

## QUARTERLY REPORT

### 3 Months Ended 31 December 2012

*Port Spencer development approval granted, exploration activity steps up*

#### Highlights

##### Safety

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

##### Cash

- A\$63.3 million as at 31 December, 2012.

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

- Definitive feasibility study (DFS) continued, with expected completion in 2013.
- Bald Hill drilling program completed. Results indicate good potential for future increases in the Fusion resource base subject to further drilling.

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

- Pre-feasibility study continues with a revised completion of early 2013.
- WorleyParsons engineering nearing completion.
- AMC Consultants continued with pit optimisation and design work.

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

- Development Approval received from the SA Government in December.
- EPBC Act referral application submitted to Commonwealth Government deemed a controlled action. Additional information being prepared and working towards anticipated approval in Q2 2013

##### Exploration

- **Western Middlebacks** (Eyre Peninsula – SA, Centrex 100%): A cultural heritage survey was completed over the ~4km strike length of outcropping magnetite and hematite banded iron formation at Kimba Gap. Drilling is planned for next quarter.
- **Wilgerup** (Eyre Peninsula – SA, Centrex 100%): Gravity survey completed in the quarter.
- **Goulburn** (NSW, Centrex 100%): A geophysical IP survey was completed and base metal targets identified for follow up drilling in 2013.

## 1. OVERVIEW

Significant progress was made in the quarter including:

- State Government development approval achieved for Stage 1 of the Port Spencer development;
- Additional drilling at Project Fusion leading to a resource update expected in January 2013;
- Active pursuit of exploration initiatives at Kimba Gap, Wilgerup and Goulburn.

Each of these items is considered in greater detail below.

## 2. CORPORATE

Centrex retains a strong cash position with free cash of A\$63.3 million. As discussed at the AGM in November the Board is reviewing various strategies including capital management initiatives, the outcome of this review is expected in the following quarter.

## 3. 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.

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

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. Drilling consisting of 7,218m of diamond and geotechnical drilling was completed over the three deposits. Resource updates have been delayed and are now expected in mid January.

With drilling in the Koppio, Brennand and Kapperna areas well underway, the decision was made to commence drilling on the Bald Hill prospect to potentially expand Fusion's resource base. Approximately 2,500m of drilling has now been completed and results indicate good potential for a further resource increase subject to further drilling.

Engineering work continues to be on hold and is expected to resume in 2013.

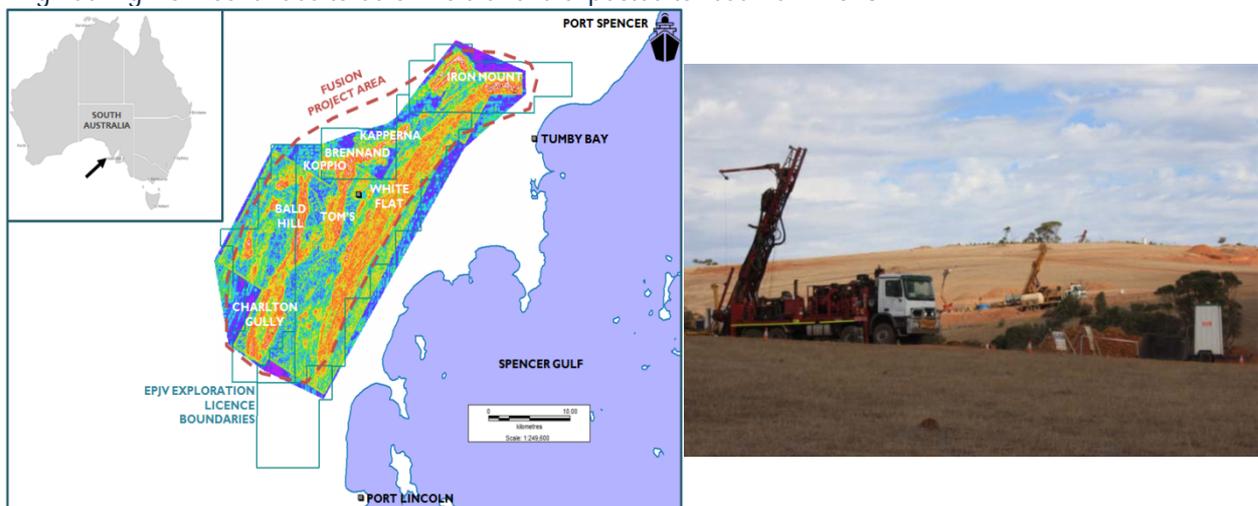


Figure: Drilling activities in Koppio, Brennand, Kapperna region.

