CENTREX METALS
LIMITED

WWW.CENTREXMETALS.COM.AU

Annual Report 2018

ASX : **CXM**

Contents

Chairman's Report

The Board is pleased with the excellent progress made by the Management Team on the Company's Ardmore Phosphate Rock Project over the past year. We are encouraged by the attractive returns to shareholders projected for the project in the Scoping Study completed in January and look forward to the release of the Feasibility Study results in September 2018.

The strong market interest shown by potential customers across the region for the project's premium product samples sent to them, along with the upward movement in phosphate prices this year, has given us confidence in our choice to pursue developments in the fertiliser sector. We are well underway in the execution of our start-up process plant for the project with the contract for the modular plant awarded to CDE Global, which is on track to deliver our first shipments in 2019.

Bringing Ardmore into production and moving into positive cashflow is the absolute focus of the Board and Management Team. The Board continues to review its cash position and assess all funding strategies open to it in financing the relatively modest project capital requirement for the project. Further exploration is planned on the newly acquired tenements surrounding the project, and we continue to seek to build our project portfolio with advanced assets of a similar scale and nature to Ardmore.

The positive test work results for the Oxley Potassium Nitrate Project ("Oxley") are being translated into updated designs and cost estimates by our engineering consultants. Given the vast scale of the deposit we will be seeking a partner who can support us both technically and financially to move the project into large scale piloting and eventual execution. Our successful track record in attracting partners to large scale projects should be noted.

The Company is as well placed as it has ever been to complete the transition from explorer to producer with the Ardmore project. We congratulate Ben Hammond on his appointment to the Board as Managing Director, having served as CEO for the past five years, diversifying Centrex from iron ore into fertilisers. We also welcome the recent appointment of Mark Terry as CFO, who comes with strong experience in securing funding for mining projects along with financial and commercial management of operating mining companies.

David Klingberg AO FTSE

Non-Executive Chairman

Managing Director's Report

The Ardmore Phosphate Rock Project ("Ardmore") in North West Queensland is one of the few remaining undeveloped high-grade deposits in the world. Centrex has rapidly accelerated the project towards production since acquiring it late last year, having announced a Scoping Study in January this year, projecting strong returns, already approaching completion of its feasibility study for the project, and having made significant progress in securing off-take interest in its proposed phosphate rock production.

Pilot plant test work for Ardmore has shown the ability to produce a premium-grade phosphate rock concentrate with ultra-low cadmium levels, making it a highly desirable "clean" product in our region. The proposed processing circuit has no grinding or flotation which many phosphate projects around the world require, and instead simply involves single stage crushing, followed by attritioning and desliming to remove the clay fraction.

Independent product testing in the US has shown excellent performance, and this has been reflected in the non-binding Memorandum Of Understanding ("MOU") signed with Indian major Gujarat State Fertilizers & Chemicals Limited ("GSFC") to progress a life of mine 10-year off-take agreement for 40% of the planned 800,000 tonnes per annum production. Australia and New Zealand import approximately 1 million tonnes of phosphate rock per annum, mostly coming from North Africa which Ardmore has a significant freight advantage over. Two fertiliser manufacturers in the local region have already received the first small-scale shipments of high-grade run of mine Ardmore ore to trial in their single superphosphate plants, with a view to buying the premium grade Ardmore concentrate in the future.

The project has seen three Mineral Resource estimate updates during the year and maiden Ore Reserves are expected in September 2018, in line with completion of the feasibility study. Mining trials during the year demonstrated the ability to "free-dig" the deposit without blasting, with a number of bulk samples and trial shipments mined from the shallow seam that outcrops in numerous places.

A contract has been signed with CDE Global for a start-up modular 70 tonne per hour ("tph") wet process plant targeted for commissioning in early 2019. The start-up plant will be used to provide first shipments to customers and secure long-term off-take contracts prior to ramp up to full-scale production in 2021. The start-up modular plant has been designed to be expandable to 140 tph, the full-scale rate.

All the required road, rail and port infrastructure exists to transport the Ardmore product from mine to the Port of Townsville for shipping both domestically and for export. Strong interest has been received from the existing infrastructure owners, with multiple bids gained for the numerous options available. With existing infrastructure and simple mining and processing, Ardmore is projected to have one of the lowest capital intensities for a phosphate rock project in the world.

Bringing our flagship Ardmore project into production would see Centrex move into steady revenue generation, providing a stable platform for further growth. The Company continues to seek other similar smaller scale growth opportunities to leverage its Ardmore's potential success.

Further test work was completed in China during the year on the Oxley project, showing more positive results, and opportunities for efficiencies in the circuit design. The significant size of the 32km long deposit means it has the potential to be a large-scale long-life asset. Given the scale of the project, as it has done in the past in iron ore, Centrex plans to seek a strategic investment partner to aide in Oxley's development in order to allow it to focus on Ardmore.

ARDMORE PHOSPHATE ROCK PROJECT, QLD

The Ardmore Phosphate Rock Project ("Ardmore") in North West Queensland is one of the few remaining undeveloped high-grade projects in the world. During the year Centrex announced three Mineral Resource estimate updates on the back of almost 700 drill holes completed since acquiring the project in early 2017. The very shallow nature of the deposit has allowed this rapid progress, with drilling able to be completed at a relatively low cost.

The most recent estimate defined total Mineral Resources of 16.2 million tonnes at 27.8% P_2O_5 using a 16% P_2O_5 cut-off. A total of 14.4 million tonnes of the updated Mineral Resource is classed as either Indicated or Measured. The Mineral Resource is inclusive of 14.2 million tonnes at 29.3% P_2O_5 using the 19% P_2O_5 cut-off.

The announcement in relation to the Mineral Resource was made on 1st June 2018 and can be found at:

https://www.asx.com.au/asxpdf/20180601/pdf/43vgxdjlpsgcwb.pdf

The results were reported under JORC 2012 and Centrex is not aware of any new information or data that materially affects the information contained within the release. All material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

CAPTION: Excavator "free-digging" near surface phosphate rock at Ardmore for bulk samples.

Where the phosphate rock ore is below surface, the overlying material is very weak low-density shale. Successful dozer stripping trials were completed in February 2018 demonstrating not only there being no requirement for blasting, but ripping was also not required. This provides the potential to strip mine the deposit using a relatively low-cost open cut-mining option which would see waste material progressively backfilled during mining, hence no restoration provision.

CAPTION: D9 dozer undertaking trial stripping of share overburden at Ardmore.

A Scoping Study indicating strong returns was released in January 2018 for the project on the back of successful bench scale test work showing the potential to produce a premium-grade 35% P_2O_5 concentrate with ultra-low cadmium levels by a simple crushing, attritioning, and desliming circuit. The study provided for the concentrate to be transported 90km along existing roads to the Mount Isa-Townsville rail line, for rail into the Port of Townsville. Road, rail and storage in containers was the preferred option given the low capital investment, using existing bulk container tipping facilities at the port to load bulk vessels for shipping domestically and for export.

Bench scale test work results were later confirmed in March with completion of piloting at Bureau Veritas Minerals in Adelaide. Small samples of the concentrate from the pilot plant were sent to meet customer requests for trial throughout Australasia and Asia. KemWorks in the US also undertook fertiliser conversion test work on the concentrate, both for single superphosphate and phosphoric acid production. Test work for both products showed excellent results due to the high quality of the Ardmore product.

As a result of the marketing efforts, in May a non-binding MOU was signed with GSFC for negotiation of a 10 year off-take agreement of approximately 40% of the planned 800,000 tonne per annum production. GSFC plans to commence construction of a new large-scale phosphoric acid plant in India for which the phosphate rock from Ardmore may be supplied as the raw material. GSFC are planning a site visit in late 2018 where a binding Heads of Agreement comprising the key terms of supply will be negotiated.

CAPTION: GSFC Managing Director Mr A. M. Tiwari witnessing the exchange of the MOU between GSFC Senior Vice President (Finance & Projects) Mr Sanjeev Varma and Centrex India representative Mr AK Tareen.

The Company announced in May the first paid trials to two customers in the local region of 400 tonnes (each) of run of mine ore for the production of single superphosphate ("SSP"). Whilst the customers are considering the potential to buy premium-grade concentrate from Ardmore once it's in production, the run of mine ore will provide indications of the general performance of the deposit in SSP production, prior to the construction of a process plant at the mine site. The run of mine ore was crushed locally and shipped in containers at the end of June. The results from the customer trials are expected to be available to the Company by the end of September 2018.

CAPTION: Run of mine Ardmore phosphate rock ore at customer bunker ready for large-scale SSP plant trial.

In July 2018 the Company awarded design, manufacture, and construction for its start-up modular wet plant to CDE Global. The start-up wet plant for the project will be a 70 tph circuit and will be used to produce premium grade phosphate rock concentrate to deliver large scale bulk trial shipments to those potential customers requesting them, in order to secure long-term off-take contracts for the project.

CAPTION: A similar wet processing plant (as proposed for Ardmore) previously commissioned by CDE Global.

The 70tph modular start-up wet processing plant will be designed as an oversized module to be able to upgrade it to an eventual 140tph circuit (a significant advantage of the CDE modular approach), for the proposed full-scale 800,000 tonne per annum operation at Ardmore.

CAPTION: Mining phosphate rock at Ardmore for first paid customer trials.

OXLEY POTASSIUM NITRATE PROJECT, WA

The Oxley Project, around 125km from the Port of Geraldton in Western Australia, focuses on the development of a globally rare 32km long outcropping ultrapotassic lava flow for the production of high value fertiliser. The lava flow is predominantly comprised of potassium feldspar.

The key process technology for the project is the conversion of the potassium feldspar to soluble potassium chloride (potash) via roasting with salt, for subsequent water leaching, and purification. The potash would then be reacted with nitric acid produced ultimately from local West Australian gas feedstock, to produce potassium nitrate, a high-value horticultural fertiliser. Centrex previously announced it had completed a positive Scoping Study for the project and has since continued to refine the project design through test work and engineering design, from a range of possible process solutions and equipment.

CAPTION: Oxley electric arc furnace trial in China.

During March samples of Oxley ore were sent to the Wuhan University of Science & Technology ("WUST") in China for further roasting test work. An electric arc furnace ("EAF") was trialled for the molten salt roast. The roasting reaction has been demonstrated previously by Centrex using various other roasting equipment. An EAF presents a potentially relatively low capital cost approach to the roasting with the ability to pre-heat and undertake the reaction in a single vessel. Off-gas analysis was also undertaken during the latest test work to allow refinement of the gas scrubbing design of the proposed plant.

The 1-hour EAF roast trial resulted in an encouraging 83% extraction of potassium from the ore, confirming the potential application of an EAF in the process. In addition, cooling trials by WUST confirmed the potential to feed the roast product directly to a standard rotary cooler, meaning greater heat recovery from the roast product is now expected than in the previous multi-stage cooling circuit design for the project.

Centrex's engineering consultants will now update the Oxley roasting circuit design and project cost estimates, taking into account the new input data obtained from the test work in China. Following completion of this and given the very significant potential scale of Oxley, Centrex will build on its previous success in completing major mining joint ventures and seek a strategic investment partner to aid in developing the project further while it focuses on bringing Ardmore into production.

GOULBURN ZINC PROJECT, NSW

No on-ground exploration was undertaken during the year on the Goulburn Zinc Project ("Goulburn") as the Company focused on its more advanced fertiliser projects. An in-house review by Centrex geologists of exploration to date at Goulburn recommended drilling the down hole electromagnetic ("DHEM") conductor targets generated from previous drilling by the Company proximal to the known massive sulphide mineralisation at the Collector Prospect. The Company plans to drill the targets in 2019. The main project tenement at Goulburn covering the Collector, Collector North and Glenn Prospects was renewed for a further 6 year term during the year.

