

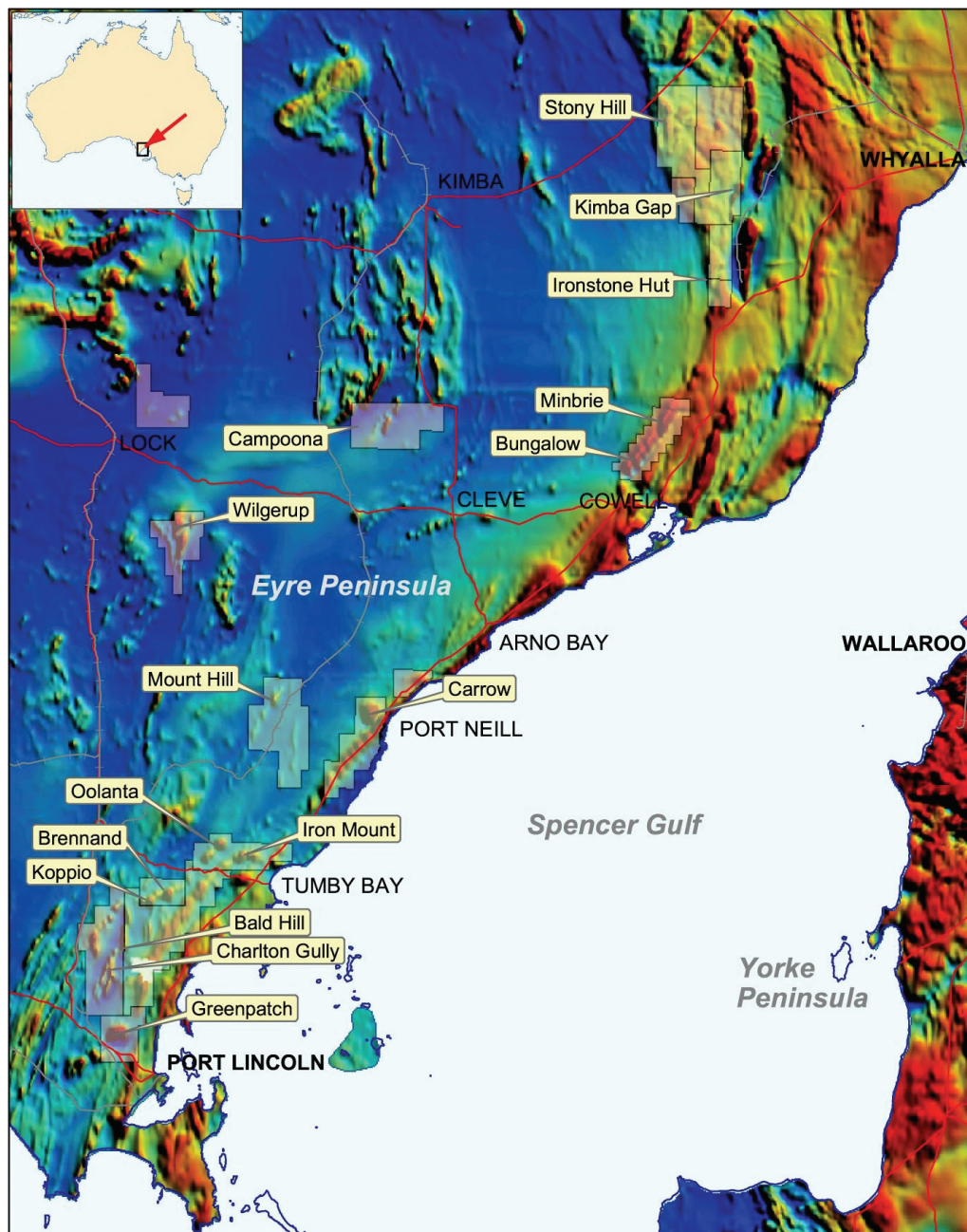


CENTREX METALS

L I M I T E D

ACN 096 298 752

ANNUAL REPORT 2007



CENTREX METALS LTD

A.B.N. 97 096 298 752

ANNUAL REPORT

For the Financial Year Ended 30th June 2007

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Chairman's Report

For the Year Ended 30th June 2007

On July 16 2007 we completed our first full year as a listed company, and the year has certainly been an exciting one. We set ourselves certain targets for our first 12 months, and I am pleased to advise not only have we met those objectives but, in some cases, have exceeded them. I mention in particular:-

1. The definition of an Indicated Resource of 8 million tonnes of hematite at Wilgerup together with Inferred Resource of 1.1 million tonnes.
2. Execution of agreements with Baotou Iron & Steel (Group) Ltd and Shenyang Orient Iron and Steel Co Ltd to supply 1 million tonnes of hematite per year for 5 years from Wilgerup.
3. Continuing negotiations for use of both railway and port sites to ship Wilgerup hematite ore.

Our statutory accounts for the year ended June 30 2007 show a loss of \$657,013. We incurred total expenditure of \$2,667,330 on our mineral tenements, and are of the view that the amount spent has significantly increased our asset base.

It took some time for the market to recognise the value in our shares, but this has now occurred, and we hope that will continue.

Since Balance Sheet date, there have been further significant events:-

1. Contracts entered into with Sinclair Knight Merz to undertake pre-feasibility and environmental studies for mining at Wilgerup.
2. Execution of Heads of Agreement with Baotou for a staged farm in and joint venture on the Bungalow magnetite deposit by expenditure up to \$A40 million.

Finally, may I thank our Managing Director, our small number of staff and my fellow directors for their contributions since listing.

Yours sincerely,
Centrex Metals Limited

David Lindh
Chairman

Managing Director's Report

For the Year Ended 30th June 2007

Principal activities

The principal activity of the Group during the course of the year was exploration for iron ore. The Company has made significant progress towards moving from an iron ore explorer to iron ore producer since listing on the Australian Stock Exchange on 17th July 2006.

Exploration by key areas was as follows:

Wilgerup

Centrex Metals commenced reverse circulation exploration and resource definition drilling at Wilgerup on 6th September 2006. By 7th February 2007, 12,307 metres of drilling had been completed.

Resource definition drilling at 80m x 20m and selected 40m x 20m drill spacings was deemed sufficient to support the estimation of an Indicated Resource.

Four HQ3 diamond drillholes were drilled in February/March 2007 to provide samples for ore characterization test work and in the case of the hematite clay and hematite carbonate, to provide samples for beneficiation tests. The drill core has been filleted for assay and once assays have been received 6 x composites of massive hematite; 3 x composites of hematite clay and 3 x composites of hematite carbonate will be collected for testing.

Infill drilling recommenced at Wilgerup on 25 June 2007 and by 1 September 47 RC infill holes had been drilled on the North Hematite Pod for a total of 4,489 drill metres. Whilst not all samples had been returned at the time of writing this report, results to hand confirm the resource model.

Wilgerup Geology

The hematite mineralization occurs as a tabular moderate to steeply dipping 800m x 60-100m body with high grade intervals ranging from 10 – 100m and averaging 35m in thickness. The massive hematite lies buried immediately beneath 20-25m of Tertiary sand/clay.

The massive hematite is overlain in places by hematite clay consisting of high grade hematite with clay intervals that appear to be clay infilling palaeo-fractures. The hematite clay grades from 45-60% Fe.

The massive hematite grades vertically into hematite carbonate which itself grades vertically into massive dolomite. The hematite carbonate consists of massive and finely banded hematite with relict fine bands of silica/carbonate and secondary carbonate veining. The hematite carbonate generally grades 45-55% Fe.

Wilgerup Resource Estimate

Snowden Mining Industry Consultants (Snowden) completed a Mineral Resource Estimate for the Wilgerup North iron ore deposit on behalf of Centrex Metals.

The Snowden resource estimate was based on the reverse circulation and diamond drilling program that was conducted by Centrex Metals in 2006 and 2007. This drilling data formed the basis of the resource estimate. Three mineralised units were identified at Wilgerup North including a massive hematite unit, hematite-carbonate unit and a hematite-clay unit that were modelled separately. These three units were identified based on lithologic and geochemical data.

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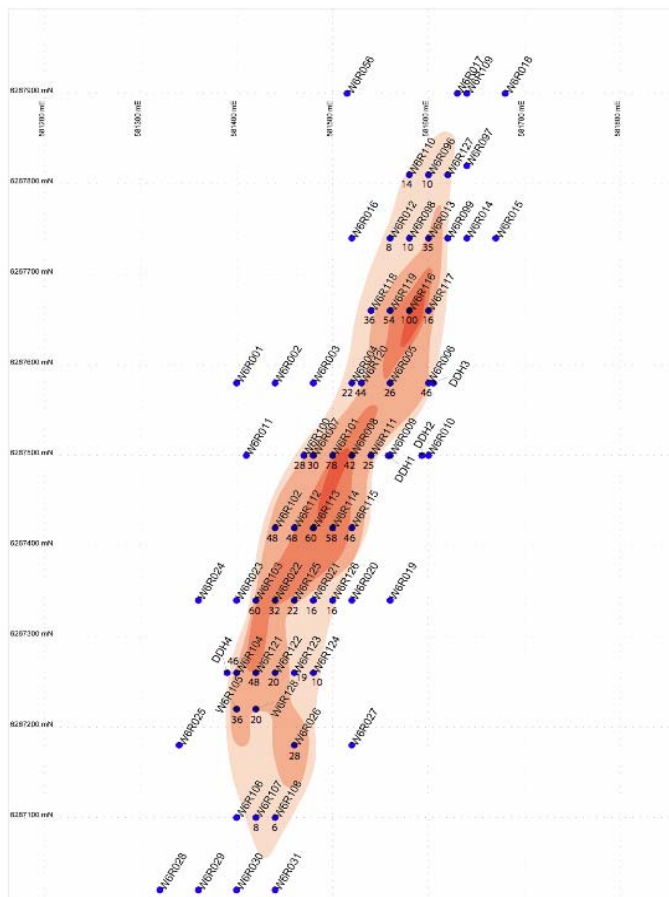
For the Year Ended 30th June 2007

Ore Type	Classification	Tonnage (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Massive Hematite	Indicated	8.0	59.8	3.3	2.3	4.8	0.47
Massive Hematite	Inferred	1.1	59.5	3.1	2.2	4.1	0.66
Total		9.1	59.8	3.3	2.3	4.8	0.49

The deposit also includes two additional hematite mineralised units, namely hematite clay and hematite carbonate. The hematite clay is thought to be a paleo-weathering product where joints/fractures within the hematite deposit have been infilled by clay. The hematite carbonate forms a layer between the massive hematite and underlying dolomite. The respective Inferred Resource for these potential ore types are:

Ore Type	Classification	Tonnage (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Hematite Clay	Inferred	2.1	48.6	11.1	5.1	7.6	0.47
Hematite Dolomite	Inferred	1.1	47.9	8.6	4.0	8.1	0.74
Total		3.2	48.3	10.3	4.8	7.8	0.56

Figure 1: Wilgerup North Pod Ore Intercept Isopachs (+60% Fe composites)



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Figure 2: Wilgerup North Pod Ore Long Section through Block Model

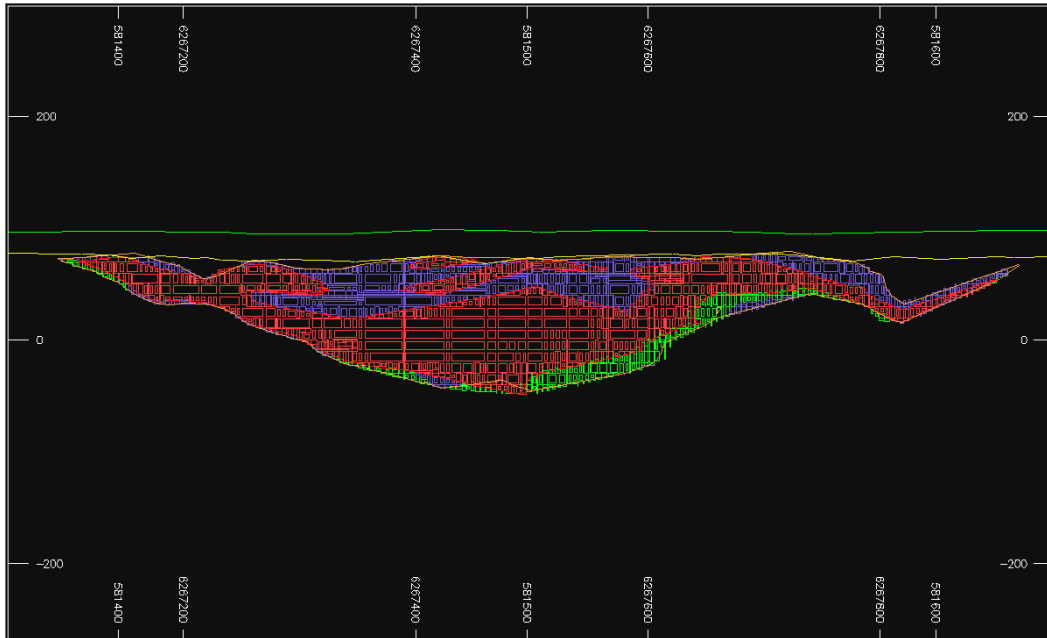


Figure 2 shows massive hematite coded red; hematite clay coded blue and hematite carbonate coded green. Centrex believes that due to a number of drill holes terminating in hematite, that the estimation of hematite carbonate is likely to be conservative.

The Mineral Resource was tabulated above a block model cut-off grade of 55% Fe within the massive hematite unit. At an iron cut-off of 55% Fe for the massive hematite unit, the Indicated Resource totals 8.0 Mt at grades of 59.8% Fe, 3.3% SiO₂, 2.3% Al₂O₃ and 0.48% P. The Inferred Resource within this unit totals 1.1 Mt at a grade of 59.5% Fe, 3.1% SiO₂, 2.2% Al₂O₃ and 0.66% P.

The Mineral Resource was tabulated above a block model cut-off grade of 45% Fe for the hematite-clay and hematite-carbonate unit as these units may have additional metallurgical processing requirements.

The hematite-clay and hematite-carbonate units have an Inferred Mineral Resource classification and are reported above a 45% Fe cut-off. The hematite-clay unit totals 2.1 Mt at a grade of 48.6% Fe, 11.1% SiO₂, 5.1% Al₂O₃ and 0.47% P. The hematite-carbonate unit totals 1.1 Mt at a grade of 47.9% Fe, 8.6% SiO₂, 4.0% Al₂O₃ and 0.74% P.

The resource was classified into Indicated and Inferred categories in accordance with the 2004 JORC Code. The resource classification is based upon a number of criteria including the geological confidence, the integrity of data, the spatial continuity of mineralisation and the quality of the estimation.

Centrex provided Snowden with the data and geological interpretations used as the basis for the estimates. Snowden reviewed the drilling and sampling data underlying the resource estimate and, following suitable adjustments verified that the data was of sufficient quality to support the resource classifications. Snowden did not undertake a site visit as part of the estimation process.

Snowden considered that Centrex should be able to increase the confidence and size of the resource through additional drilling.

