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Annual Report **2017**

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Chairman's Report

Now is a very exciting time for the Company as we focus on the fertiliser market and plan the transition from explorer to becoming an operator. The Ardmore Phosphate Rock Project acquisition has provided the opportunity for an early cash flow, highly profitable operation. The Company plans to release scoping studies to the market later this year and complete feasibility studies next year with first shipments expected in 2019. The project will require debt and equity finance and we are at the early stages of looking at the economic options available to us. Management has built a highly qualified team and is doing an exceptional job of evaluating conventional process solutions and logistics to get the product to market and the identification of potential customers.

While the Company's focus is now firmly on the Ardmore Phosphate Rock Project work has continued on making process improvements on the world class Oxley Potash Project. The Company's positive outlook for this project was confirmed with an independent review of the Scoping Study results which indicated the basis for a globally competitive operation with significant upside for large-scale expansion from the extensive deposit. In August 2016 the Company announced the approval of the Prefeasibility Study (PFS) which takes the project into the next phase of development. A significant stage of the Prefeasibility study will be a testwork program including a small-scale continuous pilot plant for the roasting circuit. On confirmation of the optimum process routes the company will seek partners to continue with feasibility studies, pilot plant and development options.

Coinciding with transfer of the Ardmore Phosphate Rock Project mining lease the Board appointed Mr Chris Indermaur as a non-executive director. Chris's experience in the fertiliser industry is considered a valuable add-on to the Board's existing capability. Prior to the appointment Chris had been consulting to Centrex as part of a Technical Review Committee for its fertiliser projects. He brings significant technical and commercial experience, particularly in downstream mining related industrial facilities including fertiliser plants.

From a funding perspective the Company holds \$20 million in cash and equivalents and term deposits as at 30th June 2017. This funding will be sufficient to complete both the feasibility study for the Ardmore Phosphate Rock Project and the pilot plant and associated studies with the Oxley Potash Project. Nevertheless the Company is already establishing relationships with potential funding providers to enable a smooth transition between completion of the feasibility study and the development funding.



The Company and all its subsidiaries made modest profit for the financial year ended 30th June 2017 of \$488,828. This was largely a function of the successful finalisation and settlement of the Port Spencer Joint Venture dispute. The Company received \$1.28 million in proceeds as a result of the settlement.

The Board notes and thanks our Chief Executive Officer, Mr Ben Hammond and his small but experienced team for their continued hard work during the year. The year ahead will be challenging and exciting and the Board is confident that it has the right team in place to transition the Company.

David Klingberg AO FTSE
Non-Executive Chairman
Dated at Adelaide this 19th day of September 2017.

Chief Executive's Report

Centrex is now well on its way to becoming a fertiliser miner. To balance out our larger Oxley Potassium Nitrate Project in Western Australia, we have purchased the small high-grade Ardmore Phosphate Rock Project in Queensland from Southern Cross Fertilisers Pty Ltd, a subsidiary of fertiliser major Incitec Pivot Limited.

Ardmore presents an opportunity to get into revenue generation in a relatively short time, with first shipments targeted for 2019. The project is well advanced having been drilled out in the 1970s and Centrex has already announced a maiden JORC Mineral Resource based on the historical data. The critical advantage of the project is that it is one of the few undeveloped high-grade deposits in the world. We are well advanced in marketing the phosphate rock to the domestic and regional markets with strong interest shown.

All Company resources are now focused on getting Ardmore into production. We have commenced a feasibility study for the project which we hope to complete in mid-2018. The studies will include provision of product marketing samples to customers as requested, as we move towards off-take agreements. In parallel with the feasibility study we will look to provide scoping level cost-estimates to the market in 2017 to provide an interim picture of the projects value in order to demonstrate just how much Centrex is undervalued.

We are still advancing Oxley despite the focus on Ardmore. This year the engineering designs for the project have made significant progress, with the complexity and footprint being reduced from the previous scoping study design. The next step for the project is to complete a small scale continuous pilot plant trial that is planned to commence in 2017.



ARDMORE PHOSPHATE ROCK PROJECT, QLD (CENTREX 100%)

The Company completed the acquisition of the Ardmore Phosphate Rock Project ("Ardmore") in Northwest Queensland from Southern Cross Fertilisers Pty Ltd ("SCF") on 27th June 2017. Mining Lease ML5542 comprising the project has been transferred to Centrex's wholly owned subsidiary Centrex Phosphate Pty Ltd ("Centrex Phosphate"). Centrex paid A\$ 5 million and SCF retains an interest in the project via a right of first refusal of up to 20% of production (at market prices) as well as a 3% royalty.

A maiden Inferred Mineral Resource based on historical drilling was announced for the project by Centrex in early July 2017 of 12 million tonne at 28.7% P₂O₅ (using a 19% P₂O₅ grade cut-off). For full details of the resource announcement see the release on the 6th July 2017;

<http://www.asx.com.au/asxpdf/20170706/pdf/43kgp6drj432tb.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.

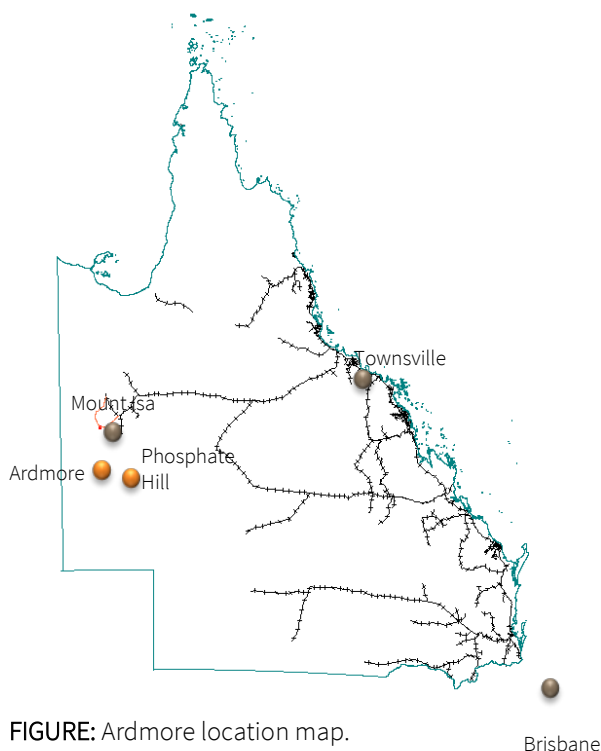


FIGURE: Ardmore location map.

Brisbane

Centrex commenced infill resource definition and metallurgical bulk sample drilling in August 2017 as part of its feasibility study now underway for the project, with completion expected in mid-2018. While Centrex considers the project already advanced enough to proceed directly to a feasibility study, a scoping study will be completed in parallel to provide interim cost estimates to the market in late 2017, assuming the required release guidelines can be met given the resource status at the time. Centrex's intention is to achieve first shipments from the project in 2019.



FIGURE: Centrex GM Exploration Alastair Watts (left) at Ardmore with NRC environmental consultant Dave Hall (right) holding a fauna trap.

In June 2017 Northern Resource Consultants ("NRC") completed an early dry season flora and fauna survey across the Ardmore Mining Lease, and cultural heritage surveys were also completed in the same month. The surveys form part of the environmental baseline studies required for the approval of a full-scale phosphate rock mining and export operation by

Centrex. As the Mining Lease was granted prior to 1996 it is exempt from Native Title.

Qube Bulk Pty Ltd ("Qube Bulk") undertook a feasibility level logistics study for the project near the end of the calendar year, with both bulk and containerised haulage options considered. Phosphate rock from Ardmore is planned to be trucked 90km by existing roads to the Mount Isa-Townsville rail line where it will be hauled to the Port of Townsville for shipping.

