

KIMBA GAP IRON ORE PROJECT

General Manager

17th May 2013

The Company Announcements Office
Australian Securities Exchange
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Dear Sir/Madam

KIMBA GAP MAGNETITE IRON ORE EXPLORATION TARGET DEFINED

Highlights

- Full results received from recent Kimba Gap drilling campaign
- AMC Consultants define independent Exploration Target

Summary

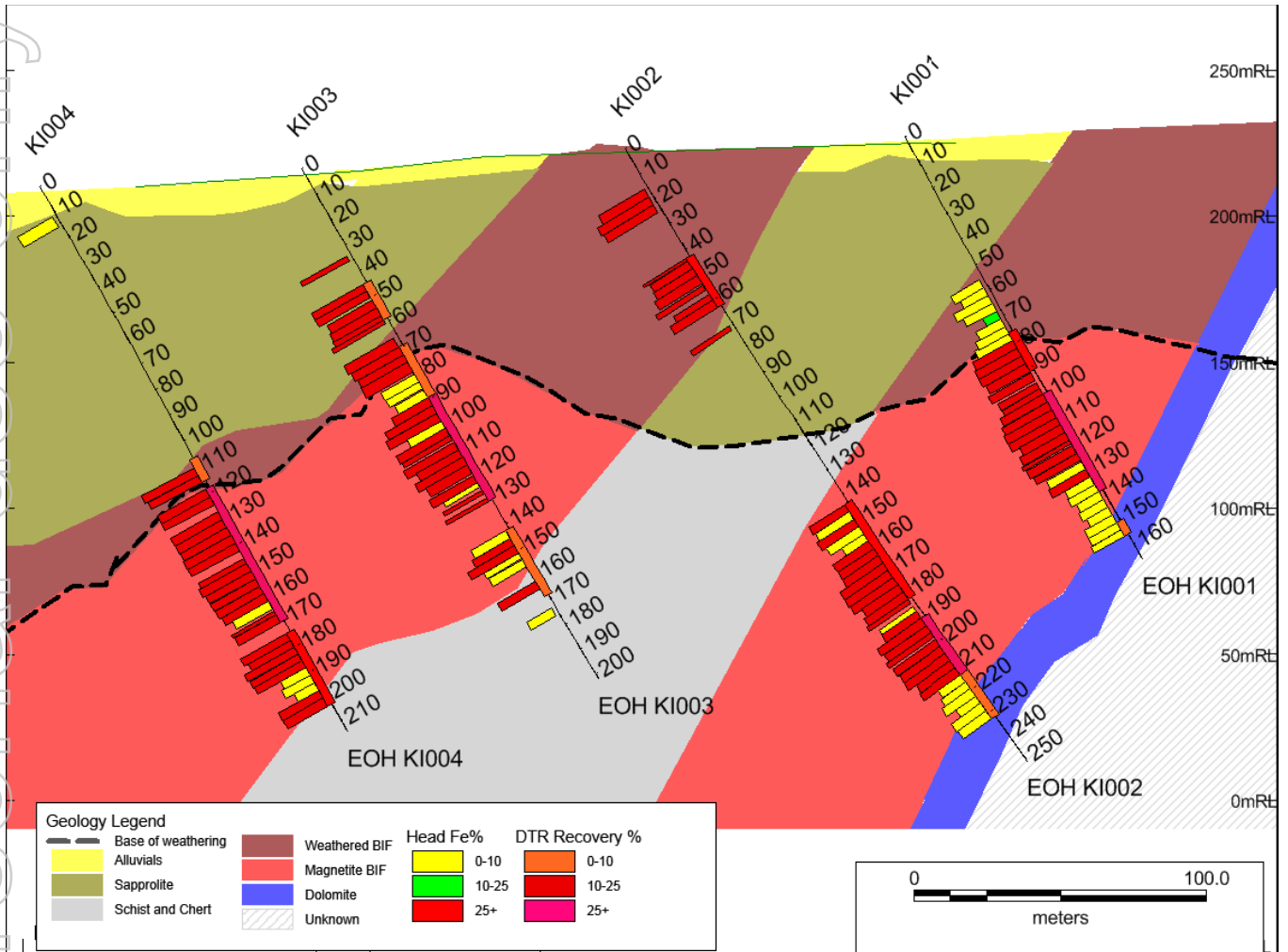
Centrex Metals Limited ("Centrex") recently completed a four hole diamond drilling program at its 100% owned Kimba Gap prospect that confirmed the discovery of a significant magnetite BIF deposit.

