



CENTREX METALS
LIMITED

For Immediate Release

26 September 2008

General Manager
The Company Announcements Office
Australian Securities Exchange
Electronic Lodgment System

Dear Sir/Madam

ANNUAL REPORT 2008

Please find attached the Annual Report for the year ended 30 June 2008.

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CENTREX METALS LTD

A.B.N. 97 096 298 752

ANNUAL REPORT

For the Financial Year Ended 30th June 2008

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Chairman's Report

For the Year Ended 30th June 2008

It has been both an exciting and challenging two years since the Company listed on July 16 2006. The energetic team of management and staff continues to build, and with direction from the board, has been responsible for a number of significant achievements in the 12 months ending 30 June 2008. In particular:-

- The pre-feasibility study for the Wilgerup project has advanced to the point where it is nearing completion. The MARP (Mine and Rehabilitation Plan) relating to the project has also progressed significantly. At the time of writing this report, it was expected that the final version would be lodged in early October 2008.
- A substantial effort has been expended in the selection of an appropriate location to ship Wilgerup ore from. The three potential locations were: Proper Bay (Pt Lincoln); Brennen Jetty (Pt Lincoln); and Whyalla. Having received notification from OneSteel at Whyalla disallowing access to its facility the two Pt Lincoln options were thoroughly investigated. After considering feedback from residents and other interest groups the option of Brennen Jetty has been identified as best addressing the concerns raised by the community while allowing the Company the opportunity to utilise the existing infrastructure.

A number of clear business strategies have been developed to assist in maximising the value of the Company, which include: developing Wilgerup into a 1.6 – 2.0 Mtpa mining and exporting operation; and, systematically evaluating the Company's magnetite deposits to develop a >3.0 Mtpa magnetite concentrate operation.

The outlook for iron ore continues to improve as demand growth continues at unprecedented levels. As a result, the Company remains very optimistic about the future.

Our statutory accounts for the year ended June 30 2008 show a loss of \$1,246,394. We incurred total expenditure of \$5,001,334 on our mineral tenements, and are of the view that the amount spent continues to increase our asset base.

Since Balance Sheet date, there have been a number of significant events:-

- Alternative port proposal presented to Port Lincoln City Council on 7 July 2008;
- Wilgerup indicated mineral resource increased from 8.0Mt to 13.2Mt (announced 17 July 2008);
- Agreement reached for the purchase of 260 acres of coastal land near Tumby Bay (announced 1 August 2008);
- Purchase of land covering Carrow magnetite project (announced 1 September 2008);
- Appointed Golder Associates to conduct development approvals and baseline studies of a port facility near Tumby Bay (announced 5 September 2008); and
- Purchase of "Kamballa Station" covering Wilgerup (announced 17 September 2008).

On 2 May 2008 Mr Gavin Bosch was formally appointed as Company Secretary. He joined the Company in January 2008 as Chief Accountant.

During the year (21st May 2008) Mr Kiat Poh joined the board as a non-executive director. He brings a strong engineering background and currently acts as a financial advisor throughout Asia. In addition to Mr Poh's appointment, the board regularly assesses its composition and is currently considering some other appointments.

For their dedication and commitment over the year I would like to thank our Managing Director, our small number of staff and my fellow directors.

I would also like to make special mention of Mr Norton Jackson, who after 8.5 years is not seeking re-election at the coming Annual General Meeting. Mr Jackson's wise counsel and efforts as a director are to be commended and will be sorely missed. I wish Norton and his wife Pat all the very best for the future.

Yours sincerely,
Centrex Metals Limited

David J Lindh
Chairman

Managing Director's Report

For the Year Ended 30th June 2008

Principal activities

The principal activity of the Company during the course of the year was exploration for iron ore. In addition to the exploration activities, the Company made significant progress towards gaining the necessary permits to take the Wilgerup hematite operation into production.

Exploration by key areas was as follows:

Wilgerup

At Wilgerup the Company completed a number of staged reverse circulation drilling programs to improve the confidence in the mineral resources, screen geophysical targets and gain geotechnical and hydrological data to support mine planning for the proposed operation. A total of 98 drill holes were drilled for an aggregate 9,056 drill metres.

Resource definition drilling of the Wilgerup North Hematite Pod has been closed to a nominal spacing of 40m x 20m. Since June 2007, 60 reverse circulation drill holes were drilled in 3 drilling campaigns. Resource drilling targeted areas of the deposit that hosted Inferred Resources as well as testing for north, east and depth extensions to the deposit. The drilling achieved its primary aims of increasing the resource tonnage of massive hematite and raising the confidence level of that resource.

Wilgerup Geology

The local geology consists of approximately 20 - 25m of largely unconsolidated Tertiary sands/silts and clay overlying Paleoproterozoic iron formation. Silcrete and calcrete occur sporadically in the top 2m to 6m of the cover.

The Palaeoproterozoic host rocks have undergone high grade metamorphism and deformation which has resulted in broad open folding that progressively tightens towards the north. A significant fault has been interpreted along the eastern mineralisation contact. It is thought that this fault has contributed to the development of hematite and closes the mineralisation along this boundary.

The North Hematite Pod has a north-south strike length of 900 metres. The deposit is between 60-100 metres in width. High grade hematite intervals vary in thickness from 10-100 metres and average 35 metres.

The massive hematite is overlain in places by a halo of variably mineralised "hematite clay" which consists predominantly of fine hematite and remnant silica banded iron formation and typically grades from 45 – 55 %Fe.

Massive hematite is underlain by a hematite carbonate unit which grades vertically into barren dolomite. The hematite carbonate unit 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.

The geological interpretation of the massive hematite is displayed in Figure 1.