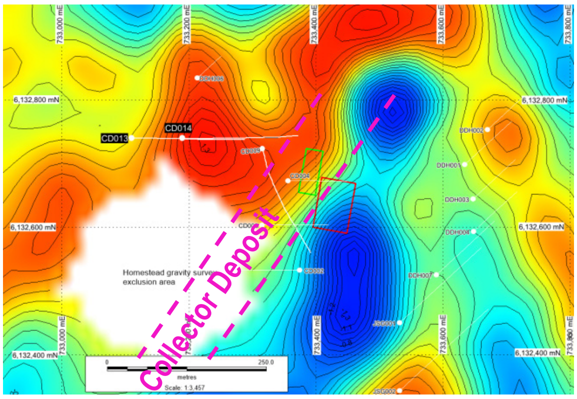

FIGURE: Collector Deposit plan view of CD013 , CD014, Residual Bouguer Gravity and the modeled DHEM survey conductor surfaces projected to surface.

SOUTH AUSTRALIA IRON ORE PORTFOLIO

The Wilgerup and Kimba Gap iron ore projects located in South Australia were sold during the year to OneSteel Manufacturing Pty Ltd (“OMPL”), a subsidiary of SIMEC Mining (formerly Arrium Mining).

OMPL will pay royalty streams to Centrex for each project upon commencement of mining at each project. Each project has the potential to earn Centrex a royalty stream of up to A$ 5 million (A$ 10 million combined), with the caps indexed to CPI annually. If OMPL has not committed to mining either of the projects within the next 10 years the relevant project will be returned at Centrex’s election. Completion of the deal occurred in July 2018 and awaits State Government approvals.

A Deed of Termination (“Deed”) was executed in September 2017 to wind-up the Eyre Iron Magnetite Joint Venture. Rehabilitation of the Joint Venture project site was completed in January 2018 and the work retention bonds held by the South Australian Government were returned soon after. Final steps are now being taken to dissolve the joint venture in accordance with the Deed.

These events mark the final steps in Centrex diversifying away from iron ore.

Mr Ben Hammond

Managing Director & Chief Executive Officer

Mining Exploration Entity Annual Reporting Requirements

LIST OF TENEMENTS IN WHICH THE GROUP HAS AN INTEREST

TENEMENT LIST				AS AT 30TH JUNE 2018
Location	Licence number	Description	Held by:	Interest %
Queensland	ML 5542	Ardmore Phosphate Rock Project	CPhos[1]	100
	EPM 26551	Ardmore EPM 26551	CPhos[1]	100
	EPM 26568	Ardmore EPM 26568	CPhos[1]	100
Western Australia	E70/3777	Oxley A	CPot[2]	100
	E70/4004	Oxley B	CPot[2]	100
	E70/4318	Oxley C	CPot[2]	100
	E70/4319	Oxley D	CPot[2]	100
	E70/4320	Oxley E	CPot[2]	100
	E70/4378	Oxley F	CPot[2]	100
	E70/4729	Oxley G	CPot[2]	100
New South Wales	EL 7388	Goulburn	LM[3]	100
	EL 7503	Archer	LM[3]	100
South Australia [All of the South Australian licences are the subject of executed agreements to transfer the rights to third parties].	RL 129	Kimba Gap	KGIP[4]	100
	ML 6344	Wilgerup	CXM[5]	100
	EL 5559	Wanilla	CXM[5]	40
	EL 5852	Greenpatch	CXM[5]	40
	EL 6024	Mount Hill	SAIOG[6]	40
	EL 5971	Carrow	SAIOG[6]	40

1 Centrex Phosphate Pty Ltd (a wholly owned subsidiary of Centrex Metals Limited)
2 Centrex Potash Pty Ltd (a wholly owned subsidiary of Centrex Metals Limited)
3 Lachlan Metals Pty Ltd (a wholly owned subsidiary of Centrex Metals Limited)
4 Kimba Gap Iron Project Ltd (a wholly owned subsidiary of Centrex Metals Limited)
5 Centrex Metals Limited
6 South Australia Iron Ore Group Pty Ltd (a wholly owned subsidiary of Centrex Metals Limited)

ANNUAL REVIEW OF MINERAL RESOURCES AND ORE RESERVES

The information included in the tables below was prepared in accordance with JORC Code 2012. The Company confirms that it is not aware of any new information or data that materially affects the information included in the table and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

POTASSIUM ORE MINERAL RESOURCES BY AREA				AS AT 30TH JUNE 2018
Location	Resource Classification	Tonnage (Mt)	Head Grade	
			K_2O (%)	Cut-off grade K_2O (%)
Oxley Potassium Project	Measured	-	-	-
	Indicated	-	-	-
	Inferred	154.7	8.3	6.0
	Total	**154.7**	**8.3**	**6.0**

PHOSPHATE ORE MINERAL RESOURCES BY AREA				AS AT 30TH JUNE 2018
Location	Resource Classification	Tonnage (Mt)	Head Grade	
			P_2O_5 (%)	Cut-off grade P_2O_5 (%)
Ardmore Phosphate Rock Project	Measured	3.3	29.8	16.0
	Indicated	11.1	27.4	16.0
	Inferred	1.7	26.8	16.0
	Total	**16.2***	**27.8**	**16.0**

* Totals may not add precisely due to rounding.

The information included in the table below was prepared in accordance with JORC Code 2004 except the results for Kimba Gap and the Fusion area which was reported in accordance with JORC Code 2012. The Company confirms that it is not aware of any new information or data that materially affects the information included in the table and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

MAGNETITE IRON ORE MINERAL RESOURCES BY AREA							AS AT 30TH JUNE 2018
Location	Resource Classification	Tonnage (Mt)	Head Grade		Davis Tube Recovery ('DTR') (%)	Concentrate Grade	
			Fe (%)	SiO_2 (%)		Fe (%)	SiO_2 (%)
Total Fusion area[2]	Measured	10.8	22.7	52.3	18.0	68.2	4.1
	Indicated	300.9	24.9	50.2	21.3	68.5	3.7
	Inferred	657.7	25.9	47.9	23.0	66.3	5.8
	Total	**969.4**	**25.6**	**48.7**	**22.4**	**66.9**	**5.2**
Carrow[1]	Indicated	72.4	27.3	40.1	28.7	68.5	3.3
	Inferred	86.8	27.2	41.6	27.0	65.4	6.7
	Total	**159.2**	**27.2**	**41.0**	**27.8**	**66.9**	**5.2**
Greenpatch[1]	Inferred	54.8	24.9	33.8	26.8	68.3	3.0
	Total	**54.8**	**24.9**	**33.8**	**26.8**	**68.3**	**3.0**
Kimba Gap[2]	Inferred	487.1	24.7	53.8	18.5	68.6	2.9
	Total	**487.1**	**24.7**	**53.8**	**18.5**	**68.6**	**2.9**

1 DTR (percent weight recovery) and concentrate results were from Davis Tube test work performed at -75µm

2 DTR (percent weight recovery) and concentrate results were from Davis Tube test work performed at -38µm

The information included in the table below was prepared in accordance with JORC Code 2004. The Company confirms that it is not aware of any new information or data that materially affects the information included in the table and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not changed.

HEMATITE IRON ORE MINERAL RESOURCES BY AREA							AS AT 30TH JUNE 2018
Location	Resource Classification	Tonnage (Mt)	Head Grade				
			Fe (%)	SiO_2 (%)	Al_2O_3 (%)	LOI	P (%)
Wilgerup	Measured	-	-	-	-	-	-
	Indicated	13.3	57.7	4.8	2.8	5.0	0.51
	Inferred	0.8	56.6	5.2	2.5	4.0	0.57
	Total	**14.1**	**57.7**	**4.8**	**2.8**	**5.0**	**0.51**

COMPARISON OF ANNUAL MINERAL RESERVES AND RESOURCES STATEMENT TO THE PRIOR YEAR

The table below summarises the changes that took place as far as the Group's mineral resources and reserves are concerned. The information contained in this table should be read in conjunction with the detailed resource and reserve information provided above.

Location	Resource or Reserve	Tonnage (Mt)		Notation
		30/6/2017	30/6/2018	
Magnetite (iron)				
Total Fusion Area	Resource	969.4	969.4	Subject to a number of contractual conditions being satisfied, it is expected that the rights to all of the iron resources will be transferred to third parties during the financial year ending 30th June 2019.
Carrow	Resource	159.2	159.2	
Greenpatch	Resource	54.8	54.8	
Kimba Gap	Resource	487.1	487.1	
Hematite (iron)				
Wilgerup	Resource	14.1	14.1	
Wilgerup	Reserve	-	-	
Potassium				
Oxley	Resource	154.7	154.7	No change.
Phosphate				
Ardmore	Resource	-	16.2	Resource published 1st June 2018.

SUMMARY OF GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS IN PLACE FOR THE REPORTING OF MINERAL RESOURCES AND ORE RESERVES

Mineral Resources and Ore Reserves are estimated by suitably qualified consultants in accordance with the JORC Code, using industry standard techniques and internal guidelines for the estimation and reporting of Ore Reserves and Mineral Resources. These estimates and the supporting documentation are then reviewed by suitably qualified Competent Persons from the Company.

All Ore Reserve estimates are prepared in conjunction with pre-feasibility studies which consider all material factors.

The Mineral Resources and Ore Reserves Statements included in the Annual Report are reviewed by suitably qualified Competent Persons from the Company prior to its inclusion.

CROSS REFERENCING OF THE RESOURCES ANNOUNCMENTS

For more detail regarding the Oxley resources please see the announcement of 8th March 2016.

http://www.asx.com.au/asxpdf/20160308/pdf/435nrchjm48mjx.pdf

For more detail regarding the Ardmore resources please see the announcement of 1st June 2018.

https://www.asx.com.au/asxpdf/20180601/pdf/43vgxdjlpsgcwb.pdf

For more detail regarding the Kimba Gap resource please see the announcement of 29th July 2014.

http://www.asx.com.au/asxpdf/20140729/pdf/42r2y42ddx4sh1.pdf

For more detail regarding the Fusion area, Carrow and Greenpatch resources please see the announcement of 18th September 2015.

http://www.asx.com.au/asxpdf/20150918/pdf/431f68b3p86hln.pdf

For more detail regarding the Wilgerup resources please see the announcement of 23rd October 2009.

http://www.asx.com.au/asxpdf/20091023/pdf/31lk86y343jpv1.pdf

COMPETENT PERSONS STATEMENT

The information in this report relating to Exploration Results (contained in the Managing Director's report) is based on information either compiled or reviewed 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 information in this report relating to the Mineral Resources of the Oxley Potassium Project is based on and accurately reflects information compiled by Ms Sharron Sylvester of OreWin 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 mineralisation 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 Mineral Resources of the Ardmore Phosphate Rock Project is based on and accurately reflects information compiled by Mr Jeremy Clark of RPM, who is a consultant and adviser to Centrex Metals Limited and who is a Member of the Australian Institute of Geoscientists . Mr Clark has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Clark 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 (contained in the Managing Director's report) and the resources and reserves data magnetite and hematite iron resources contained in the previous two pages is based on information either compiled or reviewed 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.

Directors' Report

For the Year Ended 30th June 2018

The Directors present their report together with the consolidated financial report of Centrex Metals Limited ("Company") and its controlled entities ("Group"), for the financial year ended 30th June 2018 and the auditor's report thereon.

