

QUARTERLY ACTIVITIES REPORT

3 Months Ending 30th June 2014

Highlights

Corporate

- A\$ 35.8 million cash reserves as at 30th June 2014 with no debt

Gundaroo Gold Project, NSW (Centrex 100%)

- Land access agreements received for reverse circulation drilling program
- Surface disturbance notices submitted for planned drilling program before the end of 2014

Kimba Gap Magnetite Project, South Australia (Centrex 100%)

- Resource definition drilling completed with 32 holes drilled
- Mineral Resource estimate due August 2014
- Marketing for joint venture partner to commence in September 2014
- Baotou requested a review of the synergies of Kimba Gap with the Bungalow Joint Venture located just 50km south of the project

Woolgarlo Gold Project, NSW (Centrex 100%)

- Results of airborne geophysical survey received with epithermal and intrusion related gold targets identified
- IP geophysical surveys and geochemical sampling planned in 2014 over identified targets

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

- Further resource definition drilling work completed at new deposits within flagship Fusion project
- Land access for further drilling progressing via negotiation in one area and through determination under the South Australian Mining Act in two areas
- Joint Venture funds were A\$ 6.3 million as at 30th June 2014

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

- Offshore water quality monitoring continued to enable modeling for desalination plant approvals

Goulburn Zinc Joint Venture, NSW (Centrex 65%, Shandong 35%)

- Shandong to spend A\$ 2.0 million on exploration to earn 35%
- Further options for Shandong to earn up to 80% by funding through to production
- Chinese Government approvals continue to be delayed and now expected at the end of 2014
- High-priority IP targets ready to drill once funds received

Wilgerup DSO Iron Ore Project, South Australia (Centrex 100%)

- Beneficiation test work underway to produce low-contaminant high quality iron ore feed with results expected early next quarter

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

- Centrex to visit Baotou next quarter to discuss the next phase of project development

1. CORPORATE

The Company undertook a comprehensive investor relations campaign making presentations to 27 individual share brokers and analysts representing 12 individual firms located in Adelaide, Melbourne, Sydney, Brisbane and the Gold Coast. A noticeable increase in share trading volume has followed.

The Company continues to maintain a healthy balance sheet with A\$ 35.8 million in cash reserves as at 30th June 2014 with no debt outside of current trade payables.

2. JOINT VENTURES

2.1. Goulburn Zinc-Lead Joint Venture, NSW (Centrex 65%, Shandong 35%)

In October 2013, the Australian Foreign Investment Review Board ("FIRB") approved the first stage of the Goulburn Zinc-Lead Joint Venture with Shandong 5th Geo-Mineral Prospecting Institute ("Shandong"). Centrex and Shandong executed the Joint Venture in April 2013 subject to both Australian and Chinese Government approvals. The decision by FIRB meant Chinese Government approvals were 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 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.

Shandong has notified Centrex that one of the key approval institutions for the deal have not yet re-opened to receive new approval applications at this time. This is expected to change in the coming months and approvals are now expected at the end of 2014.

2.2. Eyre Iron Magnetite Joint Venture, South Australia (Centrex 40%, WISCO 60%)

Drilling continued on the flagship Fusion project during the quarter with 16 holes completed at new deposits outside the existing Mineral Resources. The drilling program is focusing mainly on the Bald Hill deposit, an approximately 9km long magnetic trend adjacent to the existing resources at Koppio, Brennand, Kapperna and Iron Mount. Additional drilling was planned, however land access agreements have yet to be reached with over several areas of Bald Hill. Two areas were referred for determination under the South Australian Mining Act and negotiations have continued over a third area. Drilling results to date at the Bald Hill deposit have demonstrated the presence of magnetite iron formations similar to those forming the project's current resources.

The joint venture had A\$ 6.3 million of funds remaining at the end of the quarter.

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

Water quality monitoring continued during the quarter with close to 12 months of data now having been collected. Final data will be collected in July. This data will add to previous marine studies completed by Centrex and enable design of desalination plant intakes, outlets and plume dispersion modeling to be undertaken. The studies will feed into State Government approvals for a small desalination plant and other magnetite iron ore concentrate related infrastructure to be based at the port.

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

Centrex representatives expect to visit Baotou next quarter to discuss the next stage of joint venture development and possible synergies with the Kimba Gap magnetite project located just 50km north of the Bungalow Joint Venture.

3. BUSINESS DEVELOPMENT

3.1. Gundaroo Gold Project, NSW (Centrex 100%)

The Gundaroo project lies within the prospective Lachlan Fold Belt, focusing on intrusion-related gold mineralisation.

Following on from an air-borne magnetic survey and stream sediment geochemical program, Centrex has successfully negotiated land access for a reverse circulation drilling program over a number of the prospective anomalous targets. Two of the targets focus on historical gold workings identified by Centrex and coincident with anomalous geochemistry and structural trends. NSW Government approvals have been submitted and drilling will commence once they are received, likely next quarter.

