



## QUARTERLY REPORT

### 3 Months Ending 30 September 2012

*Joint venture developments progressing, new initiatives in place*

#### Highlights

##### Safety

- Zero Lost Time Injuries for Centrex staff and contractors for the quarter.

##### Cash

- A\$63.3 million as at 30 September, 2012.
- Current agreed scope for the studies relating to the iron exploration and development joint ventures on South Australia's Eyre Peninsula are fully funded.

##### Project Fusion (SA Eyre Peninsula magnetite iron JV with Wuhan Iron and Steel Group (WISCO); WISCO 60%, Centrex 40%)

- Appointment of Mr Bingqiang Lu, a WISCO employee as the new Managing Director of Eyre Iron Pty Ltd bringing more than 20 years of mining industry experience to the role.
- Definitive feasibility study (DFS) progressed, with expected completion in 2013.
- Commencement of a limited drilling programme on a fourth deposit (Bald Hill).

##### Bungalow Joint Venture (SA Eyre Peninsula magnetite iron JV with Baotou Iron and Steel Group (Baogang); Centrex 70%, Baogang 30%)

- Pre-feasibility study progressed, with expected completion late in 2012.
- WorleyParsons engineering studies 80% complete.
- AMC Consultants commenced pit design work.
- Stakeholder engagement continued with community focus group meetings being held.

##### Port Spencer Joint Venture (WISCO 50%, Centrex 50%)

- Final Response Report to the Public Environmental Report completed and expected to be released by SA Government in October.
- Final decision on the development application from the SA Government anticipated by the end of 2012.
- EPBC Act referral application submitted to Commonwealth Government.

##### Exploration

- **Western Middlebacks (Eyre Peninsula - SA):** Planning commenced to undertake an initial exploration drilling program for Kimba Gap in late 2012 or early 2013 based on review of previous field mapping showing ~4km length of outcropping magnetite and hematite banded iron formation.
- **Goulburn (NSW):** Work continued on the development of an initial exploration programme on a number of prospective targets.

##### Corporate

- Appointment of Mr Bingqiang Lu to the Board of Centrex, replacing Mr Xiaopeng Yin.
- Business development function in place and fully resourced.
- A number of projects have been screened as Centrex continues its efforts to identify appropriate opportunities for investment.



## 1. CORPORATE

Centrex retains a strong cash position with free cash in excess of A\$60 million. The current agreed scope for studies for the iron exploration and development joint ventures are fully funded and are unlikely to require additional cash from Centrex.

Mr Bingqiang Lu was appointed to the Board of Centrex on 18 September 2012. Mr Lu holds a Bachelor of Mining from Northeastern University of China and has more than 20 years' experience in the mining industry. He has held a number of positions with Wuhan Iron & Steel (Group) Corp (WISCO) in technical, research and infrastructure roles including at WISCO's Jinshandian mine, an underground magnetite mine. Mr Lu replaced Mir Xiaopeng Yin who Centrex thanks for his service to the Board. In accordance with the Company's constitution, Mr Lu's appointment will be put to shareholders for re-election at the upcoming AGM in November.

During the quarter, Centrex has developed a fully resourced in-house business development function. The business development team is charged with developing a pipeline of projects within Centrex. A number of potential investment opportunities for the Company were screened. At the same time, opportunities to best monetize existing non-core assets are being pursued.

## 2. JOINT VENTURE ACTIVITIES

Activities on SA's Eyre Peninsula focused on the Eyre Peninsula Joint Venture with WISCO, the Bungalow Joint Venture with Baogang and the Port Spencer Joint Venture with WISCO.

### 2.1. Eyre Peninsula Joint Venture (*WISCO 60%, Centrex 40%*)

Mr Bingqiang Lu, was appointed the new Managing Director of Eyre Iron Pty Ltd, the manager of the Eyre Peninsula Joint Venture. The Directors see this appointment as a positive development for the project.

Work continues on the Fusion project's Definitive Feasibility Study (DFS), with a focus on resource definition for the project's Koppio, Brennand and Kapperna deposits. Despite drilling being hampered due to poor weather conditions during the quarter, more than 18,500m of diamond and geotechnical drilling was completed over the three deposits. Weather conditions improved towards the end of the quarter and drilling is expected to increase in the December 2012 quarter. Resource updates have been delayed and are now expected in the next quarter.

With drilling in the Koppio, Brennand and Kapperna areas well underway, the decision was made to commence drilling on the Bald Hill deposit to potentially expand Fusion's resource base. This will commence early in the December quarter. As a result, engineering and some environmental work has been placed on hold until the first quarter of 2013.



