+ 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** *(description)*				
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	+ 721,053	+ 721,053	Nil [shares were issued on vesting of employee share rights].	Shares are fully paid ordinary securities
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	❶ 2015 Employ Performance Rights vesting 01/07/15 (subject to performance hurdles) ❷ 2015 Employ Retention Rights vesting 01/07/15 (subject to retention hurdles)		Nil Nil	

Continued on following page

+ See chapter 19 for defined terms.

7.7	**Options** *Continued from previous page*	❸ 2016 Employ Performance Rights vesting 01/07/16 (subject to retention hurdles) Period end balance: ❶ 0 ❷ 0 ❸ 1,000,000		Nil	
7.8	Issued during quarter	❶ - ❷ - ❸ -	❶ - ❷ - ❸ -		
7.9	Exercised during quarter	❶ - ❷ 721,053 ❸ -	❶ - ❷ - ❸ -		
7.10	Expired during quarter	❶ 1,592,948 ❷ 216,948 ❸ -	❶ - ❷ - ❸ -		
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ 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: 21 October 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.