

AUSTRALIAN SECURITIES EXCHANGE RELEASE

FOR IMMEDIATE RELEASE

31 January 2012

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

Dear Sir/Madam

Second Quarter Activities Report for the 3 Months Ending 31 December 2011

(covering particularly the Company's multi-iron ore projects on South Australia's Eyre Peninsula)

Highlights:

- The Eyre Iron JV with Wuhan Iron and Steel (WISCO) announced Project Fusion as the preferred development option that has current Inferred Resources of 454Mt.
- The Bungalow project moved to the next stage with Baotou Iron and Steel (Baogang) investing a further \$8M and gaining the rights to 30% of any iron ore found on these tenements. This is ahead of the project schedule.
- The Port Spencer PER (Public Environmental Report) has been completed in draft and the final PER will be formally submitted to the government soon.

Safety

Generally safety performance for the Company was good with the following exceptions:

- Eyre Iron suffered a lost time injury with a back strain incurred while handling PQ drill rods.
- A serious incident occurred when a piece of a drill mast broke away and grazed an operator as it fell to the ground. All rigs were immediately inspected and the damaged rig was removed to Adelaide for investigation by SafeWork SA. The Company has taken all precautions to prevent any similar incidents.

General Comments

Progress by Eyre Iron, the JV with WISCO, has resulted in the selection of Project Fusion as the preferred and best site for the first mine and processing plant development. This site is preferred over the Carrow or Greenpatch sites due to the size of the resource base that could support the associated new infrastructure development required for a magnetite project. The focus of Eyre Iron is now to complete the scoping study and Eyre Iron has commenced further feasibility studies. A major resource drilling program will commence next quarter.

The Bungalow JV achieved another milestone ahead of schedule with the decision by Baogang to invest a further \$8M in the project before the formal completion of stage 2. The full analysis of stage 2 and the formal reporting will not be complete until the June quarter. Baogang now have the rights to 30% of any iron ore discovered on the Bungalow tenements and can move to a total of 50% with continued project success and the investment of an additional A\$16M.

The Port Spencer draft Public Environmental Report has been completed in line with government requirements and Centrex's schedule. This is a substantial document that addresses the 135 matters advised by the Minister, including 65 environmental matters. The document will be available for public scrutiny early in the new year.

The Company's objectives for the coming March quarter are to complete the Port Spencer PER consultation process, complete the scoping study for Project Fusion and confirm the economics for production of Project Fusion. This study will include the evaluation of capacity options of up to 10mtpa.

This report sets out the activities that have been conducted by or on behalf of the Company:

1. JOINT VENTURE ACTIVITIES

Exploration activities on SA's Eyre Peninsula focused on the Bungalow Joint Venture (magnetite) with Baogang which commenced on June 18, 2010 and on the WISCO Joint Venture (magnetite) which commenced on July 20, 2010.

1.1 Bungalow Joint Venture

The Bungalow Joint Venture made significant progress during the quarter including 15,437m of Resource definition drilling and the commencement of metallurgical testing and geotechnical, groundwater and environmental studies.

A summary of the various aspects of each project stage is presented below.

Stage 2

- Peter O'Brien & Associates has completed the geotechnical logging with reporting due in early 2012 to feed into the mining feasibility study.
- Frank Walsh drilling completed a production bore and a number of monitoring bores. A pumping test was successfully undertaken in November which will form the basis of the ground water study, due in early 2012.
- The environmental geochemical (acid mine drainage) static testing has been completed and kinetic samples have been selected for commencement in December.

Stage 3A

- The bulk of the Stage 3A Resource definition drilling has been completed and has been very successful in terms of productivity, safety and Resource definition. A total of 15,437.7m has been drilled from late September until December 16.
- The Golder ecology spring survey of the mine and pipeline route has been completed. Initial results have not indicated any environmental issues.
- The first round of groundwater environmental sampling has been completed and samples dispatched for analysis.
- AMEC Minproc has developed a process flow sheet for metallurgical testwork including the recovery of hematite ore and the flotation of sulphides and silica. Sample preparation of the various ore types has commenced at the AMDEL laboratory in Adelaide.