Managing Director's Report

For the Year Ended 30th June 2007

Mineralisation within the massive hematite unit was interpreted for estimation purposes using a nominal 55% Fe cut-off whilst a nominal 45% Fe cut-off was used for the hematite-clay and hematite-carbonate units in conjunction with geological information. The interpretation of the mineralisation boundaries for each unit was constrained within the vertical limits of the drillhole data. Variography was conducted within the massive hematite unit (based on the quantity of samples available and continuity of data. Mineralisation continuity to 160 m was exhibited along strike and 50 m across strike). The block model that was generated was based on a parent block size that is appropriate for the mineralisation continuity and current drillhole spacing.

Snowden used ordinary kriging to estimate Fe, SiO₂, Al₂O₃, P, LOI, CaO, MgO, Mn, S, TiO₂ and Na₂O into a constrained block model reflecting the interpreted unit. Where appropriate, top cuts were applied to some of the elements estimated. The search ranges for the estimation were based on the maximum ranges of mineralisation continuity as modelled from the variography. The variogram parameters derived from the massive hematite unit were used to estimate all three units.

An average in-situ density of 3.3 t/m³ was used for the massive hematite domain, 2.5 t/m³ for the hematite clay domain and 2.9 t/m³ for the hematite carbonate domain. These densities were supplied by Centrex based on available data.

Wilgerup Reserve Estimate

Snowden were retained to estimate the Probable Reserve for the Wilgerup North Hematite Pod in accordance with the guidelines set out in the JORC Code (2004). From an Indicated Resource of 8.0 million tonnes for the massive hematite unit, Snowden estimated a Probable Reserve of 7.6 million tonnes.

The following summary is taken from the Snowden report dated 7th August 2007:

Mining parameters for developing the Reserve estimate have been derived from studies and cost estimates prepared for Centrex by Snowden and from other technical criteria prepared by secondary consultants to Centrex, other than Snowden.

In preparing this Ore Reserve estimate Snowden has used a resource block model prepared for the Wilgerup North Resource Estimate (Snowden, April 2007), and which formed the basis of the Mineral Resource estimate presented in that study.

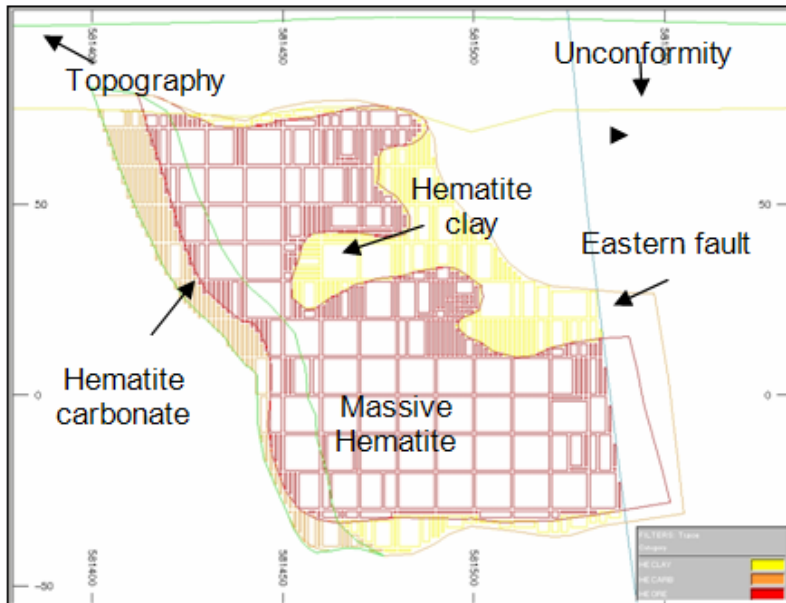
The 1.1 million tonnes of Inferred massive hematite material is currently subject to infill RC drilling and this may upgrade to an Indicated resource classification pending geostatistical analysis.

Figure 3 shows the relative locations of material types found in the resource block model. Indicated material is only found in the massive hematite.

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Figure3 Cross section 6267340 mN - Wilgerup North Hematite Pod block model



Ore Reserve Estimate

The Ore Reserve estimate was derived from the Mineral Resource estimate (Snowden, April 2007). The Mineral Resource estimate was modified to account for:

- economic criteria
- ore loss considerations
- considerations of mining methods, continuity and practical mining widths

Wilgerup North Hematite Pod Ore Reserve Estimate

Wilgerup North Hematite Pod Ore Inventory (55% Fe cut-off grade), 1 August 2007								
Ore Reserve classification	Millions of Tonnes	% Fe	% SiO₂	% Al₂O₃	% LOI	% P	% CaO	% Mn
<i>Proved</i>	<i>Nil</i>	<i>-</i>						
<i>Probable</i>	7.6	59.9	3.3	2.3	4.9	0.46	1.4	0.7
Total	7.6	59.9	3.3	2.3	4.9	0.46	1.4	0.7

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Wilgerup North Hematite Pod Ore Reserve Assessment Criteria

Ore Reserve Estimate ASSESSMENT AND REPORTING CRITERIA (JORC 2004)		
CRITERIA	SNOWDEN'S ASSESSMENT OF RISK	EXPLANATION
Mineral resource estimate for conversion to Ore Reserves	Low	The Mineral Resource estimate that forms the basis of the Ore Reserve estimate was estimated by Snowden on behalf of Centrex in April 2007 and is classified no better than Indicated category. Only Indicated resources have been considered for estimation of the reserve. Mineral resource estimates are inclusive of the Ore Reserves.
Study Status	Medium	Snowden completed technical mine planning work as part of the Ore reserve estimate for Wilgerup North, completed in July 2007. Sensitivity analyses, strategic scheduling and detailed pit designs were completed based on the Mineral Resource current at the time. The Ore Reserve was reported using the April 2007 resource models.
Cut-off grades or parameters	Low	A constant cut-off grade was applied to the deposit. Revenue generated from the mineral assemblage and costs associated with mining and processing were taken into account in determining the cut-off parameters.
Mining factors or assumptions	Low	The mining method proposed by Snowden incorporates conventional drill, blast, load and haul operations using semi-selective mining equipment of 100 tonne capacity excavator supported by 85t capacity trucks. The excavation bench height used was approximately 5m in height. Pit excavation wall angles were estimated by Snowden geotechnical engineers and are considered by Snowden to be conservative. The top 30m of the excavation will comprise unconsolidated waste and an overall wall angle 35 degrees was used. The overall wall angle used in competent waste rock was 50 degrees and 60 degrees was used in the massive hematite. Mining costs developed by Snowden were based on mining contractor "owned and operated" costs, and an appropriate mining fleet was assumed. Gemcom's Whittle 4X software was used to determine optimum economic pit limits. Staged cutbacks were selected based on maximising project value, optimising waste extraction and providing an in-pit destination for waste in stages mined to limits. Appropriate levels of ore loss for the proposed mining method were included in the Ore Reserve estimate. Dilution was assessed and lower grade material outside the ore envelope is sufficient to not significantly dilute the material inside the envelope. Internal waste is minimal. In respect of other mining costs, Snowden considered there to be adequate provision for grade control and pre-production drilling in the costs supplied by Centrex. Rehabilitation costs were considered. Other ore processing costs include crushing, screening, rail loading and transport, stevedoring and wharfage at Port Lincoln were also considered. In addition, a preliminary assessment of dewatering requirements ahead of mining was undertaken by Centrex. This was assumed to be an establishment cost.
Metallurgical factors or assumptions	Moderate	Processing includes crushing, screening and transportation to Port Lincoln. Iron ore pricing is based on grade brackets above 58% Fe and within the following tolerances. SiO ₂ 3% - 5% Al ₂ O ₃ 2% - 3.5% LOI 4% - 6% P 0.4% - 0.7% All iron ore prices were provided by Centrex

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<i>Cost and revenue factors</i>	<i>Moderate</i>	<i>Snowden developed the mining fleet based on production rates of 1 to 2 Mtpa. Mine operating costs were estimated by Snowden based upon a contract operator scenario. The processing, transport, rehabilitation and selling costs were supplied by Centrex. Snowden has not undertaken a review of these costs. The royalties attracted by producing a mineral product were supplied by Centrex.</i>
<i>Market assessment</i>	<i>High</i>	<i>Market supply and demand projections were made by Centrex and realised average iron ore price forecast supplied to Snowden by Centrex. Snowden recognises the project is sensitive to fluctuations in the mineral price hence considers this to be a significant risk to the stated reserve and the project economics.</i>
<i>Others</i>	<i>Med</i>	<i>Centrex advised Snowden that no known significant impediment to mining exists. Work including resource and reserve estimation has been completed on exploration license EL3317. For the South Australian mining approvals processes, when a mineral deposit is found and reserve estimated, the next step is to apply for Mineral Leases as a precursor to applying for a Mining Lease. Centrex will use the general arrangement diagrams supplied by Snowden to apply for the Mineral Leases. Centrex has called for engineering and environmental consultants to tender for a comprehensive scope of works that includes all environmental and other studies needed to take the Wilgerup project from its current state to a fully permitted operation. The tender process is underway and it is expected that Centrex will appoint the preferred consultancy during August 2007.</i>
<i>Classification</i>	<i>Low</i>	<i>The classification of a Probable Ore Reserve was based on the Mineral Resource confidence category of Indicated. Mining factors/assumptions are commensurate with these levels of confidence.</i>
<i>Audits or reviews</i>	<i>Low</i>	<i>The Ore Reserve estimate was reviewed internally by Snowden. The Ore Reserve estimate has not been subject to an external audit.</i>

Centrex acknowledged that it endorsed the metallurgical factors and production assumptions, ore processing cost estimates, ore transport and selling costs, environmental factors, mineral pricing, market supply and demand projections, infrastructure costs, project capital estimates and the positive cashflow projections.

Further Resource Potential at Wilgerup

Up to 30 geophysical targets have been interpreted within Exploration Licence 3317. Centrex drilled wide spaced drill lines over five (5) residual gravity anomalies. Four of the five gravity anomalies recorded low grade hematite reinforcing the validity of the exploration model for blind hematite deposits. Centrex believes that drilling of the remaining geophysical targets is likely to add to the resource inventory at Wilgerup.

Metallurgical Evaluation

Four (4) HQ3 diamond drill holes were drilled into the North Hematite Pod at Wilgerup to provide samples for metallurgical test work.

A total of twelve (12) samples were collected and submitted to AMDEL in Adelaide for the test work:

- 6 x 8m high grade hematite samples
- 3 x 4m hematite clay samples
- 3 x 4m hematite carbonate sample

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Hole No	Interval	Fe%	SiO ₂ %	Al ₂ O ₃ %	LOI%	P%	CaO	MgO	Mn
Hematite Composites									
WDDH1	73.0-81.1m	61.06	2.84	2.47	5.01	0.09	0.11	0.09	0.94
WDDH1	108-117m	60.36	4.08	3.82	4.00	0.13	0.14	0.15	0.19
WDDH1	119-125.1m	64.07	2.20	2.01	3.24	0.12	0.12	0.11	0.10
WDDH2	139-147.2m	61.08	2.97	2.36	3.23	0.48	1.27	0.14	0.44
WDDH3	105-111m	59.43	2.43	1.72	4.14	0.71	2.15	0.26	1.79
WDDH3	127.7-137m	61.76	2.59	1.80	2.38	0.76	2.39	0.35	0.29
Hematite Clay Composites									
WDDH1	83-89.1m	48.69	8.48	6.97	9.77	0.71	1.94	0.50	0.43
WDDH2	122.2-129m	52.39	6.49	5.63	5.85	1.03	3.39	0.47	0.43
WDDH3	66-74m	46.17	12.97	6.06	6.06	0.66	2.02	2.37	1.12
Hematite Carbonate Composites									
WDDH2	147.2-153m	56.71	1.19	1.08	6.53	1.52	4.73	0.12	1.12
WDDH2	153-161m	46.49	0.95	0.92	10.04	3.18	10.23	0.12	3.28
WDDH3	78-86m	48.31	8.13	4.27	5.23	1.80	6.00	1.10	1.62

The key findings of the metallurgy test work were:

Physical Parameters

Sample	Bulk Density	Lump:Fines Ratio Crushed	Lump:Fines Ratio Transported
Massive hematite	3.3	42:58	29:71
Hematite Clay	2.6	57:43	30:70
Hematite Carbonate	2.9	57:43	40:60

Crushing and Screening Tests

Massive Hematite

Hematite Fraction	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Lump	62.4	1.68	1.51	0.337
Fines	61.4	3.92	2.57	0.410
Total	61.7	3.28	2.27	0.389

The results indicate that the clay (alumina plus silica) tends to report in the fines, along with some concentration of the phosphorus.

Hematite-Clay

Hematite Clay Fraction	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)
Lump	53.4	5.87	3.76	0.848
Fines	48.6	10.95	7.25	0.786
Total	50.01	9.47	6.23	0.804

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For the Year Ended 30th June 2007

With dry crushing and screening whilst much of the clay reported in the fines there was no marked variation in phosphorus levels between the size fractions. The iron grade was below saleable levels.

There is no indication of significant improvement in iron ore grade through the fractions screened in the fines. The clay in the dried sample appears to have stayed hard enough not to be eliminated by screening.

Further test work using slurring is proposed.

Hematite-Carbonate

The composite sample assayed:

Fe 49.19%, SiO₂ 4.09%, Al₂O₃ 2.35%, CaO 7.5%, P 2.316%

The high phosphorus level reflects a very significant apatite content. De-sliming does remove much of the clay, but there is little change in the carbonate and phosphate grade.

Gravity Separation

For gravity separation tests on the clay and carbonate material, sub-samples were screened out of the -6.3 mm samples in the range of -106 to +20 microns. This was then subjected to a series of sink/float separations in four heavy liquids with specific gravities ranging from 2.8 to 4.05.

Hematite-Clay

The results from the three samples are reasonably close, so the "average" is given here. The separation of the hematite in the fraction of +4.05 sp. gr. gives Fe 63.2% grade, with a recovery of 85.7%, and P 0.45% grade, with recovery of 43.4% showing some reduction in phosphorus.

However, in preparation of the sample for sink float tests, a substantial amount of material was removed at -20 microns.

Hematite-Carbonate

The average of the three samples above 4.05 sp. gr. gives:

	Fe (%)	CaO (%)	P (%)
Grade	65.2	0.93	0.320
Recovery	83.2		

Heavy liquid separation showed excellent Fe grade and recovery, with elimination of much of the carbonate and phosphate.

The "slime" material removed contained over 2 percent phosphorus, but also contained 45 percent Fe.

Metallurgical Test Work Summary

The direct shipping grade material from Wilgerup is high in Phosphorus, with some considerable variations in the six samples (from 0.770 to 0.07%), indicating opportunities for selection. In any one sample there is no great variation in the P in the screen fractions.

The size separation of the hematite-clay material shows a tendency for the clay minerals to be in the finer fractions, but a wet process to slurry the clay from the hematite chips is indicated. Gravity separation of the slurried material should be effective, though an alternative method will be required for the -20 micron slimes.

A size separation of the hematite-carbonate material is not effective, but gravity separation of both carbonate and phosphate is excellent, giving a high grade iron product. There appears to be about 0.3% phosphorus closely associated with the hematite.

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Other Exploration

Exploration Activities 1 July 2006– 12 September 2007

Bungalow

The Bungalow magnetite deposit is located 9 kilometres north of Cowell on the east coast of Eyre Peninsula. Bungalow has the potential to support a long-life 3-5Mtpa magnetite concentrate operation and has been independently assessed as having an exploration potential of >250 million tonnes of magnetite BIF to a vertical depth of 200 metres (Centrex Metals Prospectus p 50).