A marketing tour of India was completed in February to seek customers for the phosphate rock, given India is the world's largest importer. Very positive feedback was received and requests made for product samples for the customers to undertake analysis on, for suitability in either their phosphoric acid or single superphosphate plants. Positive discussions have also been had with potential customers in Australia and the local region, again resulting in requests for product samples. Centrex will provide the requested product samples as part of its feasibility level testwork program currently underway.

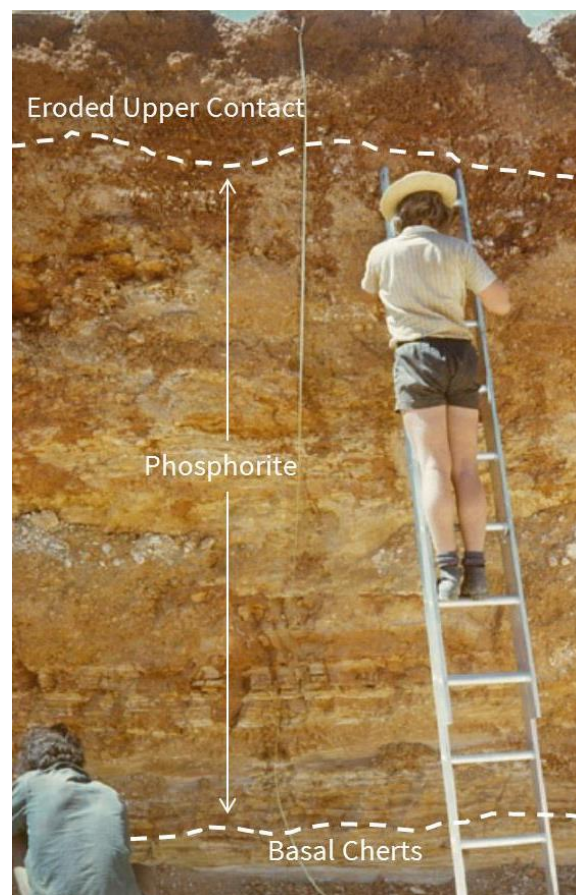


FIGURE: Mapping phosphorite section at Ardmore in historical excavation AE4.

OXLEY POTASH PROJECT, WA (CENTREX 100%)

A Scoping Study for the Oxley Potassium Nitrate Project (“Oxley”) located near the port of Geraldton in Western Australia was completed in August 2016. Potassium nitrate (“NOP”) is a high-value horticultural fertiliser that trades at a significant premium to standard potash (potassium chloride). Scoping level engineering design along with initial capital and operating cost estimates were prepared by Amec Foster Wheeler. The estimates showed the start-up operation to have globally competitive economic potential, with further upside possible from large-scale expansion from the extensive deposit and optimisation of the process.

The start-up operation was based on only a fraction of the current Inferred Mineral Resources that includes 38 million tonnes at 10% K₂O (9% cut-off), from the total of 155 million tonnes at 8.3% K₂O (6% cut-off). The Inferred Mineral Resource itself is derived from just 3kms of the overall 32km striking rare ultrapotassic lava flow that forms the basis of the project.

For full details of the Inferred Mineral Resource please see announcement 8th March 2016;

http://www.asx.com.au/asxpdf/20160308/pdf/435nrchi_m48mjl.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.

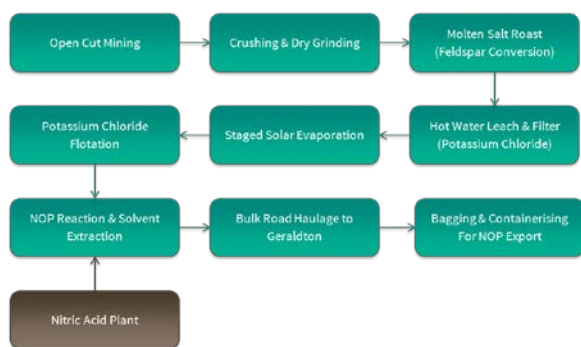


FIGURE: Simplified NOP production process flow.

Potassium feldspar ore would be mined via open cut from a series of shallow pits. The ore would be crushed and then ground to P80 150µm via a dry circuit to reduce moisture into the furnace. The ore along with salt provided from a brine held by Centrex adjacent to the project would be roasted to convert the potassium feldspar to soluble potassium chloride for hot water leaching and filtration.

The resulting potassium rich brine (order of magnitude higher potassium concentration than naturally occurring brines) would be staged crystallised in solar evaporation ponds and potassium chloride recovered

via a potash flotation plant. The potassium chloride would then be reacted with nitric acid produced on site to form the NOP product. Both the make onsite and buy ammonia options for nitric acid production were considered in the study, and both continue to be assessed for their relative merits. The final NOP product would be hauled by road in bulk to Geraldton where it would be bagged and placed into containers for export using existing third party facilities.

Such were the positive results from the Scoping Study that the Board approved the immediate start of a Prefeasibility Study (“PFS”) in late August 2016. Given the sheer number of processing options open for investigation it was decided to conduct a number of engineering reviews to provide the go-forward design option to underpin a small-scale pilot testwork program for the PFS. Hatch were awarded the key roasting circuit along with overall engineering design compilation. Canadian potash specialists Novopro undertook reviews of the solar evaporation ponds and hydrometallurgical circuits.

In January 2017 the project successfully scaled up testwork at Kingston Process Metallurgy Inc. in Canada. Three 2kg batch molten salt roasts were completed, converting and leaching potassium from the ultrapotassic lava that forms the basis of the Oxley project. Initial results at the increased scale were highly encouraging with potassium extractions of up to 88% based on the residual potassium grades in the solid tails after water leaching and filtering of the roast products. Further optimisation is underway to improve on these already high recoveries.

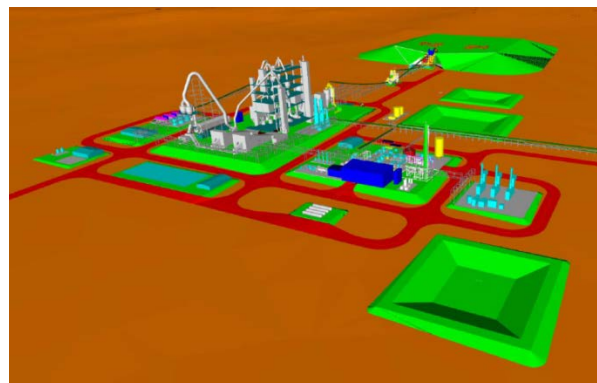


FIGURE: Oblique view looking south-east at the Oxley process plant, pit and mine waste facilities designs.

The engineering design review was completed by the end of the year. The key outcomes from the design review were to reduce the overall complexity and footprint of original scoping study design, and to select a go-forward design option to underpin a prefeasibility study testwork program. This testwork program includes a small-scale continuous pilot plant for the roasting circuit, which is planned to commence in 2017.

The updated engineering design also includes a 3D plant model which allows for a better understanding of the plant layout and has been used to estimate the construction quantities required for plant and ancillary facilities.

GOULBURN POLYMETALLIC PROJECT, NSW (CENTREX 100%)

A small exploration program conducted at Goulburn in the first half of the calendar year included two diamond drill holes: CD013 and CD014 to depths of 350.7m each. The two holes were designed to test a gravity anomaly “lobe” close to the Collector Deposit. Downhole electromagnetic (“DHEM”) surveys were completed on both holes.