1.2 WISCO Joint Venture

Eyre Iron Pty Ltd ("Eyre Iron"), the management company of the WISCO Joint Venture, announced the selection of the Fusion Magnetite Project ("Fusion") just west of Tumby Bay on South Australia's Eyre Peninsula, as its first preferred potential mining project. Fusion, only 40 kilometres from a deepwater export port being proposed by Centrex, currently has a JORC Inferred Resource of 454.4 million tonnes (Mt).

Eyre Iron commenced community consultation with four sessions held at Port Neill, Tumby Bay, Koppio and Port Lincoln with around 60 attendees in all and water and land acquisition as the main issues of interest.

Work completed for Fusion during the quarter included:

- A PQ metallurgical drilling program was completed for the upcoming feasibility study with 1,242.5m completed for the program
- A number scoping level studies were completed during the quarter including process and infrastructure design with completion of the overall Scoping Study expected late next quarter.

White Flat, Charleton Gully & Warunda – Exploration

Further exploration drilling at White Flat and Charlton Gully was undertaken during the quarter with initial results from the program expected in the next quarter.

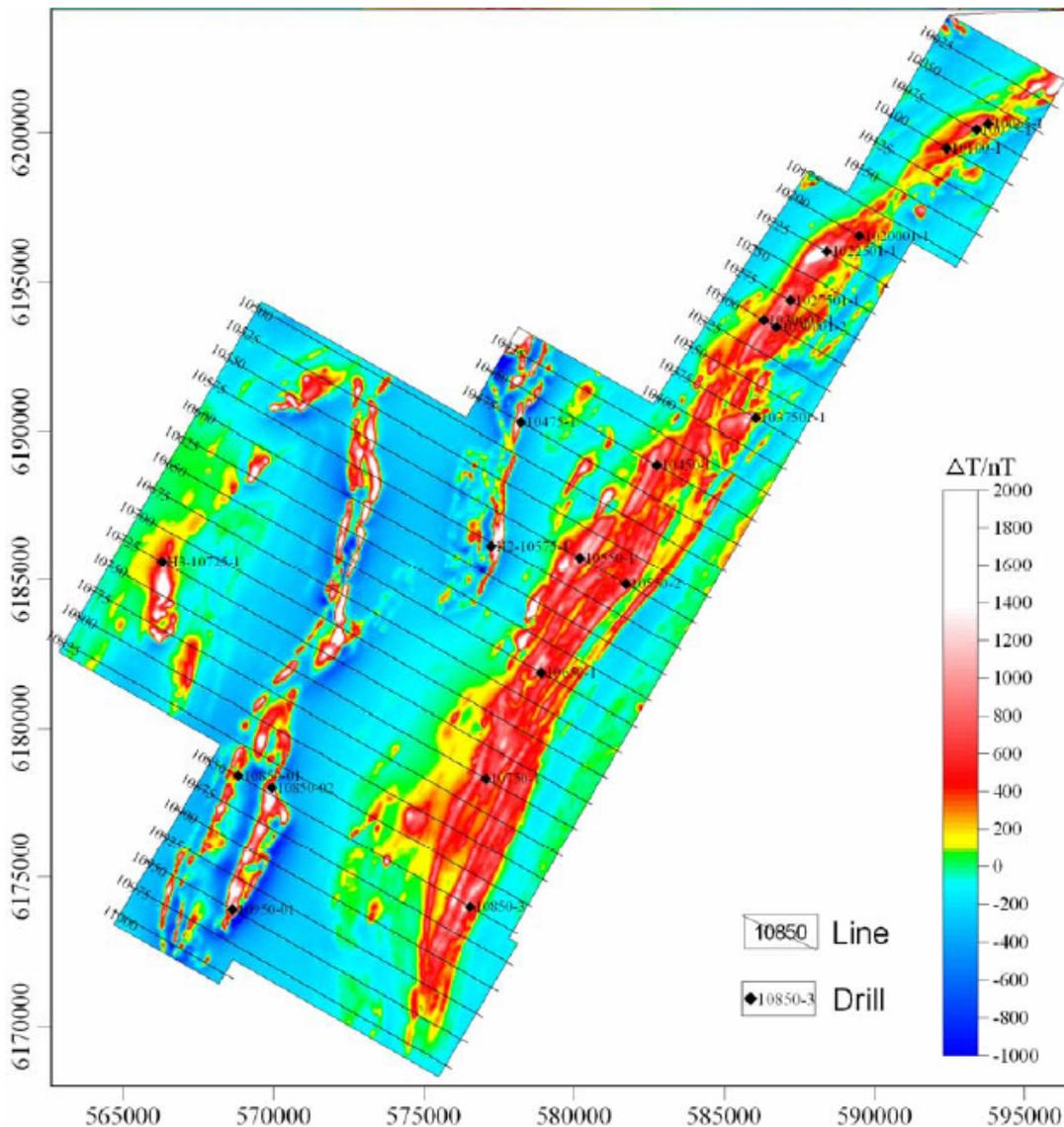


Figure: China University of Geosciences drill hole target plan shown against high-resolution magnetic image.

2. EXPLORATION ACTIVITIES

2.1 Goulburn Skarn Project (magnetite & base metals – NSW)

With Centrex's geological personnel focused on managing the Company's iron ore joint venture activities on the Eyre Peninsula, a geological consultant familiar with the Goulburn region and styles of mineralisation has been engaged to review the project and 2012 exploration strategy.

The Goulburn and Archer tenements are extensive with a number of base metal, gold and iron deposits and occurrences. A geophysical review by ASIS international and Geosmining previously outlined a number of targets warranting ground investigation followed by drill testing.

Landowner access for a number of the new targets, previously identified from the 2010 airborne geophysical survey, will require a careful and considered approach to ensure that exploration drilling activities will have minimal impact.

2.2 Western Middleback Iron Ore Tenements (hematite/magnetite – SA)

No significant activities were undertaken in the Western Middleback tenements.

2.3 Tenement Management

All tenements are in good standing.