Bungalow Diamond Drilling Satmagan and XRF results

Four diamond drill holes were completed in March 2007. The drill program targeted the southern extent of the Bungalow deposit and specifically the potential for 3 separate magnetite zones to coalesce with associated structural thickening of the mineralisation.

Detailed lithological and structural logging of the core samples was undertaken during the period. The subsequent interpretation of the mineralisation was of a dominantly quartz magnetite BIF with intermittent zones of massive magnetite (<2m). Non mineralized zones within the magnetite zone include a central core of schist (<12m) and intercalated granite apophyses (0.1 - 5m) and amphibolite (0.5 - 5m).

Three of the diamond holes, BUDD07, BUDD08 and BUDD10 intersected wide intervals of highly magnetic banded iron formation. The true width of the magnetite zone, including dilution is approximately 80m and is open at depth, extending beneath the tertiary cover from 70m to + 200m.

The table below summarises the undiluted (>10% magnetite) results of Satmagan testing and XRF analysis of the main elements.

DrillHole	From	To	Interval (m) >10% Magnetite	Magnetite %	Total Fe %	P %	SiO2 %	Al2O3 %
BUDD007	99.7	200.6	60.4	31.3	30.6	0.050	47.8	3.1
BUDD008	116	229	64.75	31.9	29.4	0.045	50.6	2.9
BUDD010	90	290.7	155.35	33.1	30.3	0.045	50.0	2.4

The table below summarises the main magnetite intercepts.

DrillHole	From	To	Interval (m) >10% Magnetite	Magnetite %	Total Fe %	P %	SiO2 %	Al2O3 %
BUDD007	99.7	114	14.3	28.9	29.5	0.052	51.9	1.8
BUDD007	160	178	18.4	32.4	28.6	0.039	52.3	2.3
BUDD007	186	194.2	8.7	33.9	33.7	0.055	41.4	3.9
BUDD008	124	132.6	9	35.9	31.7	0.039	50.3	1.0
BUDD008	172	181.5	10	31.7	27.3	0.038	54.2	2.8
BUDD008	184	197	13	33.6	31.2	0.045	48.6	2.2
BUDD008	209	221.3	12.8	32.6	33.0	0.053	43.8	4.2
BUDD010	90	126.1	42.6	27.6	27.6	0.051	47.8	3.7
BUDD010	164	195	30.7	31.6	30.2	0.052	50.0	2.5
BUDD010	203	227.2	24.5	35.8	29.1	0.044	52.7	2.1
BUDD010	258	266	8.2	29.3	27.7	0.044	52.9	2.7
BUDD010	268	284.5	16.8	34.9	32.0	0.043	50.2	0.7

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These Satmagan results will now be used to refine the sample intervals for Davis Tube Recovery test work. Satmagan is a fast and reliable method for measuring the magnetic material content of a sample.

Previous diamond drilling returned an average intercept grade (at a cut off grade of 20% DTR) of 38.02% DTS @ 67.66% Fe and 5.37% SiO₂. The recent drilling supports this assessment of tonnage potential.

Western Middlebacks Geophysics

The Western Middleback tenements of Stony Hill, Kimba Gap, Ironstone Hut, Ironstone Hill and Gilles Downs are highly prospective due to their geological setting.

In February 2007 an airborne geophysical survey was undertaken over the western Middleback tenements. The survey recorded magnetic data, radiometric data and digital terrain model data.

The resultant Total Magnetic Intensity data was used for target generation and drill hole planning for the Stony Hill Tenement. An initial program of 25 holes planned for late 2007 has been designed to target hematite and magnetite.

Field reconnaissance to scope out potential drilling sites and a review of the literature was conducted during the period.

Cockabidnie, Dutton Bay and Mount Hill

In February 2007 an airborne geophysical survey was undertaken over the Cockabidnie, Dutton Bay and Mount Hill tenements. The survey recorded magnetic data, radiometric data and digital terrain model data.

The resultant Total Magnetic Intensity data has been interpreted however no target generation or field work was conducted during the period.

Exploration Plan for 2007/2008

The 2008 Exploration Budget is targeting 3 main areas including Wilgerup, Bungalow and the Western Middleback tenements. Only opportune work will be undertaken on the remaining tenements.

The 3 main aims for 2008 are as follows:

- To increase the Wilgerup resource via drilling geophysical gravity targets.
- To discover Iron ore in the Western Middleback Tenements.
- To continue proving up the Bungalow magnetite resource

Wilgerup

The Wilgerup Project is the main business priority during the first quarter of 2008. Exploration resources will be focused on "Feasibility" studies involving resource definition drilling, geotechnical drilling, dewatering studies, geological interpretation, modelling and mine design.

A total of 61 holes are planned to upgrade the resource to a "measured status" for detailed mine planning. The resultant drill coverage will be around 40m by 20m.

Geotechnical diamond drilling will target 2 – 4 holes through the deeper north eastern side of the resource.

The "Exploration" program for Wilgerup is primarily focused on near mine exploration to identify and prove up additional reserves. A total of 10 main geophysical anomalies have been identified from gravity testing and 30 holes have been planned to test these targets. A further 30 holes have been set aside for follow up / resource definition drilling of mineralised intercepts.

Managing Director's Report

For the Year Ended 30th June 2007

Western Middlebacks

The plan for the Western Middleback region is to drill 25 RC holes within the Stony Hill tenement and a geophysical gravity survey over the Kimba Gap and/or related tenements.

Bungalow

The Bungalow Magnetite project is considered a high priority, due to the tonnage potential of > 250mt and product concentrate grades of 67 – 68% Fe. The project is also situated close to services and infrastructure and subsequently has attracted considerable attention from potential JV partners.

To improve our technical knowledge and to encourage external interest with the project, a 3-hole diamond drill program has been planned for the southern section of the magnetite zone. This southern area has the potential for >100mt and due to the depth of cover and geometry of the ore body is seen as the most likely location for an initial mining project.

Summary

2006/7 was a very exciting and busy time for the Company. We are confident that we have the quality of resources to enable the Company to rapidly transform from explorer to producer and in doing so to build a solid and sustainable business.

Administration

The Company listed on the Australian Stock Exchange on 17 July 2006 and trading of securities commenced on 19 July 2006.

Centrex has developed a clear business plan to evaluate hematite and magnetite potential on the Company's tenements and if successful to develop iron ore exporting operations. Key elements of the Business Plan are as follows:

BUSINESS PLAN

BUSINESS OBJECTIVE: To develop profitable iron ore mining operations on Eyre Peninsula, South Australia.

BUSINESS STRATEGIES

Three strategies will form the pillars to achieving the business objective. These strategies are:

- Develop the Wilgerup hematite deposit into a 2Mtpa mining and exporting operation.
- Systematically evaluate the Company's magnetite deposits and develop a >3Mtpa magnetite exporting operation. The Company has identified the Bungalow magnetite deposit as the best opportunity.
- Evaluate the potential to mine hematite and/or hematite-rich BIF or magnetite on the Company's Western Middleback tenements.
- Evaluate the hematite potential on all Centrex tenements.
- Continually look for merger and / or acquisition opportunities within Australia and abroad.

Managing Director's Report

For the Year Ended 30th June 2007

'DIRECT SHIPPING' HEMATITE STRATEGY

The exploration priority since listing has been exploration and resource definition drilling at Wilgerup. The Wilgerup hematite deposit consists of two mineralized pods the North and South Pods. Centrex Metals completed 12,307m of reverse circulation exploration and resource definition drilling to May 2007 and commenced further infill drilling in June 2007. Most of the drilling concentrated on resource definition of the North Pod which culminated in an Indicated Resource for the massive hematite of 8.0 million tonnes grading 59.9% Fe. In addition there was 1.1 million tonnes of Inferred Resource grading 59.5% Fe. Snowden Mining Consultants Pty Ltd completed pit design and reserve estimation resulting in a Probable Reserve of 7.6 million tonnes grading 59.9% Fe. Snowden's concluded that further drilling of the Inferred hematite was likely to lead to an increase in mine able reserves.

In addition to the massive hematite, 2.1 million tonnes of hematite clay and 1.1 million tonnes of hematite carbonate were outlined as Inferred Resources.

Prospectivity in the immediate Wilgerup area is high. Modelling of aeromagnetic and gravity surveys has highlighted several areas that have reduced magnetic response and high gravity response indicative of the presence of hematite.

In addition to Wilgerup many of the Company's tenements are prospective for hematite. Further geological and geophysical evaluation will be conducted on these areas followed by reconnaissance drilling in order to identify the best projects that warrant detailed evaluation.

MAGNETITE-BIF STRATEGY

The Company's tenements host several magnetite-rich BIF deposits and prospects that could support standalone magnetite concentrate operations. The Company has identified the Bungalow deposit as the preferred development opportunity. Centrex signed Memoranda of Understanding with Baotou Iron & Steel (Group) Co., Ltd and Shenyang Orient Iron & Steel Co., Ltd covering technical due diligence of the Bungalow magnetite deposit. Technical due diligence was undertaken by Baotou Iron & Steel (Group) Co., Ltd during June – July 2007.

Centrex believes that the Bungalow deposit will support a ≥ 3 Mtpa magnetite concentrate operation and has a decided geographic advantage over other magnetite projects in South Australia being so close to the coast.

WESTERN MIDDLEBACK HEMATITE / HEMATITE-BIF STRATEGY

The Company's Middleback tenements are prospective for hematite. The Middleback Ranges have hosted iron ore mining for over 100 years with mines operated initially by BHP Co. Ltd and now by OneSteel Ltd, having produced in excess of 200 million tonnes of high-grade hematite ore.

The Company's tenements including Stony Hill, Ironstone Mount and Ironstone Hut, are located immediately west of OneSteel's operations and are largely under-explored.

HEMATITE EXPLORATION ON REMAINING CENTREX TENEMENTS

Hematite mineralisation has been identified on a number of the Company's 14 tenements. Centrex will systematically evaluate the hematite potential on all of the Company's tenements over the next 5 years.

MERGER AND ACQUISITION

Wilgerup will generate significant cashflows for the Company. These cashflows will permit Centrex to look into merger and acquisition opportunities within Australia and offshore.

Managing Director's Report

For the Year Ended 30th June 2007

Outlook for Iron Ore

Demand growth especially from China is expected to result in increasing prices for iron ore over the next few years. Prices rose by around 19% in 2003/2004, by 71.5% in 2004/2005, 19% in 2005/2006 and 10% in 2006/2007. Some estimates are for an increase of between 15% and 25% for 2007/2008.

Chinese demand has been especially significant since 2002. Estimates of future Chinese iron ore consumption vary widely as to specific annual requirements but all predict the continuing strong growth of the Chinese steel industry.

Demand growth and substantial price rise for iron ore, has presented Centrex with unprecedented opportunities to develop iron ore deposits (hematite and magnetite).

Business Development

The Company completed a series of important business agreements, namely:

- Binding Heads of Agreement with Baotou Iron & Steel (Group) Co., Ltd and Shenyang Orient Iron & Steel Co., Ltd covering the supply and purchase of 1 million tonnes of hematite per year for 5 years from the Wilgerup deposit.
- Memoranda of Understanding with Baotou Iron & Steel (Group) Co., Ltd and Shenyang Orient Iron & Steel Co., Ltd covering technical due diligence of the Bungalow magnetite deposit.
- Re-signed the Heads of Agreement with Genesee & Wyoming Australia Ltd to extend the term of the agreement to enable completion of the feasibility study.
- Re-signed the Right of First Refusal over the Proper Bay rail tippler and 26 rail wagons to enable completion of the feasibility study.

Subsequent to Year End

There were three material events subsequent to year end. These were:

- Entered into a contract with Sinclair Knight Mertz to undertake a pre-feasibility study of the port options for the development of the Wilgerup hematite deposit.
- Entered into a contract with Sinclair Knight Mertz to undertake the Environmental and Permitting phases of the Wilgerup feasibility study.
- Entered into a binding Heads of Agreement on 22nd September 2007 with Baotou Iron & Steel (Group) Co., Ltd ("Baotou") covering staged exploration and development of the Bungalow / Minbrie magnetite deposit.

The Bungalow Magnetite Joint Venture requires Baotou to make up to A\$40 million in staged payments to cover the costs of all activities required to complete exploration and resource drilling and a Bankable Feasibility Study covering development of the magnetite deposit. By contributing A\$40 million, Baotou will earn a 50% interest in the Joint Venture and have the right to take 50% of the expected 3 million tonnes of magnetite concentrate produced per year over a potential mine life exceeding 30 years.

The binding Heads of Agreement included the following:

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Managing Director's Report

For the Year Ended 30th June 2007

Stage 1 Program – Baotou will transfer A\$4 million to Centrex's Bungalow Joint Venture Account to enable Centrex to commence further exploration drilling on the magnetite deposit. Within 3 months of commencing drilling Baotou will transfer an additional A\$4 million into the Account to cover the costs of continued drilling and complete other studies required to evaluate the development of the deposit. Following Stage 1, which is expected to take 12 months to complete, Baotou will have earned a 10% interest in the Joint Venture.

Stage 2 Program – Baotou will transfer a further A\$8 million to Centrex's Bungalow Joint Venture Account to enable Centrex to undertake further exploration drilling on the magnetite deposit and to complete a pre-feasibility study covering the development of the deposit. Stage 2 is expected to take approximately 12 months to complete. Following Stage 2 Baotou will have earned a further 10% interest in the Joint Venture.

Stage 3 Program – If Baotou enters Stage 3 of the Joint Venture, a Joint Venture Company will be established to complete Stage 3 of the Joint Venture and manage mining operations. Baotou will provide the Joint Venture Company with A\$24 million to cover the costs to complete a Bankable Feasibility Study covering development of a 3Mtpa magnetite concentrate operation. Should the total cost to complete a Bankable Feasibility Study exceed A\$40 million, Centrex and Baotou will contribute further funds in equal proportion. Following receipt of the A\$24 million into the CXM Joint Venture Account, Baotou will be deemed to have earned a 50% interest in the Joint Venture.

The Heads of Agreement signed by Baotou's General Manager is subject to Baotou receiving all necessary Chinese government consents and approvals to enable it to invest into the Joint Venture. These consents are expected to be received on or before 19th January 2008. The Stage 1 Program will commence soon after the consents and approvals have been received.

Gerard Anderson
Managing Director

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Directors' Report

For the Year Ended 30th June 2007

The Directors present their report together with the financial report of Centrex Metals Ltd ("the Company") and the financial report of the Group, being the Company and its controlled entities, for the financial year ended 30th June 2007 and the auditor's report therein.