Managing Director's Report

For the Year Ended 30th June 2008

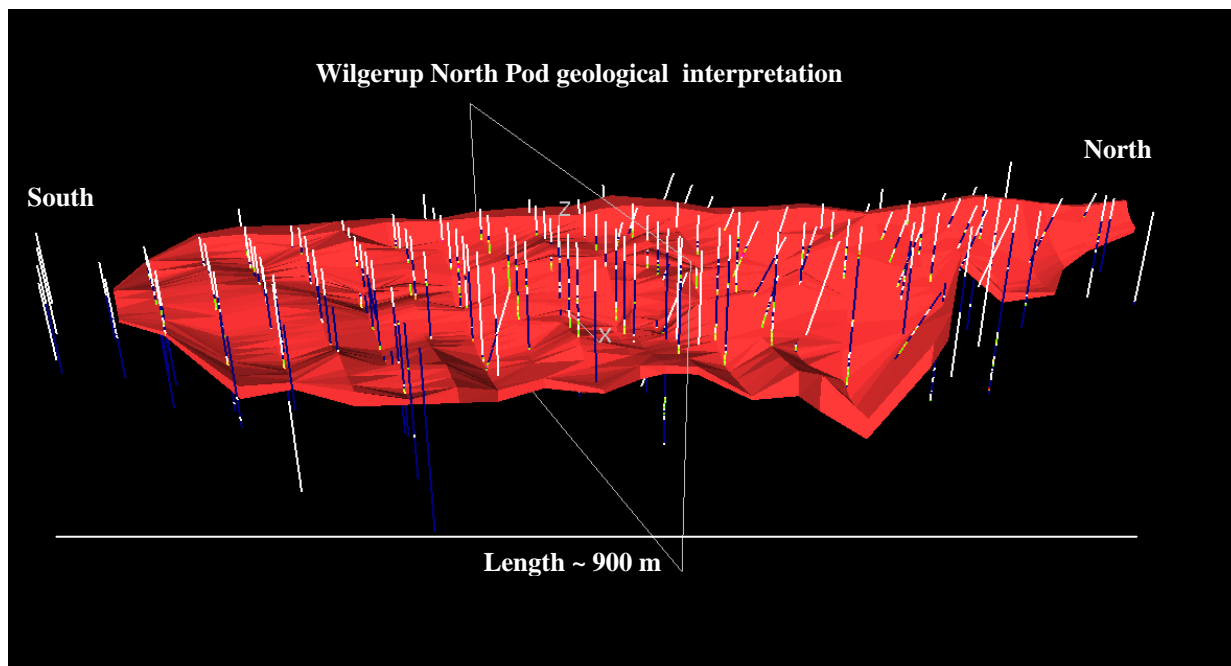


Figure 1: Wilgerup North Pod long section (looking west) of the geological interpretation of the massive hematite.

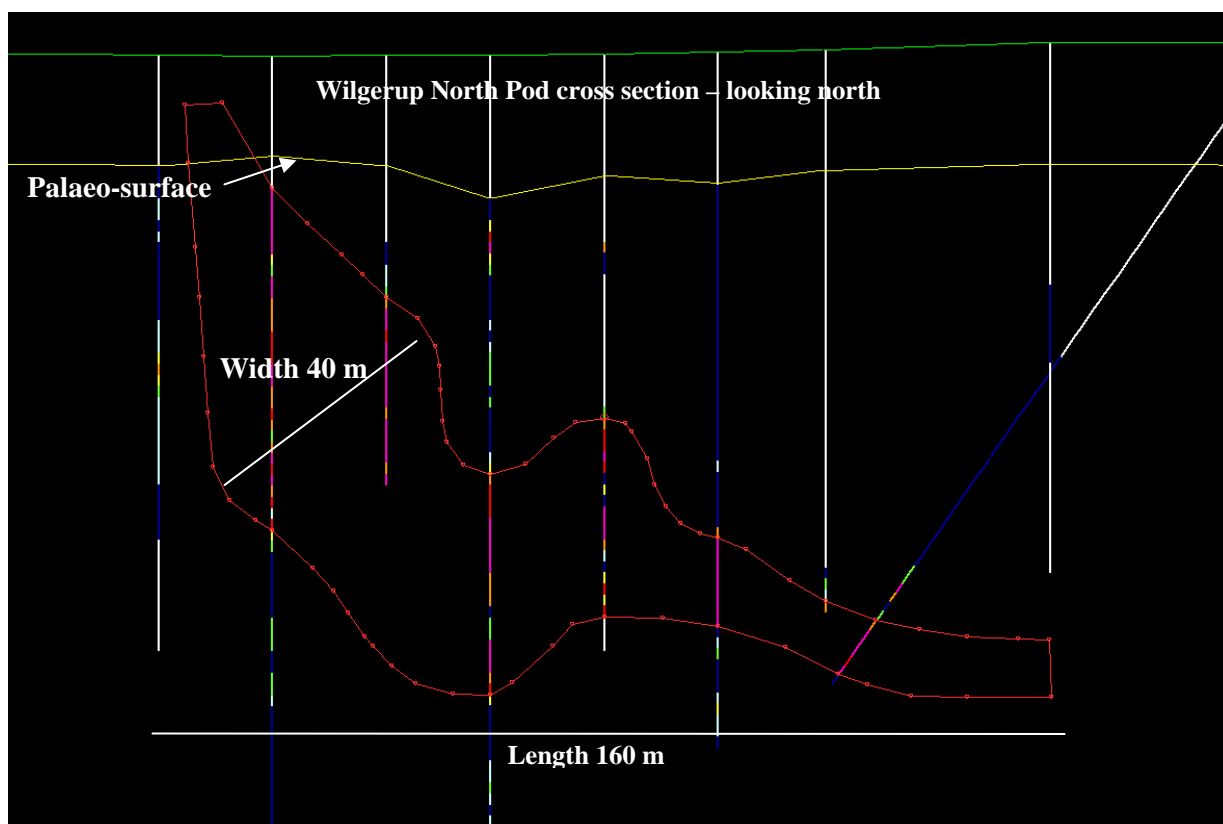


Figure 2: Wilgerup North Pod cross section (looking north) indicating the outline of massive hematite.