Figure: Drilling activities in Koppio, Brennand, Kapperna region.

Water bore drilling and pump test work were completed during the quarter and this information, once finalised, will be incorporated into the environmental base line reporting.

The development application request for guidelines was submitted to the SA Government for the Fusion project's processing plant, pipeline, storage and dewatering facilities, desalination plant and construction accommodation village. The application was made as part of the Port Spencer Stage 2 Request for Guidelines as part of that project's major development assessment. The guidelines are expected to be issued by the Development Assessment Commission late in the December quarter.

Negotiation of land purchase option agreements has continued. Agreements are now in place with landholders who own approximately 70 percent of the project area required should mining proceed in the Koppio, Brennand and Kapperna areas.

## 2.2. Bungalow Joint Venture (Centrex 70%, Baogang 30%)

The Bungalow Joint Venture is on schedule and budget to complete the pre-feasibility study in 2012.

All metallurgical testwork has now been completed and the engineering process design by WorleyParsons is around 80% complete.

AMC Consultants completed the pit optimisation during the quarter and the subsequent pit design and scheduling has commenced.

Golder Associates managed a number of local Eyre Peninsula focus group meetings on behalf of Centrex as part of the ongoing community engagement plan. The intent of the meetings was to gather feedback and ideas on the key community issues and for Centrex to provide a project update. The next Bungalow information sheet is scheduled for distribution in December.

The environmental geochemical kinetic testing and baseline air quality and ground water monitoring are continuing.

### 2.3. Proposed Port Spencer Deepwater Port (WISCO 50%, Centrex 50%)

Port Spencer is a proposed deep water export facility capable of accommodating Cape class vessels. The planned site for Port Spencer, northeast of Port Lincoln, is in close proximity to Centrex's other iron ore development interests on the Eyre Peninsula.

The Port Spencer 50/50 joint venture agreement between Centrex and Wugang Australian Resources Investment Pty Ltd (WARI) was signed on 9 March 2012. WARI is a wholly owned subsidiary of WISCO. The signing was a significant milestone for the Port Spencer project as Directors believe it represents a vote of confidence by WISCO in the mining JV (Eyre Peninsula) and in the associated infrastructure development. The final outstanding condition precedent to the formal commencement of the joint venture is approval by the relevant Chinese authorities. This approval is expected in November after which the joint venture will commence a bankable feasibility study.

Centrex received 12 submissions to the Port Spencer Public Environmental Report (PER) from a wide variety of stakeholders. Centrex has now addressed all the questions raised in these submissions and completed final reviews with the SA Government. Centrex expects that the final PER Response Report, which addresses all submissions received, will be released by the Department of Planning, Transport and Infrastructure in October at which time the formal assessment period will commence. Centrex anticipates a decision from the SA Government by the end of the year.



Visualisation of Port Spencer in operation (left), Port Spencer schematic (right)

Centrex has commenced preparation for performing offshore drilling to confirm ground conditions for construction of the jetty. Licence applications have been approved and this work is expected to commence after the joint venture formally commences.

Centrex has submitted an application to refer the port site features of the Stage 1 and 2 Port Spencer Project (including in relation to the proposed desalination plant) to the Department of Sustainability, Environment, Water, Population and Communities under the Environment Protection and Bio-diversity Conservation Act 1999 (Cth) (EPBC Act). Prior to submission of the application, Centrex met with the appropriate department representatives in Canberra to provide a briefing on the project in a pre-referral meeting. The 20 day assessment period to determine if the project will be a controlled action and if so, subject to assessment by the

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Commonwealth Government, has commenced and Centrex expects to be advised of the outcome of that assessment by mid-November 2012. Centrex has made the application for referral under the EPBC Act in response to some community submissions made in relation to the PER requesting that the referral be made.

### 3. EXPLORATION ACTIVITIES

#### 3.1. Western Middleback Iron Ore Tenements (Hematite/magnetite – Eyre Peninsula, SA)

An internal review of the Western Middleback iron tenements highlighted the prospectivity of the banded iron formation deposits at Kimba Gap, Stony Hill and Ironstone Hill. With the completion of resource definition drilling at Bungalow the Company now has renewed the focus on the banded iron formation deposits within the Middleback ranges.

In 2009, Centrex conducted detailed field mapping which confirmed the extensive ~4km length of outcropping magnetite and hematite banded iron formation at Kimba Gap. Planning has commenced to undertake an initial exploration drilling program at Kimba Gap late in 2012 or early 2013.