AMC Consultants has independently reviewed the drilling data and completed a geological model which has resulted in a magnetite BIF Exploration Target* on EL5170 of between 275 and 420 million tonnes with a Davis Tube Recovery ('DTR') range of between 21% and 27%.

****The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.***

The Exploration Target is supported by four diamond drill holes, with nominal 3m quarter core sample spacing and DTR and XRF analysis of both the head and concentrate samples. Additional information used to define the Exploration Target included surface mapping and rock chip sampling, and high resolution airborne magnetic data. Further details outlining the basis of the Exploration Target are included in the Appendix.

The cross section below displays the results of all 4 drill holes, which are spaced approximately 100m apart and broadly oriented across the strike of the mineralization.



In addition, the significant drill hole intercepts from all four holes are presented below. The weighted average results were compiled using a >10% DTR cut-off.

Magnetite BIF Intercepts (Weighted Average Grades >10% DTR)							
	From (m)	To (m)	Interval (m)	Head Fe%	DTR	Conc. Fe%	Conc. SiO₂%
KI001	76	91.2	15.2	27.4	21.6	69.1	3.8
KI001	100.2	138.7	38.5	27.3	31.3	70.8	1.7
KI001	150.7	156.1	5.4	20	12.8	69.2	1.6
Weighted Average Grade KI001 >10% DTR				26.6	27.1	70.4	2.1
KI002	43	63	20	25.6	21.5	68.4	4.4
KI002	143.1	182.1	39	26.4	20.5	70.4	2.1
KI002	190	213.7	23.7	29.3	35.3	70.8	1.8
KI002	213.7	232.3	18.6	18.9	11.9	68.2	1.9
Weighted Average Grade KI002 >10% DTR				25.6	22.6	70	2.4
KI003	69.4	89.4	20	25.5	16.9	69.4	2.9
KI003	89.4	130.4	41	27.5	33.5	70.1	2.8
KI003	142	168.4	26.4	20.4	19.1	70.0	1.8
Weighted Average Grade KI003 >10% DTR				25.3	24.9	69.9	2.5
KI004	118.1	203.3	85.2	27.9	30.5	69.9	2.9
Weighted Average Grade KI004 >10% DTR				27.9	30.5	69.9	2.9

DTR (expressed as percent weight recovery) and concentrate results were from Davis Tube test work performed at P80 of -38µm Head and concentrate chemical analysis by XRF

The DTR concentrate assay results indicate that a high-iron low-silica magnetite concentrate could be produced.

The next phase of exploration would involve further drilling along the length of the Kimba Gap deposit with the aim of defining a Mineral Resource.

The Kimba Gap iron ore project is situated on the Eyre Peninsula South Australia, 50km North of Centrex's Bungalow Joint Venture with Chinese steel major Baotou Iron & Steel Group. The Kimba Gap Exploration Target comprises a ~4km outcropping banded iron formation with recent drilling confirming the presence of two parallel striking banded iron formations.

The deposit is being considered in terms of either a standalone magnetite concentrate operation, or as a combined operation with the proposed Bungalow Mine. Further exploration, depending on obtaining the necessary approvals, is planned to commence in the next 12-18 months and will be aiming to test the along-strike continuity of the Kimba Gap mineralization identified in the work completed to date.