Managing Director's Report

For the Year Ended 30th June 2008

Wilgerup Resource Methodology

Snowden Mining Industry Consultants (Snowden) completed a Mineral Resource Estimate for the Wilgerup North Hematite Pod. 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 adjustments, verified that the data was of sufficient quality to support the resource classifications.

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. The interpretation of the mineralisation boundaries for each unit was constrained within the limits of the drill hole data. Variography was conducted within the massive hematite unit based on the quantity of samples available and continuity of data. The block model that was generated was based on a parent block size that was appropriate for the mineralisation continuity and current drill hole spacing.

Snowden used ordinary block kriging to estimate Fe, SiO₂, Al₂O₃, P, LOI, CaO, MgO, Mn, S, TiO₂ and Na₂O into a constrained block model reflecting the interpreted units. 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.

Wilgerup Resource Statement

The resource was classified into Indicated and Inferred categories in accordance with the 2004 JORC Code. The resource classification was 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.

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.

The Indicated Resource for the Wilgerup North Pod now totals 13.2Mt as outlined in Table 1 below.

Table 1 Wilgerup North Hematite Pod Indicated and Inferred Resources.

Indicated Resource							
Ore Type	Fe% cut-off	Tonnage (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Massive Hematite	55	10.4	59.7	3.6	2.3	4.6	0.49
Hematite Carbonate	45	0.6	49.9	6.8	3.7	7.9	0.63
Hematite Clay	45	2.2	49.9	10.5	4.8	6.9	0.54
Total		13.2	57.7	4.9	2.8	5.1	0.50

Inferred Resource							
Ore Type	Fe% cut-off	Tonnage (Mt)	Fe %	SiO ₂ %	Al ₂ O ₃ %	LOI %	P %
Massive Hematite	55	0.5	58.7	4.1	2.4	4.2	0.50
Hematite Carbonate	45	0.1	49.9	6.4	2.8	8.2	0.53
Hematite Clay	45	0.15	50.3	9.8	3.3	6.4	0.64
Total		0.75	56.0	5.5	2.6	5.1	0.53

Further Resource and Reserve Potential at Wilgerup

The Wilgerup tenement remains highly prospective for additional direct shipping ore ("DSO") hematite. The resource definition drilling over the previous year has focused on proving up the Wilgerup North Hematite Pod with only minor exploration being undertaken within the greater Wilgerup tenement. Future exploration drilling will target the residual gravity anomalies and follow up on previous drilling intercepts of banded iron formation. Centrex is confident that further drilling of geophysical targets coupled with the promising drill results from the Wilgerup South Hematite Pod will add to the Wilgerup hematite resource base.

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For the Year Ended 30th June 2008

The 2007 Probable Resource for Wilgerup North Hematite Pod was estimated at 7.6Mt of massive hematite based on the 2007 Indicated Resource of 8.0Mt. The 2008 Indicated Resource increased to 13.2Mt and the Company believes that it is reasonable to expect an increase in the Probable Reserve when a new estimate is undertaken as part of the final mine plan.

Wilgerup South Hematite Pod Drilling

A total of 13 drill holes were drilled into the Wilgerup South Hematite Pod in late 2007. The drilling confirmed the presence of hematite mineralisation contained within a broad (up to 40m down-hole intercepts) low grade zone. The mineralisation comprises a mix of massive hematite, hematite clay and high silica banded iron formation. The results are encouraging and it is believed that the South Hematite Pod presents as a potential blending option with the higher grade North Hematite Pod and/or as a possible source of material for beneficiation.

Table 2 Summary of South Hematite Pod Drilling Results for 2008

DrillHole ID	Depth From	Depth To	Interval (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%
W6R194	46	64	18	43.67	10.94	8.68	0.103
W6R194	78	87	9	51.51	15.13	4.06	0.106
W6R197	65	72	7	43.77	17.39	6.01	0.160
W6R197	80	88	8	53.60	10.93	6.39	0.082
W6R197	94	104	10	55.26	10.46	3.08	0.121
W6R198	80	96	16	45.35	12.91	5.91	0.098
W6R199	34	64	20	46.70	12.46	9.08	0.142
W6R199	70	76	6	49.20	16.65	5.85	0.115
W6R200	18	50	32	48.83	14.44	9.42	0.106
W6R200	58	62	4	53.45	7.76	2.36	0.051
W6R202	52	58	6	49.43	5.52	2.02	0.126

Wilgerup Residual Gravity Drilling

Limited exploration drilling was carried out on 4 residual gravity targets consisting of 9 reverse circulation drill holes for 804m. All drill holes intersected the Hutchison Group of rocks which are host to the main iron ore occurrences on the Eyre Peninsula. Hole WRGA1C, from residual gravity target 1 intersected 28m of magnetite BIF @ 31% Fe. Magnetite has previously been identified to the north of the tenement and this intersection highlights the potential for the discovery of further iron ore mineralisation throughout the tenement.

The bulk of the tenement remains under-explored with a number of residual gravity target anomalies yet to be drilled.

