
QUARTERLY ACTIVITIES REPORT

3 Months Ending 30th September 2014

Highlights

Corporate

- A\$ 34.3 million cash reserves as at 30th September 2014 with no debt

Woolgarlo Gold Project, NSW (Centrex 100%)

- Seven IP survey lines completed with drill ready epithermal gold targets identified
- Centrex is now formulating a drill program to evaluate these targets

Gundaroo Gold Project, NSW (Centrex 100%)

- 12 hole reverse circulation drilling program completed with no significant gold mineralization intersected
- Further review of remaining gold targets and exploration of the northern half of the tenement to be considered

Kimba Gap Magnetite Project, South Australia (Centrex 100%)

- Maiden Inferred Mineral Resource of 487Mt announced
- Very high quality pellet feed product could be produced at 68.6% Fe and 2.9% SiO₂
- Marketing for joint venture partner and discussions with third parties continuing

Wilgerup DSO Iron Ore Project, South Australia (Centrex 100%)

- Initial investigation undertaken into beneficiation of Wilgerup ore to reduce phosphorous and increase iron levels to improve potential profit margins
- Successful results shown from reverse flotation on DSO composites with up to 93% phosphorous reduction and up to 6% iron increase
- Further trials in progress to optimise reverse flotation conditions across all ore types

1. CORPORATE

The Company presented at the Symposium Investor Roadshow in Melbourne and Sydney in the middle of September with over 100 potential investors attending each event.

The Annual Financial Report for the year ended 30th June 2014 was released to the market 22nd September 2014.

The Company continues to maintain a healthy balance sheet with A\$ 34.3 million in cash reserves as at 30th September 2014 with no debt outside of current trade payables.

2. NSW METALS PORTFOLIO

2.1. Woolgarlo Gold Project, NSW (Centrex 100%)

The Woolgarlo project is located in NSW approximately 50km NW of Canberra. The project lies within the East Lachlan Fold Belt and is targeting epithermal gold mineralisation.

To follow up on the structural targets defined from a recent magnetics survey, 7 approximately 1.5 - 2km long lines of dipole-dipole IP, orientated perpendicular to and spaced broadly along potentially favourable structures for mineralisation were completed. The IP lines were seeking resistive anomalies associated with demagnetised fault structures, indicative of silicification often associated with epithermal gold mineralisation.

Inversion modeling and interpretations of the 7 IP lines were completed with encouraging results and drill ready epithermal gold targets identified. For full details of the IP results and identified targets see announcement on 1st October 2014:

<http://www.asx.com.au/asxpdf/20141001/pdf/42sltg6gg9p4p9.pdf>

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 1st October 2014.

Centrex is now formulating a drill program to evaluate these targets.

2.2. Goulburn Zinc Joint Venture, NSW (Centrex 65%, Shandong 35%)

Chinese Government approvals remain the only outstanding condition for the commencement of the Goulburn Zinc Joint Venture with Shandong 5th Geo-Mineral Prospecting Institute ("Shandong"). The first stage of the Joint Venture comprises Shandong funding A\$ 2 million on exploration to earn a 35% interest. Beyond the first stage, Shandong have the potential to earn up to 80% by funding the project through to production, leaving Centrex with a 20% free carried interest to production.

Upon receipt of Chinese Government approvals and completion of the Joint Venture, the initial A\$ 2 million from Shandong will be used for a diamond drilling program testing announced induced polarisation ("IP") geophysical targets within the project. The IP targets lie on the edge of a large gravity anomaly and along strike from historically identified base metals mineralisation.

Centrex visited Shandong in China during the quarter to gain an update on the approvals. Shandong notified Centrex that one of the key approval institutions for the deal is still not receiving any applications for new investments at this time. It is unclear when new applications will once again be allowed to be submitted and Centrex will consider its options to progress the project during the next quarter.

