



AUSTRALIAN SECURITIES EXCHANGE RELEASE

30th January 2009

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

Dear Sir/Madam

Second Quarter Activities Report

THREE MONTHS TO 31st December 2008

The following activities have been conducted by or on behalf of the Company:

1.0 EXPLORATION ACTIVITIES

Exploration activities for the quarter focused on the Wilgerup, Bungalow and Carrow iron ore projects, on South Australia's Eyre Peninsula.

General

The Bungalow diamond drilling program was completed in December 2008. The remaining studies, analytical results and resource modeling will be completed next quarter.

Planning and target generation for the upcoming exploration program for EL 3877 Carrow, EL 3877 Mount Hill and EL 3609 Cockabidnie was completed. Geological reconnaissance was undertaken over the Mount Hill and Cockabidnie tenements in preparation for the planned airborne gravity survey by Bell Geospace next quarter.

Research and Development activities were collated for FY 2008 resulting in an eligible expenditure of around \$ 220,000.

The final *Plan for Accelerating Exploration* ("PACE") report was submitted to the *Department of Primary Industries and Resources of South Australia* ("PIRSA") for the Stony Hill exploration drilling. A refund of \$100,000 was received.

1.1 Wilgerup Activity

Snowden Mining Industry consultants revised the Wilgerup North Resource model incorporating the latest assay results and included waste and weathering domains. The Wilgerup North Resource model will now be used for pit optimisation, mine scheduling and pit design.

A number of samples were selected for metallurgical testwork including lump and fines sizing, grades and physical testing. This test work is expected to commence around January after hardness logging has been completed on the core samples.

The Indicated and Inferred Resources for the Wilgerup North Hematite Pod are as follows:

Indicated Mineral Resource October 2008							
Ore Type	Fe% Cut-off	Tonnage (Mt)	Fe	SiO₂	Al₂O₃	LOI	P
Massive Hematite	55	10.5	59.8	3.6	2.3	4.5	0.49
Hematite Carbonate	45	0.6	50.1	6.5	3.6	7.8	0.65
Hematite Clay	45	2.2	50.0	10.4	4.8	6.7	0.54
	Total	13.3	57.7	4.8	2.8	5.0	0.51

Inferred Mineral Resource October 2008							
Ore Type	Fe% Cut-off	Tonnage (Mt)	Fe	SiO₂	Al₂O₃	LOI	P
Massive Hematite	55	0.6	58.9	4.0	2.3	2.9	0.56
Hematite Carbonate	45	0.1	50.3	6.3	2.8	7.9	0.54
Hematite Clay	45	0.1	50.3	10.0	3.3	6.4	0.60
	Total	0.8	56.6	5.2	2.5	4.0	0.57

1.2 Bungalow and Carrow Activity

The planned 5000m diamond drilling program at Bungalow was completed. A total of 2836m was drilled during the quarter.

Metallurgical and plant design scoping studies for the Bungalow project were awarded to GRD Minproc, an engineering consulting group with proven magnetite project experience. Metallurgical samples from the diamond core were collected during the quarter and sent for analysis. Results are expected in early 2009.

Geological modeling of the deposit based on the updated drilling results has begun and an updated Inferred resource is planned for release in the new year.

A single diamond drill hole was completed at the Carrow prospect with assay results pending. Engenium consultants completed a Davis Tube Recovery grind size evaluation of the deposit during the quarter establishing a target grind size of P80 75 micron to achieve high iron (>68% Fe) and low silica (<3.5% SiO₂) concentrate. These results show the Carrow magnetite liberates at relatively coarse grind sizes while still producing a high quality product.

1.3 Tenement Management

Six monthly summary reports for EL3125 Ironstone Hill, EL3317 Wilgerup, EL3689 Wanilla, EL3731 Tumbly Bay, EL3375 Kimba Gap and EL3421 Dutton Bay were submitted to PIRSA.

Tenement renewals were received from PIRSA for EL3609 Cockabidnie, EL3401 Lock, EL3969 Kimba Gap and EL3269 Wanilla.