Section	Contents of Directors' Report
1	Directors
2	Company secretary
3	Directors' meetings
4	Corporate governance statement
4.1	Board of Directors
4.2	Committees
4.2.1	Audit and Risk Management committee
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5.1	Principles of compensation- audited
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7	Operating and financial review
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9	Events subsequent to reporting date
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Directors' Report

For the Year Ended 30th June 2007

1. Directors

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

Name and Qualifications	Appointed /Resigned	Age	Position, Experience and special responsibilities
Mr David J Lindh, LLB, FAICD, FTIA.	Appointed 23/03/01	62	<p>Non-Executive Director- Chairman</p> <p>Mr Lindh is a consultant in corporate and commercial matters, with over 30 years experience both as a lawyer and a company director. He was the Chairman of Elex Medical Lasers Ltd) an ASX listed company (a manufacturer and international distributor of medical technology equipment) from February 2003 to July 2005. Mr Lindh is Chairman of Island Sky Australia Limited and also a non-executive director of ASX listed Enterprise Energy Ltd since February 2004 and Primary Resources Ltd since October 2005. Mr Lindh is also a director of various private companies and is a consultant with the Adelaide law firm, Minter Ellison.</p>
Mr Gerard Anderson, Assoc Applied Geology, Grad Dip Bus, MSc	Appointed 11/04/06	52	<p>Managing Director</p> <p>Geologist with 33 years of experience including 15 years in senior exploration and mine management roles including Exploration Superintendent at the Boddington Gold Mine for Worsley Alumina, Chief Geologist at the Bronzewing Gold Mine and at KCGM, mine General Manager of Golden Grove operations for Normandy and Newmont, General Manager Joint Ventures for Newmont and Managing Director Croesus Mining NL (February 2005 to September 2005).</p>
Dr Norton Jackson, AM, FTSE, ME, Hon Doc	Appointed 23/03/01	88	<p>Independent Non-Executive</p> <p>Has worked in mining, milling, and minerals separation operations and applied research for 26 years. Has served on the Boards of mining companies and academic and research organisations for 21 years. Mr Jackson is a Non-Executive Director of Australasia Gold Limited an ASX listed company since 16 May 2003 and a Non-Executive Director of Energy Exploration Limited (previously Centrex Resources Limited) a public unlisted company. Has served as Chairman of the Board of Bathurst Coal and Power Limited, a public unlisted company until de-registered in 2005.</p>
Mr David Klingberg, AM, FTSE, B.Tech, FIE Aust, FAus IMM	Appointed 19/04/05	63	<p>Independent Non-Executive</p> <p>Retired as CEO of Kinhill Limited in 1998 after 35 years experience in the management of professional engineering services to resource development and other industries. Director of ASX Listed Codan Limited since July 2005, Director of Snowy Hydro Limited as well as positions in various other organisations, including Chancellor of the University of South Australia.</p>

Directors' Report

For the Year Ended 30th June 2007 – (continued)

2. Company Secretary

The Company Secretary, Mrs Victoria Allinson FCCA, aged 38 was appointed 1 May 2006.

Mrs Allinson is an affiliate of the Chartered Secretaries Australia and a fellow of The Association of Chartered Certified Accountants. She has extensive commercial and public practice experience that includes being Chief Accountant for an ASX listed manufacturing company and an Audit Manager for Deloitte, Touche Tohmatsu. Mrs Allinson is also Company Secretary for numerous companies including Adelaide Equity Partners Ltd and Adelaide Energy Limited (ASX Listed).

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 30 June 2007 was:

	Board Meetings		Audit and Risk Management Committee Meetings		Safety and Environmental Committee*	
	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held
Mr D Lindh	13	13	2	2	6	6
Mr N Jackson	13	13	2	2	6	6
Mr D Klingberg	12	13	2	2	6	6
Mr G Anderson	13	13	2	2	6	6

* The Safety and Environmental Committee comprise of the Board as a whole (as detailed in 4.2.2) and given the importance of the occupational health and safety and environmental issues it was decided in December 2006 that such meetings be incorporated into the regular Board Meetings as a separate agenda item.

Directors' Report

For the Year Ended 30th June 2007

4. Corporate Governance Statement

This statement outlines the main corporate governance practices that were developed and implemented since the Australian Stock Exchange ("ASX") listing process. The Company listed on ASX on 17 July 2006.

4.1 Board of Directors

The Board is committed to the principles underpinning best practice in corporate governance and the Company had adopted, to the extent that they are relevant to the organisation, the Ten Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council. A description of the Company's main corporate governance practices are set out below.

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for the overall corporate governance of the Group including formulating its strategic direction, approving and monitoring budgets including capital expenditure, setting remuneration, appointing, removing and creating succession policies for directors and senior executives, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and management information systems.

It is also responsible for approving and monitoring financial and other reporting.

The Board has delegated responsibility for operation and administration of the Company to the Managing Director.

Board processes

Due to the small size of the Board and Company, the Board will meet as a committee of the whole to deal with these matters (see sections 4.2 below).

The committees have written mandates and operating procedures, which will be reviewed on a regular basis. The Board is also establishing a framework for the management of the Group including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds at least ten scheduled meetings each year, plus any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman, Managing Director and Company Secretary. Standing items include the Managing Director's report, financial reports, strategic matters, Directors' interest, continuous disclosure matters, governance and compliance. Submissions are circulated in advance. Directors have other opportunities, including visits to business operations, for contact with a wider group of employees and contractors.

Directors' Report

For the Year Ended 30th June 2007

4.1 Board of Directors (continued)

Independent professional advice and access to company information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice from a suitably qualified adviser at the Group's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairman's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Composition of the Board

The names, qualifications and experience of the Directors of the Company in office at the date of this report are set out in Section 1 of this Directors' Report. The composition of the Board is determined using the following principles:

- a minimum of three Directors, with a broad range of business expertise both nationally and internationally
- majority Non-Executive Directors
- half independent Non-Executive Directors
- a majority of Directors having extensive knowledge of the Company's industry
- a Non-Executive Director as Chairman
- a minimum of one third of the Board will retire and be subject to election at the next Annual General Meeting of the Company.

The Chairman, Mr David Lindh is not independent due to his being a substantial shareholder. The Board have determined that Mr Lindh's experience as Chairman and in the exploration industry is invaluable to the company and given the Board and Company's size there are no plans to appoint an independent Non-Executive Director.

Due to a number of factors including the Board's considerable experience and membership of other Boards and the small size of the Company, the Board has not considered it necessary to appoint a Director with specific expertise in auditing and financial reporting. The Board will use independent professional advisors as required.

An Independent Director is a Director who is not a member of management (a Non-Executive Director) and who:

- holds less than five per cent of the voting shares of the Company and is not an officer of, or otherwise associated, directly or indirectly, with a shareholder of more than five per cent of the voting shares of the Company
- has not within the last three years been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment
- within the last three years has not been a principal or employee of a material* professional adviser or a material* consultant to the Company or another group member
- is not a material* supplier or customer of the Company or another group member, or an officer of or otherwise associated, directly or indirectly, with a material* supplier or customer
- has no material* contractual relationship with the Company or another group member other than as a Director of the Company
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially* interfere with the Director's ability to act in the best interests of the Company.

* the Board considers, 'material', in this context, to be where any Director-related business relationship has represented, or is likely in future to represent the lesser of at least 10% per cent of the relevant segment's or the Director-related business's revenue. The Board considered the nature of the relevant industries' competition and the size and nature of each Director-related business relationship, in arriving at this threshold.

Directors' Report

For the Year Ended 30th June 2007

4.1 Board of Directors (continued)

4.2 Committees

The Board has established an Audit and Risk Management Committee and a Safety and Environmental Committee to assist in the execution of its responsibilities. Each committee has a specific function that has been detailed in a charter.

The Board has not established a separate Nomination Committee to oversee the procedures for the selection, appointment and induction of new Directors. The Board will oversee this function when the need arises. Given the size of the Board and the Company, the Board does not consider that a separate committee would deal with this function more efficiently.

The Board has not established a separate Remuneration Committee to oversee the policy and procedures for the Directors' remuneration packages. The Board will oversee this function when the need arises. Given the size of the Board and the Company, the Board does not consider that a separate committee would deal with this function more efficiently.

4.2.1 Audit and Risk Management Committee

The Audit and Risk Management Committee advises the Board on the establishment and maintenance of a framework of internal control, risk management and appropriate ethical standards for the management of the Group.

The Board policy is that the Audit and Risk Management Committee will comprise of all Non-Executive Board Members due to the size of the Board and Company. The Managing Director will attend by invitation. The Chairman of the Audit and Risk Management Committee is Mr David Klingberg, an Independent Non-Executive director. The qualifications and experience of the Directors have been included in Section 1 of this Directors' Report.

The external auditor is invited to Audit Committee meetings at the discretion of the committee.

The Managing Director declared in writing to the Board that the financial records of the Company for the financial year have been properly maintained, the Company's financial reports for the financial year ended 30 June 2007 comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The Audit and Risk Management Committee may also undertake other special duties as requested by the Board.

The responsibilities of the Audit and Risk Management Committee include:

- reviewing the annual and half-year financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards, and assessing whether the financial information is adequate for shareholder needs
- assessing corporate risk assessment processes
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review
- providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001

Directors' Report

For the Year Ended 30th June 2007

4.2.1 Audit and Risk Management Committee (continued)

- assessing the adequacy of the internal control framework and ethical standards
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board
- monitoring the procedures to ensure compliance with the Corporations Act 2001 and the ASX Listing Rules and all other regulatory requirements
- addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, ASX and financial institutions.

The audit committee reviews the performance of the external auditors on an annual basis. The Audit Committee met with external auditors in September 2006, December 2006, July 2007 and September 2007 to:

- discuss the external audit plan, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed
- review the half-year and preliminary final report prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results
- review the draft annual and half-year financial report, and recommend board approval of the financial report
- review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

4.2.2 Safety and Environmental Committee

The Company recognises the importance of environmental and occupational health and safety issues. The Company is committed to compliance with all relevant laws and regulations.

The Company intends to use contractors extensively. Contractors will be required to submit their safety, environmental and disaster recovery procedures as part of the due diligence prior to letting a contract.

The Safety and Environmental Committee advises the Board on the environmental and occupational health and safety issues of the Group. The committee is expected to commence regular meetings once drilling has commenced.

The Board policy is that the Committee will comprise of the whole of the Board due to the size of the Board and Company.

The main role of the Safety and Environmental Committee is to:

- review the adequacy of the compliance with regulatory requirement in respect of the environment and occupational health and safety;
- monitor the management of identified risks, highlight new risks and review the actions to be taken for their control;
- support the culture of safe working practices and concern for the environment throughout the Company;
- review any serious injury or major environmental incident; and
- ensure proper practices are followed by all contractors.

Directors' Report

For the Year Ended 30th June 2007

4.3 Ethical standards

As part of the post listing process, the Board has established Codes of Conduct under which all directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group.

The Board will review the Codes of Conduct regularly to ensure the highest standards of behaviour and professionalism.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned will not participate in the meeting whilst the item is considered. Details of director related transactions with the Company and Group are set out in note 18 to the financial statements.

Code of Conduct

The Group has advised each director, manager and employee that they must comply with the Codes of Conduct. The Code of Conduct covers the following:

- aligning the behaviour of the Board and management with the Code of Conduct by maintaining appropriate core Company values and objectives
- fulfilling responsibilities to shareholders by delivering shareholder value
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure
- employment practices such as occupational health and safety, employment opportunity, the community activities, sponsorships and donations
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution
- conflicts of interest
- corporate opportunities such as preventing directors and key executives from taking advantage of property, information or position for personal gain
- confidentiality of corporate information
- fair dealing
- protection and proper use of the Company's assets
- compliance with laws
- reporting of unethical behaviour.

Directors' Report

For the Year Ended 30th June 2007

4.3 Ethical standards (continued)

Trading in General Company securities by Directors and Employees

The key elements of the Trading in General Company Securities by Directors and Employees Policy set out in the Code of Conduct are:

- identification of those restricted from trading - directors and senior executives may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options:
 - except during a four week period commencing immediately after either the release of the Company's half-year and annual results to the Australian Stock Exchange ('ASX'), the annual general meeting or any major announcement
 - whilst in possession of price sensitive information not yet released to the market
- raising the awareness of legal prohibitions including transactions with colleagues and external advisers
- requiring details to be provided of intended trading in the Company's shares
- requiring details to be provided of the subsequent confirmation of the trade
- identification of processes for unusual circumstances where discretions may be exercised in cases such as financial hardship.

Any trading outside these periods/terms can only be conducted with the prior approval of the Chairman.

4.4 Continuous disclosure

The Directors are committed to keeping the market fully informed of material developments to ensure compliance with ASX listing rules and the Corporations Act 2001. At each Board Meeting specific consideration is given as to whether any matters should be disclosures under the Company's continuous disclosure policy. The Managing Director, in conjunction with all Directors, is charged with the day to day disclosure to the market of any information in relation to the on-going exploration activities of the Company.

4.5 Communication with Shareholders

The Directors aim to ensure that the shareholders are informed of all information necessary to access the performance of the Company.

Information on all major development affecting the Company is to be communicative to the shareholders through:

- the Annual Report
- quarterly and half yearly reports
- the Annual General Meeting and other meetings called to obtain approval for Board action as appropriate. All shareholders who are unable to attend these meeting will be encouraged to communicate issues or ask questions by writing to the Company;
- other announcement in accordance with the Company's continuous disclosure policy; and
- the Company's website at www.centrexmetals.com.au

The external auditor will be requested to attend the Annual General Meeting and answer shareholders' questions.

4.6 Summary

The Board will consider on an ongoing basis its Corporate Governance procedures and whether they are sufficient given the Company's nature of operations and size.

Directors' Report

For the Year Ended 30th June 2007

5 Remuneration Report

5.1 Principles of compensation – audited

Remuneration of directors and executives is referred to as compensation as defined in AASB 124.

Compensation levels for key management personnel and secretaries of the Company and relevant key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may, as required obtain independent advice on the appropriateness of compensation packages of both the Company and consolidated Group given trends in comparative companies both locally and internationally and the objectives of the Company's compensation strategy.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel
- the key management personnel's ability to meet key performance indicators

Compensation packages include a mix of fixed and variable compensation and short- and long-term performance-based incentives.

Non-Executive Directors

Total compensation for all Non-Executive Directors, pursuant to the constitution must not exceed \$500,000 per annum.

The Non-Executive Directors' compensation comprises of fixed Directors fees of \$70,000 (prior to 1 January 2007 \$55,000) per year for Mr David Lindh (as Chairman of the Board) and \$50,000 (prior to 1 January 2007 \$40,000) per year for each of Mr Norton Jackson and Mr David Klingberg. Superannuation is paid at 9% of the fixed compensation for Mr Lindh and Mr Klingberg. Mr Jackson does not receive any superannuation payments.

Mr Klingberg received 250,000 2008 A Class Options as remuneration on 15 July 2005 as part of his Service Agreement signed on 17 April 2005.

Directors' Report

For the Year Ended 30th June 2007

Executives

On 21 March 2006 Mr Gerard Anderson signed a three year ("Term") service agreement, which replaced the agreement dated 23 January 2006. Mr Anderson is entitled to receive salary of \$300,000 plus 15% superannuation, a car allowance of \$20,000 and an accommodation allowance of \$35,000 per annum. In addition Mr Anderson is entitled to receive 1,000,000 2008 A Class Options and 30% of his total salary as an annual bonus subject to key performance indicators as set by the Board of Directors. The agreement may be terminated at any time by either party by giving three months notice in writing and the Group retains the right to terminate the contract immediately. If terminated prior to expiry of the Term Mr Anderson is entitled to an amount equal to the salary and share options owing for the remainder of the Term plus an additional year's salary.