Table 3 Summary of Residual Gravity Target Drilling Results for FY 2008

DrillHole ID	Depth From	Depth To	Interval (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%
WRGA1C	44	72	28	31.02	45.14	1.25	0.309

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For the Year Ended 30th June 2008

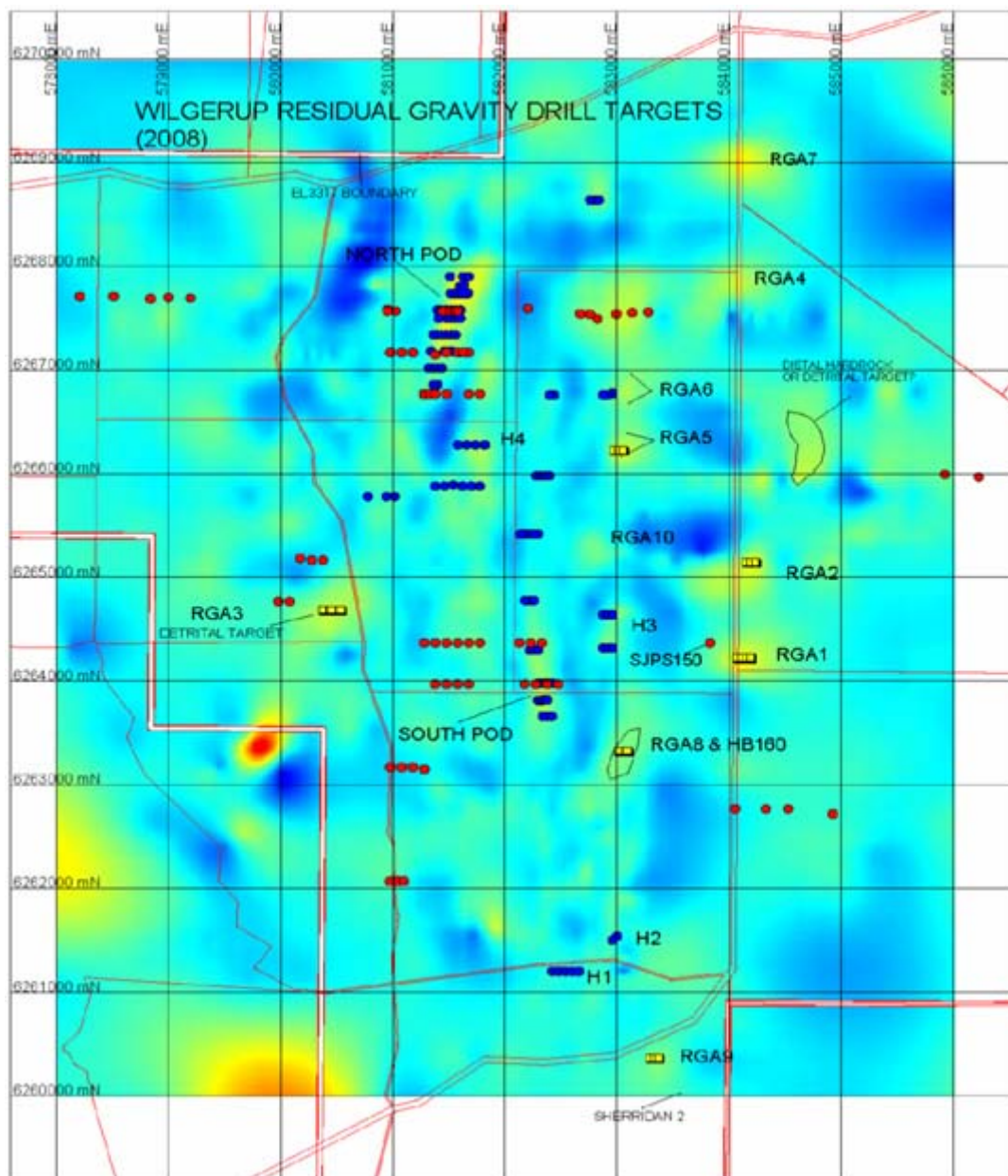


Figure 3 Wilgerup Residual Gravity Targets

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For the Year Ended 30th June 2008

Wilgerup Geotechnical Drilling

Eight HQ3 diamond drill holes were drilled in 2 campaigns in January/February 2008 and June/July 2008, to provide geotechnical data to support detailed pit design. The geotechnical study is being undertaken by Coffee Mining Pt Ltd and will provide pit slope parameters for the mine feasibility study being undertaken by Sinclair Knights Merz.

Wilgerup Hydrological Drilling

A hydrological study was conducted by Sinclair Knights Merz to determine the aquifer characteristics and pit dewatering requirements. A total of 3 monitoring bores and 1 water extraction bore were constructed and a pumping test undertaken in June 2008.

Table 4 below summarises the various drilling campaigns undertaken at Wilgerup during the year.

Table 4 Summary of Wilgerup Drilling Campaigns for FY2008.

Date From	Date To	Drill Type	No Holes	Metres
01-Jul-07	02-Sep-07	RC	40	3,706
21-Nov-07	06-Mar-08	RC	42	3,670
07-Jan-08	07-Feb-08	HQ3 Diamond	4	515
16-Jan-08	16-May-08	Rotary	4	470
11-May-08	29-Jun-08	RC	16	1,680
21-Jun-08	01-Jul-08	HQ3 Diamond	1.5	172.5
Totals			107.5	10,213.5

Other Exploration Activities 1 July 2007– 30 June 2008

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 an exploration target range of between 127Mt and 417Mt (see table 5 below for more detail) in the westernmost 7.8 kilometres of the deposit's strike.

Work undertaken by Centrex during the period included establishment of the Davis Test Recovery ("DTR") grind size for the deposit, commencement of an environmental concept study, a native title monitoring survey and preparation of drill sites for the FY09 drilling campaign.

DTR Grindsize

Engenium (metallurgical consultants) undertook analysis of a 50kg bulk diamond core ore sample to establish an optimum grind size for DTR test work on Bungalow. The results showed a P100 38 micron grind size (P80 28 micron) would produce an optimum concentrate at;

DTR recovery: 36.5% : Fe: 69.3%, SiO₂: 3.38% Al₂O₃: 0.08% CaO: 0.09%

Environmental Concept Study

Golder Associates were contracted to carry out an environmental scoping study for the Bungalow project. Work undertaken to June 2008 included: a site visit to recommend key baseline studies that will be required; first pass high level look at major environmental issues at the site: and, a review of required approvals for the development of a future mine site. Results from the study are due in early 2009.