Tenement renewal applications for EL3287 Stony Hill and EL3999 Ironstone Hut have been submitted to PIRSA.

1.4 Tenement Acquisitions/Disposals and Farm-in/Farm-out Agreements

Following the recent signing of a second Heads of Agreement, the Company now has two potential joint venture partners:

EL 3610 – Bungalow – Baotou Iron & Steel Co., Ltd (“Baotou”)

Officials from Centrex and Baotou met in China in December. Both parties remain committed to establishing the Joint Venture and are confident of resolving the remaining issues in the near future.

Southern & South Central Tenements – Wuhan Iron & Steel (Group) Co (“WISCO”)

As announced on the 18th of December 2008, the Company signed a binding heads of agreement with Wuhan Iron & Steel (Group) Co (WISCO) from China to purchase a 50% interest in the following exploration licences:

- **EL 3611** just north of Port Lincoln;
- **EL 3421** near Dutton Bay, 90 kilometres northeast of Port Lincoln;
- **EL 3269** just northwest of Port Lincoln;
- **EL 3731** just west of Tumby Bay; and
- **EL 3877** stretching along the Port Lincoln to Tumby Bay coastline.

Key payment details of the acquisition agreement are as follows:

WISCO has agreed to pay Centrex A\$0.18/t for Inferred Magnetite Resources for up to 1,000 million tonnes or a maximum of A\$180,000,000 in staged payments for the acquisition of a 50% participating interest in the iron ore contained in the Tenements. WISCO paid a A\$500,000 non-refundable deposit to Centrex (announced 29th of December 2008).

The staged payments are as follows:

1. A\$59,500,000 payable within 7 days of the execution of the formal agreements;
2. A further payment of A\$30,000,000 on the first anniversary of the formal agreements (at which time WISCO will be deemed to have acquired a 50% participating interest in the Joint Venture);

In addition WISCO will make the following further payments once Inferred Resource milestones are met.

3. A\$22,500,000 when the total Inferred Resource for magnetite banded iron formation within the Tenements reaches 1,250 million tonnes (WISCO share 625 million tonnes);
4. A\$22,500,000 when the total Inferred Resource for magnetite banded iron formation within the Tenements reaches 1,500 million tonnes (WISCO share 750 million tonnes);
5. A\$22,500,000 when the total Inferred Resource for magnetite banded iron formation within the Tenements reaches 1,750 million tonnes (WISCO share 875 million tonnes); and
6. A\$22,500,000 when the total Inferred Resource for magnetite banded iron formation within the Tenements reaches 2,000 million tonnes (WISCO share 1,000 million tonnes).

WISCO is not required to make further payment should the total Inferred Resource for magnetite banded iron formation exceed 2,000 million tonnes. WISCO is also not required to make any payment for its interest in any hematite deposits discovered on the Tenements.

Centrex and WISCO will establish a management company to manage the joint venture. Both parties will work together to complete the Joint Venture Transaction Documents in time to coincide with receiving the necessary government consents and permits, which are expected in March 2009.

2.0 DEVELOPMENT ACTIVITIES

Mining Lease Proposal

Sinclair Knight Merz (“SKM”) completed the Mining Lease Proposal (“MLP”) for the Wilgerup project. The MLP was submitted to PIRSA on 15th October 2008. The submission of the MLP started a minimum 25 week statutory approval process. Requests to Centrex for additional details from external parties will result in extensions to the approval timeline. Centrex also anticipates that the Christmas and New Year holiday periods may potentially further delay the approval process. The Company anticipates that approval should be received in April 2009. Work continues on preparation of the Mining and Rehabilitation Plan (“MARP”) document which will be submitted to PIRSA upon feedback from, and approval of the MLP. This will complete the second stage of project approval, with Ministerial sign-off remaining. This is anticipated to occur in Q4, 2009.

The revised MLP includes operation of the Wilgerup project, truck transport of product to a dedicated rail siding 20 km from the mine on the Central Eyre Peninsula, rail ore products to Brennen Jetty at Port Lincoln and direct loading into Panamax class vessels from independent dedicated conveyor and ship loading infrastructure.

