



CENTREX METALS
LIMITED

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Interim Report

For the Six Months Ending

December 31st 2018

Director's Report

For the Six Month's ending 31st December 2018

The Directors present their report together with the consolidated interim financial report of Centrex Metals Limited ("Company") and its controlled entities ("Group"), for the six months ended 31st December 2018 and the auditor's review report thereon.

1 Directors

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

Name and Qualifications	Appointed / Resigned	Position
Mr David Klingberg AO FTSE, D UniSA, B.Tech, FIE Aust, FAus IMM, FAICD, KSJ	Appointed 19/4/05	Chairman (from 19/1/10) Independent Non-Executive Director
Mr Ben Hammond BSc (Geol), MBA, FAusIMM, GAICD	Appointed 17/10/17 Resigned 8/2/19	Managing Director & CEO
Mr Kiat Poh CDipAF, Dip MS, Dip C.E.	Appointed 21/05/08	Independent Non-Executive Director
Mr Graham Chrisp B Tech (CE)	Appointed 21/1/10	Non-Executive Director
Mr Jim Hazel B.Ec, SF Fin, FAICD	Appointed 12/7/10	Independent Non-Executive Director
Mr Chris Indermaur BEng (Mech), GDipEng (Chem), LLB, LLM, GDLP	Appointed 1/7/17	Independent Non-Executive Director

2 Review of Operations

2.1 Financial Performance

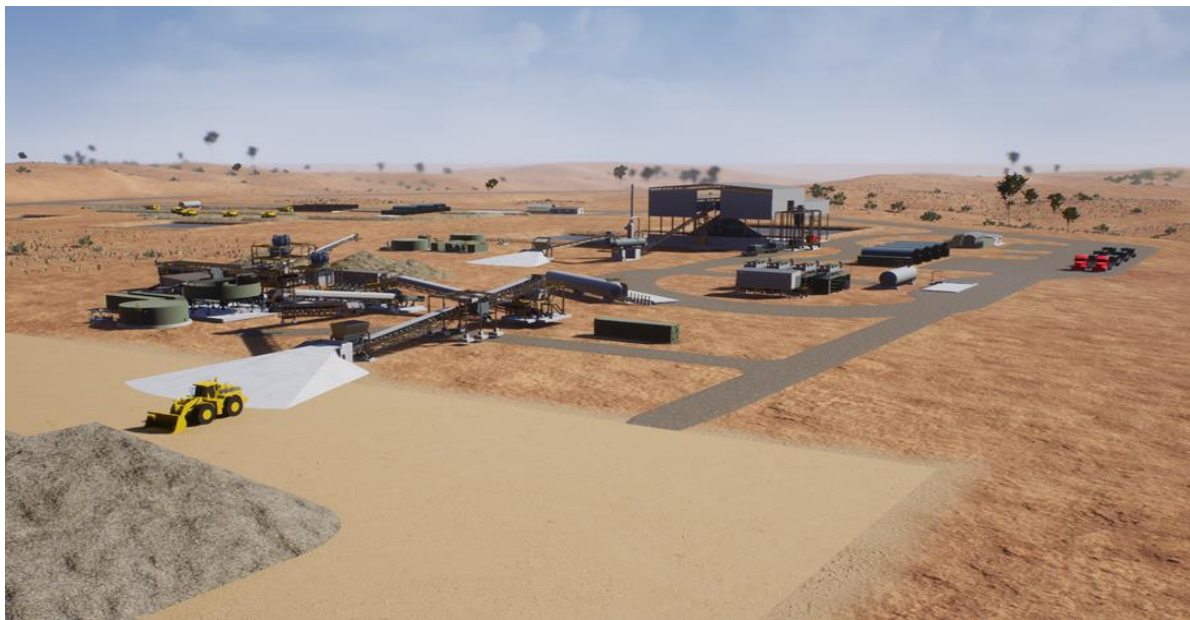
The Group generated a net loss after tax of \$172,437 (2017: net loss after tax of \$619,372) and holds combined cash and term deposits of \$9,580,638 (30th June 2018: combined cash and term deposits of \$14,091,381).

Outlined below are the operational activities undertaken by the Group to 31st December 2018.