#### 3.2. Goulburn Project (Base metals/gold – NSW)

The Goulburn and Archer tenements cover an extensive area of 291 km<sup>2</sup> with a number of base metal, gold and iron deposits and occurrences.

Centrex has identified a number of prospective targets and has continued discussions with landowners for access. Subject to these discussions with the landowners, an initial IP survey followed by a drill program has been tentatively planned for later in 2012.

### 4. OTHER ACTIVITIES

#### Wilgerup hematite project (Eyre Peninsula, SA)

This 100% Centrex owned proposed hematite iron mine has received all major government approvals and will be developed in line with development of Port Spencer. No further activities were undertaken in the quarter in relation to the proposed Wilgerup hematite Direct Shipping Ore (DSO) mine.

### 5. FINANCIAL

#### Cash at end of Quarter

Cash at 30 September 2012 was **A\$63,334,439**.

### 6. PRODUCTION

No production was undertaken at any of the Company's tenements during the quarter.

## 7. TENEMENTS

### 7.1. Tenement Locations

The Company and its wholly owned subsidiaries hold the following tenements:

#### *Northern Eyre Peninsula*

Gilles Downs EL 4571  
Bungalow/Minbrie EL 4884  
Kimba Gap EL 3968  
Ironstone Hut EL 3999  
Whyalla ('Ironstone Hill') EL 4185  
Stony Hill EL 4451  
Lock EL 4588  
Cockabidnie EL 4883

#### *Southern Eyre Peninsula*

Wanilla EL 4384  
Wilgerup EL 4467  
Greenpatch EL 4885  
Dutton Bay EL 4605  
Bald Hill EL 3877  
Carrow EL 3731

#### *New South Wales*

Goulburn (NSW) EL 7388  
Archer (NSW) EL 7503

### 7.2. Mining Tenements Disposed of

During the quarter the Company did not dispose of or relinquish any interests in tenements.

Attached is the Appendix 5B Statement of Cash flows for the period from 1st July 2012 to 30th September 2012.

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



Phillip Staveley  
General Manager  
Centrex Metals Limited

# 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 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	9	9
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(241) - - (891)	(241) - - (891)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	671	671
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / received	(4)	(4)
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(456)</b>	<b>(456)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (1)	- - (1)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - 4	- - 4
1.10 Loans to other entities	(382)	(382)
1.11 Loans repaid by other entities	545	545
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>166</b>	<b>166</b>
1.13 Total operating and investing cash flows (carried forward)	(290)	(290)

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1.13	Total operating and investing cash flows (brought forward)	(290)	(290)
	<b>Cash flows related to financing activities</b>		
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)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(290)	(290)
1.20	Cash at beginning of quarter/year to date	63,624	63,624
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	63,334	63,334

**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	153
1.24	Aggregate amount of loans to the parties included in item 1.10	382

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).	\$105
Asiasphere Pty Ltd (consultant director)	\$18
Wugang Australian Resources Investment P/L (consultant director)	\$15
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

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	304
4.2 Development	-
4.3 Production	-
4.4 Administration	890
<b>Total</b>	<b>1,194</b>

### 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	137	322
5.2 Deposits at call	1,426	1,531
5.3 Bank overdraft		
5.4 Other (term deposits with maturity > 90days)	61,771	61,771
<b>Total: cash at end of quarter (item 1.22)</b>	<b>63,334</b>	<b>63,624</b>

### 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		

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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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	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 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	<b>Options</b> <i>(description and conversion factor)</i>	<p>① 2014 Employ Options Expiring 30/06/14</p> <p>② 2014 Employ Performance Rights vesting 30/06/14 (subject to performance hurdles)</p> <p>③ 2014 Employ Retention Rights vesting 30/06/14 (subject to retention hurdles)</p> <p><u>Period end balance:</u></p> <p>① 750,000</p> <p>② 1,800,000</p> <p>③ 800,000</p>	\$0.42	Nil	Nil
7.8	Issued during quarter	<p>① -</p> <p>② -</p> <p>③ -</p>	<p>① -</p> <p>② -</p> <p>③ -</p>		
7.9	Exercised during quarter	<p>① -</p> <p>② -</p> <p>③ -</p>	<p>① -</p> <p>② -</p> <p>③ -</p>		
7.10	Expired during quarter	<p>① -</p> <p>② -</p> <p>③ -</p>	<p>① -</p> <p>② -</p> <p>③ -</p>		
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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: 25 October 2012  
(Company Secretary)

Print name: Ms Alison Evans

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## 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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