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 now not expected to be issued by the Development Assessment Commission until Q2 2013 when the Fusion EPBC conditions are also expected to be released.

DMITRE conducted a compliance audit during the period. This required some changes to Eyre Iron's Environmental Management Plan. These are now in the final stages of implementation.

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

The pre-feasibility for the Bungalow Joint Venture is nearing completion with the bulk of the engineering and mine design studies expected to be finalised early in 2013.

WorleyParsons has completed the bulk of the base case design, options studies and reporting.

AMC has completed the pit optimisation and base case mine design.

The next quarter will involve finalizing the reporting, capital estimates, peer reviews, financial modelling and continuing stakeholder engagement.

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

The stage 1 development approval was received from the South Australian government in December. This is an important part of the company's plans and a key infrastructure development for the Eyre Peninsula.

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.



Port Spencer location

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 final outstanding condition precedent to the formal commencement of the joint venture is approval by the relevant Chinese authorities. This approval has been delayed due to the Chinese Government transition process and is now expected in April 2013 after which the joint venture will commence a bankable feasibility study.

Port Spencer visual representation



Centrex has completed 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 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). The Commonwealth Government has ruled that the project is a controlled action. Centrex is now required to submit additional environmental details. It is anticipated the review procedure will result in a final EPBC decision in Q2 2013.

#### 4. EXPLORATION ACTIVITIES

##### 4.1. Western Middleback Iron Ore Tenements (*Hematite/magnetite – Eyre Peninsula, SA, Centrex 100%*)

An archeological and anthropological survey was undertaken over the main banded iron outcrop within the Kimba Gap tenement. The survey was undertaken by Australian Cultural Heritage Management (ACHM) in conjunction with representatives of the Barngarla Traditional Owners. The results of the survey are expected next quarter.

The Kimba Gap tenement has an extensive ~ 4km length of outcropping magnetite and hematite banded iron formation which has not previously been drilled. Centrex intends to undertake a diamond drilling program in 2013 subject to the results of the recent heritage survey and DMITRE approval.

##### 4.2. Goulburn Project (*Base metals/gold – NSW, Centrex 100%*)

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 completed a gradient array IP survey over a gravity anomaly which in conjunction with detailed mapping, airborne magnetics and gravity data identified several new drilling targets. This provided positive results and a diamond drilling program is planned for 2013.





## 8. TENEMENTS

### 8.1. 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

### 8.2. Mining Tenements Disposed of

During the quarter the Company relinquished 25% of EL 4588 Lock.

Attached is the Appendix 5B Statement of Cash flows for the period from 1st October 2012 to 31st December 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")

31 DECEMBER 2012

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	9
1.2 Payments for (a) exploration & evaluation	(294)	(536)
(b) development	-	-
(c) production	-	-
(d) administration	(754)	(1,644)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	979	1,650
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / received	(4)	(9)
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(73)</b>	<b>(530)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(17)	(18)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	4
1.10 Loans to other entities	(222)	(603)
1.11 Loans repaid by other entities	265	810
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>26</b>	<b>193</b>
1.13 Total operating and investing cash flows (carried forward)	(47)	(337)

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1.13	Total operating and investing cash flows (brought forward)	(47)	(337)
	<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>	(47)	(337)
1.20	Cash at beginning of quarter/year to date	63,334	63,624
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	63,287	63,287

**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	222

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	1,149
4.2 Development	-
4.3 Production	-
4.4 Administration	1,157
<b>Total</b>	<b>2,306</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	255	137
5.2 Deposits at call	4,648	1,426
5.3 Bank overdraft		
5.4 Other (term deposits with maturity >90days)	58,384	61,771
<b>Total: cash at end of quarter (item 1.22)</b>	<b>63,287</b>	<b>63,334</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	EL 4588	Relinquished 25% of the land area of the "Lock" tenement.	100%	100%
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>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 1,800,000</p> <p>③ 800,000</p> <p>④ 1,592,948</p> <p>⑤ 938,001</p>		\$0.42	
				Nil	
7.8	Issued during quarter	<p>① -</p> <p>② -</p> <p>③ -</p> <p>④ 1,592,948</p> <p>⑤ 938,001</p>	<p>① -</p> <p>② -</p> <p>③ -</p> <p>④ 1,592,948</p> <p>⑤ 938,001</p>		
7.9	Exercised 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>		
7.10	Expired 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>		
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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: 24 January 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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