2.2 Ardmore Phosphate Rock Project, QLD

A Definitive Feasibility Study (“DFS”) has confirmed Ardmore to be a high-quality asset with a relatively low capital requirement, low technical risk and the potential to provide strong returns.

It is one of the few remaining undeveloped high-grade phosphate rock deposits in the world and is substantially “shovel ready” given the benefits of shallow free-dig mining, simple processing method capable of producing a “clean” premium grade phosphate rock concentrate with ultra-low cadmium levels, access to existing logistics infrastructure and its strategic positioning for supply domestically and throughout Asia-Pacific.



CAPTION: 3D design of Ardmore processing plant.

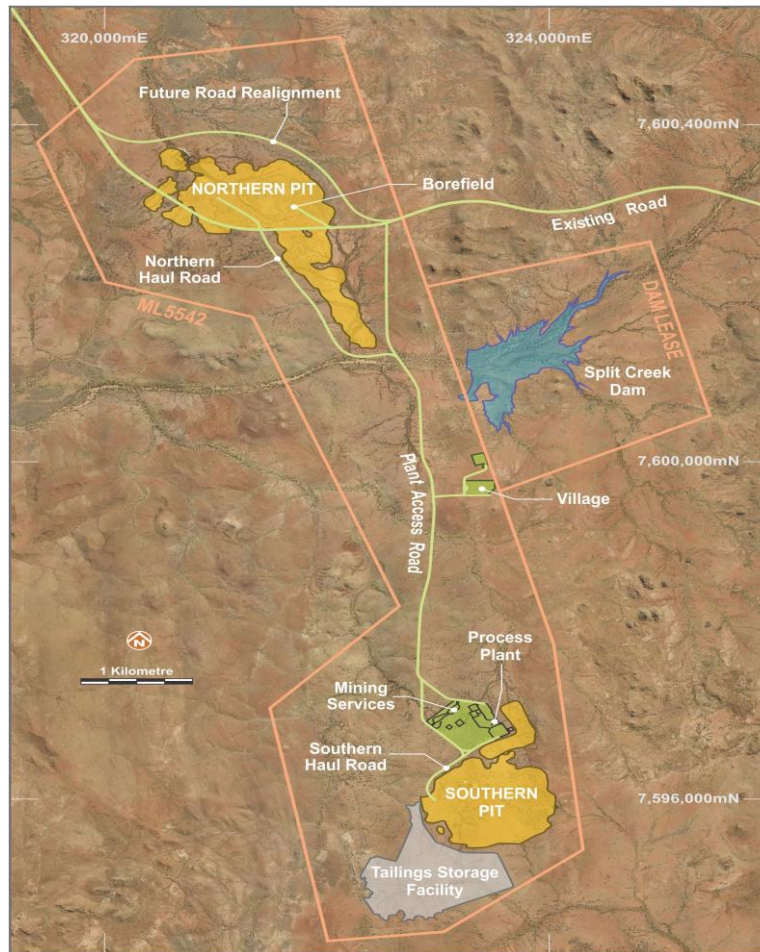
Following completion of the DFS, a number of cost reduction design initiatives were identified from a series of independent reviews. Post implementation of these revisions the Project metrics include an unleveraged nominal (2.5% escalation) pre-tax NPV₁₀ of A\$271 million and internal rate of return of 58% over the 10 year mine life, based on annual production of approximately 800,000 wet tonnes.

The DFS was based on maiden Ore Reserves of 10.1Mt at 30.2% P₂O₅. The announcement in relation to the Ore Reserve and the DFS results was made on 8th October 2018 followed by the DFS optimization results on 28th February 2019 and can be found at:

<https://www.asx.com.au/asxpdf/20181008/pdf/43z1q8nvm95k58.pdf>

<https://www.asx.com.au/asxpdf/20190228/pdf/44324whvq94dq6.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: Proposed project site layout.

KemWorks completed fertiliser conversion test work for Ardmore product during the period for the production of single superphosphate (“SSP”) and phosphoric acid showing excellent results. Two 400 tonne run of mine ore paid trials undertaken at regional customers SSP manufacturing plants with Centrex observing both trials that achieved positive results. The customers both trialed the run of mine ore to gain insights into the performance of the Ardmore rock with a view to purchasing higher quality concentrate in the future.