In the year ended 30 June 2007 Mr Anderson received 1,000,000 fully vested 2008 A Class Options as remuneration on 22 March 2007 as part of his Service Agreement. These Options are restricted and escrowed until the 17 July 2008. Mr Anderson also exceeded the following key performance indicators set by the Board of Directors and was paid a full 30% bonus of \$103,500.

1. Conducting exploration plan to budget and timing
2. Define an Indicated Resource at Wilgerup
3. Share price to increase over list price
4. Maintaining an injury free workplace, having no environmental breaches and maintaining good relations with landowners.

All four Centrex KPIs have equal weighting. The overall performance each year will determine the quantum of annual bonus available for distribution. If all KPIs are met, 100% of the annual allocation will be available for distribution, if 3 of the 4 KPIs will result in 75% of the allocation available for distribution, and so on.

5.2 Directors' and Executive Officers' remuneration-audited

Directors	Salaries & fees \$	Other benefits \$	Super- annuation Contributions \$	Share Based Payments Options & rights \$	Total \$	Proportion of remuneration based %	Value of Options as a proportion of remuneration %
30 June 2007							
Non-Executives							
Mr D Lindh	67,500	-	6,075	-	73,575	0%	0%
Mr D Klingberg	50,000	-	4,500	-	54,500	0%	0%
Mr N Jackson	50,000	-	-	-	50,000	0%	0%
Executives							
Mr G Anderson (i)	403,500	55,000	45,000	7,095	510,595	20%	1.4%
Total	571,000	55,000	55,575	7,095	688,670		
30 June 2006							
Non-Executives							
Mr D Lindh	55,000	-	4,950	-	59,950	0%	0%
Mr D Klingberg	40,000	-	3,600	-	43,600	0%	0%
Mr N Jackson	40,000	-	-	-	40,000	0%	0%
Executives							
Mr G Anderson (i)	69,231	6,060	6,231	-	81,522	0%	0%
Mr G Chrisp (ii)	10,444	-	-	-	10,444	0%	0%
Total	214,675	6,060	14,781	-	235,516		

Directors' Report

For the Year Ended 30th June 2007

5.2 Directors' and Executive Officers' remuneration-audited (continued)

Executives (continued)

(i) Mr Anderson's remuneration included a \$103,500 performance bonus that was based on Key Performance Indicators described previously. In the year ended 30 June 2007 all KPIs were exceeded resulting in a 100% vested bonus in the year.

(ii) Mr Chrisp resigned as a Director on the 27 April 2006. Under an agreement between the Company and Farmtell Management Services Pty Ltd, a company associated with Mr Chrisp, the Company agreed to grant options if certain performance criteria were met. Pursuant to the agreement 500,000 2008 A Class Options were issued to South Cove Ltd on 17 July 2006 (see note 18) as instructed by Mr Chrisp; with a Black Scholes fair value of \$18,603. This amount has been recorded as an expense in the year ended 30 June 2007.

In the prior year Mr Anderson was appointed as a director on 11 April 2006 and under a three year service agreement dated 21 March 2006 entitled to receive director's fees of \$69,231 for the period from 11 April 2006 to 30 June 2006. Mr Anderson's compensation for consultancy services before taking office on 11 April 2006 amounted to \$61,346. Mr Anderson was issued 750,000 shares at 10c each on 27 April 2006 in lieu of consultancy fees and directors remuneration for the three months ended 23 April 2006.

There are no other executives in the Company at 30 June 2007 or 30 June 2006.

Options

The fair value of the options granted in the year to directors was \$7,095 (2006: \$nil). The directors determined that the intrinsic fair value of the options at the date of issue using the Black Scholes method as follows:

Director	No. of 2008 A Class Options Issued	Black Scholes value per 2008 A Class Option	Fair Value of 2008 Class A Options Issued
Mr G Anderson	1,000,000	\$0.007	\$7,095

The fair value of options were calculated at the date of grant and allocated to the 2007 financial year as the options were fully vested at that grant date. The value disclosed is the proportion of the fair value allocated to the year ended 30 June 2007. Further details of the options can be found in Note 15 of the Financial Statements or section 12 of this Directors' Report.

Mrs Victoria Allinson is the Company Secretary and is remunerated by Adelaide Equity Partners Limited as part of their service agreement as disclosed in Note 18.

6. Principal Activity

The principal activity of the Group during the reporting year was iron ore exploration.

Directors' Report

For the Year Ended 30th June 2007

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:

This is the sixth full year of operations for the Group, which was incorporated on 23 March 2001. In April 2007 8.0 million tonnes of hematite clay and 1.1 million tonnes of hematite carbonate was outlined as Indicated Resources at the Wilgerup tenement.

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

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Net loss after income tax	657,013	632,922	667,285	626,007

The Group incurred expenditure of \$2,667,330 (2006: \$402,005) on mineral tenements during the year. Further details can be found in Section 10 of this Director's Report and Note 8 to the financial statements.

The Company completed a series of important business agreements during the reporting period, namely:

- Binding Heads of Agreement with Baotou Iron & Steel (Group) Co., Ltd and Shenyang Orient Iron & Steel Co., Ltd covering the supply and purchase of 1 million tonnes of hematite per year for 5 years from the Wilgerup deposit.
- Memoranda of Understanding with Baotou Iron & Steel (Group) Co., Ltd and Shenyang Orient Iron & Steel Co., Ltd covering technical due diligence of the Bungalow magnetite deposit.
- Re-signed the Heads of Agreement with Genesee & Wyoming Australia Ltd to extend the term of the agreement to enable completion of the feasibility study.
- Re-signed the Right of First Refusal over the Proper Bay rail tippler and 26 rail wagons to enable completion of the feasibility study.

8. Dividends

No dividends were paid or declared during the year and no recommendation is made as to dividends.

9. Events subsequent to year end

Wilgerup

As noted above Snowden Mining Consultants Pty Ltd have completed pit design and reserve estimation (at a cost of \$50,000) resulting in a Probable Reserve of 7.6 million tonnes grading 59.9% Fe. Snowden's concluded that further drilling of the Inferred hematite was likely to lead to an increase in mineable reserves. In addition to the massive hematite, 2.1 million tonnes of hematite clay and 1.1 million tonnes of hematite carbonate were outlined as Inferred Resources.

Since the 30 June 2007 the Group has entered into the following contracts with Sinclair Knight Mertz:

- to undertake a pre-feasibility study of the port options for the development of the Wilgerup hematite deposit; and
- entered into a contract with Sinclair Knight Mertz to undertake the Environmental and Permitting phases of the Wilgerup feasibility study.

CENTREX METALS LTD

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Directors' Report

For the Year Ended 30th June 2007

10. Likely Developments

The mineral tenements currently held 100% by the Group and available for mineral exploration, have the following annual spend covenants to maintain exploration rights:

Tenement	Held by	Covenant \$	Expiry
<u>Northern Area</u>			
Gilles Downs EL 3375	CML(i)		7 July 2008
Bungalow/Minbrie EL 3610 previously EL 2817	CML(i)		13 August 2008
Kimpba Gap ELA 07/453 previously 3018	SAIOG(ii)		9 October 2007
Ironstone Hut EL 3048	SAIOG(ii)		2 December 2007
Whyalla EL 3125	SAIOG(ii)		16 September 2008
Stony Hill EL 3287	SAIOG(ii)		1 December 2007
Total Northern Area covenant		315,000	
<u>Southern Area</u>			
Wanilla EL 3269	CML(i)		26 October 2007
Wilgerup EL 3317 previously EL 2676	CML(i)		9 March 2008
Greenpatch EL 3611 previously EL 2816	CML(i)		13 August 2008
Dutton Bay EL 3421	CML(i)		15 September 2008
Bald Hill EL 3877 previously EL 2905	SAIOG(ii)		5 August 2008
Carrow EL 3731 previously EL 2887	SAIOG(ii)		11 April 2008
Total Southern Area covenant		510,000	
<u>Other Areas</u>			
Lock EL 3401	CML(i)	75,000	18 August 2008
Cockabidnie EL 3609 previously EL 2815	CML(i)	125,000	13 August 2008
		<u>1,025,000</u>	
(i)	Centrex Metals Limited ("CML")		
(ii)	South Australian Iron Ore Group Pty Limited ("SAIOG")		

The covenants may be subject to renegotiation, be farmed out or may be relinquished and have not been provided for in the financial statements but rather disclosed as commitments in Note 19. During the year the company negotiated group tenement covenants for the Northern and Southern areas.

The Group proposes to continue exploration of its tenements during the coming year with the aim of increasing the Group's resource base of iron ore. The Group has also commissioned a pre-feasibility study and other work (see point 9 above) at Wilgerup.

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 aimed to maximise the benefit to be received from exploration.

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

Cockabidnie North EL3498

Centrex Metals Limited has the sole right to explore for and exploit iron ore on EL3498 which is held by Lincoln Minerals Limited (previously Centrex Exploration Limited) as per the Supplementary Agreement between Lincoln Minerals Limited and Centrex Metals Limited dated 21st March 2006.

Directors' Report

For the Year Ended 30th June 2007 – (continued)

11. Director's 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	No. of Shares held	No. of Options held	
		Number	Price/Expiry
Adelaide Equity Partners Limited (a company associated with Mr D Lindh)	-	1,000,000	\$0.20/31 Dec 08
Davan Nominees Pty Ltd (a company associated with Mr D Lindh)	12,876,335	4,468,880	\$0.20/31 Dec 08
Mr N Jackson	7,582,930	3,749,336	\$0.20/31 Dec 08
Patna Properties Pty Ltd (a company associated with Mr D Klingberg)	450,000	250,000	\$0.20/31 Dec 08
Anderson Gerard & Shane (an entity associated with Mr G Anderson)	750,000	1,000,000	\$0.20/31 Dec 08

Mr G Anderson was issued 1,000,000 2008 A Class Options as part of his service agreements (see 5.2 above)

Other than transactions as detailed in Note 18, 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 Options

Options granted to executives, directors and officers of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following Directors and to the following of the five most highly remunerated executives and officers of the Company as part of their remuneration:

	No. of options granted	Exercise price	Grant date	Expiry date
Directors				
Anderson Gerard & Shane (an entity associated with Mr Gerard Anderson)	1,000,000 2008 A Class Options	\$0.20	22 Mar 2007	31 Dec 2008

The fair value per option at grant date was \$0.007 on the 22 March 2007.

All options were granted during the financial year. No options have been granted since the end of the financial year.

During the financial year, no shares were issued to directors on the exercise of options previously granted as compensation.

CENTREX METALS LTD

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Directors' Report

For the Year Ended 30th June 2007

12. Share Options (continued)

The following options were issued on 17 July 2006:

	Number	Expiry Date	Exercise Price
South Cove Ltd	500,000	31.12.08	\$0.20
Adelaide Equity Partners Ltd (i)	1,000,000	31.12.08	\$0.20
Taylor Collison Ltd (via Taycol Nominees Pty Ltd)	2,000,000	31.12.08	\$0.20
	3,500,000		

(i) Mr David Lindh is Chairman and a shareholder of Adelaide Equity Partners Limited.

Unissued shares under option

At the date of this report unissued ordinary shares of the Company under option as detailed in note 14 are:

Expiry date	Exercise price	No. of unissued shares at 30 June 2007	No. of options exercised since 30 June 2007	No. of unissued shares
31 December 2008	\$0.20	57,283,056	165,823	57,117,233

Shares issued on exercise of options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there were no amounts unpaid on the shares issued):

Option	Amount paid on each share	Number of shares	Date issued
2008 A Class Options	\$0.20	5,000	22 June 2007
2008 A Class Options	\$0.20	15,000	29 June 2007
2008 A Class Options	\$0.20	3,000	10 July 2007
2008 A Class Options	\$0.20	5,000	25 July 2007
2008 A Class Options	\$0.20	157,823	9 August 2007

13. Indemnification and insurance of officers:

Pursuant to the shareholders' meeting on 6 June 2005, the Directors' Deed of Access and Indemnity, which were approved by the shareholders' meeting, have now been executed.

During the financial year, the Group paid premiums on behalf of the company in respect of Directors' and Officers' liability and legal expenses insurance contracts.

Directors' Report

For the Year Ended 30th June 2007

14. 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 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 in Note 3 to the Financial Statements.

15. Lead Auditors' Independence Declaration

The Lead auditors' independence declaration is set out on page 36 and forms part of the Directors' Report for the financial year ended 30 June 2007.

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

.....
Mr David J Lindh

.....
Mr Gerard Anderson

Dated at Adelaide this 12th day of September 2007.



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 for the financial year ended 30 June 2007 there have been:

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

KPMG

KPMG

A handwritten signature in black ink that reads 'Jason Anglin'.

Jason Anglin
Partner
Adelaide

12 September 2007

CENTREX METALS LTD
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Income Statements

For the Year Ended 30th June 2007

	Note	Consolidated		Company	
		2007	2006	2007	2006
			\$		\$
Revenue -Interest income	2	559,391	30	559,391	30
Exploration expenses written off	8	(168)	(6,915)	-	-
Office and administration expenses		(213,297)	(99,233)	(213,297)	(99,233)
Consultants and management expenses		(33,745)	(284,080)	(33,745)	(284,080)
Directors' fees		(178,075)	(143,550)	(178,075)	(143,550)
Employee benefit expenses	2	(755,927)	(47,065)	(755,927)	(47,065)
Depreciation expense	9	(22,242)	(3,670)	(22,242)	(3,670)
Finance costs – loan interest	2	(1,343)	(20,056)	(1,343)	(20,056)
Listing expenses		-	8,503	-	8,503
Other expenses		(105,200)	(36,886)	(112,283)	(36,886)
Loss before income tax expense		(750,606)	(632,922)	(757,521)	(626,007)
Income tax (expense) / benefit	4(a)	93,593	-	90,236	-
Net loss	14	(657,013)	(632,922)	(667,285)	(626,007)
Earnings per share for loss attributable to the ordinary equity holders of the company:					
		Cents per share	Cents per share		
Basic earning per share in cents	5	(0.31)	(0.42)		
Diluted earning per share in cents	5	(0.31)	(0.42)		

The Income Statements are to be read in conjunction with the Notes to the Financial Statements.

CENTREX METALS LTD
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Statements of Recognised Income and Expense

For the Year Ended 30th June 2007

	Note	Consolidated 2007	2006	Company 2007	2006
Net income recognised directly in equity		-	-	-	-
Loss for the period		(657,013)	(632,922)	(667,285)	(626,007)
Total recognised income and expense for the period		(657,013)	(632,922)	(667,285)	(626,007)

Other movements in equity arising from transactions with owners as owners are set out in notes 14.

The Statements of Recognised Income and Expense are to be read in conjunction with the Notes to the Financial Statements.

