



CENTREX METALS
LIMITED

AUSTRALIAN SECURITIES EXCHANGE RELEASE

29 October 2010

General Manager
The Company Announcements Office
Australian Securities Exchange Limited
Electronic Lodgment System

Dear Sir/Madam

First Quarter Activities Report for the Year Ending 30 June 2011

THREE MONTHS TO 30 SEPTEMBER 2010

The following activities have been conducted by or on behalf of the Company:

1.0 EXPLORATION ACTIVITIES

Exploration activities on SA's Eyre Peninsula focused on the Bungalow Joint Venture (magnetite) which commenced on June 18, 2010 and on the WISCO Joint Venture (magnetite) which commenced on July 20, 2010.

Annual technical reporting for the Company's South Australian tenements were all completed during the quarter.

Fugro Airborne Surveys Pty Ltd completed an airborne gravity and magnetics survey over the Company's Goulburn project in New South Wales. The results from the survey will be processed by a geophysical consultant during November 2010.

1.1 Wilgerup (hematite – SA)

No significant exploration was undertaken at Wilgerup.

1.2 Cockabidnie (hematite/magnetite – SA)

No significant exploration was undertaken at Cockabidnie.

1.3 Goulburn Skarn Project and new ELA 3893 (magnetite & base metals – NSW)

Fugro Airborne Surveys Pty Ltd completed an airborne gravity and magnetics survey over the Company's Goulburn project in the renowned Lachlan Fold Belt region of New South Wales. The results from the survey will be processed by a geophysical consultant during November 2010.

1.4 Western Middleback Iron Ore Tenements (hematite/magnetite – SA)

No significant exploration was undertaken within the western Middleback tenements.

1.5 Tenement Management

All tenements are in good standing with recent annual technical reports submitted to PIRSA for EL 3609 Cockabidnie, EL 3401 Lock and combined annual reports for the Southern and Northern Amalgamated Expenditure Arrangements (SAEA and NAEA).

Six monthly statutory reports were submitted to PIRSA for EL 7388 Goulburn, EL 3999 Ironstone Hut, EL 3375 Gilles Downs, EL 3877 Mount Hill, EL3609 Cockabidnie, EL3611 Greenpatch, EL3401 Lock and EL4299 Tooligie.

Tenement renewal applications were submitted for EL 4185 Ironstone Hill, EL 3968 Kimba Gap and EL 4384 Wanilla.

2.0 JOINT VENTURE ACTIVITIES

2.1 Bungalow Joint Venture

The Bungalow JV Stage 1 project studies and drilling on SA's Eyre Peninsula commenced during the quarter.

United Drilling Services was awarded the 8,000m diamond drilling contract. As of September 30, a total of 18 holes had been completed for 5,031.8m.

The key findings from the drilling to date include;

- Identification of additional magnetite zones previously assumed to be low grade. A number of holes have now indicated that the narrow zones as displayed by the geophysics are actually steeply dipping and less diluted high grade zones – see Figure 1 below.
- Shallow depths to mineralisation of 30m in the central areas due to paleosurface 'ridges' with associated benefits for overburden removal and mining costs.
- New coarse grained ore types intersected with high DTR mass recoveries up to 73.36%.
- Reprocessing of the aeromagnetics and confirmation from drilling indicates that a number of separate magnetite BIF zones extend along the entire 7.5km Bungalow magnetite deposit.
- A new high resolution aeromagnetics survey of the northern 10.5km Minbrie portion of the deposit correlates the 2 previous holes drilled in Minbrie that intersected magnetite BIF.