Importantly from a marketability perspective Australian and New Zealand single superphosphate (“SSP”) require a 34% P_2O_5 phosphate rock blend with enough iron and alumina to provide effective granulation. Ardmore will be one of the few products on the market capable of producing SSP in Australia and New Zealand without the need for blending with other rocks. Centrex is also in discussions with fertiliser manufacturers throughout Asia-Pacific where Ardmore has a major freight advantage over the current major suppliers from North Africa, the Middle East and South America.



CAPTION: SSP produced from a blend using run of mine Ardmore phosphate rock ore at customer's manufacturing warehouse.

Centrex awarded CDE Global a turn-key contract to construct a start-up 70tph modular wet processing plant to produce circa 30,000 tonnes of concentrate. CDE Global continue to progress fabrication of the modular start-up plant, with installation and commissioning planned for completion by mid-2019 along with associated site works. The modular plant is readily upgradable to 140tph for full-scale operations at 800,000tpa.

The Ardmore start-up operation is planned to provide a number of priority customers with 5,000 to 6,000 wet tonne trial shipments to aid in securing long-term off-take contracts for the project to underpin project financing targeted for late 2019. The start-up operation will significantly de-risk and assist to demonstrate the project technically and commercially.

The Company signed its first contract with a major regional fertiliser manufacturer for a 5,000 wet tonne trial shipment of phosphate rock with a view to a long-term offtake commitment. The Company also completed a site tour for a second major regional customer as part of their due diligence process for a further trial shipment contract.

In December, the Company achieved a major permitting milestone with the Queensland Department of Environment and Science issuing an environmental permit for the proposed start-up mining and processing operation.

2.3 Phosphate Exploration, QLD & NT

Centrex is developing a pipeline of phosphate exploration projects in the Georgina Basin around its Ardmore Phosphate Rock mining project.

High-grade coarse (pelletal) phosphate similar to Ardmore is being targeted as it can be easily processed with minimal phosphate losses, unlike lower grade very fine grained “microphosphates” that represent the majority of deposits in Australia. Prospective areas directly north of Ardmore have already been pegged, with drilling planned to commence in 2019.

Centrex will further build its phosphate exploration portfolio regionally in the Georgina Basin to leverage development of Ardmore. To capitalise on its now established relationships with phosphate rock importers and the knowledge developed from Ardmore, the Company has other prospective areas for high-grade deposits in the Northern Territory’s Wiso Basin under application. The Company applied for a tenement over the Lady Judith prospect, identified from Government phosphate testing of water bores where near surface high-grade intersections were logged 4km apart within Middle Cambrian Sediments of similar age to Ardmore.