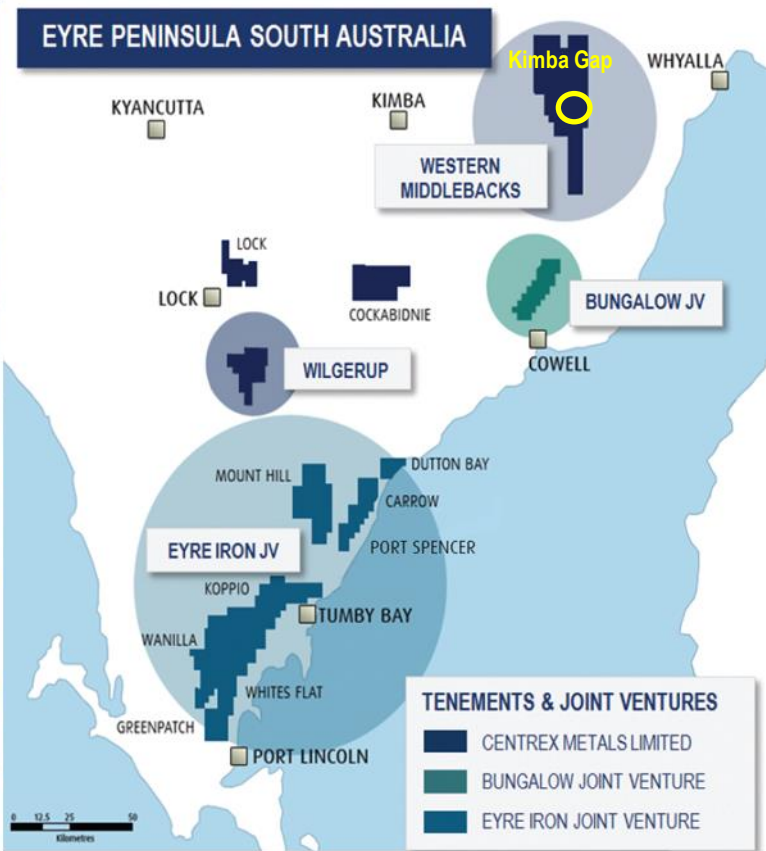
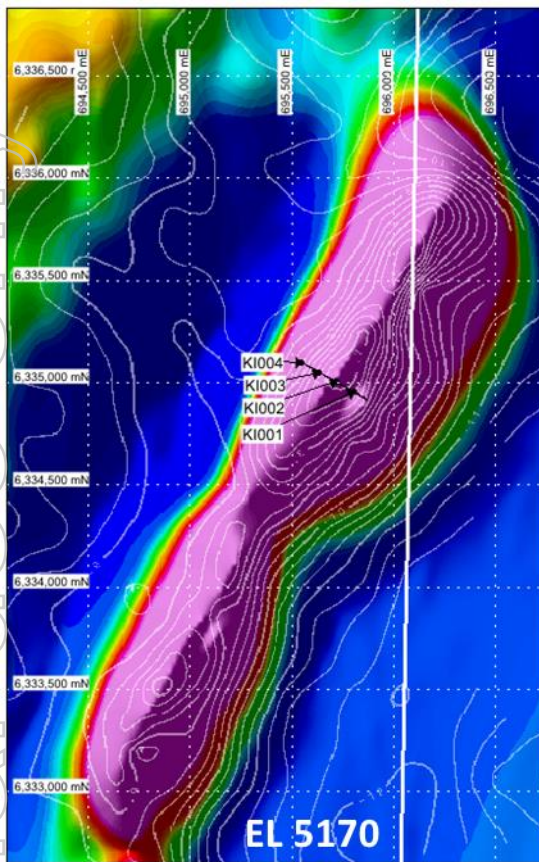


Figure: Magnetic TMI image overlain by gravity contours showing drill hole locations (left), and location map of Centrex's Eyre Peninsula iron ore projects (right).

For further information please contact:

Ben Hammond
Acting CEO
Centrex Metals Limited
Ph (08) 8100 2200

Alastair Watts
General Manager Exploration
Centrex Metals Limited
Ph (08) 8100 2200

Competent Persons Statement

The information in this report relating to Exploration Targets is based on and accurately reflects information compiled by Ms Sharron Sylvester of AMC Consultants Pty Ltd who is a consultant and adviser to Centrex Metals Limited and who is a Member of the Australian Institute of Geoscientists (RPGeo). Ms Sylvester has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Sylvester consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 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 his information in the form and context in which it appears.