CENTREX METALS LTD
A.B.N. 97 096 298 752

Balance Sheets

As at 30th June 2007

	Note	Consolidated		Company	
		2007	2006	2007	2006
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	6	7,908,336	17,775	7,908,336	17,775
Current Tax assets	4(b)	80,211	-	80,211	-
Other receivables	7	179,738	33,437	179,738	33,437
Total Current Assets		8,168,285	51,212	8,168,285	51,212
Exploration and evaluation expenditure	8	3,093,401	532,404	2,815,959	362,576
Plant and equipment	9	73,636	19,515	73,636	19,515
Receivable from controlled entities	7	-	-	277,442	176,743
Total Non-Current Assets		3,167,037	551,919	3,167,037	558,834
Total assets		11,335,322	603,131	11,335,322	610,046
Liabilities					
Trade and other payables	10	330,892	1,042,458	330,892	1,042,458
Employee Benefits	11	40,973	-	40,973	-
Interest bearing loans and borrowings	13	-	288,112	-	288,112
Deferred income tax liabilities	4(b)	-	13,382	-	10,025
Total Current Liabilities		371,865	1,343,952	371,865	1,340,595
Trade and other payables		-	-	-	-
Total Non-Current Liabilities		-	-	-	-
Total liabilities		371,865	1,343,952	371,865	1,340,595
Net assets/(liabilities)		10,963,457	(740,821)	10,963,457	(730,549)
Equity					
Contributed equity	14	12,286,238	62,265	12,286,238	62,265
Share Options Issued	14	137,318	-	137,318	-
Accumulated losses	14	(1,460,099)	(803,086)	(1,460,099)	(792,814)
Total equity		10,963,457	(740,821)	10,963,457	(730,549)

The Balance Sheets are to be read in conjunction with the Notes to the Financial Statements.

CENTREX METALS LTD
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Statements of Cash Flows

For the Year Ended 30th June 2007

	Note	Consolidated		Company	
		2007	2006	2007	2006
			\$		\$
Cash flows from operating activities					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(1,554,683)	(327,877)	(1,554,683)	(327,877)
Interest paid		(14,729)	(6,670)	(14,729)	(6,670)
Net cash from operating activities	20(b)	(1,569,412)	(334,547)	(1,569,412)	(334,547)
Cash flows from investing activities					
Expenditure on mining tenements		(2,441,029)	(364,714)	(2,333,247)	(245,431)
Interest received		489,116	30	489,116	30
Acquisition of plant and equipment		(76,363)	(23,185)	(76,363)	(23,185)
Net cash from investing activities		(2,028,276)	(387,869)	(1,920,494)	(268,586)
Cash flows from financing activities					
Funds (paid)/received from former related party		(288,112)	91,503	(288,112)	91,503
Proceeds from the issue of share capital		12,533,086	751,167	12,533,086	751,167
Payment of issue of share capital costs		(756,725)	(129,670)	(756,725)	(129,670)
Funds loaned to controlled entity (SAIOG)		-	-	(107,782)	(119,283)
Net cash from financing activities		11,488,249	713,000	11,380,467	593,717
Net increase/(decrease) in cash and cash equivalents					
		7,890,561	(9,416)	7,890,561	(9,416)
Cash and cash equivalents at the beginning of the financial year					
		17,775	27,191	17,775	27,191
Cash and cash equivalents at the end of the financial year					
	20(a)	7,908,336	17,775	7,908,336	17,775

The Statements of Cash Flows are to be read in conjunction with the Notes to the Financial Statements.

Notes to the Financial Statements

For the Year Ended 30th June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Centrex Metals Limited (the 'Company') is a company domiciled in Australia. The registered office is Level 3, 100 Pirie Street Adelaide, SA 5000. The consolidated financial report of the Company for the financial year ended 30 June 2007 comprises the Company and its subsidiary (together referred to as the 'Group').

The financial report was authorised for issue by the directors on 12 September 2007.

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.

b) Basis of Measurement and Presentation

The financial report is presented in Australian dollars.

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

A number of standards and amendments were available for early adoption however only the following is expected to have a significant impact on the financial results and has been applied by the Group in these financial statements.

- AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments* and is applicable for annual reporting periods beginning on or after 1 July 2007. Early adoption at 30 June 2007 impacts the Group's treatment of Government Grants under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. Under the current standard the grant income would have been deferred until the exploration expenditure asset to which it relates was charged to the Income Statement; under the new standard the grant is offset against the mining tenement exploration expenditure capitalised asset (Note 8).
- Early adoption of AASB 2007-04 at 30 June 2007 has not resulted in any changes to the 2006 comparative figures, as no government grants were received in that year or previously.
- There is no other impact of the early adoption of AASB 2007-04 in either the 30 June 2007 or 2006 comparative year.

One other standard available for early adoption that will impact on the consolidated entity in terms of note disclosure but has not been applied in these financial statements is AASB 7 *Financial Instruments: Disclosures* (August 2005). This standard replaces the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007. The standard requires additional disclosure with respect to financial instruments and share capital, however is not expected to impact the financial results of the company or the consolidated entity.

Notes to the Financial Statements

For the Year Ended 30th June 2007

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting estimates and judgements

Management discussed with the Audit and Risk Management Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The 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.

- Impairment of Mining tenements -exploration and evaluation costs – Note 1(o)
- Shares and option compensation – Note 1(w)
- Provision for restoration and rehabilitation – Note 1(l)

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial report and have been applied consistently by Group entities.

c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated result for the year ended 30 June 2007 was a net loss of \$657,013 (2006: \$632,922) and the Group has a net assets of \$10,963,457 (2006: net deficiency of \$740,821).

The Group's primary focus continues to be mineral exploration on the tenements to which it holds rights. The company listed on 17 July 2006 raising \$8,152,086, and cash and cash equivalents at 30 June 2007 was \$7,908,336. As a result the Directors believe that the Group is a going concern and will continue to pay its debts as and when they fall due.

d) Principles of Consolidation

The consolidated financial statements of the Group include the financial statements of the Company, being the parent entity, and its wholly owned subsidiary, South Australia Iron Ore Group Pty Ltd.

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

e) Revenue Recognition

Revenue and expenses are brought to account on an accrual basis. Interest income is recognised as it accrues.

Notes to the Financial Statements

For the Year Ended 30th June 2007

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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 (Note 1b).

g) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

h) Comparatives

Where applicable, prior year amounts have been adjusted to place them on a comparable basis with current year amounts.

i) Income Tax

Income tax expense comprises current and deferred tax. Income tax is recognised in the income statement 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

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.

The company and its wholly owned Australian resident entity South Australian Iron Ore Group Pty Ltd have formed a tax consolidation group with effect from 27 January 2005 and are therefore taxed as a single entity from that date. The head entity within the tax consolidation group is Centrex Metals Limited.

Notes to the Financial Statements

For the Year Ended 30th June 2007

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Exploration, Evaluation and Development Expenditure

Costs associated with exploration, evaluation and development expenditure will be accumulated in respect of each separate area of interest.

These costs will be carried forward on the balance sheet when rights to tenure for the area of interest are current, and where the costs are expected to be recouped through the sale or successful development of the area of interest, or where activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Upon determination of recoverable reserves, exploration and evaluation assets are first tested for impairment and then reclassified as development assets. These costs will be depreciated on a unit of production basis over the life of the economically recoverable reserves once production commences.

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 (p)). 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 balance sheet 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) Plant and Equipment

Plant and equipment is brought to account at cost, less where applicable any accumulated depreciation and impairment losses. The carrying amount of 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.

Notes to the Financial Statements

For the Year Ended 30th June 2007

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Depreciation

With the exception of exploration, evaluation and development assets, depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Exploration, evaluation and development assets will be depreciated on a unit of production basis over the life of the economically recoverable reserves, once production commences.

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

Motor vehicles	3-5 years
Fixtures and fittings	3-5 years
Plant and equipment	3-5 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 recognised in the income statement, 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 payment are charged against profits 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.

Notes to the Financial Statements

For the Year Ended 30th June 2007

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 ATO is included as a current asset or liability in the balance sheet.

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) Investments

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

s) 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.

t) 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 the income statement over the period of the borrowings on an effective interest basis.

u) Share capital

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

Notes to the Financial Statements

For the Year Ended 30th June 2007

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v) Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

Long-term service benefits

The Group's net obligation in respect of long-term service benefits, other than defined benefit superannuation funds, 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 Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Group's obligations.

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick 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 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.

w) Share and options compensation

Where shares or share option 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 not being met.

x) Segmental reporting

The Company operates in one business segment: iron ore exploration and one geographical segment: Australia.

y) 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 and 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 convertible notes and share options granted to employees.

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Notes to the Financial Statements

For the Year Ended 30th June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
2 PROFIT/(LOSS) FROM CONTINUING OPERATIONS				
Finance Income and Expense				
Finance Income				
Interest income on bank deposits	559,391	30	559,391	30
Financial Expenses				
interest paid	(1,343)	(20,056)	(1,343)	(20,056)
Net Finance Income and Expense	558,048	(20,026)	558,048	(20,026)
Employee Benefit Expenses				
Wages and salaries	609,890	37,207	609,890	37,207
Contributions to defined contribution superannuation funds (note 1(v))	61,980	8,973	61,980	8,973
Increase in annual leave liability	40,973	-	40,973	-
Equity-settled share-based payment transaction (note 14 & 15)	25,698	-	25,698	-
Other employee costs	17,386	885	17,386	885
	755,927	47,065	755,927	47,065
3 AUDITOR'S REMUNERATION				
Audit services	15,000	10,000	15,000	10,000
Other services –share issue costs (Note 14)	-	7,500	-	7,500
Other services –taxation services	10,000	2,500	10,000	2,500
Auditors of the company – KPMG	25,000	20,000	25,000	20,000

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Notes to the Financial Statements
For the Year Ended 30th June 2007

4 TAXATION

4(a) Income tax expense

Current tax expense/(benefit)	(80,211)	-	(80,211)	-
Deferred tax expense/(benefit)	(13,382)	-	(10,025)	-
	(93,593)	-	(90,236)	-
Prima facie income tax expense/(benefit) calculated at 30% on the loss from continuing operations (2006: 30%)	(225,181)	(189,877)	(225,131)	(187,802)
Tax losses and temporary differences not brought to account	211,799	189,877	215,106	187,802
Prior year overprovision –R&D refund	(80,211)	-	(80,211)	-
Income tax expense/(benefit) on operating profit / (loss)	(93,593)	-	(90,237)	-

The deferred tax benefit recognised in 2007 represents the de-recognition of a net deferred tax liability that was initially recorded at 30 June 2005. The net deferred tax liability was initially recognised as taxable temporary differences on capitalised Exploration Expenditure exceeded accumulated tax losses at that time. This was a result of the Company losing its accumulated tax losses on de-merging from the Centrex Resources Limited (now Energy Exploration Limited) tax consolidated group in 2005. As at 30 June 2007 accumulated tax losses exceed taxable temporary differences and hence the deferred tax liability has been de-recognised.

4(b) Unrecognised deferred tax asset

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Tax losses in current year	3,363,467	632,923	3,363,467	626,007
Tax losses in current year @ 30%	1,009,040	189,877	1,009,040	187,802
Tax losses brought forward	268,871	78,994	266,796	78,994
Prior year overprovision –tax losses	(12,670)	-	(10,595)	-
Tax losses carried forward	1,265,241	268,871	1,265,241	266,796

The net deferred tax asset not recognised (tax losses net of unrecognised temporary differences, relating mainly to the taxable temporary differences on capitalised Exploration Expenditure) is \$557,412.

Deferred tax assets have not been recognised in relation to temporary difference or tax losses as recovery is not probable.

The potential future income tax benefit will only be obtained if:

- (i) The Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) The Group continues to comply with the conditions for deductibility imposed by the law; and
- (iii) No changes in tax legislation adversely affect the Group in realising the benefit.

Tax losses do not expire under current tax legislation.

Notes to the Financial Statements

For the Year Ended 30th June 2007

5 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2007 was based on the loss attributable to ordinary shareholders of \$657,013 (2006: \$632,922) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2007 of 211,983,714 (2006: 149,698,226), calculated as follows:

Loss attributable to ordinary shareholders

	Consolidated	
	2007	2006
	\$	\$
Loss for the period	657,013	632,922
Adjustments	-	-
Profit attributable to ordinary shareholders	657,013	632,922

Weighted average number of ordinary shares

	Note	2007	2006
Issued ordinary shares at beginning of year	14	194,343,701	146,237,360
Effect of shares issued on 29 June 2007	14	-	-
Effect of shares issued on 22 June 2007	14	13	-
Effect of shares issued on 6 September 2006	14	17,640,000	-
Effect of shares issued on 27 June 2006	14	-	335,017
Effect of shares issued on 27 April 2006	14	-	455,891
Effect of shares issued on 8 December 2005	14	-	2,552,329
Effect of shares issued on 24 November 2005	14	-	89,589
Effect of shares issued on 15 July 2005	14	-	28,040
Weighted average number of ordinary shares at end of year		211,983,714	149,698,226

Earnings per share for continuing and discontinued operations

Basic earnings per share	(0.0031)	(0.0042)
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The diluted earning per share is the same as the basic earning per share due to losses being incurred in the period.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	7,908,336	17,775	7,908,336	17,775
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At the 30 June 2007 \$2,526,584 was held on a 60 days term deposit that matures on the 6 July 2007 at an annual interest rate of 6.26% and \$5,076,808 was held on a 90 days term deposit that matures on the 7 August 2007 at an annual interest rate of 6.30%.

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Notes to the Financial Statements

For the Year Ended 30th June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
7 OTHER RECEIVABLES				
Current				
Prepayments and other receivables	128,707	9,297	128,707	9,297
GST receivable	51,031	24,140	51,031	24,140
	<u>179,738</u>	<u>33,437</u>	<u>179,738</u>	<u>33,437</u>
Non-current				
Receivable from South Australian Iron Ore Group Pty Ltd	-	-	277,442	176,743

The amount receivable from South Australian Iron Ore Group Pty Ltd is payable on demand. The Company has no intention of demanding payment in the next year.

8 EXPLORATION AND EVALUTION EXPENDITURE

Cost at beginning of the year	532,404	137,314	362,576	79,854
Government grant received	(57,000)	-	(57,000)	-
Third party recovery of exploration expenditure	(49,165)	-	(49,165)	-
Acquisitions	2,667,330	402,005	2,559,548	282,722
Disposals/write-offs	(168)	(6,915)	-	-
Cost at end of the year	<u>3,093,401</u>	<u>532,404</u>	<u>2,815,959</u>	<u>362,576</u>

The following mineral tenements are currently held 100% by the Group and are available for mineral exploration:

	Capitalised Costs 2007 \$	Capitalised Costs 2006 \$
<i>Held by Centrex Metals Ltd</i>		
Greenpatch EL 2816	189,362	177,750
Cockabidnie EL 2815	42,416	8,290
Bungalow EL 2817	366,924	47,599
Wilgerup EL 3317	2,120,426	108,504
Wanilla EL 3269	22,598	15,141
Dutton Bay EL 3421	20,217	2,882
Lock EL 3401	7,937	410
Gilles Downs EL 3375	46,079	2,000
	<u>2,815,959</u>	<u>362,576</u>
<i>Held by SAIOG</i>		
Bald Hill EL 2905	68,993	62,398
Carrow EL 2887	61,053	52,188
Kimba Gap EL 3018	42,624	9,259
Lake Moolkra EL 2961	168	6,915
Whyalla EL 3125	36,951	9,477
Ironstone Hut EL 3048	22,051	9,129
Stony Hill EL 3287	45,770	27,377
	<u>277,610</u>	<u>176,743</u>
Surrendered tenement written off: Lake Moolkra EL 2961	(168)	(6,915)
Total	<u><u>3,093,401</u></u>	<u><u>532,404</u></u>

Notes to the Financial Statements

For the Year Ended 30th June 2007

8. EXPLORATION AND EVALUATION EXPENDITURE (continued)

Cockabidnie North EL3498

Centrex Metals Limited has the sole right to explore for and exploit iron ore on EL3498 which is held by Lincoln Minerals Limited (previously Centrex Exploration Limited) as per the Supplementary Agreement between Lincoln Minerals Limited and Centrex Metals Limited dated 21st March 2006. At the 30 June 2007 \$nil (2006: \$nil) exploration expenditure has been incurred.