1. Directors and the Company Secretary

1.1 Directors

The directors in office at any time during or since the end of the financial year are:

Name and Qualifications	Position, Experience and special responsibilities
Mr David Klingberg AO FTSE, D UniSA, B.Tech, FIE Aust, FAus IMM, FAICD, KGSJ Appointed 19/4/05 Chairman since 15/1/10	Independent Chairman Mr Klingberg has 35 years' experience as a professional engineer with Kinhill Limited including 10 years as CEO managing professional engineering services to resource developments and other industries. Mr Klingberg is a former Chancellor of the University of South Australia, retiring in 2008 after holding the position for 10 years. He was formerly the Chairman of Barossa Infrastructure Limited and the Premier's Climate Change Council. He was a Director of Codan Limited (ASX: CDA), E&A Limited (ASX: EAL) and Snowy Hydro Limited as well as a member of the State Government Boards of Renewables SA and Invest in SA. He is currently a director of Litigation Lending Services Limited. Mr Klingberg is a member of the Company's Audit and Risk Management Committee and the Remuneration and Nomination Committee.
Mr Ben Hammond BSc (Geol), MBA, FAusIMM, GAICD Appointed 17/10/17	Managing Director & Chief Executive Officer Mr Hammond holds a degree in Geology as well as an MBA. He has spent his career in bulk commodities with Centrex Metals, Illawarra Coal and BHP Billiton Iron Ore. His roles have spanned business development, project management, business improvement, mine geology and exploration. His operational experience extends beyond mining having also worked in ports, rail and maintenance. In 2012 Mr Hammond became a member of the Australian Institute of Company Directors. He played a key role in marketing and negotiation of previous major international joint ventures completed by the Company, including setting up and running a Chinese/Australian iron ore joint venture company. Originally joining Centrex in 2007, he was appointed CEO in June 2013 and Managing Director in October 2017.
Mr Jim Hazel BEc, SF Fin, FAICD Appointed 12/7/10	Independent Non-Executive Director Mr Hazel has had an extensive career in banking and investment banking, including as Chief General Manager of Adelaide Bank Ltd and was formerly managing director of an ASX listed retirement village and aged care operation. He is now a professional public company director and is currently a Director of Bendigo and Adelaide Bank Limited (ASX: BEN), Coopers Brewery Limited and Ingenia Communities Group (ASX: INA, Chairman). He is formerly a director of Impedimed Limited (ASX: IPD). Mr. Hazel is Deputy Chairman of the Company and chairs the Company's Audit and Risk Management Committee and the Remuneration and Nomination Committee.

Directors' Report (continued)

1.1 Directors (continued)

The directors in office at any time during or since the end of the financial year are (continued):

Name and Qualifications	Position, Experience and special responsibilities
Mr Graham Chrisp B Tech (CE) Appointed 21/1/10	<u>Non-Executive Director</u> Mr Chrisp has a degree in Civil Engineering and has substantial experience in numerous aspects of business operations, including engineering design and construction, mineral exploration, mining and property development. He was a founding director of Centrex Metals Limited (having previously served as its founding Managing Director from 2003 to 2005) and has numerous private interests. Mr Chrisp's son Jason is a director of South Cove Ltd, the largest shareholder in the Company. Accordingly, he is not considered to be "independent" for the purposes of the Company's corporate governance policies. Mr Chrisp is a member of the Company's Remuneration and Nomination Committee.
Mr Kiat Poh CDipAF, GDip MS, Dip CE Appointed 21/5/08	<u>Independent Non-Executive Director</u> Mr Poh has over 30 years' experience at senior management level in the construction, quarrying, real estate development, manufacturing industries and financial markets. Over the years, he also held senior positions in corporate finance and mezzanine capital investment companies in Malaysia specialising in investments as well as mergers and acquisitions. From 1998 to 2005, he was Managing Director of a Singapore Exchange listed company. Since 2005, Mr Poh has managed a Singapore based investment advisory company that focuses on participating in strategic stakes in listed companies. He is also a director of Synertec Corporation Limited (ASX: SOP). Mr Poh is a member of the Company's Audit and Risk Management Committee.
Mr Chris Indermaur BEng (Mech), GDipEng (Chem), LLB, LLM, GDLP Appointed 1/7/17	<u>Independent Non-Executive Director</u> Mr Indermaur has over 30 years' experience in large Australian companies in engineering and commercial roles. His significant technical and commercial experience extends to downstream mining related industrial facilities including fertiliser plants. Mr Indermaur is currently the Non-Executive Chairman of Poseidon Nickel Limited (ASX: POS) and Medibio Limited (ASX: MEB) as well as a Director of Austin Engineering Limited (ASX: ANG). Chris was formerly the Engineering and Contracts Manager for the QNI Nickel Refinery at Yabulu, Company Secretary for Queensland Alumina Limited and General Manager for Strategy and Development at Alinta Limited. In his earlier career Chris worked at Wesfarmers chemical and fertiliser subsidiary CSBP for ten years where he held engineering and production roles.

1.2 Company Secretaries

Company Secretaries

On 28th June 2018 the Company appointed Ms Leanne Ralph as Company Secretary. Ms Ralph has over 15 years' company secretarial experience and provides her service to the Company through BoardRoom Pty Limited.

The outgoing Company Secretary and Chief Financial Officer, Mr Gavin Bosch joined the Company in January 2008 and was appointed Company Secretary on 2nd May 2008. On 28th June 2018 it was announced that Mr Gavin Bosch would be leaving the Company. He will cease employment on 28th September 2018.

2. Executives considered to be Key Management Personnel

The executives considered to be key management personnel in office at any time during or since the end of the financial year are:

Managing Director & Chief Executive Officer

Details related to Mr Hammond's qualifications and experience are included at item 1.1.

General Manager, Exploration

The General Manager, Exploration, Mr Alastair Watts was appointed on 15th March 2007.

Mr Watts is a geologist with over 25 years' experience in mining and exploration geology and is a member of the Australian Institute of Mining and Metallurgy. He has worked extensively within a range of commodities and mine sites across Australasia including the gold mining regions near Kalgoorlie, Western Australia, Charters Towers, Queensland, the Solomon Islands, nickel laterite in Indonesia and phosphate in Queensland. More recently he held a 3 year position with BHP Iron Ore as the Superintendent of Geology and Quality Control at Newman, Western Australia.

Mr Watts holds a Bachelor of Science (Geology) from Flinders University of South Australia and a Diploma of Business (Front Line Management) from the Australian Institute of Management.

General Manager, Projects

The General Manager, Projects, Mr Steve Klose was appointed on 12th August 2016 on a permanent basis having commenced initially on a short-term contract in June 2016.

Mr Klose was previously a Senior Project Manager for WorleyParsons. His 26 years' industry experience has covered project management and process engineering roles in Australia, Indonesia, South Africa, Chile and Peru both for engineering companies and on the owner's team across a wide variety of mineral commodities. He has worked across the entire mine project life cycle from exploration and scoping studies through to construction, commissioning and operations and has acted as an Alternate Registered Manager in Western Australia.

Mr Klose holds a Bachelor of Engineering (Minerals Engineering) and a MSc (Project Management) from Curtin University.

Manager Approvals & Stakeholder Relations

The Manager Approvals and Stakeholder Relations, Mr Gérard Bosch was appointed to the role on 27th February 2018.

Mr Bosch is a geologist with over 37 years of experience in Australian mineral exploration, discovery and development. He has worked for BP Minerals, for North Flinders Mines as Supervising Geologist, for Normandy Mining as District Exploration Manager, for Australian Zircon as Manager Exploration & Resources and for Eyre Iron as Exploration & Approvals Manager.

He holds a BSc Honours (Geology) from Monash University and is a Fellow of the Australasian Institute of Mining and Metallurgy.

Chief Financial Officer

Mr Gavin Bosch joined the Company in January 2008. On 28th June 2018 it was announced that Mr Gavin Bosch would be leaving the Company. He will cease employment on 28th September 2018.

Chief Financial Officer

Mr Mark Terry commenced as Chief Financial Officer on 27th August 2018. He is a CPA with more than twenty years' experience in the management of financial, commercial and legal matters in the mineral exploration and mining industry.

He commenced his career with KPMG before holding a range of senior finance positions with Normandy Mining, Newmont Australia and Xstrata Zinc where he was Finance and Commercial Manager for Australian Operations. Mark later held the role of CFO of Terramin Australia Limited (an operating junior miner) before providing consulting services in senior finance and project roles with Havilah Resources and Rex Minerals. Most recently he was the CFO of emerging energy development company Leigh Creek Energy Limited.

3. Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Group during the year ended 30th June 2018 was:

	Board Meetings		Audit and Risk Management Committee Meetings		Remuneration and Nomination Committee	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Mr D Klingberg AO	11	11	2	2	2	2
Mr B Hammond	8	8	-	-	-	-
Mr K Poh	11	11	2	2	-	-
Mr G Chrisp	11	11	-	-	2	2
Mr J Hazel	11	11	2	2	2	2
Mr C Indermaur	11	11	-	-	-	-

4. Corporate Governance Statement

The Board is committed to the principles underpinning best practice in corporate governance. The Company must comply with the ASX Listing Rules which require it to report annually on the extent to which it complied with the Corporate Governance Principles and Recommendations (Principles) as published by the ASX Corporate Governance Council. The Board believes that the Company has complied with the Principles for the current reporting period unless otherwise stated in the Appendix 4G which is lodged on the Company announcements platform at the same time as the annual report.

A description of the Company's main corporate governance practices are available on the Company's website located at:

http://centrexmetals.com.au/governance/

5. Remuneration Report - audited

5.1 Principles of compensation

The remuneration report provides details of the remuneration of the Company's directors and the senior executives identified as those who had authority for planning, directing and controlling the Company's activities during the reporting period (key management personnel).

Total remuneration packages for directors and executives of the Group are competitively set to attract and retain appropriately qualified and experienced people. The Remuneration and Nomination Committee assists the Board in setting remuneration strategy. Furthermore, the Board benchmarks remuneration practices against the *AON Hewitt – McDonald, Gold and & General Mining Industries* remuneration report with particular reference to companies in the lowest quartile of the data (i.e. those with a similar market capitalisation and with a similar sized workforce) to determine the appropriateness of the remuneration packages paid by the Company. This takes account of trends in comparative companies and the objectives of the Company's remuneration strategy to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

Non-Executive Directors

Total compensation for all Non-Executive Directors, pursuant to the constitution must not exceed $500,000 per annum. Fees were set with reference to standard practice by comparator companies.

For the year ended 30th June 2018, the Non-Executive Directors' compensation comprised Directors' base fees of $81,000 per annum (2017: $81,000 per annum) for the Chairman and $49,500 per annum (2017: $49,500 per annum) for the other Non-Executive Directors. In addition, $9,000 per annum (2017: $9,000 per annum) was paid for membership of the Audit and Risk Management Committee, with an additional $2,250 per annum (2017: $2,250 per annum) for the Chairman of the Audit and Risk Management Committee.

Superannuation is paid on behalf of the Non-Executive Directors at the rate of 9.5% per annum as is legislated. Where the Company engages a director as a consultant the value of superannuation benefits that would otherwise have been payable are paid as additional fees.

Managing Director and Company executives

Remuneration packages for the Managing Director and other Company executives include a mix of fixed and variable compensation, the variable compensation using short and long term incentives. The remuneration packages take into account market practice of comparable organisations within the industry and reflect capability, role and experience of each executive.

The fixed remuneration component (cash, superannuation and fringe benefits) was set by utilising industry surveys with particular reference to the practices of companies in the lowest quartile of the survey (i.e. those with a similar market capitalisation and with a similar sized workforce). Total remuneration (base salary packages and variable remuneration) provides the opportunity for executives to reach compensation levels in the next quartile as outlined within the industry surveys through the following variable awards:

- the Short Term Incentive ("STI") Plan, which awards a cash bonus of between 0% and 20% of base salary subject to individual and Company targets being met; and
- the Long Term Incentive ("LTI") Plan, under which the executive may be granted incentive rights, some of which vest after an extended period of continuous employment (Retention Rights), the others vesting after an assessment of performance (Performance Rights).

For the 2018 financial year there were no awards made under the STI plan. Details of the awards of rights issued under the LTI plan are listed at the conclusion of this Remuneration Report.