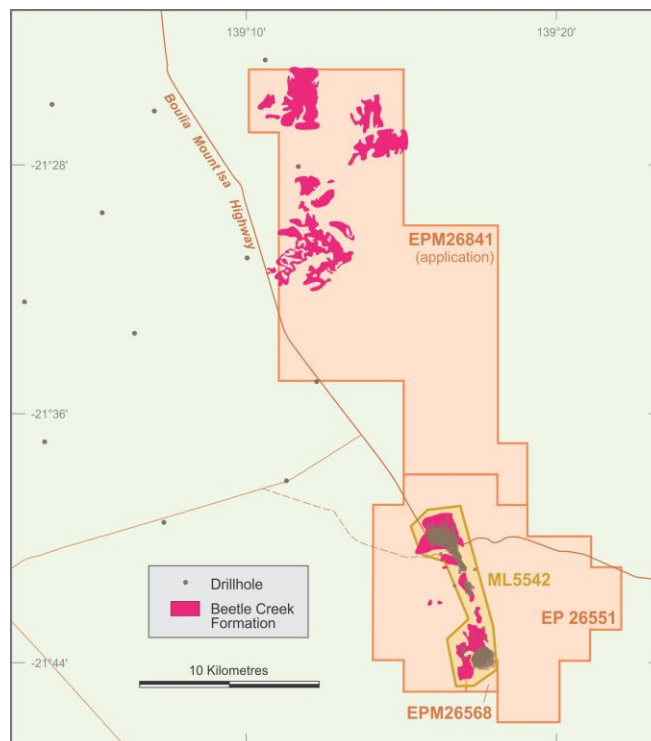
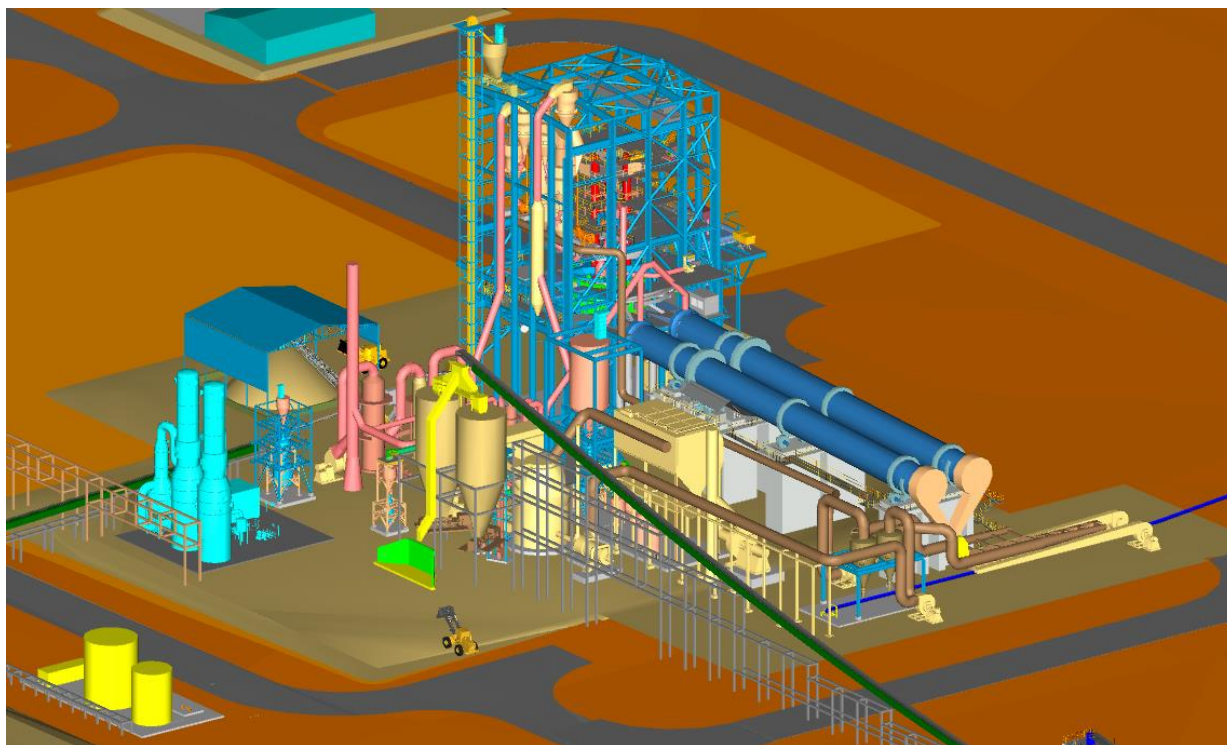


FIGURE: Location of Centrex’s Queensland tenements with mapped Beetle Creek Formation prospective for phosphorite.

2.4 Oxley Potassium Nitrate Project, WA

WorleyParsons completed updated engineering designs for Centrex's Oxley Potassium Nitrate Project ("Oxley") located 125km from the Port of Geraldton in Western Australia during the period. The focus of the update was the re-engineering of the project's roasting circuit based on the most recent test work undertaken in China.



CAPTION: Updated 3D design of Oxley roasting circuit.

The updated design reduced the cooling circuit to a single stage and simplified the roasting flowsheet to cyclone pre-heaters and an electric arc furnace ("EAF"). The height and footprint of the new design is significantly smaller than the previous design.

Updated cost estimates for a revised design are being finalised and the Company commenced compiling an investor data room in order to seek a strategic partner to aid in developing the project.

2.5 Goulburn Zinc Project, NSW

No on ground exploration activities were undertaken during the period for 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.

2.6 Iron Ore Portfolio, SA

No exploration activities were undertaken during the period.