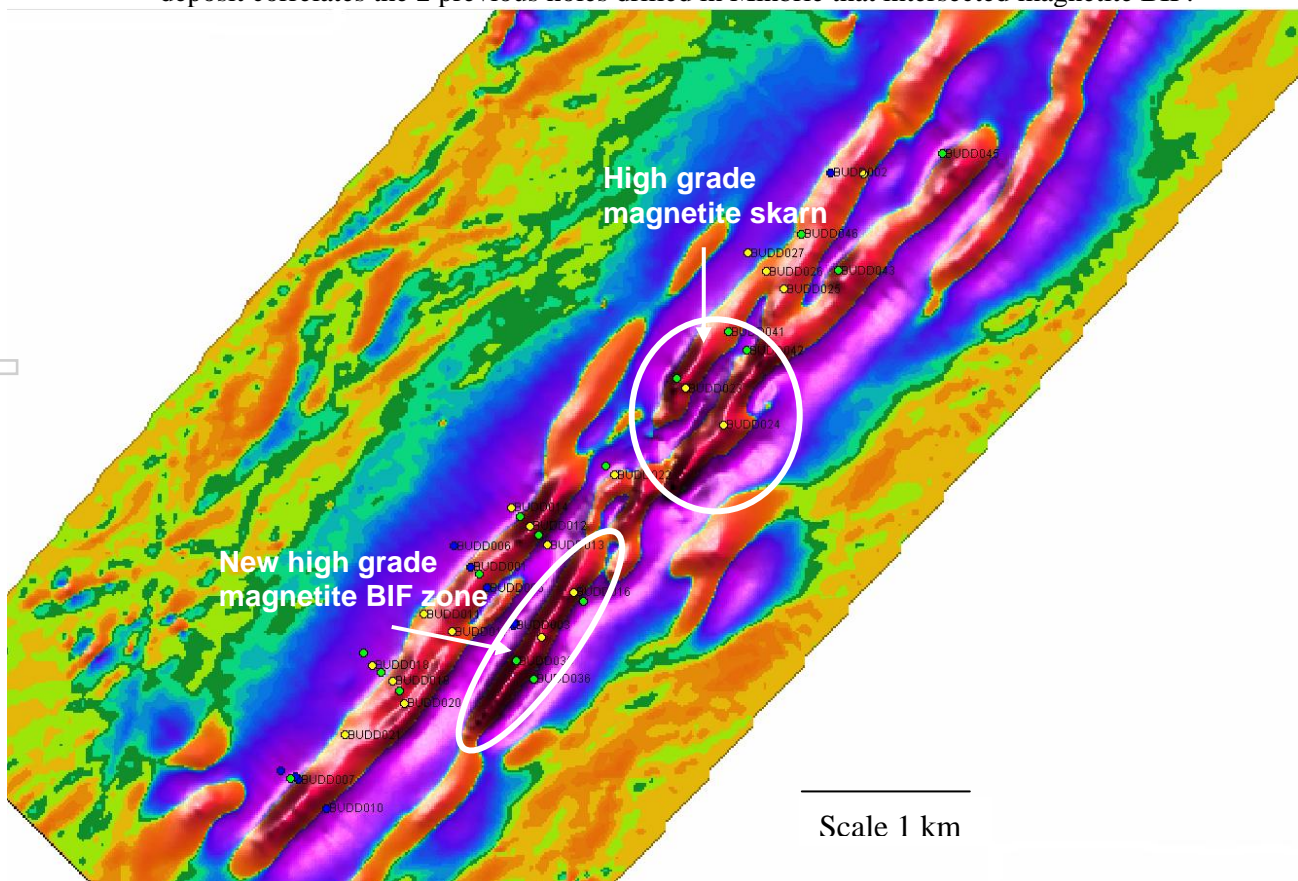


Figure 1 Bungalow RTP magnetics image displaying separate magnetite BIF zones.

A summary of the Davis Tube Recovery (DTR) assaying results received to date is listed in the table below. The DTR results are for mass recoveries >10% and are incomplete with results pending for BUDD033 and BUDD036. Note that the 'Depth From' and 'Depth To' intervals are from the first to last intersection of magnetite to be sampled whereby internal dilution >0.5m is not sampled. Sampling is to geological contacts and nominal 3m intervals. The total 'Sample Interval' from within the 'Depth From' and 'Depth To' intervals is also included.