3.2. Woolgarlo Gold Project, NSW (Centrex 100%)

The Woolgarlo project is located in NSW approximately 50km NW of Canberra. The project is within the East Lachlan Fold Belt and is targeting epithermal gold mineralisation.

The results of the high-resolution air-borne magnetic and radiometric survey were assessed with epithermal and intrusion related targets identified. A number of lines of dipole-dipole induced polarisation ("IP") and soil sampling are planned across the target areas and land access negotiations have commenced. The work is expected to be undertaken in the second half of 2014 with the aim of providing drill ready targets.

3.3. Kimba Gap Magnetite Project, South Australia (Centrex 100%)

Centrex completed a resource definition drilling program at Kimba Gap in mid-June. A total of 32 combined reverse circulation and diamond drill holes were completed along the 4.6km strike of the magnetite iron ore deposit. The final assay results and a Mineral Resource estimate are expected to be completed by the end of August.

Marketing of Kimba Gap for a joint venture partner will continue once the Mineral Resource estimate is completed, with Centrex still in discussions with a number of interested parties.

3.4. Wilgerup DSO Iron Ore Project, South Australia (Centrex 100%)

The Wilgerup DSO iron ore project has all approvals in place to mine however is waiting for the development of Port Spencer for export.

In the meantime preliminary test work has commenced to identify potential ways to enhance the project's product quality and hence pricing premium to allow consideration of alternate development strategies or future blending opportunities with Centrex's magnetite projects.

The initial test work has almost been completed and results are expected early next quarter.

4. TENEMENTS

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
Cockabidnie EL 4883

New South Wales

Goulburn (NSW) EL 7388
Archer (NSW) EL 7503
Gundaroo (NSW) EL 8133
Woolgarlo (NSW) EL 8215
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 April 2014 to 30th June 2014.

For further information, please contact;

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

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 2014

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	-	35
1.2 Payments for (a) exploration & evaluation	(1,269)	(2,134)
(b) development	-	-
(c) production	-	-
(d) administration	(267)	(2,634)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	427	1,721
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid) / received	-	258
1.7 Other (Interest receivable from the joint venture management company converted into restricted cash held by the joint venture management company)	2,514	2,514
Net Operating Cash Flows	1,405	(241)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(28)	(58)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	(212)	(544)
1.11 Loans repaid by other entities	123	456
1.12 Other – Stamp duty refund (Announced 31 Dec)	-	5,940
Net investing cash flows	(117)	5,794
1.13 Total operating and investing cash flows (carried forward)	1,288	5,553

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1.13	Total operating and investing cash flows (brought forward)	1,288	5,553
	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	-	(15,703)
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	(15,703)
	Net increase (decrease) in cash held	1,288	(10,150)
1.20	Cash at beginning of quarter/year to date	34,482	45,920
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of period	35,770	35,770

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	212
1.24	Aggregate amount of loans to the parties included in item 1.10	212

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).	\$50
Asiasphere Pty Ltd (consultant director)	\$14
Wugang Australian Resources Investment P/L (consultant director)	\$12
Lodge Limited (consultant director)	\$12

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	732
4.2 Development	-
4.3 Production	-
4.4 Administration	707
Total	1,439

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	760	591
5.2 Deposits at call	-	6,275
5.3 Bank overdraft	-	-
5.41 Other (term deposits with maturity >90days)	32,600	27,616
5.42 Other (restricted cash – held by the joint venture management company)	2,410	-
Total: cash at end of quarter (item 1.22)	35,770	34,482

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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7.7	Options <i>Continued from previous page</i>	<ul style="list-style-type: none"> • 2015 Employ Performance Rights vesting 01/07/15 (subject to performance hurdles) • 2015 Employ Retention Rights vesting 01/07/15 (subject to retention hurdles) ' 2016 Employ Performance Rights vesting 01/07/16 (subject to retention hurdles) <p style="text-align: center;"><u>Period end balance:</u></p> <ul style="list-style-type: none"> € - • 1,220,000 Ž 720,000 • 1,592,948 • 938,001 ' 1,000,000 		Nil	
7.8	Issued during quarter	<ul style="list-style-type: none"> € - • - Ž - • - • - ' 1,000,000 	<ul style="list-style-type: none"> € - • - Ž - • - • - ' - 		
7.9	Exercised during quarter	<ul style="list-style-type: none"> € - • - Ž - • - • - ' - 	<ul style="list-style-type: none"> € - • - Ž - • - • - ' - 		
7.10	Expired during quarter	<ul style="list-style-type: none"> € 750,000 • - Ž - • - • - ' - 	<ul style="list-style-type: none"> € - • - Ž - • - • - ' - 		
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: 15 July 2014
 (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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