The sale of the Wilgerup and Kimba Gap iron ore projects to OneSteel Manufacturing Pty Ltd which is a business of SIMEC Mining, was completed during the period with State Government approval received for the transfer of the retention and mining leases. The sale of the assets provides a potential combined royalty stream to Centrex of up to A\$ 10 million, indexed annually to CPI.

The transfer of the remaining South Australian iron ore exploration licenses to Lincoln Minerals Ltd for nominal consideration was also substantially completed during the period pending State Government approval which was granted in February 2019.

In December, the Company entered into a contract with local rural investment business FREE Eyre Limited for the sale of its Port Spencer land holding for \$1.4 million. The sale was due to complete in late February 2019 subject to the satisfaction of settlement conditions. The sale has since become unconditional with satisfaction of conditions precedent in February. Centrex has subsequently agreed, at FREE Eyre's request, to extend the settlement date to 31 May 2019 subject to the receipt of a \$0.4m deposit and the payment of interest on the balance of the settlement amount over the extended term.

These events mark the final steps in Centrex diversifying away from iron ore and transformation to a fertiliser business.

2.7 Subsequent Events

The following material events occurred subsequent to the period end:

- The Company announced the resignation of Managing Director Ben Hammond on 8th February 2019
<https://www.asx.com.au/asxpdf/20190208/pdf/442gk74c5hqkjs.pdf>

2.8 Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 21 and forms part of the Directors' Report for the six months ended 31st December 2018.

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



Mr David Klingberg, AO

Dated at Adelaide this 12th day of March 2019.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Six Months ending 31st December 2018

	Note	Six months ending 31 Dec 2018 \$	Six months ending 31 Dec 2017 \$
Other income	8	1,379	116,364
Office and administration expenses		(218,736)	(176,075)
Consultants and management expenses		(149,357)	(84,315)
Directors' fees		(168,767)	(165,881)
Employee benefit expenses		(453,998)	(300,056)
Depreciation expense		(10,907)	(5,578)
Exploration expense	11	(2,095)	(185,347)
Reversal of prior year land impairment	12	724,420	-
Other expenses		(45,783)	(51,630)
Results from operating activities		(323,844)	(852,518)
Finance income		151,407	233,146
Net finance income		151,407	233,146
Profit / (Loss) before income tax		(172,437)	(619,372)
Income tax benefit / (expense)		-	-
Profit / (Loss) for the period		(172,437)	(619,372)
Other comprehensive income		-	-
Total comprehensive income for the period		(172,437)	(619,372)
Profit / (Loss) attributable to:			
Owners of the Company		(172,437)	(619,372)
Profit / (Loss) for the period		(172,437)	(619,372)

Earnings per share for loss attributable to the ordinary equity holders of the company:		Cents per share	Cents per share
Basic earnings per share	9	(0.0546)	(0.1963)
Diluted earnings per share	9	(0.0546)	(0.1963)

The consolidated interim statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Changes in Equity

For the Six Months ending 31st December 2018

	Contributed equity	Share Option reserve	Profit reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<u>Current Period</u>					
Balance at 1 st July 2018	41,330,328	2,415,627	1,004,564	(11,099,956)	33,650,563
Loss for the period	-	-	-	(172,437)	(172,437)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	(172,437)	(172,437)
Contributions from/to equity owners					
Share-based payment transactions	20,700	51,580	-	-	72,280
Balance at 31 st December 2018	41,351,028	2,467,207	1,004,564	(11,272,393)	33,550,406
<u>Prior Period</u>					
Balance at 1 st July 2017	41,330,328	2,377,177	1,004,564	(9,960,018)	34,752,051
Loss for the period	-	-	-	(619,372)	(619,372)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Period	-	-	-	(619,372)	(619,372)
Contributions from/to equity owners					
Share-based payment transactions	-	13,683	-	-	13,683
Balance at 31 st December 2017	41,330,328	2,390,860	1,004,564	(10,579,390)	34,146,362

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Consolidated Statement of Financial Position

