

QUARTERLY REPORT

3 Months Ending 30 June 2013

Ben Hammond appointed CEO, Third Chinese backed joint venture executed with Shandong over NSW Base Metals Project, Extension of Kimba Gap project secured with Arrium

Highlights

Corporate

- A\$ 45.9 million uncommitted cash as at 30th June 2013
- Chief Development Officer Ben Hammond appointed as CEO following an extensive recruitment campaign,
- Jim White retired from the Company as Executive Director

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

- Joint Venture agreement executed with Shandong 5th Geo-Mineral Prospecting Institute over Goulburn Base Metals project 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
- Awaiting Chinese and Australian Government approvals

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

- Centrex met with its joint venture partner in China at the end of June 2013
- A decision on the preferred development option for the flagship Fusion project is expected in the coming months
- An EPBC Act referral was submitted and a ruling is expected late next quarter
- Joint Venture funds were A\$ 9.2 million as at 30th June 2013

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

- Final submissions for Federal Government approval for Stage 1 under the EPBC Act were completed, a final decision is expected in the coming months
- Stage 2 of Port Spencer development that includes magnetite processing, slurry and return water pipelines, concentrate storage and dewatering circuits at the port, along with a desalination plant was given "Major Project Status" by the South Australian Government

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

- Successful Heavy Liquid Separation test work results indicate potential for an additional 5.9% mass recovery of hematite concentrate at a grade of 63.5% Fe

Kimba Gap Magnetite Project (Centrex 100%)

- Updated Independent Exploration Target for magnetite BIF announced covering full 4.6km strike length
- Dual Tenancy Agreement reached with Arrium to explore on the northern extension of the Kimba Gap deposit

Wilgerup DSO Iron Ore Project (Centrex 100%)

- Exploration drilling program approved to explore newly defined Wilgerup DSO iron ore targets

Gundaroo Gold-Base Metals Project (Centrex 100%)

- Exploration License granted over the Gundaroo gold-base metals project located 10km west of the Goulburn Joint Venture in the Lachlan Fold Belt NSW

1. CORPORATE

During the quarter Centrex announced the appointment of Ben Hammond as CEO following an extensive national and international search process. Mr Hammond is also on the Board of Eyre Iron Pty Ltd and Port Spencer Pty Ltd. Mr Jim White retired as a Director on 30th June after three years of service to the company.

2. JOINT VENTURES

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

Centrex executed its third significant Chinese backed joint venture agreement during the quarter with Shandong 5th Geo-Mineral Prospecting Institute ("Shandong") over the Company's Goulburn Base Metals Project in NSW.

Key terms of the joint venture include;

- **Stage 1;**
 - Shandong to spend A\$2 million on an exploration program managed by Centrex to earn a 35% interest in the project
 - Centrex to revert to 100% ownership in the project should an economic deposit not be defined during Stage 1, and the parties are unable to agree a Stage 1 extension within two years
- **Stage 2;**
 - Upon completion of Stage 1 if an economic deposit has been defined, Shandong has an option to take a 50% interest in the project by funding the project through to a Bankable Feasibility Study ("BFS")
 - Should Shandong not elect to exercise the option to fully fund a BFS within 6 months of an economic deposit being defined, Centrex will have a call option to purchase Shandong's interest for A\$1 million, and Shandong will have a put option to sell its interest to Centrex for A\$1 million.

- **Stage 3;**
 - Upon completion of a BFS, Shandong has an option to take an 80% interest in the project in return for funding 100% of the project capital
 - Centrex to retain a 20% free carried interest into production if Shandong exercise the Stage 3 option
 - If Shandong does not elect to exercise the Stage 3 option each party will remain at 50% and fund project capital in their respective proportions

The joint venture agreements are subject to both Australian and Chinese Government approvals. Approvals are expected to be received in late 2013.

Upon receipt of approvals and the initial A\$2 million funding from Shandong, the joint venture will carry out an approved diamond drilling program testing recently announced IP geophysical targets over 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 held meetings in China at the end of the quarter with its joint venture partner to agree on the optimal development scenario for the flagship Fusion project. A final decision is expected on the preferred option in the coming months.

During the quarter a voluntary Environment Protection & Biodiversity Conservation Act ("EPBC Act") referral was made to the Federal Government. A decision on the status of this referral is expected late next quarter.

The joint venture had A\$9.2 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. Additional 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 the coming months.

Stage 2 of Port Spencer development includes magnetite processing, slurry and return water pipelines, concentrate storage and dewatering circuits at the port, along with a desalination plant. The South Australian Government allocated "Major Project Status" to Stage 2 during the quarter.

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.

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

During the quarter further metallurgical test work on a master composite sample for the deposit was completed at Bureau Veritas to identify optimal methods to increase iron ore recovery via reclamation of hematite from the magnetite circuit tailings.

The master composite sample with a head grade of 33.5% Fe produced a mass recovery of 34.9% through laboratory scale dry and wet low intensity magnetic separation ("LIMs") with a magnetite concentrate iron grade of 66.3% Fe.

Heavy Liquid Separation (“HLS”) test work was completed on the magnetic tailings from the master composite. The HLS tests showed promising results, indicating an additional 5.9% overall mass recovery of hematite concentrate could be produced from the >4.05 density fraction at a grade of 63.5% Fe. This tailings material would require no further grinding prior to separation and hence a dense media scavenging circuit is now be considered as a cost effective means of reducing overall estimated production costs.