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Native Title Monitoring Survey

Representative from the Barngarla and Naou native title claimant groups visited the Bungalow exploration site to review the proposed 2008 drill program. The area had previously been cleared by an earlier survey in 2001 however the 2008 visit was to review the movement of a number of drill holes from those planned in 2001.

Drill Site Preparation

In February a number of drill sites including access tracks and sumps were constructed for the planned exploration program of 78 holes to commence on February the 25th 2008. This program was delayed until July 2008 and sumps were bunded for future use.

Stony Hill

The Stony Hill tenement is located in the Western Middleback Ranges of South Australia (approximately 50km's west of Whyalla). It is close to Onesteel's (formerly BHP Co. Ltd) mines that have produced over 200Mt of high-grade hematite ore. The Company has identified a number of iron ore exploration targets from high resolution aeromagnetic and surface mapping.

In early March 2008 Centrex conducted a regional exploration reverse circulation drilling program to test a number of exploration targets. Twenty four (24) drill holes were drilled in the program with twenty (20) holes for 2,343 metres drilled during the year. Geological logging and analytical results indicated the presence of magnetite with the most promising drill hole SHR019 intersecting 28 metres of magnetite BIF from 118 metres, with an average head grade of 21.7% Fe. Selected samples have been submitted for Davis Tube Recovery test work to determine the concentrate grade and recovery.

Further drilling will be needed to determine the spatial continuity and metallurgical characteristics of the magnetite BIF.

Southern Tenements

Magnetite exploration targets have been prepared for the South Central and Southern Tenements as outlined in Table 5 below.

The Cockabidnie tenement has not been included at this stage but remains highly prospective for both magnetite and hematite.

Competent Person's Statement

The information in this report relating to Exploration Results is based on information compiled by Mr Gerard Anderson who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Anderson is Managing Director of Centrex Metals Limited. Mr Anderson has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Anderson consents to the inclusion in the report of the matters based on his information in the form and context in which it appear.

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Table 5 Exploration Targets.

Anomaly	DTS (%)	Fe conc. grade range (%)	Tonnage range (Mt)	Average true thickness based on intercepts > 20% DTS magnetite (m)	Vertical extent of oxide zone below ground level (m)	Assumed dip of BIF (m)	Dip extent of magnetite to BIF (excl. oxide zone) 200m below ground level (m)	Strike length of anomaly based on aeromagnetic anomaly (m)	BIF density (g/cm3)	Number Drillholes	Aggregate Intercept (m)	Weighted Avg SiO2 (%)
Iron Mount	37.2	63.0 to 70.0	26 to 39	33.1	60.0	70	149	1,562 to 2,339	3.4	1	43.2	2.0 to 8.0
Brennand	25.4	63.0 to 70.0	40 to 176	24.4 #1	41.8 #1	30	161 to 323	3,015 to 5,343	3.4	1	9.1	2.0 to 8.0
Koppio West	29.6	63.0 to 70.0	57 to 74	24.4	41.8	80	161	790 to 1,410	3.4	1	86.6	2.0 to 8.0
Koppio East									3.4	1	27.8	2.0 to 8.0
Bald Hill West	27.7	63.0 to 70.0	257 to 325	24.4	23.4	70	186	4,531	3.4	1	31.0	2.0 to 8.0
Bald Hill East				30.0	33.8	40	272	9,254	3.4	1	31.8	2.0 to 8.0
Charlton Gully			244 to 290	24.4 #2	23.4 #2	70 #2	186 #2	4,050	3.4			
				30.0 #3	33.8 #3	40 #3	272 #3	6,550 to 8,190	3.4			
Greenpatch Homestead	26.7	63.0 to 70.0	78 to 163	45.1 to 80.0	26.0 to 41.7	45 to 64	195 to 225	2,663	3.4	3	152.7	2.0 to 8.0
Greenpatch Hill Side										8	386.0	2.0 to 8.0
Southern		63.0 to 70.0	702 to 1,067					32,415 to 37,780				2.0 to 8.0
Dutton Bay South		#4	32 to 57	37.2 #4	50.0 #4	90	150	1,290	3.4			#4
Dutton Bay North		#4		37.2 #4	50.0	90	150	1,710	3.4			#4
Carrow	31.2	63.0 to 70.0	86 to 110	63.7	43.0	60	173	835	3.4	15	602.5	2.0 to 8.0
				37.2	39.9	65	177	2,472 to 3,513	3.4			
Mount Hill		#4	266 to 1,048	30.0 to 75.0	50.0	90	150	17,370	3.4			#4
				30.0 to 75.0	50.0	90	150	11,990	3.4			
South Central		63.0 to 70.0	384 to 1,215					35,667 to 36,708				2.0 to 8.0
Bungalow	38.0	63.0 to 70.0	127 to 417	42.6 to 75.9	62.0 to 74.0	60 to 90	195 to 298	2,479	3.4	5	235.9	2.0 to 8.0
				42.6 to 75.9	62.0 to 74.0	60 to 90	195 to 298	2,614	3.4			
				14.4 to 33.3	62.0 to 74.0	60 to 90	195 to 298	3,709	3.4			
Bungalow		63.0 to 70.0	127 to 417					8,802 to 8,802				2.0 to 8.0

#1 assumed same as Koppio #2 assumed same as Bald Hills West #3 assumed same as Bald Hills East #4 assumed same as Carrow North

Important Note: The potential quantities and grades presented are conceptual in nature, there has been insufficient exploration to define an overall Mineral Resource and it is uncertain if further exploration will result in the determination of additional Mineral Resources other than those stated in the company prospectus.

Managing Director's Report

For the Year Ended 30th June 2008

Wilgerup Mine Development

Sinclair Knight Merz was appointed by Centrex to complete the Mine and Rehabilitation Plan (MARF), including the Mine Lease Proposal (MLP) document for submission to PIRSA, inclusive of environmental and permitting studies required to progress the Wilgerup mine development into operation.