As at 31st December 2018

	Note	As at	
		31 st Dec 2018 \$	30 th June 2018 \$
Assets			
Cash and cash equivalents		1,890,638	3,694,417
Term deposits		7,690,000	10,396,964
Receivables and other assets	10	238,560	467,824
Assets held for sale	12	1,349,419	-
Total Current Assets		11,168,617	14,559,205
Deposits held as security		190,000	190,000
Exploration and evaluation expenditure	11	21,816,031	19,555,498
Land and buildings	12	369	627,584
Plant and equipment	12	1,160,837	25,910
Total Non-Current Assets		23,167,237	20,398,992
Total assets		34,335,854	34,958,197
Liabilities			
Trade and other payables		423,997	759,135
Employee benefits		352,387	541,767
Total Current Liabilities		776,384	1,300,902
Employee benefits		9,064	6,732
Total Non-Current Liabilities		9,064	6,732
Total Liabilities		785,448	1,307,634
Net assets		33,550,406	33,650,563
Equity			
Contributed equity		41,351,028	41,330,328
Share option reserve		2,467,207	2,415,627
Profit reserve		1,004,564	1,004,564
Accumulated losses		(11,272,393)	(11,099,956)
Total equity		33,550,406	33,650,563

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

Consolidated Statement of Cash Flows

For the Six Months ending 31st December 2018

	Note	Six months ending 31 Dec 2018 \$	Six months ending 31 Dec 2017 \$
Cash flows from operating activities			
Other income received		-	19,988
Payments to suppliers and employees		(1,477,258)	(318,328)
Research and development tax incentive received		115,875	-
Net cash (used in) / from operating activities		(1,361,383)	(298,340)
Cash flows from investing activities			
Expenditure on mining tenements		(2,200,152)	(2,598,126)
Interest received		194,411	251,224
Acquisition of plant and equipment		(1,143,619)	(4,641)
Proceeds on disposal of assets		-	96,364
Cash transferred (to) / from term deposits		2,706,964	4,830,780
Net cash (used in) / from investing activities		(442,396)	2,575,601
Cash flows from financing activities			
Net cash from financing activities		-	-
Net increase / (decrease) in cash		(1,803,779)	2,277,261
Cash at the beginning of the year		3,694,417	1,872,497
Cash at the end of the year		1,890,638	4,149,758

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

Condensed Notes to the Consolidated Interim Financial Report

For the Six Months ending 31st December 2018

1 REPORTING ENTITY

Centrex Metals Limited (the 'Company') is a company domiciled in Australia. Its registered office is located at Level 6, 44 Waymouth Street Adelaide, SA 5000.

The consolidated interim financial report of the Company as at and for the six months ended 31st December 2018 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30th June 2018 is available at:

<http://www.centrexmetals.com.au/wp-content/uploads/2018/09/20180906-Annual-Report-final.pdf>

2 STATEMENT OF COMPLIANCE

The consolidated interim financial report has been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* and does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30th June 2018.

This is the first set of the Company's consolidated financial statements where *AASB 9 Financial Instruments*, *AASB 15 Revenue from contracts with customers* and *AASB 2016-5 Amendments to Australian Accounting Standards – Classification and measurement of share-based payment transactions* have been applied. There was no impact on the amounts disclosed from the transition to these accounting standards.

This consolidated interim financial report was approved by the Board of Directors on 12th March 2019.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in preparing the consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30th June 2018.

4 ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30th June 2018.

5 FINANCIAL RISK MANAGEMENT

The consolidated entity's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30th June 2018.

6 SEGMENT REPORTING

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), it is appropriate to have one operating segment.

Outlined in note 11 of the Interim Financial Report relating to Exploration and Evaluation Expenditure is the exploration expenditure incurred on all of the Group's tenements.

7 PRINCIPLES OF CONSOLIDATION FOR JOINT ARRANGEMENTS

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

Jointly controlled operations and assets

The interests of the Group in jointly controlled operations (including unincorporated joint arrangements) 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 Group 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 interim financial statements have been eliminated.

8 OTHER INCOME

Other income consisted of the following:

	Six months ending 31 Dec 2018 \$	Six months ending 31 Dec 2017 \$
Tenement fees recovered	1,379	-
Profit on sale of property, plant and equipment	-	96,364
Option fee over Port Spencer land	-	20,000
	1,379	116,364

9 EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Six months ending 31 Dec 2018 \$	Six months ending 31 Dec 2017 \$
Earnings used in calculation of basic EPS: Profit / (Loss) after tax	(172,437)	(619,372)
Weighted average number of ordinary shares for the purpose of basic earnings per share (i)	315,628,618	315,505,357
Weighted average number of ordinary shares for the purpose of diluted earnings per share (ii)	315,628,618	315,505,357
Basic earnings – cents per share	(0.0546)	(0.1963)
Diluted earnings – cents per share	(0.0546)	(0.1963)

- (i) 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.
- (ii) The calculation of diluted earnings per share does not include weighted potential ordinary shares on issue as to do so would have the effect of reducing the amount of loss per share for the period ending 31st December 2018 (2017: there were no 'in the money' options or rights at period end).