Results were received and interpreted in July 2017 with both drill holes CD013 and CD014 failing to hit targeted Silurian strata that host the Collector Deposit. Instead they intersected Ordovician aged sediments with a number of short intervals of visible sphalerite mineralisation in the form of wispy aggregates and veinlets, along with traces of secondary chalcopryrite within quartz veining. The drilling results including density measurements did not adequately account for the inversion modelled gravity target.

Selected intervals with visible sphalerite and or chalcopryrite were sent for analysis. The more significant intervals include 2m at 1.37% Zn and 0.31% Cu from 170m in CD013, and 1m at 1.1% Zn from 109m in CD014.

DHEM survey results were then modeled by Mitre Geophysics Pty Ltd using ‘Maxwell’ which assumes a thin rectangular conductive source. The model inferred two strong untested conductors. The first more definitive conductor was modeled from around 250m depth (green model). This conductor is below massive sulphide mineralisation intersected in historical hole CD004, and proximal in depth terms to massive sulphide mineralisation in CD009. A second inferred larger conductor (red model) was modelled from 300m depth, below the depth of previous mineralisation intercepts.

The modeled targets are along strike of the Collector deposit and are a highly encouraging drilling target.

For full details of the exploration results see the announcement of 18th October 2016;

<http://www.asx.com.au/asxpdf/20161018/pdf/43c2g5wqp5shz3.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.

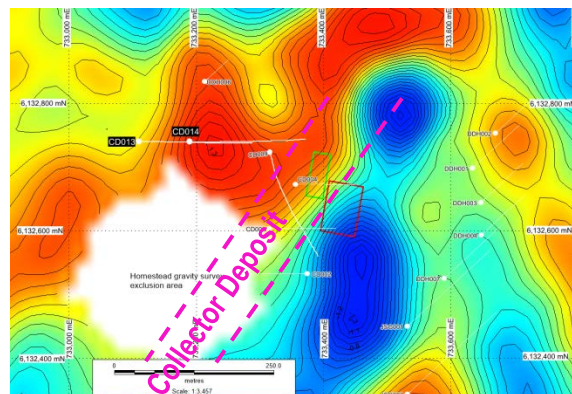


FIGURE: Collector Deposit plan view of CD013 , CD014, Residual Bouguer Gravity and the modeled DHEM survey conductor surfaces projected to surface.

SOUTH AUSTRALIA IRON ORE PORTFOLIO

The Retention Lease for the Kimba Gap Magnetite Project (“Kimba Gap”) was approved by the South Australian Government in November 2016 with the lease in place for five years, effective from 8th November 2016 to 7th November 2021. The Company is marketing both Kimba Gap and its Wilgerup Hematite Project for potential divestment.

The Company exited the Bungalow Joint Venture having formally executed all of the documents and transfers necessary to sell the EL 5851 (Bungalow/Minbrie) to Baogang Investment (Australia) Pty Ltd in mid-June.

Mr Ben Hammond
Chief Executive Officer

Dated at Adelaide this 19th day of September 2017.



Mining Exploration Entity Annual Reporting Requirements

LIST OF TENEMENTS IN WHICH THE GROUP HAS AN INTEREST

TENEMENT LIST				AS AT 30 TH JUNE 2017
Location	Licence number	Description	Held by:	Interest %
Queensland	ML 5542	Ardmore Phosphate Rock Project	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	RL 129	Kimba Gap	KGIP ⁴	100
	ML 6344	Wilgerup	CXM ⁵	100
	EL 5559	Wanilla	CXM ⁵	40
	EL 4885	Greenpatch	CXM ⁵	40
	EL 5065	Mount Hill	SAIOG ⁶	40
	EL 4998	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 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 30 TH JUNE 2017	
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 30 TH JUNE 2017		
Location	Resource Classification	Tonnage (Mt)	Head Grade				
			Fe (%)	SiO ₂ (%)	Al ₂ O 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

Mining Exploration Entity Annual Reporting Requirements (continued)

Wilgerup Ore Reserves were reported in August 2007. At that time the Reserve estimation was based on a price for 58% Fe iron ore FOB Australia of \$US 50 per tonne. The Company's best estimate of the current equivalent price is less than \$US 40 per tonne. Given the sustained low iron ore prices over the last 24 months Centrex believes there are no definable reserves under current pricing conditions.

HEMATITE IRON ORE RESERVES BY AREA					AS AT 30 TH JUNE 2017		
Location	Reserve Classification	Tonnage (Mt)	Head Grade				
			Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	LOI	P (%)
Wilgerup	Proved	-	-	-	-	-	-
	Probable	-	-	-	-	-	-
	Total	-	-	-	-	-	-

The information included in the table 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 30 TH JUNE 2017	
Location	Resource Classification	Tonnage (Mt)	Head Grade			
			K ₂ O (%)	Cut-off grade K ₂ O (%)		
Oxley Potassium Project	Measured	-	-	-		
	Indicated	-	-	-		
	Inferred	154.7	8.3	6.0		
	Total	154.7	8.3	6.0		

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
		30/6/2016	30/6/2017	
<u>Magnetite (iron)</u>				
Total Fusion Area	Resource	969.4	969.4	No change
Carrow	Resource	159.2	159.2	No change
Greenpatch	Resource	54.8	54.8	No change
Kimba Gap	Resource	487.1	487.1	No change
<u>Hematite (iron)</u>				
Wilgerup	Resource	14.1	14.1	No change
Wilgerup	Reserve	0.0	0.0	No change
<u>Feldspar (potassium)</u>				
Oxley	Resource	154.7	154.7	No change

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 ANNOUNCEMENTS

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 Bungalow resource please see the announcement of 25th May 2012.

<http://www.asx.com.au/asxpdf/20120525/pdf/426gp0l17x8p6l.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>

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

<http://www.asx.com.au/asxpdf/20160308/pdf/435nrchjm48mjl.pdf>

COMPETENT PERSONS STATEMENT

The information in this report relating to Exploration Results (contained in the Chief Executive Officer'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.

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.

Directors' Report

For the Year Ended 30th June 2017

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 2017 and the auditor's report thereon.

<u>Section</u>	<u>Contents of Directors' Report</u>
1	Directors and the Company Secretary
2	Executives considered to be Key Management Personnel
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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
<p>Mr David Klingberg AO</p> <p>FTSE, D UniSA, B.Tech, FIE Aust, FAus IMM, FAICD, KSJ</p> <p>Appointed 19/4/05</p> <p>Chairman since 15/1/10</p>	<p><u>Independent Chairman</u></p> <p>Mr Klingberg has 35 years' experience as a professional engineer with Kinhill Limited including previously spending 10 years as CEO managing professional engineering services to resource developments and other industries.</p> <p>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 has recently retired from the boards of Codan Limited (ASX: CDA), E&A Limited (ASX: EAL) and Snowy Hydro Limited as well as the State Government Boards of Renewables SA and Invest in SA. He is currently a director of Litigation Lending Services Limited.</p> <p>Mr Klingberg is a member of the Company's Audit and Risk Management Committee and the Remuneration and Nomination Committee.</p>
<p>Mr Jim Hazel</p> <p>BEC, SF Fin, FAICD</p> <p>Appointed 12/7/10</p>	<p><u>Independent Non-Executive Director</u></p> <p>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.</p> <p>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).</p> <p>Mr. Hazel is Deputy Chairman of the Company and chairs the Company's Audit and Risk Management Committee and the Remuneration and Nomination Committee.</p>
<p>Mr Graham Chrisp</p> <p>B Tech (CE)</p> <p>Appointed 21/1/10</p>	<p><u>Non-Executive Director</u></p> <p>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 is Executive Chairman of the Outback Metals Pty Ltd (ASX: OUM, delisted on 26/2/15) and has numerous private interests.</p> <p>Mr Chrisp is also associated with Daiang Pty 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.</p> <p>Mr Chrisp is a member of the Company's Remuneration and Nomination Committee.</p>

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 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 Secretary

Company Secretary

The Company Secretary and Chief Financial Officer, Mr Gavin Bosch joined the company in January 2008 and was appointed Company Secretary on 2nd May 2008. Mr Bosch has over 19 years' experience in the mining industry and is a Certified Practising Accountant and a member of the Governance Institute of Australia.

