

QUARTERLY REPORT

3 Months Ending 30 September 2013

FIRB approve Shandong Deal, MOU signed with WISCO to reschedule and fund Fusion development, Gundaroo gold-base metals air-borne geophysical survey to commence

Highlights

Corporate

- A\$ 45.1 million uncommitted cash as at 30th September 2013

Goulburn Base Metals Joint Venture (Centrex 65%, Shandong 35%)

- Australian Foreign Investment Review Board ("FIRB") approves first stage of the Goulburn Base Metals Joint Venture with Shandong in NSW
- Shandong to spend A\$ 2M on exploration to earn 35%
- Further options for Shandong to earn up to 80% by funding through to production
- Chinese Government approval now the only remaining condition precedent
- IP targets ready to drill once approval received

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

- MOU signed with WISCO to reschedule Fusion development in line with changing market conditions
- Exploration to be expanded to include Bald Hill deposit
- PFS to commence over expanded project
- Resource Incentive Payments traded for funding path through to the end of a BFS
- Formal Supplementary Deed to be executed in coming months
- Project Fusion EPBC referral Controlled Action ruling received
- Joint Venture funds were A\$8.9 million as at 30th September 2013

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

- Federal Government approval for Stage 1 and 2 under the EPBC in final stages, a decision is expected in the coming months
- New technology transshipment option PFS commenced to further reduce initial capital requirements while maintaining operating costs

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

- Pre-Feasibility Study in draft and awaiting technical review from Joint Venture partners Baogang

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Kimba Gap Magnetite Project (Centrex 100%)

- Conceptual testing of magnetite BIF indicates that a high quality Direct Reduction concentrate grade of <2% SiO₂ could be achieved with staged grinding to 25 microns

Wilgerup DSO Iron Ore Project (Centrex 100%)

- Wilgerup DSO targets drilled with the discovery of magnetite mineralisation but no new significant DSO discovered

Gundaroo Gold-Base Metals Project (Centrex 100%)

- Thompson Aviation awarded airborne magnetic and radiometric survey over historical gold occurrences to commence in October
- Stream sediment geochemical sampling program to follow

1. CORPORATE

During the quarter Centrex continued to pursue acquisition opportunities backed by its uncommitted cash reserves of A\$ 45.1 million. With limited quality assets at good value found within bulk commodities over the past 12 months, the Company's search was broadened to include precious and non-precious metals. Systematic preliminary review of more than 300 opportunities has generated a short list of targets that will be fully reviewed over the coming months.

A Senior Evaluation Geologist, Luke Tylkowski was recruited during the quarter to aid in review of acquisition opportunities and implementing any resulting investments. Mr Tylkowski has held previous roles with Flinders Mines Limited, Dominion Gold Operations, and Unimin Australia Limited.

2. JOINT VENTURES

2.1. Goulburn Base Metals Joint Venture (Centrex 65%, Shandong 35%)

The Australian Foreign Investment Review Board ("FIRB") has approved the first stage of the Goulburn Base metals Joint Venture with Shandong 5th Geo-Mineral Prospecting Institute ("Shandong"). Centrex and Shandong executed the Joint Venture in April 2013 with conditions precedent being both Australian and Chinese Government approvals. The decision by FIRB means Chinese Government approvals are the only remaining condition precedent. 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 recently 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.

2.2. Eyre Iron Magnetite Joint Venture (Centrex 40%, WISCO 50%)

Centrex signed a Memorandum of Understanding ("MOU") with Wuhan Iron & steel (Group) Co. ("WISCO") for proposed amendments to the partners' Eyre Iron Magnetite Joint Venture of which Centrex holds a 40% interest.

The MOU seeks to re-scope and reschedule the joint venture's flagship Fusion project with expansion of exploration to new deposits. As a result, the project will move back into a Prefeasibility Study over the next 12 - 24 months to assess the expanded project.

In addition, the MOU establishes an agreed funding path through to the end of a Bankable Feasibility Study that is isolated from Centrex's cash reserves. In return for this new funding path, Centrex will relinquish its entitlements to any resource incentive payments, and WISCO will also agree to remove the obligation that Centrex must dilute in proportion if 1Bt of Inferred Resources are not defined within the joint venture during the first 7 years.