The checklist for reporting of exploration results is included in the table below:

Criteria	Explanation
Sampling Technique	Sampling of quarter NQ2 and HQ3 drill core. Visual checks by Geologists of sampled core to confirm sample intervals and representivity.
Drilling Technique	Rotary mud to refusal then HQ3 core to solid bedrock then NQ2 to end of hole. Core orientated with the Ace tool. Down hole Gyro surveys used for drill hole azimuth and declination.
Drill Sample Recovery	Core recoveries measured and recorded every run with 95% recovery overall. Core loss was dominantly in the unmineralised overburden.
Logging	Core logging undertaken to < 10cm. Logging is appropriate for any potential future Mineral Resource estimation, mining and metallurgical studies. Samples selected based on lithology and nominal 3m intervals. All core was photographed.
Sub-sample techniques and sample preparation	Quarter core was sampled with a core saw. Centrex has a detailed procedure for magnetite sample preparation, and DTR and XRF assaying that was established by an independent process engineering firm.
Quality of assay data and laboratory tests	A sample preparation and DTR procedure was provided by Centrex to the laboratory. Field duplicate samples of quarter core are submitted every 25 samples. XRF standards are submitted every 20 samples. An in-house DTR standard is submitted every 25 samples. Field duplicate samples and standards were within an acceptable level of accuracy and precision.
Verification of sampling and assaying	All sample results were checked and verified against core logging and photography by alternative company personnel. In addition AMC Consultants reviewed the sample data, QAQC and assay results.
Location of data points	Drill holes were located by a licensed surveyor using differential GPS to an accuracy of 0.3m. Down hole GYRO surveys assumed a starting azimuth of 120 degrees with an accuracy of 5 degrees.
Data spacing and distribution	Drill holes are at a spacing of ~ 100m across section.
Orientation of data in relation to geological structure	Drill holes are broadly aligned across the strike and dip of the mineralization and this is supported by the orientated drill core.
Audits or reviews	AMC Consultants has independently reviewed and validated the data.
Mineral tenement and land tenure status	Centrex (through its wholly owned subsidiary "The South Australian Iron Ore Group") owns the iron ore rights to Exploration Licence 5170.
Exploration done by other parties	Centrex is not aware of any other relevant exploration conducted within the Kimba Gap project area.

Criteria	Explanation
Geology	Magnetite Banded Iron Formation within the Middleback Subgroup of the palaeoproterozoic Hutchison Group.
Data aggregation methods	The total length of the intervals in the table of magnetite BIF intercepts (above) may include some unassayed intervals, in which case the DTR and associated grades shown are length-weighted average grades over the total interval (i.e. dilution included in grade calculations). DTR grades are also weighted by the percent weight recovery. Other intervals with DTR grades of <10% DTR are not shown.
Relationship between mineralisation widths and intercept lengths	The geometry of the mineralization was indicated by the cross section described in the ASX announcement of the 5 th April 2013. The orientated drill core supports this interpretation, however further drilling along strike is required before the true width is known.
Diagrams	Please see above. Also diagrams from ASX announcement on 5 th April 2013.
Balanced reporting	Only significant intercepts >10% DTR are tabulated. All intercepts, including those <10% DTR are displayed in the cross section.
Other substantive exploration results	Bulk densities and RQD's are routinely collected from drill core.
Further work	It is Centrex's desire to conduct further exploration drilling of the Kimba Gap project, subsequent to obtaining the necessary approvals, over the next 12 to 18 months.

Appendix

The Exploration Target is supported by four diamond drill holes, including core logging with nominal 3m quarter core sample spacing, and DTR and XRF analysis of both the head and concentrate samples. In addition, surface mapping, rock chip sampling, high resolution airborne magnetic and ground gravity survey data was also used to produce a 2D cross sectional interpretation of the mineralization and oxidation boundaries.

Two sets of separate mineralization boundaries were interpreted on the drill section based on DTR % grade. A 15% DTR high grade cut-off was used to separate the high-grade and low-grade domains. Both of these domains were further subset on the basis of being fresh or oxidised.

The two lower grade domains have an average DTR of 5.7% and 11.6% (oxide and fresh respectively) and the two higher grade domains have an average DTR of 19.6% and 30.1% (oxide and fresh respectively).

This 2D interpretation was then compared to the local geophysical data, and the trend of the mineralization was thus able to be conceptualised in 3D over the rest of the lateral extent of the high intensity magnetic and gravity response data along strike. A volume model was developed, and the average drill hole grades of each domain were assigned to the corresponding volumes.