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:

Chief Executive Officer

The Chief Executive Officer, Mr Ben Hammond was appointed on 1st July 2013, and was Acting Chief Executive Officer since 13th February 2013. Prior to this Mr Hammond was the company's Chief Development Officer as well as Chief Operating Officer for Eyre Iron Pty Ltd, Centrex's iron ore joint venture with Wuhan Iron & Steel (Group) Co. Mr Hammond remains a Director of Eyre Iron Pty Ltd.

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.

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 2017.

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 is the Company Secretary and Chief Financial Officer and is considered to be a member of key management personnel and his qualifications are listed above at item 1.2 of this Directors' Report.

Directors' Report (continued)

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 2017 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	3	3	-	-
Mr K Poh	11	11	3	3	-	-
Mr G Chrisp	11	11	-	-	-	-
Mr J Hazel	11	11	3	3	-	-

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 2017, the Non-Executive Directors' compensation comprised Directors' base fees of \$81,000 per annum (2016: \$81,000 per annum) for the Chairman and \$49,500 per annum (2016: \$49,500 per annum) for the other Non-Executive Directors. In addition, \$9,000 per annum (2016: \$9,000 per annum) was paid for membership of the Audit and Risk Management Committee, with an additional \$2,250 per annum (2016: \$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. For the year ended 30th June 2017 Messer's Klingberg, Poh and Chrisp had the value of superannuation benefits paid as additional consultancy fees.

Chief Executive Officer and Company executives

Remuneration packages for the Chief Executive Officer 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 2017 financial year there were no awards made under either the STI or LTI plans.

Mr Ben Hammond

Mr Hammond was appointed Chief Executive Officer on 1st July 2013. Mr Hammond’s total fixed remuneration for the 2017 financial year reduced in comparison to the previous financial year as a consequence of his volunteering a 10% reduction in his salary effective from 1st September 2015. His total fixed remuneration package for the year was \$385,396 (2016: \$393,141).

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 Gavin Bosch	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.

Service Agreements

The Company has service contracts with each executive listed above. Each contract is for an unlimited term (except for Mr Gérard Bosch, which is a fixed term ending 28th February 2019) and can be terminated by either party by giving up to three months written notice. The Company reserves the right to terminate the contract without notice in the event of misconduct or dishonesty.

Directors' Report (continued)

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⁾	
			\$	\$	\$	\$	
<u>Current Directors</u>							
Mr D Klingberg AO	Non-exec	2017	98,550	-	-	-	
		2016	98,550	-	-	-	
Mr J Hazel	Non-exec	2017	60,750	-	-	-	
		2016	60,750	-	-	-	
Mr K Poh	Non-exec	2017	64,058	-	-	-	
		2016	64,058	-	-	-	
Mr G Chrisp	Non-exec	2017	54,202	-	-	-	
		2016	54,202	-	-	-	
<u>Former Directors</u>							
Mr B Lu ⁽⁵⁾	Non-exec	2017	-	-	-	-	
		2016	12,767	-	-	-	
Total compensation: Directors		2017	277,560	-	-	-	
		2016	290,327	-	-	-	
<u>Current executives</u>							
Mr B Hammond	Chief Executive	2017	350,412	-	4,984	6,919	
	Officer	2016	358,573	-	4,569	-	
Mr A Watts	GM Exploration	2017	255,488	-	4,864	17,317	
		2016	256,422	-	4,569	-	
Mr Gavin Bosch	Chief Financial	2017	209,187	-	-	9,401	
	Officer	2016	209,187	-	-	-	
Mr S Klose ⁽⁶⁾	GM Projects	2017	250,208	-	4,690	13,021	
		2016	-	-	-	-	
Mr Gérard Bosch ⁽⁷⁾	Mgr. Approvals	2017	61,500	-	629	5,819	
	& Stakeholder Relations	2016	-	-	-	-	
Total compensation: executives		2017	1,126,795	-	15,167	52,477	
		2016	824,182	-	9,138	-	
Total compensation: KMP		2017	1,404,355	-	15,167	52,477	
		2016	1,114,509	-	9,138	-	

(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		
	5,771	-	-	-	66,521		
	5,771	-	-	-	66,521		
	-	-	-	-	64,058		
	-	-	-	-	64,058		
	-	-	-	-	54,202		
	-	-	-	-	54,202		

	-	-	-	-	-		
	784	-	-	-	13,551		
	5,771		-	-	283,331		
	6,555		-	-	296,882		

	30,000	-	-	10,031	402,346	0.0	0.0
	29,999	31,157	-	2,257	426,555	0.0	7.3
	24,271	-	-	6,617	308,557	0.0	0.0
	24,360	72	-	9,167	294,590	0.0	0.0
	19,873	-	-	6,433	244,894	0.0	0.0
	19,873	45	-	6,433	235,538	0.0	0.0
	23,770	-	-	1,640	293,329	0.0	0.0
	-	-	-	-	-	0.0	0.0
	5,843	-	-	187	73,978	0.0	0.0
	-	-	-	-	-	0.0	0.0
	103,757	-	-	24,908	1,323,104		
	74,232	31,274	-	17,857	956,683		

	109,528	-	-	24,908	1,606,435		
	80,787	31,274	-	17,857	1,253,565		

(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 Bingqiang Lu resigned as a director on 25th September 2015.

(6) Mr Steve Klose was appointed on 12th August 2017.

(7) Mr Gérard Bosch was appointed on 27th February 2017.

Directors' Report (continued)

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.

	2017	2016	2015	2014	2013
Profit / (loss) attributable to owners of the company	488,828	(4,987,053)	(14,821,127)	(734,552)	\$1,004,564
Dividends paid (per share)	-	-	-	\$0.05	\$0.05
Share price at 30 June	\$0.06	\$0.06	\$0.08	\$0.09	\$0.13

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 Chief Executive Officer for the relevant period.

For the period ending 30th June 2017 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.

No Performance Rights or Retention Rights have been issued by the Company since July 2013.

Rights

The Company did not issue any rights to directors or key management personnel during the year. Further information on the rights held by KMP is disclosed in note 18 of the financial statements.

6. Principal Activity

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

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

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 loss for the reporting year, after providing for income tax was:

	2017 \$	2016 \$
Net profit / (loss) after income tax	488,828	(4,987,053)

The Group incurred expenditure of \$7,766,754 (2016: \$2,615,760) 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 Chief Executive's Report.

8. Dividends

No dividends were declared during the year.

9. Events subsequent to year end

There was only one material event that occurred subsequent to the end of the financial year being:

- On 8th September 2017 the Company signed a deed of termination with Wugang Australian Resources Investment Pty Ltd that formally allows both parties to dissolve the Eyre Peninsula Joint Venture. The Company anticipates the process will take between six and nine months to complete.