Centrex paid stamp duty on the resource incentive payments for the sum of \$5.9 million in 2010. An application will be made to the South Australian Government for a refund of this amount on execution of the eventual Supplementary Deed.

Full details of the announcement can be found via the following link:

<http://www.asx.com.au/asx/statistics/announcements.do?by=asxCode&asxCode=cxm&timeframe=D&period=M3>

It is anticipated that the Supplementary Deed effecting the agreements reached in the MOU will be signed in the next quarter, with the aim to commence the next drilling campaign towards the end of 2013. Planning is current underway for this drilling campaign with an application for a Program for Environment Protection and Rehabilitation ("PEPR") with the Department of Manufacturing, Innovation, Trade Resources and Energy ("DMITRE") well advanced.

In June 2013 Eyre Iron submitted a referral for the Fusion project to the Federal Department of Sustainability, Environment, Water, Populations and Communities (SEWPaC) under the Environment Protection & Biodiversity Conservation Act ("EPBC Act"). On 8th August SEWPaC confirmed Eyre Iron's self-determination of the project as a "Controlled Action". The project will be assessed by preliminary documentation only, concentrating in the areas of listed threatened species and communities.

The joint venture had A\$8.9 million remaining at the end of the quarter.

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

In December 2012 the South Australian government provided development approval for Stage 1 of the new multi-user deep water export facility on the east coast of the Eyre Peninsula in South Australia. Approval was granted subject to the outcome of an EPBC Act application which currently lies with the Federal Government. Further information was provided to the Federal Government during the quarter to support the EPBC Act application. All indications are that the Federal Government now has all the information required and a decision is expected in October.

Chinese Government Approvals that are a condition precedent of the Port Spencer Joint Venture with Wuhan Iron & Steel continue to be delayed as the transitional arrangements to the new Chinese Government continue.

Centrex has commissioned Parsons Brinckerhoff and Lend Lease to complete a Prefeasibility Study ("PFS") for a revised design of Port Spencer using new transshipment technology. The new design option is thought to be able to significantly reduce the port capital costs while maintaining operating costs at comparable levels. This will reduce the required initial export levels to underpin the port's construction. The PFS is anticipated to be completed in early 2014.

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

The Bungalow PFS has been drafted and is under technical review by Centrex's joint venture partner Baotou Iron & Steel Group ("Baogang"). Following the review by Baogang Centrex will commence negotiations on the path forward for the project including funding through to the end of a BFS.

Under the Bungalow Joint Venture Baogang has the option to invest a further A\$ 16 million to bring their interest in the project to 50%.

3. BUSINESS DEVELOPMENT

3.1. Kimba Gap Iron Ore Project (Centrex 100%)

Following advanced marketing efforts for the Kimba Gap Iron Ore Project, interest was expressed in the potential for the project to produce a high quality direct reduction ("DR") grade magnetite concentrate.

As a result 5 representative diamond drill core composites were compiled from recent drilling. The composites were firstly ground to 38 μ m and Davis Test Tube Recovery ("DTR") performed as per previously released exploration results.

Full results of this previous work can be found via the following link:

<http://www.asx.com.au/asx/statistics/announcements.do?by=asxCode&asxCode=cxm&timeframe=D&period=M6>

The magnetic concentrate from this test work was then further ground to 25 μ m and a further DTR test performed. The test work results were very encouraging producing average final concentrate grades of >71% Fe and <1.0% SiO₂ with overall head sample mass recoveries >30% (>95% mass recovery from the 38 μ m magnetic concentrate). The DTR test work results are indicative only and summarised in the below table. Further metallurgical test work is required at a larger scale to provide proof of concept.

Kimba Gap Summary Test Work					
	DTR 38 μ m (%)	DTR 25 μ m (%)	Overall Recovery (%)	Concentrate Grade	
				Fe (%)	SiO ₂ (%)
Composite 1	32.5	96.8	31.4	71.5	0.7
Composite 2	35.9	96.0	34.4	71.7	0.9
Composite 3	38.6	97.4	37.6	71.8	0.7
Composite 4	34.6	97.6	33.7	71.5	0.7
Composite 5	41.7	97.5	40.7	71.6	0.8

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

A reverse circulation drilling program totaling 1,728m was completed in August. The drilling tested a number of ground gravity survey anomalies for DSO hematite. The drilling intersected magnetite iron mineralisation however no significant DSO was discovered.