Mr Ben Hammond

Mr Hammond was appointed Managing Director on 17th October 2017 having previously been appointed as Chief Executive Officer on 1st July 2013. Mr Hammond's total fixed remuneration for the 2018 financial year was $385,385 (2017: $385,396).

If Mr Hammond's employment is terminated without cause or due to a failure to provide the services required under the agreement, he will be entitled to 6 months written notice (or payment of salary in lieu of) and any accrued but not yet paid salary and leave entitlements. He will also be entitled to any right or entitlement accrued under an incentive scheme (provided all necessary approvals have been obtained in relation to that right or entitlement before cessation of employment).

Where Mr Hammond's employment is terminated with cause, such as due to a serious or persistent breach of the terms of the agreement or the failure to comply with the lawful directions of the Board, notice of termination will be effective immediately without payment of any amount or the provision of any benefit, other than salary and leave entitlements accrued to the date of termination and not yet paid.

Mr Hammond is also entitled to participate in the Company's short term and long term incentive schemes as outlined above.

Other executives considered to be Key Management Personnel

In addition to the Non-Executive Directors and executives listed above, the following persons are considered to be key management personnel of the Group:

Mr Alastair Watts	General Manager Exploration
Mr Mark Terry	Chief Financial Officer
Mr Steve Klose	General Manager Projects
Mr Gérard Bosch	Manager Approvals & Stakeholder Relations

The experience of these persons has been listed in sections 1.2 and 2 of this Directors' Report.

On 28th June 2018 it was announced that Mr Gavin Bosch (Company Secretary and Chief Financial Officer) would be leaving the Company. He will cease employment on 28th September 2018.

Mr Mark Terry commenced as Chief Financial Officer on 27th August 2018 and accordingly does not appear in the table of remuneration shown on the following pages.

Service Agreements

The Company has service contracts with each executive listed above. Each contract is for an unlimited term and can be terminated by either party by giving up to three months written notice (except for Mr Gérard Bosch, whereby either party must give four weeks written notice). The Company reserves the right to terminate the contract without notice in the event of misconduct or dishonesty.

Remuneration of Key Management Personnel (KMP) (Consolidated)

Details of the nature and amount of each major element of remuneration of each of the KMP are:

		Short-term				
		Salary & fees	STI cash bonus (1)	Non-monetary benefits	Annual leave (2)	
		$	$	$	$	
Current Directors						
Mr D Klingberg AO Non-exec	2018	98,550	-	-	-	
	2017	98,550	-	-	-	
Mr B Hammond Managing Director	2018	355,438	-	4,947	(3,860)	
& Chief Executive Officer	2017	350,412	-	4,984	6,919	
Mr J Hazel Non-exec	2018	60,750	-	-	-	
	2017	60,750	-	-	-	
Mr K Poh Non-exec	2018	64,058	-	-	-	
	2017	64,058	-	-	-	
Mr G Chrisp Non-exec	2018	54,202	-	-	-	
	2017	54,202	-	-	-	
Mr C Indermaur (5) Non-exec	2018	54,202	-	-	-	
	2017	-	-	-	-	
Total compensation: Directors	2018	687,200	-	4,947	(3,860)	
	2017	627,972	-	4,984	6,919	
Current executives						
Mr A Watts GM Exploration	2018	255,521	-	4,827	(8,187)	
	2017	255,488	-	4,864	17,317	
Mr Gavin Bosch (6) Chief Financial	2018	209,187	-	-	8,906	
Officer	2017	209,187	-	-	9,401	
Mr S Klose (7) GM Projects	2018	250,208	-	4,980	(2,368)	
	2017	250,208	-	4,690	13,021	
Mr Gérard Bosch (8) Mgr. Approvals	2018	180,000	-	4,947	14,476	
& Stakeholder Relations	2017	61,500	-	629	5,819	
Total compensation: executives	2018	894,916	-	14,754	12,827	
	2017	776,383	-	10,183	45,558	
Total compensation: KMP	2018	1,582,116	-	19,701	8,967	
	2017	1,404,355	-	15,167	52,477	

(1) STI represents the amount of the STI or bonus that will be paid to the executive for performance for the relevant financial year.
(2) In accordance with the requirements of the Accounting Standards, remuneration includes the movement in accrued annual leave for the period.
(3) In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity linked compensation determined as at the grant date and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to or indicative of the actual benefit (if any) that the senior executives may ultimately realise should the equity instruments vest.

	Super-annuation benefits	Share-based payments (3)	Termination	Other long term benefits (4)	Total	Performance related	Options / Rights related
	$	$	$	$	$	%	%
	-	-	-	-	98,550		
	-	-	-	-	98,550		
	25,000	18,101	-	11,076	410,702	0.0	4.4
	30,000	-	-	10,031	402,346	0.0	0.0
	5,771	-	-	-	66,521		
	5,771	-	-	-	66,521		
	-	-	-	-	64,058		
	-	-	-	-	64,058		
	-	-	-	-	54,202		
	-	-	-	-	54,202		
	-	-	-	-	54,202		
	-	-	-	-	-		
	30,771	**18,101**	**-**	**11,076**	**748,235**		
	35,771	**-**	**-**	**10,031**	**685,677**		
	24,274	6,783	-	8,268	291,486	0.0	2.3
	24,271	-	-	6,617	308,557	0.0	0.0
	19,873	-	61,274	6,432	305,672	0.0	0.0
	19,873	-	-	6,433	244,894	0.0	0.0
	23,770	6,783	-	3,740	287,113	0.0	2.4
	23,770	-	-	1,640	293,329		
	17,100	6,783	-	1,513	224,819	0.0	3.0
	5,843	-	-	187	73,978		
	85,017	**20,349**	**61,274**	**19,953**	**1,109,090**		
	73,757	**-**	**-**	**14,877**	**920,758**		
	115,788	**38,450**	**61,274**	**31,029**	**1,857,325**		
	109,528	**-**	**-**	**24,908**	**1,606,435**		

(4) Other long term benefits represents the movement in the senior executive's long service leave entitlements measured as the present value of the estimated future cash outflows to be made in respect of the senior executive's service between the respective reporting dates.
(5) Mr Chris Indermaur was appointed as a director on 1st July 2017.
(6) Mr Gavin Bosch's employment with the Company will cease on 28th September 2018.
(7) Mr Steve Klose was appointed on 12th August 2016.
(8) Mr Gérard Bosch was appointed on 27th February 2017.

5. Remuneration Report – audited (continued)

Consequences of performance on shareholder wealth

The variable components of the Company's executives' remuneration (the short and long term incentives) seek to encourage alignment of management performance and shareholders' interests by linking remuneration to performance of the Company as a whole.

The award of any short term or long term incentive is always at the discretion of the Board which will also take into account the following indices when assessing performance, although the Board acknowledges that as an exploration company the use of such indices does not fully reflect Company performance.

	2018	2017	2016	2015	2014
Profit / (loss) attributable to owners of the company	(1,139,938)	488,828	(4,987,053)	(14,821,127)	(734,552)
Dividends paid (per share)	-	-	-	-	$0.05
Share price at 30 June	$0.10	$0.06	$0.06	$0.08	$0.09

Short Term Incentive – Cash Bonus

The STI Plan ordinarily involves the setting of key performance indicators which must be achieved to be awarded the short term incentive (cash bonus). These relate to overall Company performance and individual performance set by the Board and the Managing Director for the relevant period.

For the period ending 30th June 2018 the Company did not set any key performance indicators and accordingly no bonuses for performance for the same period have been accrued.

Long Term Incentive – Equity based

The Company's Long Term Incentive Plan is intended to reward efforts and results that promote long term growth in shareholder value. The key performance indicator which must be achieved for the vesting of Company executives' Performance Rights is the growth in the Company's share price.

The other component of the long term incentive plan is the grant of Retention Rights. Retention Rights vest on the completion of a period of service with the Company. The purpose of granting Retention Rights is to retain executives who over the time of their employment accumulate significant intellectual property of value to the Company, and to ensure the continuity of that knowledge and in turn promote a stable and efficient executive team.

Rights

The Company issued the following rights to directors and key management personnel during the year:

Key Management Personnel	Type	Grant date	Number	Share price hurdle	Vesting date	Expiry
Mr Ben Hammond	2017 Retention Rights	22/09/17	357,143	$0.00	22/09/19	22/10/19
Mr Ben Hammond	2017 Performance Rights	22/09/17	1,119,128	$0.15	22/09/19	22/10/19
Mr Alastair Watts	2017 Performance Rights	22/09/17	895,302	$0.15	22/09/19	22/10/19
Mr Steve Klose	2017 Performance Rights	22/09/17	895,302	$0.15	22/09/19	22/10/19
Mr Gerard Bosch	2017 Performance Rights	22/09/17	895,302	$0.15	22/09/19	22/10/19
Mr Gavin Bosch	2017 Performance Rights	22/09/17	895,302	$0.15	22/09/19	22/10/19

The Company chose a share price hurdle of $0.15 per share for the Performance Rights based on a target compounded annual growth rate of 45% over the vesting period.

6. Principal Activity

The principal activity of the Group during the reporting year was exploration on the following areas:

- Phosphate project development in Queensland;
- Potash exploration over wholly owned tenements in Western Australia; and
- Gold and base metals exploration in New South Wales.

7. Operating and Financial Review

A review of the operations of the Group during the year and the results of those operations are as follows:

The net profit / (loss) for the reporting year, after providing for income tax was:

	2018 $	2017 $
Net profit / (loss) after income tax	(1,139,938)	488,828

The Group incurred expenditure of $5,614,903 (2017: $7,766,754) on mineral tenements during the year. Further details can be found in Note 8 to the financial statements.

Further information on the Group's operating activities can be found in the Managing Director's Report.

8. Dividends

No dividends were declared during the year.

9. Events subsequent to year end

No material events occurred subsequent to the end of the financial year.

10. Likely Developments

The mineral tenements with an interest held by the Group and available for mineral exploration have the following expenditure covenants to maintain exploration rights:

Tenement	Held by	Ownership	Covenant ($)	Period	Expiry
New South Wales					
Goulburn EL7388	LM(i)	100%	625,000*	Annual	20th Aug 2023
Archer EL7503	LM(i)	100%	300,000*	Annual	7th Apr 2019
Western Australia					
Oxley A E70/3777	CPot(ii)	100%	72,000	Annual	29th Dec 2020
Oxley B E70/4004	CPot(ii)	100%	70,000	Annual	1st Mar 2021
Oxley C E70/4318	CPot(ii)	100%	50,000	Annual	13th May 2022
Oxley D E70/4319	CPot(ii)	100%	50,000	Annual	13th May 2022
Oxley E E70/4320	CPot(ii)	100%	30,000	Annual	13th May 2022
Oxley F E70/4378	CPot(ii)	100%	50,000	Annual	13th Sep 2022
Oxley G E70/4729	CPot(ii)	100%	58,000	Annual	9th Aug 2020
Queensland					
Ardmore EPM 26551	CPhos(iii)	100%	85,500	Annual	24th Nov 2022
Ardmore EPM 26568	CPhos(iii)	100%	2,000	Annual	29th Jan 2023

(i) Lachlan Metals Pty Ltd ("LM")
(ii) Centrex Potash Pty Ltd ("CPot")
(iii) Centrex Phosphate Pty Ltd ("CPhos")
* The annual commitments for the New South Wales tenements are an estimate of the work program to which the Group has committed to undertake over the life of the term of the licence.

The covenants are subject to annual renegotiation and have not been provided for in the financial statements but rather disclosed as commitments in Note 20.

The Group proposes to continue exploration of its tenements during the coming year with the focus being the Ardmore Phosphate Rock Project in Queensland (which does not have an expenditure covenant).

The Directors have assessed the status of all of the Group's tenements and believe all tenements have sufficient remaining mineral potential to warrant continued exploration. Tenement exploration will continue to be prioritised to maximise the benefit to be received from exploration.