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. The Wilgerup EL 3375 tenement has been explored and has an indicated resource of 8Mt of inferred massive hematite; however the technical feasibility study has not yet been completed. The consolidated entity's other tenements have still to be explored fully and therefore the economic/commercial viability are not yet known.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
9 PLANT AND EQUIPMENT				
Cost				
Balance at beginning of year	23,185	-	23,185	-
Additions	76,363	23,185	76,363	23,185
Disposals	-	-	-	-
Balance at end of year	99,548	23,185	99,548	23,185
Depreciation				
Balance at beginning of year	3,670	-	3,670	-
Disposals	-	-	-	-
Charge for the year	22,242	3,670	22,242	3,670
Balance at end of year	25,912	3,670	25,912	3,670
Net book value				
Balance at beginning of year	19,515	-	19,515	-
Additions	76,363	23,185	76,363	23,185
Depreciation charge for the year	(22,242)	(3,670)	(22,242)	(3,670)
Balance at end of year	73,636	19,515	73,636	19,515

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Notes to the Financial Statements

For the Year Ended 30th June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
10 TRADE AND OTHER PAYABLES				
Current liabilities				
Trade payables	103,922	645,393	103,922	645,393
Other trade payables and accruals	226,970	40,349	226,970	40,349
Directors fees payable	-	181,716	-	181,716
Management fees payable	-	175,000	-	175,000
	<u>330,892</u>	<u>1,042,458</u>	<u>330,892</u>	<u>1,042,458</u>

Directors fees payable and Management fees payable (owed to a Director-related entity) in the prior year were paid in full during the year ended 30 June 2007. Refer Directors Remuneration Note 18.

No interest is payable on trade payables or management fees payable.

11 EMPLOYEE BENEFITS

Current liabilities				
Annual Leave provision	<u>40,973</u>	<u>-</u>	<u>40,973</u>	<u>-</u>

12 FINANCIAL GUARANTEES

There are no financial guarantees at 30 June 2007 or 30 June 2006.

13 INTEREST-BEARING LOANS AND BORROWINGS

Current liabilities				
Loan from Centrex Resources Ltd	<u>-</u>	<u>288,112</u>	<u>-</u>	<u>288,112</u>

Interest accrued on amounts owed to Centrex Resources Ltd at a rate of 5% per annum. The balance above includes \$nil (2006: \$13,386) in interest payable accrued in current year. Loan was repayable on demand and was repaid during the year with proceeds from the capital raising.

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Notes to the Financial Statements

For the Year Ended 30th June 2007

	Consolidated		Company	
	2007	2006	2007	2006
		\$	\$	\$
14 CAPITAL AND RESERVES				
Share Capital				
216,263,701 (2006: 194,343,701) ordinary shares, fully paid	12,286,238	62,265	12,286,238	62,265
Movements during the year				
Balance at beginning of year 194,343,701 (2006: 146,237,360) shares	62,265	2	62,265	2
Movement during 2007				
40,760,432 shares allotted on 27 June 2006 \$8,152,086 held in trust until the Company was quoted on the ASX (i)	8,152,086	-	8,152,086	-
21,900,000 shares issued from 2008 A Class Options on 6 September 2006	4,380,000	-	4,380,000	-
5,000 shares issued on 22 June 2007 on exercise of 2008 Class A Options	1,000	-	1,000	-
15,000 shares issued on 29 June 2007 on exercise of 2008 Class A Options	3,000	-	3,000	-
Share issue costs expensed Share issue costs options (note 15)	(200,493) (111,620)	-	(200,493) (111,620)	-
Movement during 2006				
29,242 shares issued on 15 Jul 2005	-	4,500	-	4,500
150,000 shares issued from 2008 A Class Options on 24 Nov 2005	-	30,000	-	30,000
4,566,667 shares issued on 8 Dec 2005	-	456,667	-	456,667
2,600,000 shares issued on 27 Apr 2006	-	260,000	-	260,000
40,760,432 shares allotted on 27 Jun 2006 \$8,152,086 held in trust until the Company was quoted on the ASX (i)	-	-	-	-
Share issue costs	-	(688,904)	-	(688,904)
216,263,701 (2006: 194,343,701) shares	12,286,238	62,265	12,286,238	62,265

(i) On 17 July 2006 the company listed on the ASX and in the process raised \$8,152,086 from issuing 40,760,432 shares. The shares were quoted from 19 July 2006.

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Notes to the Financial Statements

For the Year Ended 30th June 2007

14 CAPITAL AND RESERVES (continued)

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.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
<i>Share Capital</i>				
Share Capital at the beginning of the year	62,265	2	62,265	2
Issued	12,536,086	751,167	12,536,086	751,167
Share issue costs	(312,113)	(688,904)	(312,113)	(688,904)
Share Capital at the end of the year	<u>12,286,238</u>	<u>62,265</u>	<u>12,286,238</u>	<u>62,265</u>
<i>Share Options Issued</i>				
Value of options at the beginning of the year	-	-	-	-
Value of options issued during year	<u>137,318</u>	<u>-</u>	<u>137,318</u>	<u>-</u>
Value of options at the end of the year	<u>137,318</u>	<u>-</u>	<u>137,318</u>	<u>-</u>
<i>Accumulated Losses</i>				
Accumulated loss at the beginning of the year	(803,086)	(170,164)	(792,814)	(166,807)
Net profit/(loss) for the year	<u>(657,013)</u>	<u>(632,922)</u>	<u>(667,285)</u>	<u>(626,007)</u>
Accumulated loss at the end of the year	<u>(1,460,099)</u>	<u>(803,086)</u>	<u>(1,460,099)</u>	<u>(792,814)</u>
Total Equity	<u>10,963,457</u>	<u>(740,821)</u>	<u>10,963,457</u>	<u>(730,549)</u>

15 OPTIONS

At 30 June 2007, there are the following options outstanding:

	Number	Expiry Date	Exercise Price
2006 Unlisted Options			
At the beginning of the year	9,971,987	31.12.06	\$1.05
Options expired on the 31 December 2006	<u>(9,971,987)</u>	31.12.06	\$1.05
At the end of the year	<u>-</u>		

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For the Year Ended 30th June 2007

15 OPTIONS (continued)

	Number	Expiry Date	Exercise Price
2008 A Class Options			
At the beginning of the year	52,803,056	31.12.08	\$0.20
Options issued on the 17 July 2006:			
South Cove Ltd (i)	500,000	31.12.08	\$0.20
Adelaide Equity Partners Ltd (ii)	1,000,000	31.12.08	\$0.20
Taylor Collison Ltd (via Taycol Nominees Pty Ltd) (ii)	2,000,000	31.12.08	\$0.20
Options issued to Mr G Anderson (iii)	1,000,000	31.12.08	\$0.20
Options exercised on 22 June 2007	(5,000)	31.12.08	\$0.20
Options exercised on 29 June 2007	(15,000)	31.12.08	\$0.20
At the end of the year	<u>57,283,056</u>	31.12.08	\$0.20

- (i) Fully vested options with a fair value of \$18,603 were issued on listing to South Cove Ltd. The options are restricted with an escrow period that expires on 17 July 2008.
- (ii) Fully vested options with a fair value of \$37,207 and \$74,413 were issued on listing to Adelaide Equity Partners Limited and Taylor Collison Ltd (via Taycol Nominees Pty Ltd) respectively in return for service in respect of the initial public offering. The total fair value has been recognised as a share issue cost, refer to Note 14. The options are restricted with an escrow period that expires on 17 July 2008. Mr D Lindh is the Chairman and a shareholder of Adelaide Equity Partners Limited.
- (iii) Mr G Anderson received 1,000,000 fully vested 2008 A Class Options with a fair value of \$7,095 under his service agreement. The options are restricted with an escrow period that expires on 17 July 2008.

The 2008 A Class Options were quoted on the ASX on 19 July 2006. At the 30 June 2007 41,399,288 options are restricted with an escrow period that expires on 17 July 2008 and therefore are not exercisable until that date.

At 30 June 2006 the following options were outstanding:

	Number	Expiry Date	Exercise Price
2006 Unlisted Options			
At the beginning of the year	9,846,987	31.12.06	\$1.05 (iii)
Options issued on 8 December 2005	125,000	31.12.06	\$1.05
At the end of the year	<u>9,971,987</u>	31.12.06	\$1.05
2008 A Class Options			
At the beginning of the prior year	42,637,948	31.12.08	\$0.20
Options exercised on 24 November 2005	(150,000)	31.12.08	\$0.20
Options issued on 8 December 2005	125,000	31.12.08	\$0.20
Options issued on 27 June 2006	10,190,108	31.12.08	\$0.20
At the end of the prior year	<u>52,803,056</u>	31.12.08	\$0.20
Total Options at beginning of prior year	<u>52,484,935</u>		
Total Options at end of prior year	<u>62,775,043</u>		

Notes to the Financial Statements

For the Year Ended 30th June 2007

16 FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The Group does not enter into or trade financial instruments, including speculative financial instruments, for speculative purposes.

(b) Interest rate risk exposure

The Group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

	Effective Interest rate	Interest free	Variable Interest rate	Fixed Interest rate less than one year	Total
Consolidated 2007					
Cash	6%	54	304,890	7,603,392	7,908,336
2006					
Cash	-	-	17,775	-	17,775
Loan from Centrex Resources Limited	5%	-	-	(288,112)	(288,112)
Company 2007					
Cash	6%	54	304,890	7,603,392	7,908,336
Receivable from controlled entity	-	277,442	-	-	277,442
2006					
Cash	-	-	17,775	-	17,775
Receivable from controlled entity	-	176,743	-	-	176,743
Loan from Centrex Resources Limited	5%	-	-	(288,112)	(288,112)

(c) Credit risk exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Group, which have been recognised on the balance sheet, is reflected in the carrying amount.

(d) 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, term debtors, other debtors, bank overdraft, accounts payable, bank loans and lease liabilities approximate net fair value.

The net fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

Notes to the Financial Statements

For the Year Ended 30th June 2007

16 FINANCIAL INSTRUMENTS (continued)

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

	Consolidated			
	2007		2006	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash assets	7,908,336	7,908,336	17,775	17,775
Current tax asset	80,211	80,211	-	-
Other receivables	179,738	179,738	33,437	33,437
	<u>8,168,285</u>	<u>8,168,285</u>	<u>51,212</u>	<u>51,212</u>
Financial liabilities				
Trade and other payables	330,891	330,891	1,042,458	1,042,458
Employee benefits	40,973	40,973	-	-
Interest bearing loans and borrowings	-	-	288,112	288,112
	<u>371,864</u>	<u>371,864</u>	<u>1,330,570</u>	<u>1,330,570</u>

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.

(e) Liquidity Risk Management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
17 OPERATING LEASES				
Non-cancellable operating lease rentals are payable as follows:				
Less than one year	67,437	18,200	67,437	18,200
Between one and five years	-	3,378	-	3,378
More than five years	-	-	-	-

The operating leases relate to accommodation leased for the registered office and two exploration sites. The leases expire within one year at the 30 June 2007 (2006: 2 years).

Notes to the Financial Statements

For the Year Ended 30th June 2007

18 RELATED PARTIES

The following were key management personnel of the Group at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Non-Executive Directors

Mr David Lindh (Chairman)
Mr Norton Jackson
Mr David Klingberg

Executive Directors

Mr Gerard Anderson (appointed 11 April 2006)
Mr Graham Chrisp (resigned 27 April 2006)

Executives

None

The key management personnel compensation included in 'Employee benefits expense' (see note 2) and Directors Fees are as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short-term employee benefits	681,575	235,516	681,575	235,516
Executive share options issued	7,095	-	7,095	-
Short-term employee benefits	<u>688,670</u>	<u>235,516</u>	<u>688,670</u>	<u>\$235,516</u>

Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation is provided in the Remuneration Report section of the Directors' Report in Section 5.

There are no other executives in the Company at 30 June 2007 or 30 June 2006.

Other key management personnel transactions with the Company or its controlled entities:

The following payments and/or liabilities have been included in the financial statements:

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Notes to the Financial Statements

For the Year Ended 30th June 2007

18 RELATED PARTIES (continued)

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

		Consolidated & The Company		
		Note	2007	2006
<i>Excluding GST</i>				
Key management persons	Transaction			
Mr David Lindh	Rundle Capital Partners Limited's corporate advisory services relating to the listing process	(i)	-	30,000
Mr David Lindh	Adelaide Equity Partners Limited's corporate advisory services relating to the listing process and other matters	(ii)	38,000	44,000
Mr David Lindh	Adelaide Equity Partners Limited's reimbursed expenses	(iii)	53,411	8,595
Mr David Lindh	Adelaide Equity Partners Limited's company secretarial, accountancy and administrative services	(iv)	79,645	7,495
Mr David Lindh	Rundle Capital Partners Limited's reimbursed expenses	(v)	-	3,969
Mr David Lindh	Minter Ellison's legal services relating to the listing process and other services	(vi)	57,544	118,042
Mr Graham Chrisp*	Management Fees	(vii)	-	150,000
Mr Graham Chrisp*	Softwood Plantations Pty Ltd reimbursed expenses	(viii)	5,188	58,071
Mr Graham Chrisp*, Mr Norton Jackson, & Mr David Lindh	Exploration Energy Ltd loan Interest	(ix)	1,343	13,369

* resigned 27 April 2006

- (i) Payments to a total of \$nil (2006: \$30,000) were made to Rundle Capital Partners Ltd, of which Mr Lindh is a Director, for corporate advisory services relating to the listing process.
- (ii) Payments to a total of \$38,000 (2006:\$44,000) were made to Adelaide Equity Partners Ltd, of which Mr Lindh is a Director and shareholder, for corporate advisory services.
- (iii) Payments to a total of \$53,411 (2006:\$8,595) were made to Adelaide Equity Partners Ltd, of which Mr Lindh is a Director and shareholder, for reimbursement of general office rental and other expenditure on behalf of the Group.
- (iv) Payments to a total of \$79,645 (2006:\$7,495) were made to Adelaide Equity Partners Ltd, of which Mr Lindh is a Director and shareholder, for reimbursement of company secretarial, accountancy and administrative services on behalf of Group.
- (v) Payments to a total of \$nil (2006: \$3,969) were made to Rundle Capital Partners Ltd, of which Mr Lindh is a Director, for reimbursement of general office expenditure on behalf of the Group.
- (vi) Payments to a total of \$57,544 (2006: \$118,042) were made to Minter Ellison, of which Mr Lindh is a consultant, for legal services relating to the listing process and other services.
- (vii) The company accrued a payment of \$nil (2006: \$150,000) during the year to Farmtell Management Services Pty Ltd, of which Mr Chrisp is a Director, for management of the Group. The accrued \$150,000 was paid in the year ended 30 June 2007.
- (viii) Payments to a total of \$5,188 (2006: \$58,071) were made to Softwood Plantations Pty Ltd and its controlled entities of which Mr Chrisp is a Director, for reimbursement of general office expenditure on behalf of the Group.
- (ix) Payments to a total of \$1,343 (2006: \$13,369) were made to Exploration Energy Limited (formerly Centrex Resources Ltd) of which Mr Chrisp, Mr N Jackson and Mr David Lindh are Directors, for interest on a loan to the Group (see note 13)

Notes to the Financial Statements

For the Year Ended 30th June 2007

18 RELATED PARTIES (continued)

Mr Gerard Anderson became a Director on 11 April 2006; there were 1.25 (fully time equivalent (2006: nil) permanent employees of the Company. During 2007 the operations of the company were maintained through contracted clerical staff and managed through Adelaide Equity Partners Limited, of which Mrs V Allinson is Company Secretary. During 2006 the operations of the company were maintained through contracted clerical staff and managed through Softwood Plantation Pty Ltd and Farmtell Management Services Pty Ltd.