Work completed during the quarter included:

- MLP process was completed and the MLP submitted to PIRSA on 15th October.
- Continuation of the community engagement and consultation process.
- Government stakeholder engagement continued.
- Hydrological investigation, including pump test data evaluation report completed. Initial results indicate an additional water source may be required towards the end of mine life due to the range of water volumes provided. A desktop search of potential sources identified two (2) alternative sites. These sites will only have further testing completed once more accurate information is available on the current proposed dewatering bore sites.
- Geotechnical assessment of additional diamond drill core commenced. Peter O’Brien & Associates was contracted to complete the core logging and evaluation and provide recommended geotechnical parameters for the pit design.
- A revised geological model was received in September. The revised model will be used to re-run the pit optimization and allow revised production schedules to be generated. Once completed, the cost model shall be updated and revised budget costs completed.

Sinclair Knight Merz (“SKM”) was awarded the contract to complete a Development Application for approval to export of product from the Wilgerup mine via Brennen Jetty in Port Lincoln. A detailed feasibility report will be prepared and submitted in the March quarter 2009 to the Development Application Committee (“DAC”) for approval to export from Brennen Jetty in Port Lincoln. The Port Lincoln City Council and all relevant government agencies will be consulted during preparation of the Application.

The development application for Proper Bay was completed during the quarter but will be held in abeyance pending an outcome to the Brennen Jetty Development Application. Should the DAC not approve the request for access to Brennen Jetty, the decision regarding the Proper Bay Development Application will be re-evaluated.

Flinders Ports, as Port owner, and Genesee and Wyoming Australia Pty Ltd (GWA), rail and rolling stock owner and operator, remain fully supportive of the proposal to export hematite from Wilgerup from Brennen Jetty. Centrex will continue to work closely with other port users throughout the process to ensure stakeholder issues are addressed. Centrex remains very positive of the outcome.

Wilgerup Site – Kamballa station

Negotiations for the purchase of Kamballa station, encompassing the Wilgerup hematite deposit were finalised and documentation completed and signed during September. Transfer of title occurred on 18th December, to coincide with completion of the harvest period. The vendor will remain on the property until 31 January 2009. Discussions to lease sections of the property not required as part of the mining operations continue with adjacent land owners. The proposed lease agreement will be based on standard commercial terms.

Alternative port site

Agreement was reached on the commercial terms for the purchase of 106 hectares of coastal land identified following the bathometric survey completed in the June quarter. The selected site delivers 18 metres of water at low tide at a distance of 450 metres from the coast. The land tenure is currently leasehold, with the freehold process commenced earlier this year by the current leaseholder. Upon change of tenure from leasehold to freehold title, the transfer of land contract is activated and the title passed to Centrex Metals Limited.

Golder Associates was awarded the contract to complete the environmental clearance and approvals process and complete the Development Application for the site. The baseline study is scheduled for completion in Q1 2009 and the Development Application is scheduled to be completed in Q2 2009.

Engineering update

During the quarter, Centrex accelerated the engineering review and preliminary design of infrastructure required at the Wilgerup mine, rail siding and Port Lincoln wharf. Significant input and support was received from current port users to integrate new infrastructure with existing rail and storage facilities. The following activities continued during the quarter:

Port Lincoln Export Facility

- Review the methodology for rail unloading, conveyance, storage and outloading of hematite product;
- Reflect engineering changes from review in updated design of the facility to further utilise the existing facilities;
- Liaise with ABB Limited and Flinders Ports on the engineering proposal for inclusion in the Development Application; and
- Progress the Development Application with SKM through an iterative review process, with the intent to submit the Development Application in January 2009.

Wilgerup Mine Site and Rail siding

- Mining equipment requirement review with latest mining schedule;
- Conceptual design of Tooligie Rail Siding;
- Crushing and screening plant process design and methodology;
- Capital and operating costs into financial model; and
- Reviewed mining equipment supply proposal alternatives.