Previous 2002 drill holes (BUDD001A, BUDD002 and BUDD004) were re-sampled with the 2008 Bungalow specific DTR procedure for consistency.

DrillHole ID	Depth From	Depth To	Sample Interval	DTR Mass Recovery	Head Fe	Conc Fe	Conc SiO2
BUDD031	176.50	303.90	72.00	30.86	23.98	69.30	3.30
BUDD032	42.00	203.20	67.10	33.60	28.68	69.08	3.62
BUDD033	97.50	169.40 (**169.4 -301.4)	20.90	26.31	24.02	69.34	3.06
BUDD036	150.2 (**42 - 150.20)	248.30	81.30	36.96	29.64	70.69	2.01
BUDD037	107.40	209.30	62.90	24.23	21.48	63.88	5.86
BUDD038	88.90	345.60	71.30	35.04	28.21	68.35	4.72
BUDD040	139.00	178.70	6.50	20.38	24.20	68.46	4.46
BUDD042	83.60	381.60	117.80	41.50	33.34	69.25	2.83
BUDD001A	81.00	182.70	86.40	28.00	22.83	66.99	5.26
BUDD002	152.40	214.10	38.60	37.81	27.56	68.89	4.11
BUDD004	189.00	254.80	44.70	39.27	30.24	70.41	2.20
Total Average				33.92	27.48	68.57	3.71

** Awaiting further results for interval in brackets.

The recent drilling has identified a number of new ore types in addition to the dominant magnetite silica BIF which was used to establish the DTR procedure at a P80 of 32 microns. The new ore types are coarser grained and associated with carbonate and talc alteration common to the BIF stratigraphy from the Hutchison Group on the Eyre Peninsula.