11. Directors' Interests in Shares, Options and Rights

The relevant interest of each Director in the shares or options over such instruments issued by the Company and other related bodies corporate, as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Name	Shares	Options		Retention Rights		Performance Rights	
		Number	Price/Exp.	Number	Price/Exp.	Number	Price/Exp.
Patna Properties Pty Ltd (a company associated with Mr David Klingberg AO)	2,042,810	-	-	-	-	-	-
Mr Kiat Poh	2,618,880	-	-	-	-	-	-
South Cove Ltd (a company associated with Mr Graham Chrisp)	110,905,672	-	-	-	-	-	-
Candle Grove Pty Ltd (a company associated with Mr Jim Hazel)	866,155	-	-	-	-	-	-
Mr Ben Hammond	481,316	-	-	357,143	\$0.00 / 22/9/19	1,119,128	\$0.15 / 22/9/19

Other than transactions as detailed in Note 18 to the financial statements, no director has received or become entitled to receive, during or since the end of the reporting year, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or a Company in which a director has a substantial financial interest.

12. Share Rights

Rights granted to Directors and executives of the Group

The Company did not grant any options and rights during or since the end of the year.

Unissued shares under rights

At the date of this report there were no unissued ordinary shares of the Company.

Shares issued on exercise of options or vesting of rights

During or since the end of the financial year, there were no shares issued on account of the vesting of rights or the conversion of options. The balance of unissued shares as a result of options and rights issued are as follows:

Timing	Amount paid on each share	No. of shares
No. of unissued shares at 30th Jun 2017	-	-
New rights issued during the 12 months ending 30th Jun 2018	-	5,057,479
Options / rights converted to shares during the period	-	-
Expired options / rights during the period	-	(895,302)
No. of unissued shares at 30th Jun 2018	-	4,162,177
New rights issued since 30th Jun 2018	-	930,000
Options / rights converted to shares since 30th Jun 2018	-	-
Expired options / rights since 30th Jun 2018	-	-
No. of unissued shares at report date	-	5,092,177

13. Indemnification and insurance of Directors and Officers

Directors' and Officers' Liability Insurance has been secured to insure the Directors, officers and senior executives of the Group to the extent permitted by the Corporations Act 2001. The officers of the Company and the Group covered by the insurance policy include any person acting in the course of duties for the Company or the Group who is or was a Director, secretary or senior executive. The contract of insurance prohibits the disclosure of the nature of the insurance covered and the amount of the premium.

The Company's constitution provides that the Company indemnifies every person who is or has been an officer of the Company for any liability (other than for legal costs) incurred by that person as an officer of the Company and any subsidiary of the Company. The Company has entered into deeds of access, insurance and indemnity with the current Directors of the Company. The agreements indemnify the Directors to the extent permitted by law against certain liabilities and legal costs incurred by the Directors; require the Company to maintain and pay Directors' and Officers' Liability Insurance in respect of the Director; and provide the Director with access to board papers and other documents.

14. Environmental Regulation and Performance

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the period under review the majority of work carried out was on Ardmore Phosphate Rock Project in NW Queensland and the Group followed procedures and pursued objectives in line with requirements published by the relevant regulators including the Department of Environment and Science, the Department of Natural Resources, Mines and Energy and the Department of Aboriginal and Torres Strait Islander Partnerships.

The requirements from the relevant government departments are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable. The Group and its partner companies have individuals with detailed job responsibilities in this area.

The Board is not aware of any significant environmental breaches during the period covered by this report.

15. Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Management Committee is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid or accrued to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	2018 $	2017 $
Audit Services	53,750	52,750
Other services - taxation services	19,911	30,302
Auditor's of the company - KPMG	73,661	83,052

16. Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 28 and forms part of the Directors' Report for the financial year ended 30th June 2018.

Signed in accordance with a Resolution of the Board of Directors:

Mr David Klingberg AO
Chairman

Dated at Adelaide this 6th day of September 2018.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Centrex Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Centrex Metals Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Paul Cenko
Partner

Adelaide

6 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 30th June 2018

	Note	2018 $	2017 $
Other income	2	156,364	1,407,665
Office and administration expenses		(332,518)	(274,630)
Consultants and management expenses		(203,155)	(256,228)
Directors' fees		(331,762)	(277,560)
Employee benefit expenses	2	(735,597)	(628,347)
Depreciation expense	9	(13,077)	(32,299)
Exploration expenditure written off	8	(172,438)	(303,640)
Other expenses		(51,921)	(76,834)
Results from operating activities		**(1,684,104)**	**(441,873)**
Finance income	2	428,291	648,360
Net finance income		**428,291**	**648,360**
Profit / (Loss) before income tax		**(1,255,813)**	**206,487**
Income tax benefit	4	115,875	282,341
Profit / (Loss) for the period		**(1,139,938)**	**488,828**
Other comprehensive income		-	-
Total comprehensive income for the period		**(1,139,938)**	**488,828**
Profit / (Loss) attributable to:			
Owners of the Company		(1,139,938)	488,828
Profit / (Loss) for the period		**(1,139,938)**	**488,828**

Earnings per share for loss attributable to the ordinary equity holders of the company:		Cents per share	Cents per share
Basic earnings per share	5	(0.36)	0.15
Diluted earnings per share	5	(0.36)	0.15

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the consolidated financial report.

Consolidated Statement of Changes in Equity

For the Year ended 30th June 2018

	Contributed equity $	Share Option reserve $	Profit reserve $	Accumulated Losses $	Total $
Current Period					
Balance at 30th June 2017	41,330,328	2,377,177	1,004,564	(9,960,018)	34,752,051
Loss for the period	-	-	-	(1,139,938)	(1,139,938)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Period	-	-		(1,139,938)	(1,139,938)
Contributions from/to equity owners					
Share-based payment transactions	-	38,450	-	-	38,450
Balance at 30th June 2018	**41,330,328**	**2,415,627**	**1,004,564**	**(11,099,956)**	**33,650,563**
Prior Period					
Balance at 30th June 2016	41,330,328	2,377,177	1,004,564	(10,448,846)	34,263,223
Profit for the period	-	-	-	488,828	488,828
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	488,828	488,828
Contributions from/to equity owners					
Share-based payment transactions	-	-	-	-	-
Balance at 30th June 2017	**41,330,328**	**2,377,177**	**1,004,564**	**(9,960,018)**	**34,752,051**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated financial report.

Consolidated Statement of Financial Position

As at 30th June 2018

	Note	As at	
		30th June 2018 $	30th June 2017 $
Assets			
Cash and cash equivalents	6	3,694,417	1,872,497
Term deposits	6	10,396,964	18,136,403
Receivables and other assets	7	467,824	723,129
Total Current Assets		**14,559,205**	**20,732,029**
Deposits held as security	12	190,000	-
Exploration and evaluation expenditure	8	19,555,498	14,143,446
Land and buildings	9	627,584	625,455
Plant and equipment	9	25,910	15,937
Total Non-Current Assets		**20,398,992**	**14,784,838**
Total assets		**34,958,197**	**35,516,867**
Liabilities			
Trade and other payables	10	759,135	321,024
Employee benefits	11	541,767	271,899
Total Current Liabilities		**1,300,902**	**592,923**
Deferred income tax liabilities	4	-	-
Employee benefits	11	6,732	171,893
Total Non-Current Liabilities		**6,732**	**171,893**
Total Liabilities		**1,307,634**	**764,816**
Net assets		**33,650,563**	**34,752,051**
Equity			
Contributed equity		41,330,328	41,330,328
Share option reserve		2,415,627	2,377,177
Profit reserve		1,004,564	1,004,564
Accumulated losses		(11,099,956)	(9,960,018)
Total equity		**33,650,563**	**34,752,051**

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated financial report.

Consolidated Statement of Cash Flows

For the Year ended 30th June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Land option income received		(60,000)	-
Payments to suppliers and employees		(573,261)	(2,024,182)
Port Spencer Joint Venture legal settlement proceeds		-	1,279,538
Research and development tax incentive received		-	456,408
Net cash used in operating activities	21(b)	(633,261)	(288,236)
Cash flows from investing activities			
Expenditure on mining tenements		(5,614,903)	(7,487,854)
Interest received		449,460	731,900
Acquisition of property plant and equipment	9	(25,179)	(24,025)
Proceeds on disposal of assets		96,364	-
Cash transferred (to) / from term deposits		7,739,439	7,226,079
Cash transferred (to) / from security deposits		(190,000)	-
Net cash used in / (from) investing activities		2,455,181	446,100
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase / (decrease) in cash		1,821,920	157,864
Cash at the beginning of the year		1,872,497	1,714,633
Cash at the end of the year		3,694,417	1,872,497

(i) The average term of all term deposits above 90 days is 202 days (2017: 178 days).

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial report.

Notes to the Consolidated Financial Statements

For the Year ended 30th June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Company's registered office is located at Level 6, 44 Waymouth Street Adelaide, SA 5000. The consolidated financial report of the Company for the financial year ended 30th June 2018 comprises the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for profit entity and is primarily involved in minerals exploration in Australia.

The financial report was authorised for issue by the directors on 6th September 2018.

a) Statement of Compliance

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial statements of the Group complies with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

b) Basis of Measurement and Presentation

The financial report is presented in Australian dollars, which is the Group's functional currency.

It has been prepared on the basis of historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets.

c) Accounting estimates and judgements

The Group's estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Income Tax – Note 1(i)

Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective area of interest will be achieved. At this point in time the Group has assumed there is insufficient probability of generating income and as such has not recognised a deferred tax asset in relation to the Group's carried forward tax losses in excess of the value to offset its deferred tax liabilities.

Exploration, evaluation and development expenditure – Note 1(j)

Determining the recoverability of exploration, evaluation and development expenditure capitalised in accordance with the Group's accounting policy (refer Note 1(j)), requires estimates and assumptions as to future events and circumstances in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment are estimates and assumptions as to ore resources and reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of an ore resource or reserve become available, may impact the assessment of the recoverable amount of exploration, evaluation and development expenditure. If, after having capitalised the expenditure under policy 1(j), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in accordance with accounting policy 1(o).

d) Principles of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The consolidated financial statements of the Group include the financial statements of the Company, being the parent entity, and its wholly owned subsidiaries, from the date that control commences until the date control ceases:

- DSO Development Pty Ltd
- Flinders Pastoral Pty Ltd
- Lachlan Metals Pty Ltd
- Kimba Gap Iron Project Pty Ltd
- Centrex QLD Exploration Pty Ltd
- South Australia Iron Ore Group Pty Ltd
- Centrex Phosphate Pty Ltd
- Centrex Potash Pty Ltd
- Centrex Zinc Pty Ltd

e) Joint Arrangements

Joint arrangements are those entities over whose activities the consolidated entity has joint control, established by contractual agreement.

Jointly controlled operations and assets

The interest of the consolidated entity in jointly controlled operations and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services produced by the joint arrangement. To the extent that the Company is being "free-carried" in the jointly controlled assets it will not reflect a share of such expenditure.

The balances and effects of transactions between controlled entities included in the consolidated financial statements have been eliminated.

f) Revenue Recognition

Revenue and expenses are brought to account on an accrual basis.

Interest income

Interest income is recognised as it accrues and is included in finance income.

Lease income

The Group receives lease income from the properties which it has purchased. The properties were purchased for the purpose of evaluating the potential recoverability of resources. This income is recognised as it accrues.

Gain or loss on disposal of interest in mineral tenements

The Group recognises a gain or loss on disposal of interest in mineral tenements as the difference between the carrying amount of the asset at the time of the disposal and the proceeds of disposal, less any direct costs. This income is recognised when the risks and rewards of ownership have passed to the buyer.

g) Government Grants

Grants that compensate the Group for exploration and evaluation expenditure incurred are offset against the exploration and evaluation capitalised asset in the same period in which the capitalised expenditure is recognised.

h) Cash and Cash Equivalents and term deposits

(i) Cash and cash equivalents comprise cash balances and call deposits which can be readily accessed and have maturities of 90 days or less.