A number of 6 monthly reports were submitted to PIRSA including EL 3968 Kimba Gap, EL 4384 Wanilla, EL 4588 Lock, EL 4605 Dutton Bay, EL 4451 Stony Hill, EL 4185 Ironstone Hill, EL 3731 Tumby Bay, EL 4467 Wilgerup AND el 4571 Gilles Downs.

3. OTHER ACTIVITIES

3.1 Wilgerup hematite project

No further activities were undertaken in relation to the proposed Wilgerup hematite DSO mine. The mine will be developed in line with development of Port Spencer (refer below).

3.2 Port Spencer deepwater port (formerly known as Sheep Hill)

Centrex and Golder Associates have completed the draft Port Spencer Public Environmental Report (PER). This has now been submitted to the Department of Planning, Transport and Infrastructure (DPTI) for internal review. Centrex expect to receive any final questions that need to be further addressed before formally submitting the PER to DPTI to commence the government public consultation period.

Parsons Brinckerhoff has completed a design feasibility study. The concept designs previously completed have been developed further and now incorporate all site civil works, provision of services, roads and expected construction methodology for the site and jetty. This design work is now included in the draft PER.

Centrex has appointed Patrick as a member of the owner's team to assist with the Port operational requirements including piloting, tugs, ship mooring and ship loading requirements.

The port will be justified and built based on the success of our magnetite exploration joint ventures. However, once constructed, the port will be available, on third party commercial terms, to other users, including Centrex's own Wilgerup hematite DSO project.

4. PRODUCTION ACTIVITIES

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

5. CAPITAL

The Company had the following securities on issue as at 31 December 2011:

Ordinary Shares	313,600,904
2012 CXM Exec Options (expiring 30 Jun 2012, exercisable at \$0.42)	1,682,000
2014 CXM Exec Options (expiring 30 Jun 2014 exercisable at \$0.42)	750,000
2014 Employee Performance Rights (vest 30 Jun 2014 subject to performance hurdles)	1,800,000
2014 Employee Retention Rights (vest 30 Jun 2014 subject to retention hurdles)	800,000

During the quarter, the Company issued a total of 1,800,000 incentive rights to employees and the Managing Director which will be converted to shares on 30 June 2014 provided that certain performance and retention hurdles are met. Of those, 1,000,000 performance rights were granted to the Managing Director as approved by shareholders at the Company's Annual General Meeting. The incentive rights were issued at no cost to the employees and the Managing Director.