3. BUSINESS DEVELOPMENT

3.1. Kimba Gap Magnetite Project (Centrex 100%)

A dual tenancy agreement was signed with a subsidiary of Arrium Mining and Materials (“Arrium”) during the quarter covering the most eastern 600m of the 4.6km Kimba Gap magnetite deposit. The agreement gives Centrex the right to conduct an 18 month exploration program over the extension with a right to lodge a Mineral Claim for any iron ore <50% Fe. Centrex paid an initial sum of A\$200,000 to Arrium for the agreement, with a further A\$300,000 payable if a Mineral Claim is lodged. Under the agreement if >1Mt of DSO iron ore (>50% Fe) is found within the extension Arrium may choose to mine this DSO material in its own right or allow Centrex to mine it for a 5% royalty.

With Centrex securing the extension of the Kimba Gap iron ore deposit, AMC Consultants revised the previous magnetite BIF Exploration Target to include the new area.

Full details of the Exploration Target can be found via the following link;

<http://www.asx.com.au/asxpdf/20130703/pdf/42qv2y425ctg63.pdf>

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

The Department of Manufacturing, Infrastructure, Trade, Resources and Energy has granted approval for an exploration drilling program to explore 6 newly identified DSO iron ore targets to the east of the existing Wilgerup DSO resource. A reverse circulation drilling campaign commenced in late July.

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

An Exploration License was granted over the Gundaroo Gold-Base Metals Project (“Gundaroo”) located 10km west of the Goulburn Joint Venture in the Lachlan Fold Belt NSW.

The project consists of a number of historical gold and base metals occurrences within a major structural corridor with known gossans in the area.

4. TENEMENTS

4.1. 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 5170
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 5065
Carrow EL 4998

New South Wales

Goulburn (NSW) EL 7388
Archer (NSW) EL 7503
Gundaroo (NSW) EL 8133

Attached is the Appendix 5B Statement of Cash flows for the period from 1st April 2013 to 30th June 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.

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 JUNE 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	36
1.2 Payments for (a) exploration & evaluation	(387)	(1,438)
(b) development	-	-
(c) production	-	-
(d) administration	(976)	(3,465)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	750	3,154
1.5 Interest and other costs of finance paid	(6)	(6)
1.6 Income taxes (paid) / received	(8)	(502)
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(627)	(2,221)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(28)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	4
1.10 Loans to other entities	(150)	(907)
1.11 Loans repaid by other entities	158	1,128
1.12 Other (provide details if material)	-	-
Net investing cash flows	5	197
1.13 Total operating and investing cash flows (carried forward)	(622)	(2,024)

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1.13	Total operating and investing cash flows (brought forward)	(622)	(2,024)
	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	-	(15,680)
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	(15,680)
	Net increase (decrease) in cash held	(622)	(17,704)
1.20	Cash at beginning of quarter/year to date	46,542	63,624
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	45,920	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	126
1.24	Aggregate amount of loans to the parties included in item 1.10	150

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).	\$87
Asiasphere Pty Ltd (consultant director)	\$18
Wugang Australian Resources Investment P/L (consultant director)	\$15
Bynoe Investments Pty Ltd (consultant director)	\$ 5
Lodge Limited (consultant director)	\$10

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	241
4.2 Development	-
4.3 Production	-
4.4 Administration	889
Total	1,130

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	94	266
5.2 Deposits at call	9,912	1,906
5.3 Bank overdraft		
5.4 Other (term deposits with maturity >90days)	35,914	44,370
Total: cash at end of quarter (item 1.22)	45,920	46,542

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	EL number pending	0%	100%

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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				

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7.7	Options <i>(description and conversion factor)</i>	<p>❶ 2014 Employ Options Expiring 30/06/14</p> <p>❷ 2014 Employ Performance Rights vesting 30/06/14 (subject to performance hurdles)</p> <p>❸ 2014 Employ Retention Rights vesting 30/06/14 (subject to retention hurdles)</p> <p>❹ 2015 Employ Performance Rights vesting 01/07/15 (subject to performance hurdles)</p> <p>❺ 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>❶ 750,000</p> <p>❷ 1,763,400</p> <p>❸ 800,000</p> <p>❹ 1,592,948</p> <p>❺ 938,001</p>		\$0.42	
7.8	Issued during quarter	<p>❶ -</p> <p>❷ -</p> <p>❸ -</p> <p>❹ -</p> <p>❺ -</p>	<p>❶ -</p> <p>❷ -</p> <p>❸ -</p> <p>❹ -</p> <p>❺ -</p>		
7.9	Exercised during quarter	<p>❶ -</p> <p>❷ -</p> <p>❸ -</p> <p>❹ -</p> <p>❺ -</p>	<p>❶ -</p> <p>❷ -</p> <p>❸ -</p> <p>❹ -</p> <p>❺ -</p>		
7.10	Expired during quarter	<p>❶ -</p> <p>❷ 36,600</p> <p>❸ -</p> <p>❹ -</p> <p>❺ -</p>	<p>❶ -</p> <p>❷ -</p> <p>❸ -</p> <p>❹ -</p> <p>❺ -</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: 31 July 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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