Work completed during the year included:

Wilgerup Mine site

- MARF process commenced in December 2007.
- Baseline flora and fauna investigations. The area has been extensively cleared and grazed since the 1960s and has been classified as "highly degraded" with no significant flora or fauna species identified.
- Dust and noise modelling.
- Undertake mine dewatering and geotechnical assessment.
- Preliminary regional and local hydrological investigation.
- Potable water supply investigation including site water balance.
- Establishment and continuation of the community consultation process.
- Cultural diversity and population demographics study.
- Community services evaluation.
- Road transport route assessment and rail siding study.
- Preliminary pit design and waste dump requirements.
- Mine site layout including office, workshop, explosive storage and water storage requirements.
- Crushing and screening plant process flow and layout designs.

Sinclair Knight Merz commenced the risk assessment phase of the Mine and Rehabilitation Plan (MARF) in January 2008, and completed the geotechnical drilling and detailed groundwater assessments in June 2008. Centrex commenced follow-up geotechnical drilling in June 2008 to provide additional information to develop the final pit wall parameters. This information is being independently assessed by Peter O'Bryan & Associates in Perth.

A draft MLP document was submitted to PIRSA on 2nd June 2008 for preliminary assessment and comment. A response was received on 18th July requesting additional information for mine dewatering, economic benefits of the project and the various port options. Centrex expects to submit a final MARF in early October 2008.

Sinclair Knight Merz was also appointed by Centrex on the 7th September 2007 to undertake an Engineering Pre-feasibility Study of potential port sites. The scope of the study included a comparison of the capital and operating costs and benefits associated with the exporting of hematite ore from port facilities available at Port Lincoln, Proper Bay or Whyalla.

Selection of the Preferred Port

Centrex has completed a Section 49 Development Application for Proper Bay but will hold that in abeyance in favour of Brennen Jetty in Port Lincoln. This decision is based on the outcomes of the community consultation process and the fact that most of the concerns raised during the ongoing consultation process can be eliminated by exporting from Brennen Jetty.

Brennen Jetty is the preferred export option. Brennen Jetty became elevated in status following a visit by members of the Port Lincoln City Council and the Community Consultative Committee to Esperance, and in particular the Esperance Port Authority area in Western Australia. The key findings of that visit were:

- Best practice engineering design and sound operational standards allowed hematite to be exported within the town without adversely impacting the environment, without impacting on nearby residents (no noise or dust issues) and without impacting on the fishing or tourism industries.
- The exporting of iron ore did not impact on real estate prices.
- The port operations had significantly boosted the regions economy.

Managing Director's Report

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Centrex and supporters of the proposal within Port Lincoln believe that exporting from Brennen Jetty eliminates the two key risks that would have been present had Proper Bay been selected. Firstly iron ore can be railed to Brennen Jetty eliminating the safety concerns surrounding trucking. Secondly, Brennen Jetty permits the direct loading into Panamax vessels from the wharf eliminating the need to trans-ship the ore.

Centrex will submit a Development Application for Brennen Jetty in November 2008 and believes that permitting could be achieved as early as February 2009. Flinders Ports and Genesee and Wyoming (Australia) Pty Ltd support the use of Brennen Jetty and Centrex is currently working with ABB Grain Ltd (ABB) to develop suitable engineering designs and operating standards for using the main wharf infrastructure owned by ABB.

Community Consultation

The Company has actively engaged local communities through the Community Consultative Committee, which it established, in order to receive feedback for the mine and port proposals. Public sentiment within Port Lincoln has at times been quite negative, with two anti Centrex rallies staged in the city and a petition lodged with the State Government. However, there has been a shift in sentiment since July, with a significant amount of positive feedback received following the presentation to the Port Lincoln City Council (the alternative port proposal) which is noted in the section above and the subsequent events.

Mine Plan and schedule

Centrex has developed a mine design, production schedule and operating and capital cost forecasts based on the resource model and the preliminary geotechnical results. The pit design will be re-evaluated following results from the additional geotechnical drilling program commenced in June 2008 and the 2008 resource model update.

The production schedule delivers 9.1 Million tonnes of high grade ore. FOB costs are estimated as sub-\$39/t of ore.