General

- Draft Pre feasibility document for the Wilgerup Hematite Operation.

3.0 PRODUCTION ACTIVITIES

No production was recorded for any of the Company's tenements during the quarter.

4.0 CAPITAL

The Company had the following securities on issue as at 31 December 2008:

Ordinary Shares	269,330,665
2011 A Class Options (expiring 30 Jun 2011, exercisable at \$0.20)	1,000,000
2011 CXM Exec Options (expiring 30 Jun 2011, exercisable at \$0.20)	2,475,000

During the quarter members exercised the following options:

- 2,500 on 19 December 2008; and
- 7,668,923 on 31 December 2008.

5.0 FINANCIAL

5.1 Reconciliation of Expenditure

This is the second quarterly report for Centrex Metals Limited for the year ended 30 June 2009. In the previous quarterly report the estimated exploration and evaluation cash outflows for the current quarter was \$761,000. The actual exploration and evaluation cash outflow amounted to \$2,394,000; the difference being primarily due to additional feasibility study costs and contract drilling costs.

5.2 Cash at end of Quarters

Cash at 31 December 2008 was \$11,732,583.

Attached is the Appendix 5B Statement of Cashflows for the period from 1st October 2008 to 31st December 2008.

For further information, please contact Gerard Anderson at Centrex Metals Limited on (08) 8232 0400.



Gerard Anderson
Managing Director
Centrex Metals Limited
Gerard Anderson
Managing Director
Centrex Metals Limited

The information in this report relating to Exploration Results is based on information compiled by Mr Gerard Anderson who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Anderson is a geologist and Managing Director of Centrex Metals Limited. Mr Anderson has sufficient experience, which is relevant to the style of mineralisation 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 Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CENTREX METALS LIMITED

ABN

97 096 298 752

Quarter ended ("current quarter")

31 DECEMBER 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2	2
1.2 Payments for (a) exploration and evaluation	(2,394)	(4,424)
(b) development	-	-
(c) production	-	-
(d) administration	(543)	(970)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	264	733
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) refund	-3	-3
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(2,674)	(4,662)
Cash flows related to investing activities		
1.8 Payment for purchase of: (a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	(2,770)	(4,039)
1.9 Proceeds from sale of: (a)prospects	500	500
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(2,270)	(3,539)
1.13 Total operating and investing cash flows (carried forward)	(4,994)	(8,201)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,994)	(8,201)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,030	1,049
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) –IPO costs	-	-
	Net financing cash flows	1,030	1,049
	Net increase (decrease) in cash held	(3,914)	(7,152)
1.20	Cash at beginning of quarter/year to date	15,647	18,885
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11,733	11,733

Payments to directors of the entity and associates of the directors

Payments to 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	412
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).	\$307
Adelaide Equity Partners (corporate advice, office rental, administration services)	\$ 53
Minter Ellison (legal advice)	\$ 52

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

Security deposit paid by WISCO as detailed at item 1.4 in the Activities Report	(\$A'000): \$500
---	---------------------

+ 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	1,074
4.2 Development	-
Total	1,074

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	2,045	1,111
5.2 Deposits at call	9,688	14,536
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	11,733	15,647

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	269,330,665	269,330,665		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) End of restriction period	7,671,423 Exercised options Nil	7,671,423 Exercised options Nil	\$0.20	\$0.20
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>	① 2008 A Class ② 2011 A Class ③ 2011 Employ. <u>Period end balance:</u> ① 0 ② 1,000,000 ③ 2,475,000	Expiring 31/12/08 Expiring 30/06/11 Expiring 30/06/11	\$0.20 \$0.20 \$0.20	
7.8 Issued during quarter	① 500,000 ② - ③ -	① - ② - ③ -		

+ See chapter 19 for defined terms.

7.9	Exercised during quarter	1 7,671,423 2 - 3 -	1 7,173,423 2 - 3 -	\$0.20	
7.10	Expired during quarter	1 48,212,271 2 - 3 -	1 48,212,271 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30th January 2009
(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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.