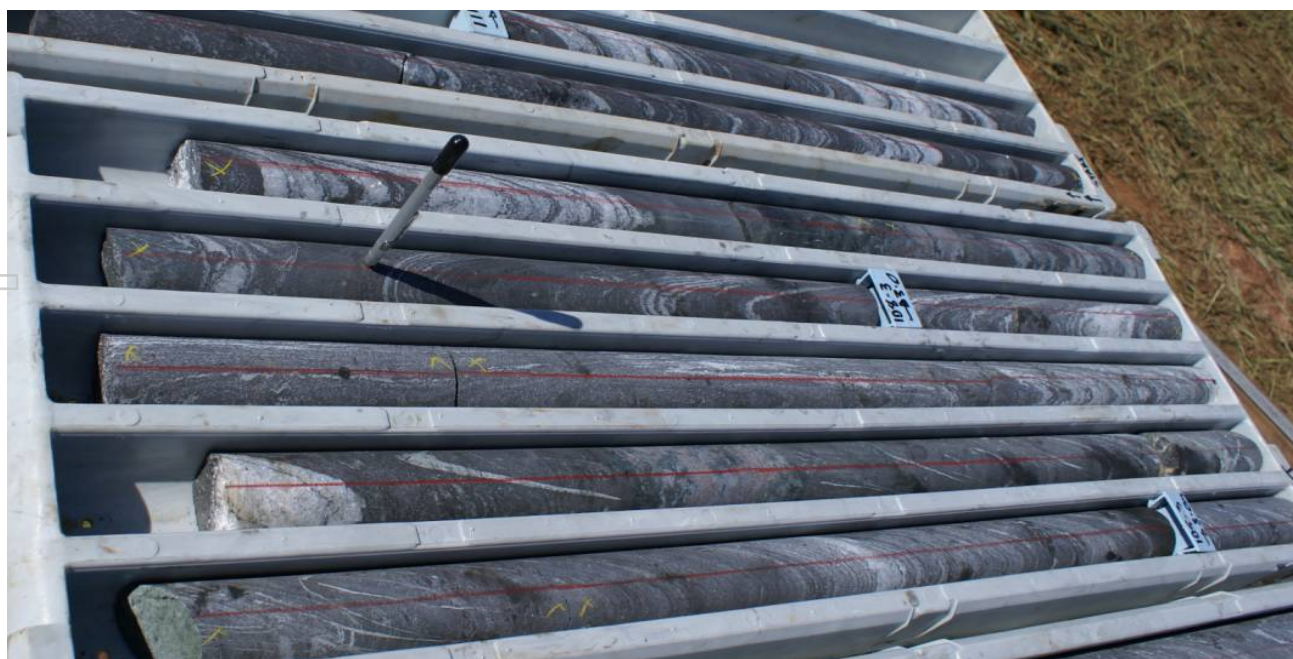


Figure 2. High grade coarse grained magnetite carbonate mineralisation.

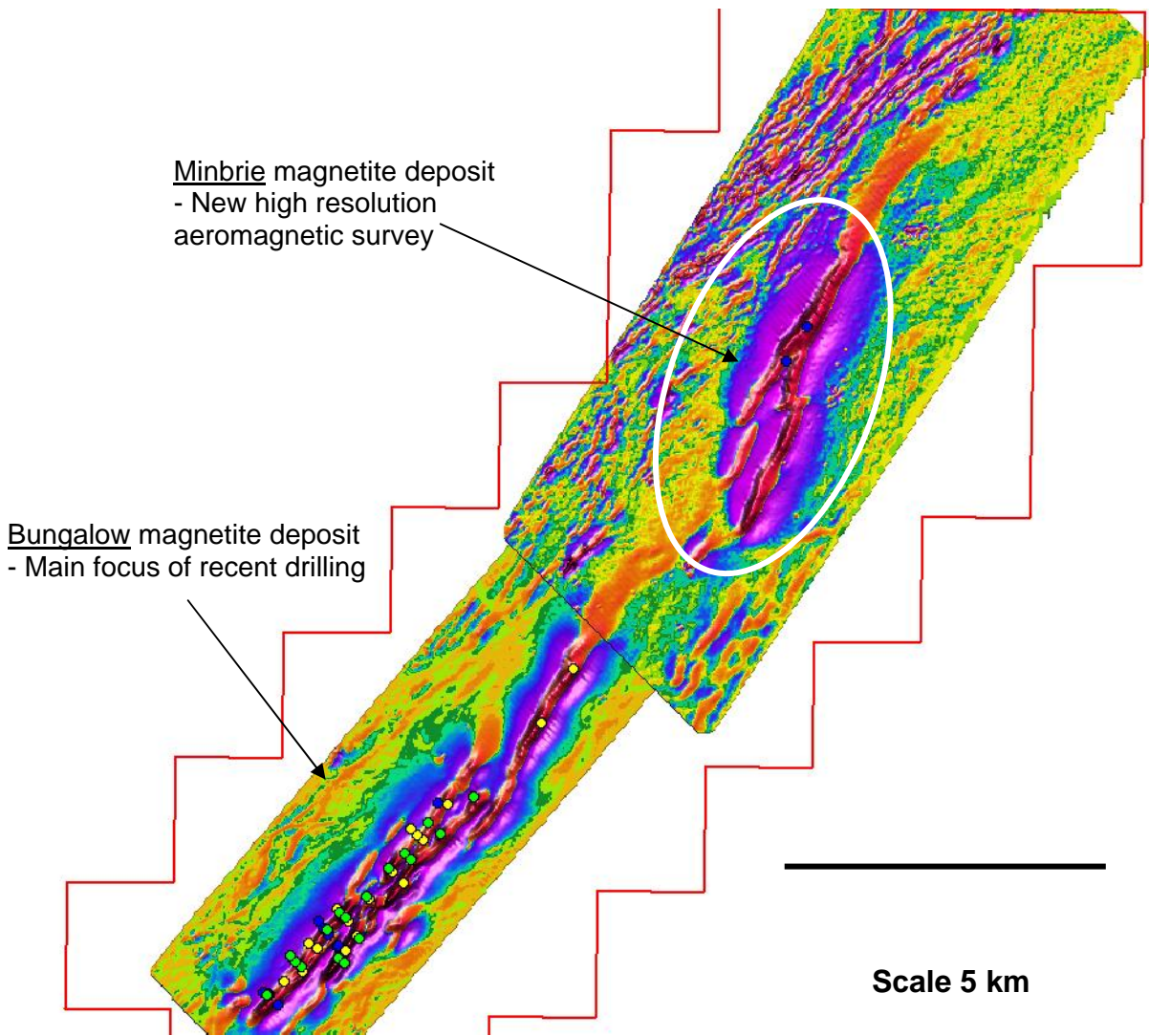
In addition to the main magnetite silica BIF style of mineralisation, a number of magnetite intercepts are associated with a coarse grained skarn style of mineralisation.