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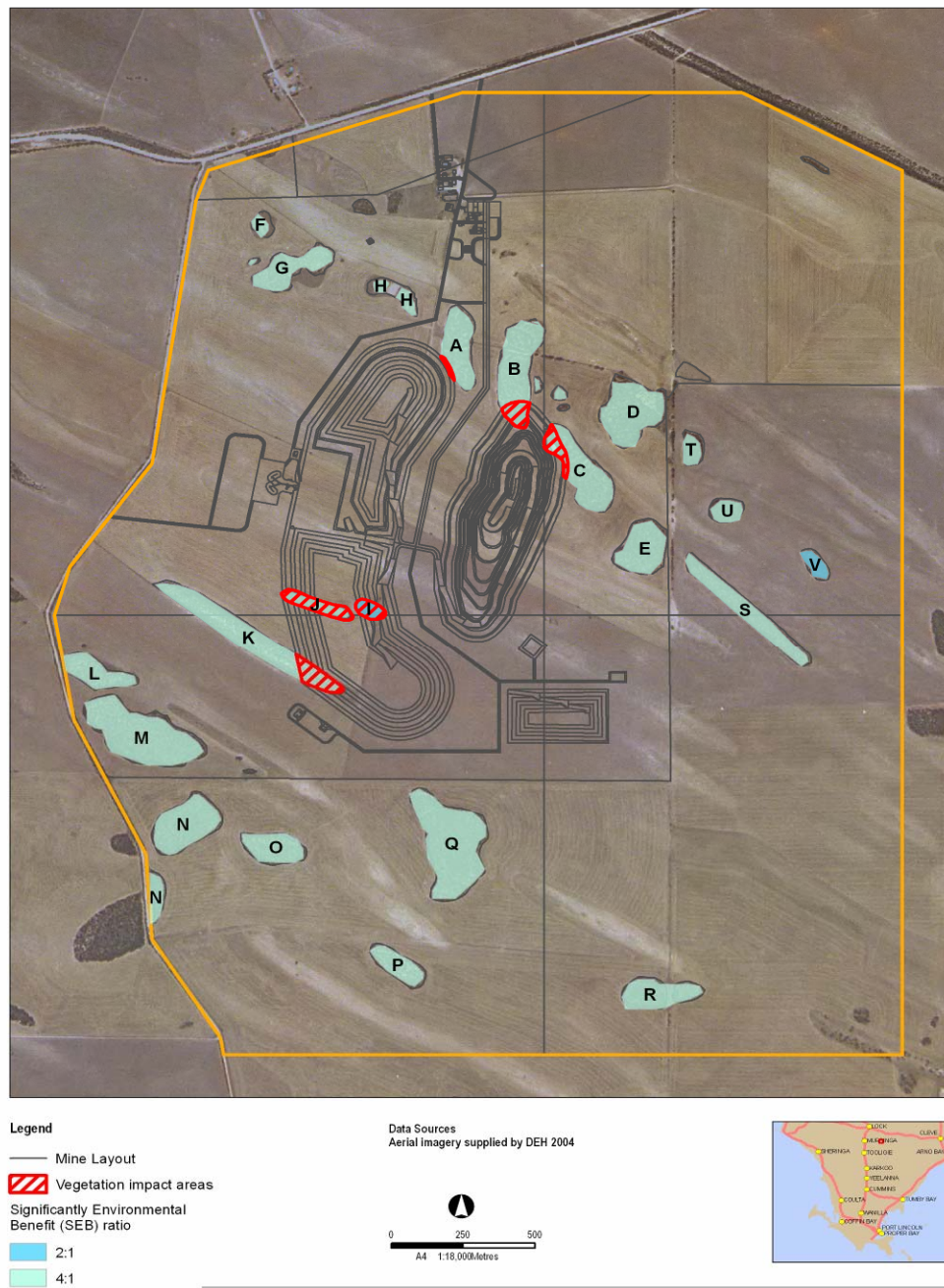


Figure 4 Wilgerup Mine Site Layout Plan

Managing Director's Report

For the Year Ended 30th June 2008

Exploration Plan for FY09

The main objective for the FY09 budget is to increase the Company's iron ore resources. The increased resources will in turn provide a platform for longer-term growth within the business beyond the Wilgerup deposit.

The FY09 budget will focus on resource development at Bungalow to concept study level, exploration for DSO hematite at Mount Hill, Cockabidnie, Charlton Gully and the Mount Hill South (White Flat) magnetic anomalies and to deliver additional magnetite resources at both Carrow and Dutton Bay. Minimal work is planned on the remaining tenements.

Wilgerup

No drilling is planned at Wilgerup in the FY09 budget other than completion of the geotechnical drilling program.

The main objective of the Wilgerup work schedule is to investigate the beneficiation potential of low grade material. This will include geological modelling of the various low grade domains and identification of material for further metallurgical test work. Recent drilling has indicated the presence of potentially beneficiable low grade (30-45% Fe) that contains a mix of hematite and jaspilite with only minor amounts of clay.

Bungalow

The Bungalow deposit is located on the north-east coast of Eyre Peninsula approximately 9km's north-west of Cowell.

The Bungalow magnetite exploration target range is between 129Mt and 417Mt (see table 5 above for more detail). The key objective of the 5,000 metre drill plan is to prove up an Inferred Resource at the upper end of this range.

The Bungalow project will also include a number of concept level studies including an environmental concept study, metallurgical testing for key plant characteristics, hydrological evaluation and engineering pre-feasibility assessment.

Carrow

The Carrow magnetite deposit is located on the central east coast of Eyre Peninsula midway between Port Lincoln and Whyalla, 6km north west of Port Neill.

Aeromagnetic data indicates a series of intense magnetic anomalies with an aggregate strike length of 2km. Diamond drilling indicates that the magnetite BIF is between 10m and 133m thick.

The main objective of the 2009 exploration program is to obtain more geological and structural information of the down dip portion of the deposit with the view to increasing the Inferred Resource. The intention is to create a geological model and update the Inferred Resource with the new drilling information.

In conjunction with the creation of a geological model the optimal grind size procedure will be reviewed. The grain size of the Carrow magnetite is variable. Analysis of past work has highlighted the opportunity to include magnetic BIF that was excluded from previous resource calculations. A finer grind may improve the concentrate Fe grade and significantly increase the resource. A coarser grind for the other ore types is also an opportunity.

Although only a modest drill program of 2 diamond drill holes and 1 RC drill hole has been proposed the opportunity exists to re-model and significantly increase the Inferred Resource.

Managing Director's Report

For the Year Ended 30th June 2008

Dutton Bay

The Dutton Bay tenement is located on the central east coast of Eyre Peninsula midway between Port Lincoln and Whyalla, 20km north of Port Neill.

The main objective for Dutton Bay is to discover a magnetite resource to compliment the nearby Carrow magnetite deposit. Dutton Bay is within close proximity to the Carrow magnetite deposit and the discovery of a magnetite resource could significantly enhance the overall economics of a mining project based at Carrow.

Dutton Bay is also prospective for hematite. The two RC 'scout' drill holes planned will at a minimum provide valuable information in regards to the overall geological setting and prospective nature of the tenement.

Mount Hill

The Mount Hill tenement is subdivided into 2 separate areas. Centrex is planning to complete a 3,150 metre reverse circulation drill program in the northern area located on south central Eyre Peninsula, 18 – 25km west of Port Neill.

There are several prospects along two (2) limbs that collectively form a series of long north to north-east trending aeromagnetic anomalies. The west limb has a strike length of around 17km's and the east limb 12km's.