Directors' Report (continued)

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
South Australia					Amalgamated expenditure agreement for the 24 month period ending 31 st Jan 2019	
Wanilla EL5559	(a)	CXM(i)	40%	200,000 for the 24 month period ending 31 st Jan 2019		15 th Nov 2019
Greenpatch EL5852	(a)	CXM(i)	40%			13 th Aug 2018
Mount Hill EL5065	(a)	SAIOG(ii)	40%			5 th Aug 2017
Carrow EL5971	(a)	SAIOG(ii)	40%			11 th Apr 2019
New South Wales						
Goulburn EL7388		LM(iii)	100%	250,000	Annual	20 th Aug 2017
Archer EL7503		LM(iii)	100%	50,000	Annual	7 th Apr 2019
Western Australia						
Oxley A E70/3777		CPPL(iv)	100%	50,000	Annual	29 th Dec 2020
Oxley B E70/4004		CPPL(iv)	100%	50,000	Annual	1 st Mar 2021
Oxley C E70/4318		CPPL(iv)	100%	62,000	Annual	13 th May 2022
Oxley D E70/4319		CPPL(iv)	100%	50,000	Annual	13 th May 2022
Oxley E E70/4320		CPPL(iv)	100%	30,000	Annual	13 th May 2022
Oxley F E70/4378		CPPL(iv)	100%	30,000	Annual	13 th Sep 2017
Oxley G E70/4729		CPPL(iv)	100%	58,000	Annual	9 th Aug 2020

- (i) Centrex Metals Limited ("CXM")
- (ii) South Australian Iron Ore Group Pty Limited ("SAIOG")
- (iii) Lachlan Metals Pty Ltd ("LM")
- (iv) Centrex Potash Pty Ltd ("CPPL")
- (a) Wuhan Iron and Steel (Group) Limited acquired 60% of the iron ore rights to these tenements on 7th July 2010 following financial close of the Eyre Peninsula joint venture agreement.

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).

Some of the mineral tenements listed above have expiry dates that precede the date of this report. Each of those tenements is in the process of being renewed by the relevant government department and the Group has no reason to expect that the renewal will not take place.

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.

Lincoln Minerals Limited has the right to explore for and exploit minerals other than iron ore on the above tenements held by Centrex Metals Limited listed above.

11. Directors' Interests in Shares and Options

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 held	Options held	
		Number	Price/Expiry
Patna Properties Pty Ltd (a company associated with Mr David Klingberg AO)	2,042,810	-	-
Mr Kiat Poh	2,618,880	-	-
Daiang Pty Ltd (a company associated with Mr Graham Chrisp)	110,905,672	-	-
Candle Grove Pty Ltd (a company associated with Mr Jim Hazel)	866,155	-	-

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 30 th Jun 2016	-	1,000,000
New rights issued during the 12 months ending 30 th Jun 2017	-	-
Options / rights converted to shares during the period	-	-
Expired options / rights during the period	-	(1,000,000)
No. of unissued shares at 30th Jun 2017	-	-
New rights issued since 30 th Jun 2017	-	-
Options / rights converted to shares since 30 th Jun 2017	-	-
Expired options / rights since 30 th Jun 2017	-	-
No. of unissued shares at report date	-	-

Directors' Report (continued)

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 the Oxley Potassium Project in Western Australia and the Group followed procedures and pursued objectives in line with requirements published by the Department of Mines and Petroleum ('DME') the relevant regulator.

The requirements from the relevant government department 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.

	2017 \$	2016 \$
Audit Services	52,750	49,750
Other services - taxation services	30,302	16,589
Auditor's of the company - KPMG	83,052	66,339

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 2017.

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



Mr David Klingberg AO
Chairman

Dated at Adelaide this 19th day of September 2017.



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 2017 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

Scott Fleming

Partner
Adelaide

19 September 2017



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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year ended 30th June 2017

	Note	2017 \$	2016 \$
Other income	2	1,407,665	531,151
Office and administration expenses		(274,630)	(401,815)
Consultants and management expenses		(256,228)	(306,599)
Directors' fees		(277,560)	(290,327)
Employee benefit expenses	2	(628,347)	(616,316)
Depreciation expense	9	(32,299)	(131,324)
Impairment of land	9	-	(784,420)
Exploration expenditure written off	8	(303,640)	(3,741,723)
Other expenses		(76,834)	(219,556)
Results from operating activities		(441,873)	(5,960,929)
Finance income	2	648,360	799,809
Net finance income		648,360	799,809
Profit / (Loss) before income tax		206,487	(5,161,120)
Income tax benefit	4	282,341	174,067
Profit / (Loss) for the period		488,828	(4,987,053)
Other comprehensive income		-	-
Total comprehensive income for the period		488,828	(4,987,053)
Profit / (Loss) attributable to:			
Owners of the Company		488,828	(4,987,053)
Profit / (Loss) for the period		488,828	(4,987,053)

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	0.15	(1.58)
Diluted earnings per share	5	0.15	(1.58)

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 2017

	Contributed equity	Share Option reserve	Profit reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Current Period					
Balance at 30 th 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

Prior Period					
Balance at 30 th June 2015	41,330,328	2,345,902	1,004,564	(5,461,793)	39,219,001
Loss for the period	-	-	-	(4,987,053)	(4,987,053)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income for the Period				(4,987,053)	(4,987,053)

Contributions from/to equity owners					
Dividends to equity holders	-	-	-	-	-
Share-based payment transactions	-	31,275	-	-	31,275
Balance at 30th June 2016	41,330,328	2,377,177	1,004,564	(10,448,846)	34,263,223

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 2017

	Note	As at	
		30 th June 2017 \$	30 th June 2016 \$
Assets			
Cash and cash equivalents	6	1,872,497	1,714,633
Term deposits	6	18,136,403	25,362,482
Receivables and other assets	7	723,129	578,616
Total Current Assets		20,732,029	27,655,731
Exploration and evaluation expenditure	8	14,143,446	6,649,919
Land and buildings	9	625,455	630,643
Plant and equipment	9	15,937	19,295
Total Non-Current Assets		14,784,838	7,299,857
Total assets		35,516,867	34,955,588
Liabilities			
Trade and other payables	10	321,024	326,301
Employee benefits	11	271,899	143,838
Total Current Liabilities		592,923	470,139
Deferred income tax liabilities	4	-	-
Employee benefits	11	171,893	222,226
Total Non-Current Liabilities		171,893	222,226
Total Liabilities		764,816	692,365
Net assets		34,752,051	34,263,223
Equity			
Contributed equity		41,330,328	41,330,328
Share option reserve		2,377,177	2,377,177
Profit reserve		1,004,564	1,004,564
Accumulated losses		(9,960,018)	(10,448,846)
Total equity		34,752,051	34,263,223

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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Port Spencer Joint Venture legal settlement proceeds		1,279,538	-
Lease income received		-	115,660
Payments to suppliers and employees		(2,024,182)	(1,793,893)
Research and development tax incentive received		456,408	-
Net cash used in operating activities	21(b)	(288,236)	(1,678,233)
Cash flows from investing activities			
Expenditure on mining tenements		(7,487,854)	(2,613,399)
Interest received		731,900	762,751
Acquisition of property plant and equipment	9	(24,025)	(21,282)
Proceeds on disposal of assets		-	2,453,609
Net cash used in / (from) investing activities		(6,779,979)	581,679
Cash flows from financing activities			
Net cash from financing activities		-	-
Net decrease in cash before term deposits		(7,068,215)	(1,096,554)
Cash transferred from / (to) term deposits	(i)	7,226,079	(5,774,556)
Net increase / (decrease) in cash		157,864	(6,871,110)
Cash at the beginning of the year		1,714,633	8,585,743
Cash at the end of the year		1,872,497	1,714,633

(i) The average term of all term deposits above 90 days is 178 days (2016: 156 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 2017

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 2017 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 19th September 2017.

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

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

Notes to the Consolidated Financial Statements (continued)

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.