10 RECEIVABLES AND OTHER ASSETS

	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
Prepayments and other receivables	187,142	174,748
Interest due on term deposits	33,476	76,479
GST Receivable	17,942	100,722
Research and development refund	-	115,875
	238,560	467,824

11 EXPLORATION AND EVALUATION EXPENDITURE

During the six months ended 31st December 2018, the Group incurred expenditure with a cost of \$2,262,628 (six months ended 31st December 2017: \$2,598,126) on the following exploration tenements:

		Cumulative Capitalised Expenditure to 30 th Jun 18	Capitalised expenditure 6 months to 31 st Dec 18	Exploration expense 6 months to 31 st Dec 18	Cumulative Capitalised Expenditure to 31 st Dec 18
		\$	\$	\$	\$
Centrex Metals Limited					
Greenpatch EL5852	W	-	-	-	-
Wanilla EL5559	W	-	171	(171)	-
		-	171	(171)	-
South Australian Iron Ore Group Pty Ltd					
Mount Hill EL6024	W	-	1,924	(1,924)	-
Carrow EL5971	W	-	-	-	-
		-	1,924	(1,924)	-
Lachlan Metals Pty Ltd					
Goulburn (NSW) EL7388		1,831,141	14,954	-	1,846,095
Archer (NSW) EL7503		220,704	1,131	-	221,835
		2,051,845	16,085	-	2,067,930
Centrex Phosphate Pty Ltd					
Ardmore ML5542		11,048,448	2,051,374	-	13,099,822
Ardmore (QLD) EPM26551		5,832	50,780	-	56,612
Ardmore (QLD) EPM26568		5,321	17,763	-	23,084
Ardmore (QLD) EPM26841		10,554	24,690	-	35,244
		11,070,155	2,144,607	-	13,214,762
Centrex QLD Exploration Pty Ltd					
Lady Judith (NT) ELA32048		-	2,344	-	2,344
		-	2,344	-	2,344
Centrex Potash Pty Ltd					
Oxley A E70/3777		1,017,002	24,410	-	1,041,412
Oxley B E70/4004		915,742	8,601	-	924,343
Oxley C E70/4318		1,405,238	9,310	-	1,414,548
Oxley D E70/4319		895,295	8,249	-	903,544
Oxley E E70/4320		882,954	8,114	-	891,068
Oxley F E70/4378		892,240	13,468	-	905,708
Oxley G E70/4729		425,027	25,345	-	450,372
		6,433,498	97,497	-	6,530,995
Total		19,555,498	2,262,628	(2,095)	21,816,031

- (W) WISCO has a 60% interest in the iron ore rights to the 4 tenements identified above pursuant to the Eyre Peninsula Joint Venture agreement which covers the same tenements. The transfer of these iron ore exploration tenements to Lincoln Minerals Ltd for nominal consideration was substantially completed during the period subject to State Government approval.

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

Mining tenements are recorded at cost. The carrying amount is reviewed regularly by the Directors and is dependent upon the discovery and exploitation of commercially viable mineral deposits, the generation of sufficient income from, or sale of tenements for at least their book value. Depreciation will not be charged until production commences.

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. The Group will assess the assets for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying value amount exceeds the recoverable amount. For the purpose of impairment testing, the assets are allocated to cash-generating units.

The Group has expensed all iron ore tenement expenditure for the six months to 31st December 2018. Exploration expense and exploration impaired was \$2,095 during the six month period ending 31st December 2018 (six month period ended 31st December 2017: \$185,347).