2.3. Gundaroo Gold Project (Centrex 100%)

Centrex has completed an initial 12 hole, 881m reverse circulation drilling program at the Gundaroo Gold Project, 30km north of Canberra in NSW. The drilling program tested three intrusion related gold system ("IRGS") targets selected from stream sediment anomalies, magnetic data, and or the occurrence of old 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.

The previous stream sediment program identified 9 anomalous gold targets within the central and southern portion of the tenement of which 3 have now been tested. In addition to the remaining anomalous gold targets the northern portion of the 280km² tenement has yet to be evaluated. Centrex will now further consider the remaining gold targets and the northern portion of the tenement.

3. SOUTH AUSTRALIA IRON ORE PORTFOLIO

3.1. Kimba Gap Magnetite Project (Centrex 100%)

The Kimba Gap Magnetite Project is located 60km's west of Whyalla, and 150km north of Port Spencer on the Eyre Peninsula in South Australia.

During the quarter Centrex announced a maiden Inferred Mineral Resource of 487Mt for the project estimated by independent consultants OreWin Pty Ltd, at an average head grade of 24.7% Fe and Davis Tube Recovery ("DTR") of 18.5%.

The table below summarises the Inferred Mineral Resources. Based on the DTR results a very high quality pellet feed product could be produced at 68.6% Fe and 2.9% SiO₂.

Inferred Mineral Resources							
	Tonnage (Mt)	Head Grade		DTR (%)	Concentrate Grade		Fe Recovery (%)
		Fe (%)	SiO ₂ (%)		Fe (%)	SiO ₂ (%)	
Total Inferred Resource (>5% DTR)	487.1	24.7	53.8	18.5	68.6	2.9	51.2
Including High Grade (>25% DTR)	154.5	28.4	52.9	30.1	70.0	2.4	74.2

*DTR (percent weight recovery) and concentrate results were from work performed at P80 38µm grind.

For full details of the Inferred Mineral Resource see announcement on 29th July 2014:

<http://www.asx.com.au/asxpdf/20140729/pdf/42r2y42ddx4sh1.pdf>

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 29th July 2014 and that all material assumptions and technical parameters underpinning the mineral resource estimates continue to apply and have not changed.

The establishment of the Kimba Gap Inferred Mineral Resource will enable Centrex to lodge a Mineral Claim and secure full rights to the magnetite deposit, it will also aid in attracting a foreign investment partner for the project. Centrex is currently marketing the project in the hope of establishing its third major iron ore joint venture.

3.2. Wilgerup DSO Iron Ore Project (Centrex 100%)

Initial results from preliminary beneficiation test work for the Wilgerup hematite iron ore project located on the Central Eyre Peninsula in South Australia was completed during the quarter. The aim of the ongoing test work is to enhance the product quality of the deposit in order to increase the project's potential profit margins.

The Wilgerup deposit contains high levels of phosphorous with the average resource grade at 0.51% P, which would attract a significant contaminant penalty from steel producers. In order to reduce these penalties and increase the quality of the product overall, Centrex has commenced investigation of cost effective techniques to remove the phosphorous and increase the product iron content. From this investigation reverse flotation has shown promise with the first preliminary results from five composite samples analysed resulting in up to 93% reduction in phosphorous at an average across all ore types of 55%, and up to a 6% increase in iron at an average of 4%.

For full details of the initial results see the announcement 24th July 2014:

<http://www.asx.com.au/asxpdf/20140724/pdf/42qzsz90sth4df.pdf>

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement of 24th July 2014.

Further trials and petrology work to find the optimal flotation conditions overall are ongoing. Previous crushing and sizing work at Wilgerup shows the ore body to be relatively weak and friable, an advantage in terms of energy required to grind the ore. Comminution test work is also underway on a bulk composite and results are expected next quarter.

Given the preliminary reverse flotation results show high mass and high iron recovery results, Centrex believes an opportunity may exist to simply crush the ore in Australia to a level required for transport, and complete the more costly grinding and beneficiation component off-shore near the final customer. Another opportunity may be to match the product with an existing iron ore flotation plant off-shore.