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 policy 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 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

Notes to the Consolidated Financial Statements (continued)

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) Interest Bearing Liabilities

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

t) Share capital

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

u) 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.

v) 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.

w) 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.

x) 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.

y) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is only capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are recognised in profit or loss as incurred. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

z) 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: AASB 9: 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: AASB 16: 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

Notes to the Consolidated Financial Statements (continued)

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 there being a small

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.

2. PROFIT FROM CONTINUING OPERATIONS

	2017 \$	2016 \$
Finance Income		
Interest income on bank accounts including term deposits	637,564	752,937
Interest income on restricted cash	10,796	46,872
	648,360	799,809

Other income		
Lease income	-	60,211
(Loss) / gain on asset disposals	(271)	470,940
Port Spencer Joint Venture legal settlement proceeds	1,279,538	-
Share of proceeds from sale of Eyre Iron JV surplus assets	128,398	-
	1,407,665	531,151

Employee Benefit Expenses		
Wages and salaries (i)	308,298	406,064
Contributions to defined contribution superannuation funds	117,367	109,668
Employee liability movements	77,728	(53,315)
Equity settled share based payment transactions	-	31,275
Other employee costs	124,954	122,624
	628,347	616,316

- (i) In addition, wages and salaries of \$899,856 (2016: \$722,596) are capitalised into exploration and evaluation expenditure (see note 8: Exploration and Evaluation Expenditure).

3. AUDITOR'S REMUNERATION

	2017 \$	2016 \$
Audit Services	52,750	49,750
Other services - taxation services	30,302	16,589
Auditor's of the company - KPMG	83,052	66,339

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 (2016: it did not recognise a deferred tax asset or deferred tax liability). Details of the current and deferred income tax expense is shown below:

	2017 \$	2016 \$
Current income tax expense / (benefit)		
Current period	(282,341)	(174,067)
	(282,341)	(174,067)
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	-	-
	-	-
Total income tax benefit	(282,341)	(174,067)
Deferred Tax assets		
Property, plant and equipment	(284,948)	(295,468)
Provisions and accrued expenses	(255,995)	(250,440)
Deferred Tax liabilities		
Exploration and evaluation assets	1,989,503	1,268,533
Interest receivable	29,294	54,356
Net tax liabilities	1,477,854	776,981
Tax losses recognised	(1,477,854)	(776,981)
Deferred tax liability	-	-
Reconciliation of effective tax rate		
Profit / (Loss) for the year	488,828	(4,987,053)
Total income tax benefit	(282,341)	(174,067)
Profit / (Loss) excluding income tax	206,487	(5,161,120)
Prima facie income tax expense / (benefit) calculated at 30% (2016: 30%)	61,946	(1,548,336)
Non-deductible expenses	9,298	10,089
Tax incentives (Research & Development)	(282,341)	(174,067)
Tax losses not recognised	629,629	1,538,247
Tax losses recognised for the current year	(700,873)	-
Total income tax benefit	(282,341)	(174,067)
Unrecognised tax losses at 30% (2016: 30%)	2,223,852	2,499,335

Notes to the Consolidated Financial Statements (continued)

5. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30th June 2017 was based on the profit attributable to ordinary shareholders of \$488,828 (2016: loss of \$4,987,053) and a weighted average number of ordinary shares outstanding during the financial year ended 30th June 2017 of 315,505,357 (2016: 315,341,392).

	2017 \$	2016 \$
Loss attributable to ordinary shareholders		
Profit / (loss) for the period	488,828	(4,987,053)
Profit / (loss) attributable to ordinary shareholders	488,828	(4,987,053)

Weighted average number of ordinary shares		
Issued ordinary shares at beginning of year	315,505,357	314,784,304
Effect of shares issued in the first quarter (to 30 th September)	-	557,088
Effect of shares issued in the second quarter (to 31 st December)	-	-
Effect of shares issued in the third quarter (to 31 st March)	-	-
Effect of shares issued in the fourth quarter (to 30 th June)	-	-
Weighted average number of ordinary shares at year end	315,505,357	315,341,392

Earnings per share for continuing and discontinued operations		
Basic earnings – cents per share	0.15	(1.58)
Diluted earnings – cents per share	0.15	(1.58)

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 diluted earnings per share. For the year ended 30th June 2017 the weighted average number of ordinary shares outstanding during the financial year after adjustment for the effects of all dilutive potential ordinary shares was 315,505,357 (2016: 315,701,033).

6. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	2017 \$	2016 \$
Cash and cash equivalents	1,543,125	554,444
Restricted cash held in joint arrangements	329,372	1,160,189
	1,872,497	1,714,633

The Company also has term deposits of \$18,136,403 as at 30th June 2017 (2016: \$25,362,482).

7. RECEIVABLES AND OTHER ASSETS

	2017 \$	2016 \$
Current		
Port Spencer joint arrangement	-	3,900
Bungalow joint arrangement	-	6,916
Prepayments and other receivables	94,939	194,451
Research and development refund	-	174,067
Interest due on term deposits	97,648	181,187
GST Receivable	530,542	18,095
	723,129	578,616

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:

	2017 \$	2016 \$
Tenements relinquished	180,434	-
Tenements impaired	92,793	3,741,723
Eyre Iron JV assets impaired	30,413	-
Exploration expenditure written off	303,640	3,741,723

Farm-out arrangements

In the year ended 30th June 2014 the Company ceased being "free-carried" in the Eyre Iron JV and accordingly is recognising its share of the jointly controlled assets, liabilities and expenses. The joint arrangement relating to the Bungalow tenement (EL 5851) with Baotou Iron & Steel Group Company Limited ("Baotou") ceased in June 2017 following the sale of the entire licence to Baotou in that month.

Notes to the Consolidated Financial Statements (continued)

		Cumulative Expenditure to 30 th Jun 16	Expenditure 12 months to 30 th Jun 17	Tenements relinquished to 30 th Jun 17	Tenements impaired to 30 th Jun 17	Cumulative Expenditure to 30 th Jun 17
		\$	\$	\$	\$	\$

Centrex Metals Limited

Greenpatch EL5852	W	-	-	-	-	-
Bungalow/Minbrie EL5851		-	-	-	-	-
Wilgerup EL5641		-	59,565	(59,565)	-	-
Wanilla EL5559	W	-	-	-	-	-
		-	59,565	(59,565)	-	-

South Australian Iron Ore Group Pty Ltd

Mount Hill EL5065	W	-	43,451	-	(43,451)	-
Carrow EL5971	W	-	49,342	-	(49,342)	-
Kimba Gap EL5170		-	95,509	(95,509)	-	-
Stony Hill EL5617		-	11,264	(11,264)	-	-
		-	199,566	(106,773)	(92,793)	-

Lachlan Metals Pty Ltd

Goulburn (NSW) EL7388		1,741,514	68,596	-	-	1,810,110
Archer (NSW) EL7503		202,652	12,316	-	-	214,968
Woolgarlo (NSW) EL8215		-	14,096	(14,096)	-	-
		1,944,166	95,008	(14,096)	-	2,025,078

Centrex Phosphate Pty Ltd

Ardmore (QLD) ML5542	(1)	-	5,913,445	-	-	5,913,445
		-	5,913,445	-	-	5,913,445

Centrex Potash Pty Ltd

Oxley A E70/3777		758,028	217,811	-	-	975,839
Oxley B E70/4004		668,830	215,276	-	-	884,106
Oxley C E70/4318		1,150,877	219,581	-	-	1,370,458
Oxley D E70/4319		653,144	212,039	-	-	865,183
Oxley E E70/4320		650,255	207,493	-	-	857,748
Oxley F E70/4378		653,624	209,597	-	-	863,221
Oxley G E70/4729		170,995	217,373	-	-	388,368
		4,705,753	1,499,170	-	-	6,204,923

Total		6,649,919	7,766,754	(180,434)	(92,793)	14,143,446
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- (W) WISCO has 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.
- (1) The Ardmore Mining Lease was acquired on 27th June 2017 from Southern Cross Fertilisers Pty Ltd (SCF), a wholly owned subsidiary of Incitec Pivot Limited. The Company made the acquisition with the full knowledge that the Mining Lease was due to expire on 1st July 2017. Prior to completion of the sale transaction with SCF the Company sought assurance from SCF that the relevant renewal documents had been lodged with the Department of Natural Resources and Minerals (DNRM) and Department of Environment and Heritage Protection (DEHP). The Company was advised by the DNRM that it had received the relevant renewal documents and furthermore that the DEHP have proposed to the Minister to approve the renewal. There is no prescribed timetable for Ministerial review however the Company is confident the renewal will be issued in the first half of the 2018 financial year.