12 LAND AND BUILDINGS, PLANT AND EQUIPMENT

	As at 31 Dec 2018 \$	As at 30 Jun 2018 \$
Land and buildings		
Balance at beginning of the year	627,584	625,455
Prior period impairment reversal ^A	724,420	-
Transfer to assets held for sale ^A	(1,349,419)	-
Depreciation charge for the period	(2,216)	(2,301)
Disposals	-	4,430
Balance at end of year	369	627,584

Plant and Equipment – Net book value		
Balance at beginning of the year	25,910	15,937
Additions/(Disposals)	9,834	20,749
Work in progress ^B	1,133,778	-
Depreciation charge for the period	(8,685)	(10,776)
Balance at end of year	1,160,837	25,910

A Effective 28th December 2018 the Group contracted to sell its Port Spencer land for consideration of \$1,409,419. Option fees of \$60,000 received to 30th June 2018 were deducted for a net settlement of \$1,349,419. Settlement of the sale is due to be completed 31st May 2019. The asset has been transferred to assets held for sale.

A prior period reversal of impairment losses of \$724,420 was recognised.

B Represents progress payment for the 70tph modular processing plant being constructed by CDE Global Australia Pty Ltd for use in the start-up operation and subsequently planned to be expanded to 140tph for use in the full scale operation.

13 RELATED PARTY TRANSACTIONS

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

	Six months ending 31 Dec 2018 \$	Six months ending 31 Dec 2017 \$
Expenditure incurred on behalf of the entity		
Eyre Peninsula Joint Venture (i)	-	8,613
Assets and liabilities arising from the above transactions	-	-

- (i) The expenditure incurred by the Group on the Eyre Peninsula Joint Venture includes the salaries of Company staff that have been working on the project and miscellaneous exploration costs.

Centrex is reimbursed for expenditure incurred on behalf of joint arrangements. There was no expenditure incurred on behalf of the Eyre Peninsula Joint Venture during the period.

14 CONTINGENT LIABILITIES AND COMMITMENTS

Minimum exploration tenement expenditures

In order to support 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/renewal of the tenements. A summary of these commitments is as follows:

	As at 31 Dec 2018 \$	As at 31 Dec 2017 \$
South Australian Tenements		
Tenements with annual commitments	-	-
Tenements with a 24 month commitment to 31st January 2019	-	200,000
New South Wales Tenements		
Tenements with annual commitments ^D	925,000	320,000
West Australian Tenements		
Tenements with annual commitments	380,000	372,000
Queensland Tenements		
Tenements with commitments for the first year of the licence	247,000	85,500
Tenements with commitments for years 2 to 5 of the licence	615,000	396,500

- D 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 term of the licence. \$300,000 relates to a commitment on a tenement expiring April 2019, \$625,000 relates to an annual commitment on a tenement expiring September 2023.

Other commitments

At 31st December 2018 the Group had commitments of \$2,792,475 payable within one year in relation to the Ardmore Phosphate Rock Project, primarily relating to the purchase of the modular processing plant (2017: \$671,026).

15 SUBSEQUENT EVENTS

The following material event occurred subsequent to the period end:

- The Company announced the resignation of Managing Director Ben Hammond on 8th February 2019
<https://www.asx.com.au/asxpdf/20190208/pdf/442gk74c5hqkjs.pdf>

Directors' Declaration

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

- 1 the consolidated interim financial statements and notes set out on pages 9 to 19, are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31st December 2018 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mr David Klingberg, AO

Dated at Adelaide this 12th day of March 2019.



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 review of Centrex Metals Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contravention of any applicable code of professional conduct in relation to the review.

A stylized, handwritten-style 'KPMG' logo in black ink.

KPMG

A handwritten signature in black ink, appearing to read 'Paul Cenko'.

Paul Cenko
Partner

Adelaide
12 March 2019



Independent Auditor's Review Report

To the shareholders of Centrex Metals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying Interim Financial Report of Centrex Metals Limited (the "Company").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centrex Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*.

The Interim Financial Report comprises:

- Consolidated statement of financial position as at 31 December 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 half-year ended on that date;
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The Group comprises Centrex Metals Limited and the entities it controlled at the half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Centrex Metals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

The KPMG logo, consisting of the letters 'KPMG' in a stylized, handwritten-style font.

KPMG

A handwritten signature in black ink, appearing to read 'Paul Cenko'.

Paul Cenko
Partner

Adelaide
12 March 2019