Figure 3. High grade coarse grained magnetite skarn mineralisation.

The second positive indication from the recent drilling was the surprise result from BUDD 036 which intersected magnetite BIF from 42-248m depth. Although BUDD036 was drilled oblique to the ore zone it identified a high grade (less diluted) magnetite BIF zone to the south of the main southern Bungalow trend which was the focus of previous drilling. More recent drilling and a reinterpretation of the geophysics has confirmed the mineralisation extends along strike and at a shallow depth to mineralisation of around 30m. This significantly improves the mining economics given the deeper depths to 80m experienced previously.

A high resolution aeromagnetic survey of the northern Minbrie portion of the Bungalow/Minbrie deposit was completed by Thomson Aviation and processed by geophysical consultants ASIS International. In 1958, two diamond drillholes were drilled at Minbrie by the South Australian Mines Department which intersected magnetite BIF from 100m vertical depth. The recent survey confirmed the Minbrie magnetic anomaly and subsequently 3 holes have been planned for a broad assessment of the deposit during the current drilling program.



The drilling is now expected to continue until mid December followed by resource modelling and grade estimation in January/February 2011. The maiden Inferred Resource for Bungalow is expected to be announced around March of next year, 2011.

2.2 WISCO Joint Venture

Financial close was completed on 7th July 2010 for the iron ore joint venture with Wuhan Iron & Steel (Group) Corporation (“WISCO”) on Exploration Licences 3269, 3421, 3611, 3731 and 3877 (“Tenements”) occurring in SA’s southern Eyre Peninsula. Centrex and WISCO then completed the Transaction Documents on 20th July 2010.

The events that took place at financial close involved transferring 60% of the iron ore rights of the above mentioned tenements and the subsequent transfer of AUS\$51.5M to Centrex and AUS\$50M into the Eyre Iron Joint Venture account. The Company will earn an additional unconditional \$26M in July 2011 and the Eyre Iron JV account will receive an additional \$25M in July 2011.

Eyre Iron Pty Ltd, the Joint Venture Management Company commenced drilling operations at its first Eyre Peninsula project, Carrow, in August. A contract has been let with Wild Drilling for 16,000 metres of diamond drilling and the Company ended the quarter with two diamond drilling rigs in operation at Carrow with a third diamond drilling rig expected in October. In order to carry out this drilling, plus additional RC operations at not only Carrow but also Greenpatch and Koppio, Eyre Iron Pty Ltd has recruited a 16 person Resource Definition Team including an Exploration & Approvals Manager, three Senior Geologists, 5 Geologists and 7 Field Staff.

An additional diamond drilling contract and a separate RC drilling contract will be let in the December 2010 quarter.

Results from the diamond and RC drilling are expected to be received in the March 2011 quarter, with Inferred Resources information to be available later in calendar 2011.

During the quarter, Eyre Iron Pty Ltd awarded service agreements to both Coffey and WorleyParsons to undertake a number of studies for the Joint Venture's magnetite projects. Coffey was appointed to carry out Resource Modeling work for the deposits as well as Project Impact Studies including environmental, social, geotechnical and hydrogeological elements. In September, Coffey was awarded \$0.96M of work to undertake environmental and social baseline studies and also Pre-Feasibility Level geotechnical and hydrogeological studies for Carrow. WorleyParsons was awarded \$2.7M of work to carry out Pre-Feasibility Level process design and associated infrastructure studies for Carrow.