(ii) Term deposits comprise cash deposits with maturities of more than 90 days.

i) Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective area of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The company and its wholly owned Australian resident subsidiaries commenced being a tax consolidation group on 27th January 2005 and are therefore taxed as a single entity. The head entity within the tax consolidation group is Centrex Metals Limited.

j) Exploration, Evaluation and Development Expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

Costs associated with exploration, evaluation and development expenditure will be accumulated in respect of each separate ‘area of interest’. An ‘area of interest’ is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

(a) The rights to tenure of the area are current; and

(b) At least one of the following conditions is also met:

   i. The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; or

   ii. Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of ‘economically recoverable reserves’ and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

During the time in which an area of interest qualifies for classification as an exploration and evaluation asset; any proceeds from the sale of material (derived for the purpose of evaluating its saleability) from that area of interest are offset against the expenditure incurred for that area of interest.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. Assets that are classified as tangible include: piping and pumps; and, vehicles and drilling equipment. Assets that are intangible include: acquired rights to explore and exploratory drilling costs.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised, prior to being reclassified.

Exploration and evaluation assets are assessed for impairment annually if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

k) Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a present legal or constructive obligation that can be measured reliably as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

l) Provision for Restoration and Rehabilitation

No provision has been made in the accounts for restoration and rehabilitation of areas from which natural resources are extracted on the basis that no significant disturbance in relation to the Group's exploration activities has occurred. This assessment is subject to annual review.

m) Property, Plant and Equipment

Property, plant and equipment is brought to account at cost, less where applicable any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of those assets (refer Note 1(o)).

The gain or loss on disposal of fixed assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and is included in operating profit before income tax in the year of disposal.

The depreciable amount of all fixed assets is depreciated over their useful lives commencing from the date the assets are held ready for use.

n) Depreciation

With the exception of exploration, evaluation and development expenditure, depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Following the re-classification of Exploration and evaluation assets as development assets, they are depreciated on a unit of production basis over the life of the economically recoverable reserves, once production commences.

Land is not depreciated.

The estimated useful lives of plant and equipment in the current and comparative periods are as follows:

Motor vehicles	3-5 years
Fixtures and fittings	3-5 years
Other plant and equipment	3-5 years
Buildings	50 years

o) Impairment

The carrying amounts of the Group's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

p) Leased Assets

Leases of plant and equipment are classified as operating leases where the lessor retains substantially all the risks and benefits of ownership. Minimum lease payments are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis would be more representative of the pattern of benefit to be derived for the leased asset.

q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the

Notes to the Consolidated Financial Statements (continued)

GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to the Australian Taxation Office (ATO), is included as a current asset or liability in the consolidated statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable or payable to the ATO, are disclosed as operating cash flows.

r) Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

s) Share capital

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

t) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the corporate bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations. Remeasurements are recognised in profit or loss in the period in which they arise.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the profit or loss as incurred.

Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as housing and cars, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic probability of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

u) Share and option compensation

Where shares or share options are issued to employees or directors as remuneration for past services, the fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. Unless otherwise stated, the fair value of the options granted is measured using an option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except for those that fail to vest due to market conditions or non vesting conditions not being met.

The fair value of the employee share options and rights is measured using the Black-Scholes formula. Measurement inputs include the share price on measurement date, the exercise price of the instrument, expected volatility based on the Company's historic volatility, particularly over the period commensurate with the expected term and the risk free interest rate. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

v) Segmental reporting

The Group determines and presents operating segments based on the information that internally is provided to the Chief Executive Officer, who is the Group's chief operating decision maker.

The Chief Executive Officer receives information internally based on the geographical location of the Group's assets. It has been determined that as all of the assets are in one country (Australia) and operations relate predominantly to mining exploration, it is appropriate to have one operating segment.

w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shares of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise any convertible notes, share options, and rights granted to employees.

x) New standards and interpretations

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

The adoption of these new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the financial year.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Year ended 30th June 2019: AASB 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue recognised from customers. AASB 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management has assessed the impact of the new standard and concluded that it does not have a material impact on the financial performance of the Group.

Year ended 30th June 2019: AASB9: Financial instruments

AASB 9, approved in December 2014, replaces the existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1st January 2018, with early adoption permitted. Management has assessed the impact of the new standard and concluded that it does not have a material impact on the consolidated financial statements.

Year ended 30th June 2020: AASB16: Leases

AASB 16: Leases was approved in February 2016, and replaces *AASB 117 Leases*. AASB 16 no longer differentiates between operating and finance leases with regard to which type of lease is included in the statement of financial position. All leases (subject to some minimum thresholds) will now be included in the statement of financial position. AASB 16 is effective for annual reporting periods beginning on or after 1st January 2019, with early adoption permitted. Management has assessed the potential impact of the revised standard and anticipates an immaterial impact on the statement of financial position (albeit with one new asset line item and one new liability line item) and a negligible impact on the statement of financial performance.

y) Reclassifications and comparatives

The group previously reported 'cash transferred from / (to) term deposits' as an adjustment on the face of Consolidated Statement of Cash Flows. The Group has determined that 'cash transferred from / (to) term deposits' is better reported as a component of cash flows from investing activities. In this financial report 'cash transferred from / (to) term deposits' has been reported as a component of cash flows from investing activities, and as such the comparative figure of $7,226,079 for 2017 has been reclassified for consistency. As a result 2017 net cash (used in) investing activities of ($6,779,979) was adjusted to net cash from investing activities $446,100.

Notes to the Consolidated Financial Statements (continued)

2. PROFIT FROM CONTINUING OPERATIONS

	2018 $	2017 $
Finance Income		
Interest income on bank accounts including term deposits	428,291	637,564
Interest income on restricted cash	-	10,796
	428,291	648,360

Other income		
(Loss) / gain on asset disposals	96,364	(271)
Land option fee	60,000	-
Port Spencer Joint Venture legal settlement proceeds	-	1,279,538
Share of proceeds from sale of Eyre Iron JV surplus assets	-	128,398
	156,364	1,407,665

Employee Benefit Expenses		
Wages and salaries (i)	366,350	308,298
Contributions to defined contribution superannuation funds	126,861	117,367
Employee liability movements	104,707	77,728
Equity settled share based payment transactions	38,450	-
Other employee costs	99,229	124,954
	735,597	628,347

(i) In addition, wages and salaries of $1,001,144 (2017: $899,856) are capitalised into exploration and evaluation expenditure (see note 8: Exploration and Evaluation Expenditure).

3. AUDITOR'S REMUNERATION

	2018 $	2017 $
Audit Services	53,750	52,750
Other services - taxation services	19,911	30,302
Auditor's of the company - KPMG	73,661	83,052

4. TAXATION

The consolidated entity is not recognising a deferred tax asset in the current year where that deferred tax asset relates to tax losses that exceed deferred tax liabilities (2017: it did not recognise a deferred tax asset or deferred tax liability). Details of the current and deferred income tax expense is shown below:

	2018 $	2017 $
Current income tax expense / (benefit)		
Current period	(115,875)	(282,341)
	(115,875)	(282,341)
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	-	-
	-	-
Total income tax benefit	(115,875)	(282,341)
Deferred Tax assets		
Property, plant and equipment	(237,841)	(284,948)
Provisions and accrued expenses	(262,066)	(255,995)
Deferred Tax liabilities		
Exploration and evaluation assets	3,440,424	1,989,503
Interest receivable	21,032	29,294
Net tax liabilities	2,961,549	1,477,854
Tax losses recognised	(2,961,549)	(1,477,854)
Deferred tax liability	-	-
Reconciliation of effective tax rate		
Profit / (Loss) for the year	(1,139,938)	488,828
Total income tax benefit	(115,875)	(282,341)
Profit / (Loss) excluding income tax	(1,255,813)	206,487
Prima facie income tax expense / (benefit) calculated at 27.5% (2017: 30%)	(345,349)	61,946
Non-deductible expenses	3,708	9,298
Tax incentives (Research & Development)	(115,875)	(282,341)
Tax losses not recognised	341,641	629,629
Tax losses recognised for the current year	-	(700,873)
Total income tax benefit	(115,875)	(282,341)
Unrecognised tax losses at 27.5% (2017: 30%)	2,925,779	2,223,852

5. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30th June 2018 was based on the loss attributable to ordinary shareholders of $1,139,938 (2017: profit of $488,828) and a weighted average number of ordinary shares outstanding during the financial year ended 30th June 2018 of 315,505,357 (2017: 315,505,357).

	2018 $	2017 $
Loss attributable to ordinary shareholders		
Profit / (loss) for the period	(1,139,938)	488,828
Profit / (loss) attributable to ordinary shareholders	(1,139,938)	488,828
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of year	315,505,357	315,505,357
Effect of shares issued in the first quarter (to 30th September)	-	-
Effect of shares issued in the second quarter (to 31st December)	-	-
Effect of shares issued in the third quarter (to 31st March)	-	-
Effect of shares issued in the fourth quarter (to 30th June)	-	-
Weighted average number of ordinary shares at year end	315,505,357	315,505,357
Earnings per share for continuing and discontinued operations		
Basic earnings – cents per share	(0.36)	0.15
Diluted earnings – cents per share	(0.36)	0.15

Options on issue are considered to be potential shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of dilutive earnings per share. For the year ended 30th June 2018 the weighted average number of ordinary shares outstanding during the financial year after adjustment for the effects of all dilutive potential ordinary shares was 315,612,408 (2017: 315,505,357).

6. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	2018 $	2017 $
Cash and cash equivalents	3,694,417	1,543,125
Restricted cash held in joint arrangements	-	329,372
	3,694,417	1,872,497

The Company also has term deposits of $10,396,964 and deposits held as security of $190,000 as at 30th June 2018 (2017: term deposits of $18,136,403 and deposits held as security of nil).

7. RECEIVABLES AND OTHER ASSETS

	2018 $	2017 $
Current		
Prepayments and other receivables	174,748	94,939
Research and development refund	115,875	-
Interest due on term deposits	76,479	97,648
GST Receivable	100,722	530,542
	467,824	723,129

8. EXPLORATION AND EVALUATION EXPENDITURE

Tenements

The exploration and evaluation expenditure assets comprise of exploration expenditure incurred since acquiring the exploration licenses. The expenditure is capitalised on a tenement by tenement ("area of interest") basis.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest. In light of the significant and sustained deterioration of the iron ore spot price since the first half of the 2015 calendar year the Company has chosen to impair all of its iron ore related tenements.

A summary of the total exploration expenditure written off is shown below:

	2018 $	2017 $
Tenements relinquished	1,767	180,434
Tenements impaired	201,084	92,793
Eyre Iron JV assets impaired	(30,413)	30,413
Exploration expenditure written off	172,438	303,640

Farm-out arrangements

The Company signed a deed of termination with Wugang Australian Resources Investment Pty Ltd On 8th September 2017 that formally allows both parties to dissolve the Eyre Peninsula Joint Venture. The dissolution process has taken longer than anticipated, however it is now expected that the process will be finalised by the end of the calendar year.