6. FINANCIAL

6.1 Cash at end of Quarter

Cash at 31 December 2011 was **A\$81,384,636**.

Attached is the Appendix 5B Statement of Cash flows for the period from 1st October 2011 to 31st December 2011.

For further information, please contact Jim White at Centrex Metals Limited on (08) 8100 2200.

Jim White
Managing Director
Centrex Metals Limited

The information in this report relating to Exploration Results for Centrex Metals Limited is based on information compiled by Mr Alastair Watts who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Watts is a geologist and Exploration Manager of Centrex Metals Limited. Mr Watts 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 Watts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to Exploration Results for Eyre Iron Pty Ltd is based on information compiled by Mr Ben Hammond who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hammond is a geologist employed by Centrex Metals Limited and is the Chief Operating Officer of Eyre Iron Pty Ltd. Mr Hammond 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 Hammond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

(2) The information in this report relating to Mineral Resources is based on and accurately reflects information compiled by Mr Alan Miller of Golder Associates who is a consultant and adviser to Eyre Iron Pty Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Miller has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Miller consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

(3) The information in this report relating to Mineral Resources is based on and accurately reflects information compiled by Mr Alex Virisheff of Coffey Mining Limited who is a consultant and adviser to Eyre Iron Pty Ltd and who is a



CENTREX METALS
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Member of the Australasian Institute of Mining and Metallurgy. Mr Virisheff has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Virisheff consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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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

97 096 298 752

Quarter ended ("current quarter")

31 DECEMBER 2011

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	6	13
1.2 Payments for (a) exploration & evaluation	(18)	(105)
(b) development	-	-
(c) production	-	-
(d) administration	(1,948)	(3,295)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1,384	1,891
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / received	384	381
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(192)	(1,115)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(92)	(101)
1.9 Proceeds from sale of: (a) prospects	-	26,000
(b) equity investments	-	-
(c) other fixed assets	35	35
1.10 Loans to other entities	(450)	(975)
1.11 Loans repaid by other entities	415	943
1.12 Other (provide details if material)	-	-
Net investing cash flows	(92)	25,902
1.13 Total operating and investing cash flows (carried forward)	(284)	24,787

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1.13	Total operating and investing cash flows (brought forward)	(284)	24,787
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		(284)	24,787
1.20	Cash at beginning of quarter/year to date	81,669	56,598
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	81,385	81,385

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	211
1.24	Aggregate amount of loans to the parties included in item 1.10	422

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).	\$168
Asiasphere Pty Ltd (consultant director)	\$18
Wugang Australian Resources Investment P/L (consultant director)	\$10
Bynoe Investments Pty Ltd (consultant director)	\$15

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

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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):

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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	902
4.2 Development	-
4.3 Production	-
4.4 Administration (including income taxes of \$14.8m)	16,448
Total	17,350

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	316	1,141
5.2 Deposits at call	9,675	42,087
5.3 Bank overdraft		
5.4 Other (provide details)	71,394	38,441
Total: cash at end of quarter (item 1.22)	81,385	81,669

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	EL 3610 – Bungalow / Minbrie	80%	70%
6.2	Interests in mining tenements acquired or increased			

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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	313,600,904	313,600,904		
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>	① 2012 Employ Expiring 30/06/12 ② 2014 Employ Expiring 30/06/14 <u>Period end balance:</u> ① 1,682,000 ② 750,00		\$0.42 \$0.42	
7.8 Issued during quarter	① - ② -	① - ② -		

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7.9	Exercised during quarter	1 2	-	1 2	-		
7.10	Expired during quarter	1 2	-	1 2	-		
7.11	Debentures <i>(totals only)</i>						
7.12	Unsecured notes <i>(totals only)</i>						

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 January 2012
(Company Secretary)

Print name: Ms Alison Evans

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.

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- 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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