9. LAND AND BUILDINGS, PLANT AND EQUIPMENT

	2017 \$	2016 \$
Land and buildings		
Balance at beginning of year	630,643	3,480,997
Additions	1,819	7,524
Depreciation charge for the year	(7,007)	(90,789)
Disposal of land	-	(1,982,669)
Impairment (i)	-	(784,420)
Balance at end of year	625,455	630,643

Plant and Equipment - Cost		
Balance at beginning of year	737,385	890,221
Additions	22,206	13,758
Disposals	(135,325)	(166,594)
Balance at end of year	624,266	737,385

Plant and Equipment - Depreciation		
Balance at beginning of year	718,090	844,149
Charge for the year	25,292	40,535
Disposals	(135,053)	(166,594)
Balance at end of year	608,329	718,090

Plant and Equipment - Net book value		
Balance at beginning of year	19,295	46,072
Additions/(Disposals)	21,934	13,758
Depreciation charge for the year	(25,292)	(40,535)
Balance at end of year	15,937	19,295

- (i) As a result of the impairment associated with the iron ore exploration tenements (refer to Note 8: Exploration and Evaluation Expenditure) the carrying value of land associated with the iron ore projects has been impaired to its estimated recoverable amount.

10. TRADE AND OTHER PAYABLES

	2017 \$	2016 \$
Current liabilities		
Trade payables	72,447	49,846
Other trade payables and accruals	248,577	276,455
	321,024	326,301

No interest is payable on trade payables.

Notes to the Consolidated Financial Statements (continued)

11. EMPLOYEE BENEFITS

	2017 \$	2016 \$
Current liabilities		
Annual leave provision	195,014	143,838
Long service leave provision	76,885	-
	271,899	143,838
Non-current liabilities		
Long service leave provision	171,893	222,226
	171,893	222,226

12. FINANCIAL GUARANTEES

As at 30th June 2017 two financial guarantees had been provided by the Company. One guarantee of \$15,000 relates to exploration work in New South Wales. The second guarantee of \$26,470 relates to the head office lease (2016: \$41,470).

13. INTEREST BEARING LOANS AND BORROWINGS

There are no interest bearing loans or borrowings at 30th June 2017 or 30th June 2016.

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

	2017	2016
Issued ordinary shares at the beginning of the period	315,505,357	314,784,304
Ordinary shares issued during the period	-	721,053
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 2017 or 30th June 2016, nor were there any dividends proposed by the directors after 30th June 2017.

Dividend Franking Account

	2017 \$	2016 \$
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 2017 or 30th June 2016.

Rights

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

	As at 30 th 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	-

At 30th June 2016, there are the following share rights outstanding:

	As at 30 th June 2016		
	2016 Performance Rights	2015 Retention Rights	2015 Performance Rights
Expiry date	31/07/2016	31/07/2015	31/07/2015
Vesting date	1/07/2016	1/07/2015	1/07/2015
Share Price Required to Vest:	\$0.20	\$0.00	\$0.50
Rights on issue at start of year	1,000,000	721,053	942,106
Rights exercised during the year	-	(721,053)	-
Rights cancelled (on expiry)	-	-	(942,106)
Rights on issue at end of year	1,000,000	-	-

There were no performance rights granted in either of the years ended 30th June 2017 or 30th June 2016.

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 2017 the Group has no 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 2017 the Group had \$20,008,900 invested in such deposits (2016: \$25,362,482). 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 2017, a 1 percent increase in the effective interest rate would have resulted in an increase in profit of \$240,076 (2016: \$272,226).

Notes to the Consolidated Financial Statements (continued)

(c) Credit risk exposures

The Group has no significant concentrations of credit risk. As at 30th June 2017 the Group was owed \$705,402 (2016: \$578,616).

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:

	2017 \$	2016 \$
Carrying amount – trade and other payables	321,024	326,301
Contractual cash flows	(321,024)	(326,301)
12 months or less	(321,024)	(326,301)

(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:

	2017		2016	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
Cash and cash equivalents	1,872,497	1,872,497	1,714,633	1,714,633
Term Deposits	18,136,403	18,136,403	25,362,482	25,362,482
Current receivables	705,402	705,402	578,616	578,616
	20,714,302	20,714,302	27,655,731	27,655,731
Financial liabilities				
Trade and other payables	321,024	321,024	326,301	326,301
	321,024	321,024	326,301	326,301

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.

17. OPERATING LEASES

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

	2017 \$	2016 \$
Payable to third parties		
Less than one year	48,016	48,120
Between one and five years	-	32,080
More than five years	-	-
Expensed during the year	70,739	119,685

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

18. RELATED PARTIES

The key management personnel compensation is as follows:

	2017 \$	2016 \$
Short-term employee benefits	1,471,999	1,123,647
Other long-term benefits	134,436	98,644
Termination benefits	-	-
Executive share options benefits	-	31,274
Employee benefits	1,606,435	1,253,565

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:

	2017 \$	2016 \$
Expenditure incurred on behalf of the entity		
Eyre Iron Joint Venture (i)	16,101	9,889
Bungalow Joint Venture (i)	44,171	14,220
Total expenditure incurred on behalf of the entity	60,272	24,109
Assets and liabilities arising from the above transactions		
Current receivables	-	10,816

- (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.

Notes to the Consolidated Financial Statements (continued)

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)	2017	1,742,810	300,000	-	-	2,042,810
	2016	1,742,810	-	-	-	1,742,810
Mr Kiat Poh	2017	1,918,880	700,000	-	-	2,618,880
	2016	1,918,880	-	-	-	1,918,880
Daiang Pty Ltd (ii)	2017	101,440,672	9,465,000	-	-	110,905,672
	2016	101,440,672	-	-	-	101,440,672
Wugang Australian Resources Investment Pty Ltd (iii)	2017	40,399,599	-	-	-	40,399,599
	2016	40,399,599	-	-	-	40,399,599
Candle Grove Pty Ltd (iv)	2017	503,073	363,082	-	-	866,155
	2016	403,073	100,000	-	-	503,073
Mr Ben Hammond (v)	2017	481,316	-	-	-	481,316
	2016	155,000	-	326,316	-	481,316
Mr Alastair Watts (v)	2017	424,211	63,500	-	-	487,711
	2016	140,000	-	284,211	-	424,211
Mr Gavin Bosch (v)	2017	1,150,526	-	-	-	1,150,526
	2016	1,040,000	-	110,526	-	1,150,526
Mr Steve Klose	2017	-	-	-	-	-
	2016	-	-	-	-	-
Mr Gerard Bosch	2017	-	-	-	-	-
	2016	-	-	-	-	-

- (i) Patna Properties Pty Ltd is a company associated with Mr David Klingberg AO.
- (ii) Daiang Pty Ltd is a company associated with Mr Graham Chrisp.
- (iii) Wugang Australian Resources Investment Pty Ltd is a company associated with Mr Bingqiang Lu.
- (iv) Candle Grove Pty Ltd is a company associated with Mr Jim Hazel.
- (v) Shares were issued to KMP on vesting of Retention Rights.