3.3. Port Spencer Joint Venture (Centrex 50%, WISCO 50%)

Work was commenced during the quarter to investigate further capital cost saving initiatives both onshore and offshore at Port Spencer that may allow the development to progress with mining of the Wilgerup hematite project, still allowing eventual ramp up to accommodate later magnetite concentrate exports.

A Prefeasibility Study using new transshipment technology was completed for the port in November 2013 with a start-up capital cost of A\$ 142M.

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

Negotiations and determinations for drilling access to some areas of the Fusion magnetite project were ongoing during the quarter. Drilling is planned to recommence in early 2015 assuming the land access constraints can be resolved by that time.

The joint venture had A\$ 5.2 million of funds remaining at the end of the quarter.

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

Centrex representatives visited Baotou Iron & Steel (Group) Co. ("Baotou") in China during the quarter to discuss the next stage of joint venture development and possible synergies with the Kimba Gap magnetite project located just 50km north of the Bungalow Joint Venture.

Baotou indicated that they were still reviewing the draft prefeasibility study and results from recent studies at Kimba Gap to consider options for the next stage of joint venture development.

4. TENEMENTS

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

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

New South Wales

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

Southern Eyre Peninsula

Wanilla EL 4384
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 2014 to 30th September 2014.

For further information, please contact;

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

Gavin Bosch
CFO & Company Secretary
Centrex Metals Limited
(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 SEPTEMBER 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 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	(575)	(575)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,047)	(1,047)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	299	299
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) / received	-	-
1.7	Other (provide detail)	-	-
	Net Operating Cash Flows	(1,323)	(1,323)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	(207)	(207)
1.11	Loans repaid by other entities	34	34
1.12	Other (provide detail if material)	2	2
	Net investing cash flows	(171)	(171)
1.13	Total operating and investing cash flows (carried forward)	(1,494)	(1,494)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,494)	(1,494)
	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	(1,494)	(1,494)
1.20	Cash at beginning of quarter/year to date	35,770	35,770
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of period	34,276	34,276

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).	\$46
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):

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	661
4.2 Development	-
4.3 Production	-
4.4 Administration	691
Total	1,352

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	537	760
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.41 Other (term deposits with maturity >90days)	31,654	32,600
5.42 Other (restricted cash – held by the joint venture management company)	2,085	2,410
Total: cash at end of quarter (item 1.22)	34,276	35,770

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	720,000	720,000	\$0.00	\$0.00 Shares were issued on vesting of employee scheme share rights
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 2014 Employ Performance Rights vesting 30/06/14 (subject to performance hurdles)</p> <p>❷ 2014 Employ Retention Rights vesting 30/06/14 (subject to retention hurdles)</p>		<p>Nil</p> <p>Nil</p>	
	<i>Continued on following page</i>				

+ See chapter 19 for defined terms.


Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>Continued from previous page</i>	③ 2015 Employ Performance Rights vesting 01/07/15 (subject to performance hurdles) ④ 2015 Employ Retention Rights vesting 01/07/15 (subject to retention hurdles) ⑤ 2016 Employ Performance Rights vesting 01/07/16 (subject to retention hurdles) <u>Period end balance:</u> ① - ② - ③ 1,592,948 ④ 938,001 ⑤ 1,000,000		Nil Nil Nil	
7.8	Issued during quarter	① - ② - ③ - ④ - ⑤ -	① - ② - ③ - ④ - ⑤ -		
7.9	Exercised during quarter	① - ② 720,000 ③ - ④ - ⑤ -	① - ② - ③ - ④ - ⑤ -	See above	
7.10	Expired during quarter	① 1,220,000 ② - ③ - ④ - ⑤ -	① - ② - ③ - ④ - ⑤ -		
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: 15 October 2014
(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.

== == == == ==

+ See chapter 19 for defined terms.