2.3 WISCO Port Joint Venture

Centrex completed a heads of Agreement with Wugang Australian Resources Investments Pty Ltd (Wugang) in April 2010 for the formation of a Joint Venture to design and construct a deep water port on land secured by Centrex in 2008. The companies agreed to use best endeavours to negotiate and execute the terms and conditions of the transaction documents within 90 days. This period has been extended by mutual agreement to the end of December 2010. Documents have been prepared and are currently being reviewed by Wugang Australia.

3.0 DEVELOPMENT ACTIVITIES

Wilgerup Operation

The Wilgerup Mine and Rehabilitation Plan (MARP) was completed and received by PIRSA on 7th October 2009. The revised MARP was submitted to PIRSA in July, following detailed discussions to ensure all remaining issues were addressed. PIRSA was to complete an internal peer review, and once approved, no further statutory approvals are required. The Peer review did not take place until late in September, and additional minor corrective actions were issued by PIRSA. These will be addressed in the December quarter and the document re-submitted for final approval.

Results from the dust and weather monitoring station installed on the site show no exceedance of EPA guidelines. The weather monitoring probe failed during the quarter and was returned to the manufacturer for investigation and repair. It appears the monitor probe suffered attack from birds, possibly crows.

An issue with a local land owner over access to underground bore water and water bore drilling charges was settled during the quarter. Both parties have signed a deed of release agreeing to no ongoing liability for any charges or access to water from the site.

Port Lincoln Wharf Development Application

Approval of the Development Application from the Minister for Urban Planning and Development was received on 6th October 2009.

The marine monitoring program, forming part of the Development Application license conditions for Port Lincoln wharf export approval, commenced on 21st January, 2010 and involves the continuous monitoring in Boston Bay for a period of 12 months prior to iron ore exports commencing.

Data collected throughout the period from the two Sondes and DGT samplers indicates no unusual data or events. One temperature probe recorded high readings late in August but was replaced under warranty.

Sheep Hill - Alternative Eyre Peninsula Port

Board approval was received to recommence the data collection and study program to complete the Development Application for the Cape size capable Sheep Hill deepwater port on Eyre Peninsula, northeast of Port Lincoln. Golder Associates recommenced the remaining data collection program and commenced preparing the Development Application submission. The seismic study of the proposed jetty and wharf-head locations was completed during September and the report received early in October. The seismic study indicates that the depth of sand/unconsolidated soil material varies from 3 – 5 metres before solid/rock material is encountered. The report was forwarded to URS/Langkilde Engineering to update the structural and engineering requirements for the jetty and wharf. Langkilde Engineering has also been commissioned to investigate alternate marine structure options for the jetty and wharf for various vessel sizes.

The dust monitoring station installed and commissioned on the Sheep Hill site during 2009 to establish baseline data for proposed future operations and provide meteorological data for inclusion in the Development Application, continues to operate satisfactorily. To date, no exceedences of airborne contaminants have been recorded onsite.

The wind and wave monitor unit (Doppler) was initially installed for a 5 month period between October 2009 and March, 2010. The unit collected information relating to tidal influences, water temperature, salinity and wind and wave impacts on the near shore marine environment to be used in the ultimate design of the jetty structure and wharf head and orientation of the jetty structure. The Doppler unit was reinstalled at the proposed jetty location for a further 6 weeks between August and September 2010 to capture potential high energy wave data prevalent during the winter months. The report is currently being updated with the latest information and is due in the December quarter.

The Board agreed to finalise settlement of the two additional blocks of land at Sheep Hill and adjacent to the existing Centrex owned blocks of land. Settlement was scheduled for early October, and has subsequently settled.

4.0 PRODUCTION ACTIVITIES

No production was recorded for any of the Company's tenements during the quarter.