Notes to the Consolidated Financial Statements (continued)

		Cumulative Expenditure to 30th Jun 17	Expenditure 12 months to 30th Jun 18	Tenements relinquished to 30th Jun 18	Tenements impaired to 30th Jun 18	Cumulative Expenditure to 30th Jun 18
		$	$	$	$	$
Centrex Metals Limited						
Greenpatch EL5852	W	-	770	-	(770)	-
Wilgerup EL5641		-	61,805	-	(61,805)	-
Wanilla EL5559	W	-	-	-	-	-
		-	62,575	-	(62,575)	-
South Australian Iron Ore Group Pty Ltd						
Mount Hill EL5065	W	-	39,004	-	(39,004)	-
Carrow EL5971	W	-	12,345	-	(12,345)	-
Kimba Gap EL5170		-	87,160	-	(87,160)	-
		-	138,509	-	(138,509)	-
Lachlan Metals Pty Ltd						
Goulburn (NSW) EL7388		1,810,110	21,031	-	-	1,831,141
Archer (NSW) EL7503		214,968	5,736	-	-	220,704
Woolgarlo (NSW) EL8215		-	1,767	(1,767)	-	-
		2,025,078	28,534	(1,767)	-	2,051,845
Centrex Phosphate Pty Ltd						
Ardmore (QLD) ML5542		5,913,445	5,135,003	-	-	11,048,448
Ardmore (QLD) EPM26551		-	5,832	-	-	5,832
Ardmore (QLD) EPM26568		-	5,321	-	-	5,321
Ardmore (QLD) EPM26841		-	10,554	-	-	10,554
		5,913,445	5,156,710	-	-	11,070,155
Centrex Potash Pty Ltd						
Oxley A E70/3777		975,839	41,163	-	-	1,017,002
Oxley B E70/4004		884,106	31,636	-	-	915,742
Oxley C E70/4318		1,370,458	34,780	-	-	1,405,238
Oxley D E70/4319		865,183	30,112	-	-	895,295
Oxley E E70/4320		857,748	25,206	-	-	882,954
Oxley F E70/4378		863,221	29,019	-	-	892,240
Oxley G E70/4729		388,368	36,659	-	-	425,027
		6,204,923	228,575	-	-	6,433,498
Total		14,143,446	5,614,903	(1,767)	(201,084)	19,555,498

(W) WISCO acquired a 60% interest in the iron ore rights to the 4 tenements identified above as a consequence of the execution of all documents included in the Eyre Iron Joint Venture ('Eyre Iron JV') which covers the same tenements.

9. LAND AND BUILDINGS, PLANT AND EQUIPMENT

	2018 $	2017 $
Land and buildings		
Balance at beginning of year	625,455	630,643
Additions	4,430	1,819
Depreciation charge for the year	(2,301)	(7,007)
Balance at end of year	627,584	625,455
Plant and Equipment - Cost		
Balance at beginning of year	624,266	737,385
Additions	20,749	22,206
Disposals	(239,649)	(135,325)
Balance at end of year	405,366	624,266
Plant and Equipment - Depreciation		
Balance at beginning of year	608,329	718,090
Charge for the year	10,776	25,292
Disposals	(239,649)	(135,053)
Balance at end of year	379,456	608,329
Plant and Equipment - Net book value		
Balance at beginning of year	15,937	19,295
Additions/(Disposals)	20,749	21,934
Depreciation charge for the year	(10,776)	(25,292)
Balance at end of year	25,910	15,937

10. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Current liabilities		
Trade payables	294,363	72,447
Other trade payables and accruals	464,772	248,577
	759,135	321,024

No interest is payable on trade payables.

Notes to the Consolidated Financial Statements (continued)

11. EMPLOYEE BENEFITS

	2018 $	2017 $
Current liabilities		
Annual leave provision	205,792	195,014
Long service leave provision	274,701	76,885
Termination benefits	61,274	-
	541,767	**271,899**

Non-current liabilities		
Long service leave provision	6,732	171,893
	6,732	**171,893**

12. FINANCIAL GUARANTEES

	2018 $	2017 $
Deposits held as security		
Deposits held as security	190,000	-
Term deposits	-	115,000
	190,000	**115,000**

Financial guarantees		
Bank guarantee related to EL 7388 (NSW)	15,000	15,000
Bank guarantee related to head office lease	26,470	26,470
Bank guarantee related to ML 5542 (QLD)	45,315	-
Security for credit card facility provided by National Australia Bank	50,000	50,000
Financial guarantees issued as at year end	**136,785**	**91,470**
Unused facility as at year end	53,215	23,530
Total facility limit	**190,000**	**115,000**

13. INTEREST BEARING LOANS AND BORROWINGS

There are no interest bearing loans or borrowings at 30th June 2018 or 30th June 2017.

14. CAPITAL AND RESERVES

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

The Company does not have authorised capital or par value in respect of its issued shares.

Issued ordinary shares

	2018	2017
Issued ordinary shares at the beginning of the period	315,505,357	315,505,357
Ordinary shares issued during the period	-	-
Issued ordinary shares at the end of the period	**315,505,357**	**315,505,357**

Dividends paid

No dividends were paid in either of the years ended 30th June 2018 or 30th June 2017, nor were there any dividends proposed by the directors after 30th June 2018.

Dividend Franking Account

	2018 $	2017 $
Amount of franking credits available to shareholders of the Company for subsequent financial years	416,157	416,157

15. OPTIONS AND RIGHTS

Options

There were no options outstanding at either 30th June 2018 or 30th June 2017.

Rights

At 30th June 2018, there are the following share rights outstanding:

	As at 30th June 2018	
	2017 Retention Rights	2017 Performance Rights
Expiry date	22/10/2017	22/10/2017
Vesting date	22/09/2017	22/09/2017
Share Price Required to Vest:	$0.00	$0.15
Rights on issue at start of year	-	-
Rights issued during the year	357,143	4,700,336
Rights exercised during the year	-	-
Rights cancelled (on expiry)	-	(895,302)
Rights on issue at end of year	357,143	3,805,034

The fair value of rights granted on 22nd September 2017 was determined using a Black Scholes methodology at grant date as 7.0 cents per retention right and 1.97 cents per performance right.

At 30th June 2017, there are the following share rights outstanding:

	As at 30th June 2017
	2016 Performance Rights
Expiry date	31/07/2016
Vesting date	1/07/2016
Share Price Required to Vest:	$0.20
Rights on issue at start of year	1,000,000
Rights exercised during the year	-
Rights cancelled (on expiry)	(1,000,000)
Rights on issue at end of year	-

There were no rights granted during the year ended 30th June 2017.

16 FINANCIAL INSTRUMENTS AND RISK EXPOSURES

(a) Financial risk management objectives

The Group does not enter into or trade financial instruments, for speculative purposes. As at 30th June 2018 the Group has limited exposure to exchange rate risk and has no derivative exposures to commodity prices.

(b) Interest rate risk exposure

The Group has exposure to future interest rates on investments in fixed and variable-rate deposits. As at 30th June 2018 the Group had $14,281,381 invested in such deposits (2017: $20,008,900). The Group does not use derivatives to mitigate these exposures.

Sensitivity Analysis

The Group does not account for any financial assets and liabilities at fair value through profit and loss and does not use interest rate derivatives. For the year ending 30th June 2018, a 1 percent increase in the effective interest rate would have resulted in an increase in profit of $173,813 (2017: $240,076).

(c) Credit risk exposures

The Group has no significant concentrations of credit risk. As at 30th June 2018 the Group was owed $467,824 (2017: $723,129).

The Group does not have significant credit exposure to outstanding receivables or investments due to the present nature of its operations. There have been no historical impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(d) Capital management

The Board seeks to maintain a strong capital base sufficient to maintain the future development of the Group's business. The Board closely monitors the Group's level of capital so as to ensure it is appropriate for the Group's planned level of activities. There were no changes to the Group's approach to capital management during the year. Neither the Company nor its wholly owned subsidiaries are exposed to any externally imposed capital requirements.

(e) Liquidity Risk Management

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following are both the expected payments and contractual maturities, including estimated interest payments:

	2018 $	2017 $
Carrying amount – trade and other payables	759,135	321,024
Contractual cash flows	(759,135)	(321,024)
12 months or less	(759,135)	(321,024)

(f) Net fair values of financial assets and liabilities

Net fair values of financial assets and liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, trade debtors, other debtors and accounts payable approximate net fair value.

The carrying amount and net fair value of financial assets and liabilities as at the reporting date are as follows:

	2018		2017	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Cash and cash equivalents	3,694,417	3,694,417	1,872,497	1,872,497
Term Deposits	10,396,964	10,396,964	18,136,403	18,136,403
Deposits held as security	190,000	190,000	-	-
Current receivables	467,824	467,824	705,402	705,402
	14,749,205	**14,749,205**	**20,714,302**	**20,714,302**
Financial liabilities				
Trade and other payables	759,135	759,135	321,024	321,024
	759,135	**759,135**	**321,024**	**321,024**

Cash assets are readily traded on organised markets in a standardised form. All other financial assets and liabilities are not readily traded on organised markets in a standardised form.

Notes to the Consolidated Financial Statements (continued)

17. OPERATING LEASES

Non-cancellable operating lease rentals are payable/receivable as follows:

	2018 $	2017 $
Payable to third parties		
Less than one year	73,678	48,016
Between one and five years	49,119	-
More than five years	-	-
Expensed during the year	73,687	70,739

Operating lease rentals relate to corporate and site offices and accommodation.

18. RELATED PARTIES

The key management personnel compensation is as follows:

	2018 $	2017 $
Short-term employee benefits	1,610,784	1,471,999
Other long-term benefits	146,817	134,436
Termination benefits	61,274	-
Executive share options benefits	38,450	-
Employee benefits	1,857,325	1,606,435

Individual directors and executives compensation disclosures

Information regarding key management personnel compensation is provided in the Remuneration Report in section 5 of the Directors' Report.

No director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Transactions with controlled entities

The Company considers that the joint ventures in which it has an interest fall within the definition of related parties in the *Corporations Act 2001*. Accordingly the following transactions are disclosed:

		2018 $	2017 $
Expenditure incurred on behalf of the entity			
Eyre Iron Joint Venture	(i)	-	16,101
Bungalow Joint Venture	(i)	-	44,171
Total expenditure incurred on behalf of the entity		-	60,272
Assets and liabilities arising from the above transactions			
Current receivables		-	-

(i) Expenditure incurred on behalf of the joint ventures includes annual licence fees, reporting compliance work and other associated exploration related expenditure, including the salaries of Company staff that have been working on the project.

The Company is reimbursed for expenditure incurred on behalf of joint venture entities.

Key Management Personnel Holding of Shares:

The movement during the reporting period in the number of ordinary shares in Centrex Metals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

		Opening Balance	Number Purchased	Issued on Vesting	Number Sold	Closing Balance
Patna Properties Pty Ltd (i)	2018	2,042,810	-	-	-	2,042,810
	2017	1,742,810	300,000	-	-	2,042,810
Mr Kiat Poh	2018	2,618,880	-	-	-	2,618,880
	2017	1,918,880	700,000	-	-	2,618,880
South Cove Ltd (ii)	2018	110,905,672	-	-	-	110,905,672
	2017	101,440,672	9,465,000	-	-	110,905,672
Candle Grove Pty Ltd (iii)	2018	866,155	-	-	-	866,155
	2017	503,073	363,082	-	-	866,155
Mr Ben Hammond	2018	481,316	-	-	-	481,316
	2017	481,316	-	-	-	481,316
Mr Chris Indermaur	2018	-	-	-	-	-
	2017	-	-	-	-	-
Mr Alastair Watts	2018	487,711	-	-	-	487,711
	2017	424,211	63,500	-	-	487,711
Mr Gavin Bosch	2018	1,150,526	-	-	-	1,150,526
	2017	1,150,526	-	-	-	1,150,526
Mr Steve Klose	2018	-	-	-	-	-
	2017	-	-	-	-	-
Mr Gerard Bosch	2018	-	-	-	-	-
	2017	-	-	-	-	-

(i) Patna Properties Pty Ltd is a company associated with Mr David Klingberg AO.

(ii) South Cove Ltd is a company associated with Mr Graham Chrisp.

(iii) Candle Grove Pty Ltd is a company associated with Mr Jim Hazel.