Under an agreement between the Company and Farmtell Management Services Pty Ltd, a company associated with former director, Mr Graham Chrisp, the Company agreed to grant certain Options if certain performance criteria were met, see Options section of this note for further details of the 500,000 Options issued on 17 July 2006 to South Cove Pty Ltd on the instruction of Mr Chrisp.

Apart from the details disclosed in this note, 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 subsisting at year-end.

Amounts receivable from and payable to key management personnel at reporting date arising from these transactions were as follows:

	Consolidated & The Company	
	2007	2006
Assets and liabilities arising from the above transactions		
Current payables		
Trade creditors	19,073	520,648
Interest bearing loans and borrowings	-	288,112

From time to time, key management personnel of the Company or its controlled entities, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and are trivial or domestic in nature.

Directors 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:

Name	No. held at 30 June 06	No. Purchased	No. sold	No. held at 30 June 2007
Davan Nominees Pty. Ltd. (a company associated with Mr D Lindh)	12,876,335	-	-	12,876,335
Mr N Jackson	7,582,930	-	-	7,582,930
Patna Properties Pty. Ltd. (a company associated with Mr D Klingberg)	450,000	-	-	450,000
Mr G Anderson (i)	750,000	-	-	750,000

- (i) On 27 April 2006, 750,000 shares were issued at \$0.10 to Mr G Anderson in lieu of accrued consultancy fees and directors remuneration.

No other shares were granted to key personnel during the reporting period as compensation.

Notes to the Financial Statements

For the Year Ended 30th June 2007

18 RELATED PARTIES (continued)

Director's Holding of Options

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

Name	Number of Options Held		Vested (v)	
	No. held at end of prior year	Granted as compensation	No. held at end of year	Price/Expiry (iv)
<u>30 June 2007</u>				
Davan Nominees Pty. Ltd. (i)	4,468,880	-	4,468,880	\$0.20/31 Dec 08
Mr N Jackson	3,749,336	-	3,749,336	\$0.20/31 Dec 08
Patna Properties Pty. Ltd. (ii)	250,000	-	250,000	\$0.20/31 Dec 08
Mr G Anderson (iii)	-	1,000,000	1,000,000	\$0.20/31 Dec 08
<u>30 June 2006</u>				
Davan Nominees Pty. Ltd. (i)	992,220	-	992,220	\$1.05/31 Dec 06
Davan Nominees Pty. Ltd. (i)	4,468,880	-	4,468,880	\$0.20/31 Dec 08
Mr N Jackson	812,334	-	812,334	\$1.05/31 Dec 06
Mr N Jackson	3,749,336	-	3,749,336	\$0.20/31 Dec 08
Patna Properties Pty. Ltd. (ii)	250,000	-	250,000	\$0.20/31 Dec 08
Mr G Anderson	-	-	-	-

(i) Davan Nominees Pty. Ltd is a company associated with Mr D Lindh.

Mr D Lindh is also the Chairman and a shareholder of Adelaide Equity Partners Limited, to which 1,000,000 Class A 2008 share options were issued on the 17 July 2006, as discussed in Note 15.

(ii) Patna Properties Pty Ltd is a company associated with Mr D Klingberg.

(iii) On the 22 March 2007 1,000,000 2008 A Class Option were issued to Mr G Anderson as part of his three year service agreement (Note 15).

(iv) The 2006 Options expired on the 31 December 2006 and at that date no options had been exercised.

(v) All the above 2008 A Class Options are restricted and the escrow periods ends on the 17 July 2008 and therefore are not exercisable until that date.

Notes to the Financial Statements

For the Year Ended 30th June 2007

18 RELATED PARTIES (continued)

Other related party transactions

Subsidiaries

Loans are made by the Company to its wholly owned subsidiary for capital purchases. The loans outstanding between the Company and its controlled entity have no fixed date of repayment (payable on demand) and are non-interest bearing. During the financial year ended 30 June 2007, such loans totalled \$277,442 (2006: \$176,763).

19 CAPITAL COMMITMENTS & CONTINGENT LIABILITIES

PIRSA Commitments

In order to maintain its right of renewal of tenements (reviewed on a regular basis), the Company is required to meet exploration expenditures as defined at the time of the granting of the tenement. The tenement commitments due within one year amount to \$1,025,000 (2006: \$1,065,000) are listed and discussed in Section 10 of the Directors' Report. The amounts due beyond one year vary as tenements are renewed.

Other commitments

At the 30 June 2007 the Group's other commitments related to Snowden Mining Consultants Pty Ltd (pit design and reserve estimation) of \$50,000 (2006: nil) payable within one year.

The company has no further capital commitments or contingent liabilities at the 30 June 2007 (2006: \$nil).

20 NOTES TO THE STATEMENT OF CASH FLOWS

20(a) Reconciliation of Cash

For the purposes of the Statements 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 Statements of Cash Flows, is reconciled to the related items in the Balance Sheets as follows:

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
Cash at bank and on hand	7,908,336	17,775	7,908,336	17,775

Notes to the Financial Statements

For the Year Ended 30th June 2007

	Consolidated		Company	
	2007	2006	2007	2006
	\$	\$	\$	\$
20(b) Reconciliation of cash flows from operating activities.				
Loss from ordinary activities after income tax	(657,013)	(632,922)	(667,285)	(626,007)
Interest received (classified as investing)	(559,391)	(30)	(559,391)	(30)
Depreciation	22,242	3,670	22,242	3,670
Share Options valuation	25,698	-	25,698	-
(Increase)/decrease in debtors	(76,026)	(20,987)	(76,026)	(20,987)
(Increase)/decrease in other tax assets	(80,211)	-	(80,211)	-
Increase/(decrease) in deferred income tax liabilities	(13,525)	-	(10,025)	-
Increase/(decrease) in amounts payable to Softwood Plantations Pty Ltd	(175,000)	150,000	(175,000)	150,000
Increase/(decrease) in payables	(56,186)	165,722	(49,414)	158,807
Net cash provided by/(used) in operating activities	(1,569,412)	(334,547)	(1,569,412)	(334,547)

21 PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The Company holds 100% interest in its controlled subsidiary, South Australian Iron Ore Group Pty Ltd (SAIOG), a company incorporated in Australia.

22 SEGMENT REPORTING

The Group operates predominantly in mineral exploration in South Australia.

23 EVENTS SUBSEQUENT TO BALANCE DATE

Wilgerup

As noted above Snowden Mining Consultants Pty Ltd have completed pit design and reserve estimation (at a cost of \$50,000) resulting in a Probable Reserve of 7.6 million tonnes grading 59.9% Fe. Snowden concluded that further drilling of the Inferred hematite was likely to lead to an increase in mineable reserves. In addition to the massive hematite, 2.1 million tonnes of hematite clay and 1.1 million tonnes of hematite carbonate were outlined as Inferred Resources.

Since the 30 June 2007 the Group has entered into the following contracts with Sinclair Knight Mertz:

- to undertake a pre-feasibility study of the port options for the development of the Wilgerup hematite deposit; and
- Entered into a contract with Sinclair Knight Mertz to undertake the Environmental and Permitting phases of the Wilgerup feasibility study.

Directors' Declaration

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

- 1 (a) the financial statements and notes set out on pages 37 to 64, and the remuneration disclosures that are contained in sections 5.1 and 5.2 of 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 financial position of the Company and the Group as at 30 June 2007 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) the remuneration disclosures that are contained in sections 5.1 and 5.2 of the Remuneration report in the Directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*; and
 - (c) 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 Managing Director and Company Secretary for the financial year ended 30 June 2007 pursuant to Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors:



.....
Mr David J Lindh



.....
Mr Gerard Anderson

Dated at Adelaide this 12th day of September 2007



Independent auditor's report to the members of Centrex Metals Limited

Report on the financial report and AASB 124 remuneration disclosures contained in the directors' report

We have audited the accompanying financial report of Centrex Metals Limited (the Company), which comprises the balance sheets as at 30 June 2007, and the income statements, statements of recognised income and expense and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes and the directors' declaration set out on pages 37 to 65 of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Australian Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration report" in section 5 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report and the AASB 124 remuneration disclosures contained in the directors' report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors of the Company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is also to express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the



reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance and whether the remuneration disclosures are in accordance with Australian Accounting Standard AASB 124.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion on the financial report

In our opinion the financial report of Centrex Metals Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's and the Group's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Auditor's opinion on AASB 124 remuneration disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in section 5 of the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures*.

KPMG

KPMG

Jason Anglin
Partner

Adelaide

12 September 2007

CENTREX METALS LTD

A.B.N. 97 096 298 752

ASX Additional information

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

Statement on use of cash and assets in form readily convertible to cash

Since admission to the official listing on the Australian Stock Exchange (ASX) on 17 July 2006, the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a manner consistent with its business objectives.

Shareholdings as at 11 September 2007

Substantial shareholders of Ordinary and Escrow shares

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	%	Number
South Cove Ltd	37.37	80,876,005
Baotou Iron & Steel (Group) Company Limited	10.12	21,900,000
SEL Holdings Limited	7.48	16,198,000
United Iron Limited	6.93	15,000,000
Davan Nominees Pty Ltd	5.95	12,876,335

Options

Refer to note 15 in the financial statements

Distribution of equity security holders

Category	NUMBER OF EQUITY SECURITY HOLDERS	
	Ordinary and Escrow shares	Listed 2008 Options
1 - 1,000	34	1
1,001 - 5,000	337	103
5,001 - 10,000	352	58
10,000 - 100,000	512	102
100,000 and over	81	27
	<hr/> 1,316	<hr/> 291

The number of shareholders holding less than a marketable parcel of ordinary shares is 36 (2006: 27) and listed options 1 (2006: 233).

NUMBER OF RESTRICTED:

Date Escrow period ends	Listed	
	Escrow shares	2008 Options
17 July 2008 (24 Months from the ASX listing date)	<hr/> 117,610,195	<hr/> 41,399,288

CENTREX METALS LTD

A.B.N. 97 096 298 752

ASX Additional information (continued)
Top 20 holders of Ordinary and Escrow shares at 11 September 2007

Rank	Name	Units	% of Issued Capital
1	SOUTH COVE LTD	80,876,005	37.37
2	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	10.12
3	SEL HOLDINGS LIMITED	16,198,000	7.48
4	UNITED IRON LIMITED	15,000,000	6.93
5	DAVAN NOMINEES PTY LTD	12,876,335	5.95
6	MR NORTON JACKSON	7,582,930	3.50
7	LODGE LIMITED	4,366,667	2.02
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,799,464	1.29
9	PFA HOLDINGS PTY LTD	2,500,000	1.16
10	COMMODITY TRADERS (NZ) LTD	2,339,995	1.08
11	ATORCH NOMINEES PTY LTD	2,100,000	0.97
12	TRAIST PTY LTD (INNES FAMILY A/CS)	1,530,000	0.71
13	MR PAUL TEISSEIRE & MRS JOYCE KAY WOODY	1,283,999	0.59
14	DOWNER EDI LIMITED	1,250,000	0.58
15	ALIMTER PTY LTD (ASHLEY ZIMPEL FAMILY A/C)	1,230,000	0.57
16	MALUNA INVESTMENTS PTY LTD	1,068,335	0.49
17	DELBAIRN PTY LTD	1,066,665	0.49
18	MR MARCUS DALLAS LA VINCENTE & MRS ROSALIE MOYA LA VINCENTE (MDL SUPER A/C)	977,500	0.45
19	WABELO PTY LTD (ELLISON FAMILY TRUST)	928,000	0.43
20	MRS M E PANK	904,500	0.42
TOP 20 HOLDERS OF ORDINARY & ESCROW SHARES		178,778,395	82.60

CENTREX METALS LTD
A.B.N. 97 096 298 752

ASX Additional information (continued)
Top 20 holders of Listed 2008 A Class Options at 11 September 2007

Rank	Name	Units	% of Issued Capital
1	SOUTH COVE LTD	23,737,072	41.56
2	SEL HOLDINGS LIMITED	5,194,000	9.09
3	DAVAN NOMINEES PTY LTD	4,468,880	7.82
4	UNITED IRON LIMITED	3,750,000	6.57
5	MR NORTON JACKSON	3,749,336	6.56
6	LODGE LIMITED	2,000,000	3.50
7	TAYCOL NOMINEES PTY LTD	2,000,000	3.50
8	ALIMTER PTY LTD (ASHLEY ZIMPEL FAMILY A/C)	1,939,664	3.40
9	TRAIST PTY LTD (INNES FAMILY A/C)	1,800,000	3.15
10	ADELAIDE EQUITY PARTNERS LTD	1,000,000	1.75
11	MR G ANDERSON (SUPERANNUATION FUND A/C)	1,000,000	1.75
12	ATORCH NOMINEES PTY LTD	400,000	0.70
13	SOFTWOOD PLANTATIONS PTY LTD	286,500	0.50
14	COMMODITY TRADERS (NZ) LTD	277,332	0.49
15	PATNA PROPERTIES PTY LTD	250,000	0.44
16	MR PAUL TEISSEIRE & MRS JOYCE KAY WOODY	216,000	0.38
17	KELCAM HOLDINGS PTY LTD (KELCAM SUPER FUND A/C)	187,500	0.33
18	MR PETER TURCOVSKY	130,000	0.23
19	COMSEC NOMINEES PTY LIMITED	125,164	0.22
20	MINING & CIVIL AUSTRALIA PTY LTD	125,000	0.22
TOP 20 HOLDERS OF LISTED & ESCROW 2008 A CLASS OPTIONS		52,636,448	92.16

CENTREX METALS LTD
A.B.N. 97 096 298 752

ASX Additional information (continued)
Company Directory

Company Secretary

Victoria Marie Allinson FCCA

Principal Registered Office

Centrex Metals Limited
Level 3, 100 Pirie Street
Adelaide SA 5000
08 8232 0400
08 8232 0500
www.centrexmetals.com.au

Locations of Share Registries

Adelaide

Computershare Investors Pty Ltd
Level 5
115 Grenfell Street
Adelaide SA 5000

Abbotsford

Computershare Limited Yarra Falls
452 Johnston Street
Abbotsford
Vic 3067

Enquiries within Australia:	1300 556 161
Enquiries outside Australia:	61 3 9415 4000
Email:	Web.queries@computershare.com.au
Website	www.computershare.com.au

Australian Stock Exchange

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

ASX Codes:	Shares: CXM
	Options: CXMO

Auditors

KPMG
Chartered Accountants
151 Pirie Street
Adelaide SA 5000