3.3. Gundaroo Gold-Base Metals Project (Centrex 100%)

The Gundaroo Gold-Base Metals Project ("Gundaroo") consists of a number of historical gold and base metals occurrences within a major structural corridor in the Lachlan Fold Belt in NSW.

A combined high-resolution magnetic and radiometric survey has been planned for the southern half of the tenement over historical gold occurrences in an effort to better define structural targets and sub-surface geology. The survey is due to commence in early October.

Centrex intends to follow up the survey with geological mapping, stream sediment and soil geochemical sampling.

4. TENEMENTS

4.1. Tenement Locations

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
Lock EL 4588
Cockabidnie EL 4883

New South Wales

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

Southern Eyre Peninsula

Wanilla EL 4384
Wilgerup EL 4467
Greenpatch EL 4885
Dutton Bay EL 4605
Bald 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 2013 to 30th September 2013.

For further information, please contact;

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

or

Gavin Bosch
CFO & Company Secretary
Centrex Metals Limited
(08) 8100 2200

Competent Person's Statement(s)

The information in this report relating to Exploration Results is based on information compiled by Mr Alastair Watts who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Watts is the General Manager Exploration of Centrex Metals Limited. Mr Watts has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity 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 this 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")

30 SEPTEMBER 2013

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	12	12
1.2 Payments for (a) exploration & evaluation	(336)	(336)
(b) development	-	-
(c) production	-	-
(d) administration	(807)	(807)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	358	358
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / received	(5)	(5)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(778)	(778)
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	(184)	(184)
1.11 Loans repaid by other entities	157	157
1.12 Other (provide details if material)	-	-
Net investing cash flows	(27)	(27)
1.13 Total operating and investing cash flows (carried forward)	(805)	(805)

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1.13	Total operating and investing cash flows (brought forward)	(805)	(805)
	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	(805)	(805)
1.20	Cash at beginning of quarter/year to date	45,920	63,624
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	45,115	45,920

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	112
1.24	Aggregate amount of loans to the parties included in item 1.10	184

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).	\$64
Asiasphere Pty Ltd (consultant director)	\$18
Wugang Australian Resources Investment P/L (consultant director)	\$15
Lodge Limited (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	884
4.2 Development	-
4.3 Production	-
4.4 Administration	658
Total	1,542

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	198	94
5.2 Deposits at call	1,009	9,912
5.3 Bank overdraft		
5.4 Other (term deposits with maturity >90days)	43,908	35,914
Total: cash at end of quarter (item 1.22)	45,115	45,920

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 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	314,064,304	314,064,304		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	463,400	463,400	\$Nil	\$Nil
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	Options <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>④ 2015 Employ Performance Rights vesting 01/07/15 (subject to performance hurdles)</p> <p>⑤ 2015 Employ Retention Rights vesting 01/07/15 (subject to retention hurdles)</p> <p style="text-align: center;"><u>Period end balance:</u></p> <p>① 750,000</p> <p>② 1,220,000</p> <p>③ 720,000</p> <p>④ 1,592,948</p> <p>⑤ 938,001</p>		\$0.42	
7.8	Issued during quarter	<p>① -</p> <p>② -</p> <p>③ -</p> <p>④ -</p> <p>⑤ -</p>	<p>① -</p> <p>② -</p> <p>③ -</p> <p>④ -</p> <p>⑤ -</p>		
7.9	Exercised during quarter	<p>① -</p> <p>② 463,400</p> <p>③ -</p> <p>④ -</p> <p>⑤ -</p>	<p>① -</p> <p>② -</p> <p>③ -</p> <p>④ -</p> <p>⑤ -</p>		
7.10	Expired during quarter	<p>① -</p> <p>② 80,000</p> <p>③ 80,000</p> <p>④ -</p> <p>⑤ -</p>	<p>① -</p> <p>② -</p> <p>③ -</p> <p>④ -</p> <p>⑤ -</p>		
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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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: 28 October 2013
 (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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