Notes to the Consolidated Financial Statements (continued)

Key Management Personnel Holding of Options & Rights:

The movement during the reporting period in the number of options and rights over ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

30th June 2018	Note	Holding at 30th Jun 17	Issued	Exercised (E) or Lapsed (L)	Holding at 30th Jun 18
2017 Retention Rights					
Expiring: 22/10/19; Share hurdle: $0.00					
Mr Ben Hammond		-	357,143	-	357,143
2017 Performance Rights					
Expiring: 22/10/19; Share hurdle: $0.15					
Mr Ben Hammond		-	1,119,128	-	1,119,128
Mr Alastair Watts		-	895,302	-	895,302
Mr Steve Klose		-	895,302	-	895,302
Mr Gerard Bosch		-	895,302	-	895,302
Mr Gavin Bosch		-	895,302	(895,302) L	-

30th June 2017	Note	Holding at 30th Jun 16	Issued	Exercised (E) or Expired (X)	Holding at 30th Jun 17
2016 Performance Rights					
Expiring: 31/7/16; Share hurdle: $0.20					
Mr Ben Hammond		1,000,000	-	(1,000,000) X	-

No other options or rights were granted to key personnel during the reporting period as compensation.

19. CONTINGENT ASSETS

On 22nd March 2018 the Group executed agreements to sell the Wilgerup iron ore project and Kimba Gap iron ore project to SIMEC Mining (formerly Arrium Mining) which is a business of OneSteel Manufacturing Pty Ltd ("OMPL"). OMPL will pay royalty streams to Centrex for each project upon commencement of mining at each project. The royalties will be capped to a value of A$ 5 million in current terms for each project. Both per tonne royalty rates and the royalty caps will be indexed annually to CPI. If OMPL has not committed to mining either of the projects within the next 10 years the relevant project will be returned at Centrex's election. Completion of the transaction is subject to ministerial approval.

There were no contingent assets as at 30th June 2017.

20. COMMITMENTS AND CONTINGENT LIABILITIES

Minimum exploration tenement expenditures

In order to maintain its right of renewal of tenements (reviewed on a regular basis), the Group is required to meet exploration expenditures as defined at the time of the granting of the tenements. The tenement commitments are listed in detail in Section 10 of the Directors' Report. A summary of these commitments is as follows:

	2018 $	2017 $
South Australian Tenements		
Tenements with annual commitments	-	-
Tenements with a 24 month commitment to 31st January 2019	200,000	200,000
New South Wales Tenements		
Tenements with annual commitments	925,000*	300,000*
West Australian Tenements		
Tenements with annual commitments	380,000	330,000
Queensland Tenements		
Tenements with annual commitments	137,700	-

* The annual commitments for the New South Wales tenements are an estimate of the work program to which the Group has committed to undertake over the life of the term of the licence.

Other commitments

At 30th June 2018 the Group had other commitments of $481,000 relating to feasibility study work for the Ardmore Phosphate Rock Project (2017: 50,000 relating to engineering and test work for the Oxley Potassium Project) payable within one year.

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purpose of the Consolidated Statement of Cash Flows, cash includes cash on hand and at bank, net of outstanding bank overdrafts. Cash at the end of the financial year, as shown in the Consolidated Statement of Cash Flows, is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

NOTE		2018 $	2017 $
Cash and cash equivalents	6	3,694,417	1,872,497

(b) Reconciliation of cash flows from operating activities

	2018 $	2017 $
Net profit / (loss) after income tax	(1,139,938)	488,828
Interest income	(428,291)	(648,360)
Depreciation	13,077	32,299
Impairment of land	-	-
Share options valuation	38,450	-
Exploration expenditure written off and other JV asset impairments	172,438	303,640
(Profit) / loss on disposal of plant and equipment	(96,364)	271
Increase in debtors	485,131	(633,704)
Increase in tax payable / (refund)	(115,875)	174,067
Increase / (decrease) in payables	438,111	(5,277)
Net cash used in operating activities	**(633,261)**	**(288,236)**

22. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The Company holds 100% interest in the following controlled subsidiaries:

- South Australian Iron Ore Group Pty Ltd;
- Flinders Pastoral Pty Ltd;
- Centrex Phosphate Pty Ltd (previously named Sturt Pastoral Pty Ltd);
- Centrex QLD Exploration Pty Ltd (previously named Port Spencer Holdings Pty Ltd);
- DSO Development Pty Ltd;
- Lachlan Metals Pty Ltd;
- Kimba Gap Iron Project Pty Ltd;
- Centrex Potash Pty Ltd; and
- Centrex Zinc Pty Ltd.

23. SEGMENT REPORTING

The Group operates in one business segment; mineral exploration and one geographical segment; Australia.

24. PARENT ENTITY DISCLOSURES

As at, and throughout the year the parent company of the Group was Centrex Metals Limited.

	Company	
	2018 $	2017 $
Result of the parent entity		
Profit / (Loss) for the period	(1,059,662)	702,490
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	(1,059,662)	702,490
Financial position of the parent entity		
Current assets	14,429,131	20,732,029
Total assets	14,647,625	20,748,421
Current liabilities	1,129,709	5,967,247
Total liabilities	1,136,441	6,216,025
Net assets	13,511,184	14,532,396
Equity of the parent entity		
Contributed equity	41,330,328	41,330,328
Share options issues	2,415,627	2,377,177
Accumulated losses	(30,234,771)	(29,175,109)
Total equity	13,511,184	14,532,396

Commitments and contingent liabilities of the parent entity

The commitments and contingent liabilities of the parent entity are the same as those identified at note 20 with one exception. The Department of State Development ('DSD") agreed commitments for the South Australian tenements for the parent entity exclude the commitments made on behalf of the wholly owned South Australian Iron Ore Group Pty Ltd. These commitments are part of an amalgamated expenditure agreement undertaken with DSD which makes the separation of commitments between the two entities not practicable.

25. EVENTS SUBSEQUENT TO BALANCE DATE

There were no material events that occurred subsequent to the end of the financial year.

Directors' Declaration

In the opinion of the Directors of Centrex Metals Limited ('the Company'):

1 (a) the consolidated financial statements and notes set out on pages 30 to 55, and the Remuneration report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30th June 2018 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2 The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30th June 2018 pursuant to Section 295A of the Corporations Act 2001.

3 The Directors draw attention to Note 1(a) of the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a Resolution of the Board of Directors:

Mr David Klingberg AO

Dated at Adelaide this 6th day of September 2018

Independent Auditor's Report

To the shareholders of Centrex Metals Limited

Report on the audit of the Financial Report

Opinion

We have audited the Financial Report of Centrex Metals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Consolidated statement of financial position as at 30 June 2018;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matter

The Key Audit Matter we identified is:

- Capitalisation of exploration and evaluation expenditure

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG

Exploration and evaluation expenditure ($19.7m)	
Refer to Note 8 Exploration and evaluation expenditure	
The key audit matter	**How the matter was addressed in our audit**

Exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to:
• the significance of the balance (being 55.9% of total assets); and
• the greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 *Exploration for and Evaluation of Mineral Resources*, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's determination that no such indicators existed.
In assessing the presence of impairment indicators, we focused on those that may draw into question the continuation of E&E activities for the Ardmore and Oxley projects where significant capitalised E&E exists. In performing the assessments above we paid particular attention to:
• The Group's compliance with key license conditions to maintain current rights to tenure for an area of interest, particularly minimum expenditure requirements;
• The ability of the Group to fund the continuation of activities for all areas of interest; and
• Results from latest activities regarding the potential for a commercially viable quantity of reserves and the Group's intention to continue E&E activities in each area of interest as a result.
	Our procedures included:
	• Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard.
	• Assessing the Group's determination of its areas of interest for consistency with the definition in the accounting standard.
	• For each area of interest, assessing the Group's current rights to tenure by comparing the ownership of the relevant license to government registries and testing the Group's compliance with minimum expenditure requirements.
	• Testing the Group's additions to E&E for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standards.
	• Comparing the documentation from the sources listed below for information regarding the results of activities, the potential for commercially viable quantities of reserves to exist and for the Group's intentions to continue activities in relation to its areas of interest. We evaluated this through interviews of key operational and finance personnel
	  - Internal management plans;
	  - Minutes of board meetings; and
	  - Announcements made by the Group to the ASX.
	• Assessing the Group's disclosure against the requirements of the accounting standard.

KPMG

Other Information

Other Information is financial and non-financial information in Centrex Metals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the other information that we obtain prior to the date of this Auditor's report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial report that gives a true and fair view in accordance with *Australian Accounting Standards* and *the Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Centrex Metals Limited for the year ended 30 June 2018, complies with Section 300A of the Corporations Act 2001.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001.

Our responsibilities

We have audited the Remuneration Report included in Section 5 of the Directors' report for the year ended 30 June 2018.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KPMG

KPMG

Paul Cenko
Partner

Adelaide

6 September 2018

ASX Additional Information (unaudited)

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Substantial Shareholders of Ordinary and Escrow shares

Rank	Name	27th August 2018	
		Units	% of Issued Capital
1	SOUTH COVE LIMITED	110,905,672	35.13%
2	WISCO INTERNATIONAL RESOURCES DEVELOPMENT & INVESTMENT LIMITED	40,399,599	12.80%
3	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	6.94%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,971,879	4.74%
5	MR SIK ERN WONG	8,250,000	2.61%

Distribution of equity holders

Name	27th August 2018	
	Number of ordinary and escrow shares	Employee options / rights plan
1 – 1,000	67	-
1,001 – 5,000	123	-
5,001 – 10,000	360	-
10,001 – 100,000	593	-
100,001 and over	156	6
	1,299	6

Top 20 Holders of Ordinary and Escrow shares

Rank	Name	27th August 2018	
		Units	% of Issued Capital
1	SOUTH COVE LIMITED	110,905,672	35.13%
2	WISCO INTERNATIONAL RESOURCES DEVELOPMENT & INVESTMENT LIMITED	40,399,599	12.80%
3	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	6.94%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,971,879	4.74%
5	MR SIK ERN WONG	8,250,000	2.61%
6	MR MELVIN BOON KHER POH	5,782,404	1.83%
7	KNT INTERNATIONAL CO LTD	5,535,000	1.75%
8	GERARD ANDERSON SUPER PTY LTD	4,000,000	1.27%
9	CITICORP NOMINEES PTY LIMITED	3,779,518	1.20%
10	MR EWE GHEE LIM & MISS CHARLENE YULING LIM	3,750,000	1.19%
11	BNP PARIBAS NOMINEES PTY LTD	3,531,099	1.12%
12	MISS LAY HONG GOH	3,139,301	0.99%
13	MR KIAT POH	2,618,880	0.83%
14	AMALGAMATED DAIRIES LIMITED	2,617,327	0.83%
15	MR YAM POEY CHEW	2,500,000	0.79%
16	KENG CHUEN THAM	2,479,433	0.79%
17	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,406,945	0.76%
18	MR KA FAI MARTIN WONG	2,126,455	0.67%
19	PATNA PROPERTIES P/L	2,042,810	0.65%
20	MS SHUPING LUAN	1,518,680	0.48%
		244,255,002	77.37%

Company Directory

Company Secretaries

Leanne Ralph, appointed 28th June 2018

Principal Registered Office

Centrex Metals Limited

Level 6, 44 Waymouth Street

Adelaide SA 5000

08 8213 3100

08 8231 4014

www.centrexmetals.com.au

Locations of Share Registries

Boardroom Pty Limited

Level 7, 207 Kent Street

Sydney NSW 2000

GPO Box 3993

Sydney NSW 2001

Telephone:	(02) 9290 9600
Fax:	(02) 9279 0664
Email:	enquiries@boardroomlimited.com.au
Web:	www.boardroomlimited.com.au

Australian Securities Exchange

The Company listed on the Australian Securities Exchange on 17 July 2006. The Home exchange is Adelaide.

ASX Codes

Shares: CXM

Auditors

KPMG

Chartered Accountants

151 Pirie Street

Adelaide SA 5000

WWW.CENTREXMETALS.COM.AU