5.0 CAPITAL

The Company had the following securities on issue as at 30 September 2010:

Ordinary Shares	310,260,264
2011 A Class Options (expiring 30 Jun 2011, exercisable at \$0.20)	1,000,000
2011 CXM Exec Options (expiring 30 Jun 2011, exercisable at \$0.20)	1,945,000
2012 CXM Exec Options (expiring 30 Jun 2012, exercisable at \$0.42)	1,682,000

No securities were issued during the quarter.

6.0 FINANCIAL

6.1 Reconciliation of Expenditure

This is the first quarterly report for Centrex Metals Limited for the year ending 30 June 2011. An analysis of the estimated cash flows included in the previous report is included directly below:

	<u>Estimate (\$'000)</u>	<u>Actual (\$,000)</u>
Exploration and evaluation expenditure	130	741
Development	0	0
Administration	1,144	1,801

6.2 Cash at end of Quarter

Cash at 30 September 2010 was A\$56,553,607.

Attached is the Appendix 5B Statement of Cash flows for the period from 1st July 2010 to 30th September 2010.

For further information, please contact Jim White at Centrex Metals Limited on (08) 8232 0400.


Jim White
Managing Director
Centrex Metals Limited

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 a geologist and Exploration Manager of Centrex Metals Limited. Mr Watts has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which 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 Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CENTREX METALS LIMITED

ABN

97 096 298 752

Quarter ended ("current quarter")

30 SEPTEMBER 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	14	14
1.2	Payments for (a) exploration and evaluation	(741)	(741)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(1,802)	(1,802)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	344	344
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes (paid) refund	(3)	(3)
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(2,188)	(2,188)
Cash flows related to investing activities			
1.8	Payment for purchase of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(450)	(450)
1.9	Proceeds from sale of: (a)prospects	51,500	51,500
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	(1,141)	(1,141)
1.11	Loans repaid by other entities	-	-
1.12	Other (Stamp duty paid on WISCO transaction. Amount is receivable from WISCO if the inferred resource milestone targets are met)	(5,940)	(5,940)
	Net investing cash flows	43,969	43,969
1.13	Total operating and investing cash flows (carried forward)	41,781	41,781

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1.13	Total operating and investing cash flows (brought forward)	41,781	41,781
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	34	34
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) –IPO costs	-	-
	Net financing cash flows	34	34
Net increase (decrease) in cash held			
		41,815	41,815
1.20	Cash at beginning of quarter/year to date	14,738	14,738
1.21	Exchange rate adjustments to item 1.20		
		56,554	56,554
1.22	Cash at end of quarter		

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	892
1.24	Aggregate amount of loans to the parties included in item 1.10	1,141

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).	\$210
Retirement payment to Managing Director	\$641
Asiasphere Pty Ltd (consultant director)	\$19
International Pacific Securities Ltd (consultant director)	\$17
Bynoe Investments Pty Ltd (consultant director)	\$5

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

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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	798
4.2 Development	-
4.3 Administration	953
Total	1,751

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	488	11,170
5.2 Deposits at call	56,066	3,568
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	56,554	14,738

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	EL3611, EL3421, EL3269, EL3731, EL3877	Farm-in arrangement with Wuhan Iron & Steel (Group) Corporation	100%	40%
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	310,260,264	310,260,264		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) End of restriction period	170,000	170,000	\$0.20	\$0.20
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	① 2011 A Class ② 2011 Employ. ③ 2012 Employ. <u>Period end balance:</u> ① 1,000,000 ② 1,945,000 ③ 1,682,000	Expiring 30/06/11 Expiring 30/06/11 Expiring 30/06/12	\$0.20 \$0.20 \$0.42	
7.8 Issued during quarter	① - ② - ③ -	① - ② - ③ -		

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7.9	Exercised during quarter	①	-	①	-		
		②	-	②	-		
		③	-	③	-		
7.10	Expired during quarter	①	-	①	-		
		②	-	②	-		
		③	-	③	-		
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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 October 2010
(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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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