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:

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

30 th June 2016	Note	Holding at 30 th Jun 15	Issued	Exercised (E) or Expired (X)	Holding at 30 th Jun 16
2015 Retention Rights					
Expiring: 31/7/15; Share hurdle: \$0.00					
Mr Ben Hammond		326,316	-	(326,316) E	-
Mr Alastair Watts		284,211	-	(284,211) E	-
Mr Gavin Bosch		110,526	-	(110,526) E	-
2015 Performance Rights					
Expiring: 31/7/15; Share hurdle: \$0.50					
Mr Ben Hammond		326,316	-	(326,316) X	-
Mr Alastair Watts		284,211	-	(284,211) X	-
Mr Gavin Bosch		331,579	-	(331,579) X	-
2016 Performance Rights					
Expiring: 31/7/16; Share hurdle: \$0.20					
Mr Ben Hammond		1,000,000	-	-	1,000,000

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

19. CONTINGENT ASSETS

There were no contingent assets as at 30th June 2017. Previously the Company had reported a contingent asset relating to the Port Spencer Development. This joint venture and the contractual agreements that underpin it were terminated as part of a legal settlement that took place during the year. Please see refer to Note 2: Profit from Continuing Operations for more detail.

Notes to the Consolidated Financial Statements (continued)

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:

	2017 \$	2016 \$
South Australian Tenements		
Tenements with annual commitments	-	500,000
Tenements with a 24 month commitment to 31 st January 2019	200,000	2,140,000
New South Wales Tenements		
Tenements with annual commitments	300,000	227,000
West Australian Tenements		
Tenements with annual commitments	330,000	284,500

Other commitments

At 30th June 2017 the Group had other commitments of \$50,000 relating to engineering and test work for the Oxley Potassium Project (2016: \$149,573 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	2017 \$	2016 \$
Cash and cash equivalents	6	1,872,497	1,714,633

(b) Reconciliation of cash flows from operating activities

	2017 \$	2016 \$
Net loss after income tax	488,828	(4,987,053)
Interest income	(648,360)	(799,809)
Depreciation	32,299	131,324
Impairment of land	-	784,420
Share options valuation	-	31,275
Exploration expenditure written off and other JV asset impairments	303,640	3,741,723
(Profit) / loss on disposal of plant and equipment	271	(470,940)
Increase in debtors	(633,704)	555
Increase in tax payable / (refund)	174,067	(174,067)
Increase / (decrease) in payables	(5,277)	64,339
Net cash used in operating activities	(288,236)	(1,678,233)

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 names 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;
- and
- Centrex Potash Pty Ltd.

23. SEGMENT REPORTING

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

Notes to the Consolidated Financial Statements (continued)

24. PARENT ENTITY DISCLOSURES

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

	Company	
	2017 \$	2016 \$
Result of the parent entity		
Profit / (Loss) for the period	702,490	(811,913)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the period	702,490	(811,913)
Financial position of the parent entity		
Current assets	20,732,029	27,655,731
Total assets	20,748,421	27,680,669
Current liabilities	5,967,247	13,628,537
Total liabilities	6,216,025	13,850,763
Net assets	14,532,396	13,829,906
Equity of the parent entity		
Contributed equity	41,330,328	41,330,328
Share options issues	2,377,177	2,377,177
Accumulated losses	(29,175,109)	(29,877,599)
Total equity	14,532,396	13,829,906

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 was only one material event that occurred subsequent to the end of the financial year being:

- On 8th September 2017 the Company signed a deed of termination with Wugang Australian Resources Investment Pty Ltd that formally allows both parties to dissolve the Eyre Peninsula Joint Venture. The Company anticipates the process will take between six and nine months to complete.

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 54, 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 2017 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 2017 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:

A handwritten signature in dark ink, appearing to read 'DK', followed by a period.

Mr David Klingberg AO

Dated at Adelaide this 19th day of September 2017



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 2017 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 2017
- 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
- 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 Matters

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.

Exploration and evaluation expenditure (\$14.1m)	
Refer to Note 8 Exploration and evaluation expenditure	
The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure capitalised (E&E) is a key audit matter due to:</p> <ul style="list-style-type: none"> the significance of the balance (being 39.8% 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 <i>Exploration for and Evaluation of Mineral Resources</i>, in particular the conditions allowing capitalisation of relevant expenditure and presence of impairment indicators. <p>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 addition to the assessments above we paid particular attention to:</p> <ul style="list-style-type: none"> Documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group's intention to continue the relevant E&E activities; The Group's determination of whether the E&E is expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> 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 corroborating the ownership of the relevant license to government registries and evaluating agreements in place with other parties and assessing correspondence with government registries. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses. 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. Evaluating the Group documents, such as minutes of Board meetings, Board approved budget, and the Board approved assessment of compliance with the accounting standard and recoverability of E&E, for consistency with stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel. Assessing the Group's disclosure against the requirements of Australian Accounting Standards.



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 obtained 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. 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 this 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_files/ar2.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 2017, 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 2017.

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

KPMG

Scott Fleming
Partner

Adelaide

19 September 2017

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	6 th September 2017	
		Units	% of Issued Capital
1	DAIANG PTY LTD	110,905,672	35.15%
2	WUGANG AUSTRALIAN RESOURCES INVESTMENT PTY LTD	40,399,599	12.80%
3	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	6.94%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,976,043	4.75%
5	MR SIK ERN WONG	8,250,000	2.61%

Distribution of equity holders

Name	6 th September 2017	
	Number of ordinary and escrow shares	Employee options / rights plan
1 – 1,000	122	-
1,001 – 5,000	507	-
5,001 – 10,000	364	-
10,001 – 100,000	520	-
100,001 and over	145	-
	1,658	-

Top 20 Holders of Ordinary and Escrow shares

Rank	Name	6 th September 2017	
		Units	% of Issued Capital
1	DAIANG PTY LTD	110,905,672	35.15%
2	WUGANG AUSTRALIAN RESOURCES INVESTMENT PTY LTD	40,399,599	12.80%
3	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	6.94%
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,976,043	4.75%
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	KENG CHUEN THAM	4,395,300	1.39%
9	CITICORP NOMINEES PTY LIMITED	4,055,338	1.29%
10	GERARD ANDERSON SUPER PTY LTD	4,000,000	1.27%
11	BNP PARIBAS NOMINEES PTY LTD	3,870,208	1.23%
12	MR EWE GHEE LIM & MISS CHARLENE YULING LIM	3,750,000	1.19%
13	J P MORGAN NOMINEES AUSTRALIA LIMITED	3,724,688	1.18%
14	MISS LAY HONG GOH	3,139,301	1.00%
15	MR KIAT POH	2,618,880	0.83%
16	AMALGAMATED DAIRIES LIMITED	2,617,327	0.83%
17	MR YAM POEY CHEW	2,500,000	0.79%
18	DAVAN NOMINEES PTY LTD	2,423,076	0.77%
19	MR KA FAI MARTIN WONG	2,126,455	0.67%
20	PATNA PROPERTIES P/L	2,042,810	0.65%
		249,012,101	78.92%

Company Directory

Company Secretaries

Gavin Mathew Bosch CPA

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

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