The Mount Hill North tenement is highly prospective for hematite and magnetite. The Centrex Iron Ore Exploration model outlines a number of key geological criteria that are optimal for the development of hematite. A number of these key criteria are interpreted to occur including stratigraphy (BIF in early drill holes) and appropriate structure including cross cutting faults and tight folding.

Cockabidnie

The Cockabidnie tenement is located in the central east area of Eyre Peninsula, 10km SE of Darke Peak.

The main aeromagnetic anomaly in the centre of the tenement is around 5km long, has outcropping BIF and is prospective for magnetite and hematite.

Ten (10) drill holes for a total of 1,050 metres have been planned to test a number of hematite targets.

Charleton Gully

The Charleton Gully prospect falls within the Wanilla tenement approximately 20-30km NNW of Port Lincoln and 10km from Greenpatch.

The Charleton Gully prospect is located at the southern end of the Charleton Gully synform which is a moderately intense, NNE-trending aeromagnetic anomaly that extends for over 20km's. Ten (10) drill holes for a total of 1,050 metres has been planned to test a number of hematite targets.

White Flat

The White Flat prospect is located around 25km's north west of Port Lincoln within a NNE-trending moderate amplitude magnetic anomaly with a strike extent of around 25kms.

The main objective of the exploration program is to firstly geologically assess the various prospects along the magnetic anomaly with a focus on the White Flat prospect. A short drill program of 5 holes for 750m will be completed to test for hematite.

Managing Director's Report

For the Year Ended 30th June 2008

Summary

2007/2008 was both a very exciting and frustrating time for the Company. The Company has strengthened the management team with the recruitment of Mr Kevin Malaxos (Chief Operating Officer), Mr Gavin Bosch (Chief Accountant and Company Secretary) and Mr Ben Hammond (Senior Project Geologist). These senior officers together with the existing exploration team led by Mr Alastair Watts, make up a very strong technical team with significant senior management expertise in iron ore exploration and mining.

Resource drilling on the Wilgerup North Hematite Pod resulted in the Indicated Resource increasing from 9.1Mt to 13.2 Mt. Centrex applied for and was granted four (4) Mineral Leases as a precursor to the granting of a Mining Lease. A Draft Wilgerup Mine and Rehabilitation Plan was completed and the Mine Lease Proposal Submitted. A DAC Application for Brennen Jetty should be lodged in November 2008.

Whilst it was frustrating having Whyalla and Proper Bay eliminated as port options, the Company is pleased that Brennen Jetty, as preferred port, has strong support from Flinders Ports and Genesee & Wyoming (Australia) Pty Ltd. The Company is confident that it can export from Port Lincoln and do so to the highest standards.

Administration

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

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

- Develop the Wilgerup hematite deposit into a 1.6-2.0Mtpa mining and exporting operation.
- Systematically evaluate the Company's magnetite deposits and develop a >3Mtpa magnetite concentrate operation.
- Evaluate the hematite potential on all Centrex tenements.
- Evaluate the potential to mine hematite and/or hematite-rich BIF or magnetite on the Company's Western Middleback tenements.
- Continually look for merger and / or acquisition opportunities within Australia and abroad.
- Divestment of non-core tenements.

'DIRECT SHIPPING' HEMATITE STRATEGY

The key 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 has completed 233 reverse circulation exploration and resource definition drill holes for 21,885 metres of drilling to June 2008. In addition the Company has drilled 12 diamond drill holes for 1,730.2 metres of drilling to collect samples for metallurgical test work and for geotechnical assessment of the North Hematite Pod pit design. Most of the drilling concentrated on resource definition of the North Hematite Pod which culminated in an Indicated Resource of massive hematite of 10.4 million tonnes grading 59.7% Fe. Inferred massive hematite resources amounted to 0.5Mt grading 58.7% Fe. The mining reserve will be re-estimated and is expected to increase above the 2007 Snowden Mining Consultants Pty Ltd estimate of a Probable Reserve of 7.6 million tonnes grading 59.9% Fe.

Managing Director's Report

For the Year Ended 30th June 2008

In addition to the massive hematite, the North Hematite Pod hosts an Indicated Resource of hematite clay and hematite carbonate of 2.8 million tonnes grading 49.9% Fe.

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 STRATEGY

The Company's tenements host several magnetite-rich BIF deposits and prospects that could support stand-alone magnetite concentrate operations. The Company has identified the Carrow and Bungalow deposits as the preferred development opportunities.

Centrex signed a Joint Venture Heads of Agreement with Baotou Iron & Steel (Group) Co., Ltd over Bungalow deposit on 20th September 2007. On the 20 August 2008 Centrex lodged an ASX Release that included a statement on the status of the negotiations with Baotou. That statement included the following:

Centrex and Baotou Iron & Steel Co., Ltd are continuing negotiations on the proposed joint venture to jointly explore and develop the project. The negotiations have been protracted and the points of difference between the parties have largely been resolved. Although these negotiations have made good progress and acknowledging the willingness of both parties to finalise Joint Venture arrangements, Centrex wishes to advise that Baotou has been notified that the joint venture needs to be completed expeditiously. If this is not the case, Centrex intends to terminate the Heads of Agreement in favour of other parties who have expressed strong interest in investing in the project.

Centrex has held discussions with a number of prominent Chinese, Japanese and Korean companies regarding joint venture opportunities for the Southern and South Central Tenements. These discussions are ongoing. Centrex believes that the Southern and South Central Tenements have a decided geographic advantage over other magnetite projects in South Australia being so close to the coast. The Company is pleased with the intense overseas interest in developing joint ventures to help fast track exploration and development.

HEMATITE EXPLORATION ON REMAINING CENTREX TENEMENTS

Hematite mineralisation has been identified on a number of the Company's 15 tenements. Centrex will systematically evaluate the hematite potential on all of the Company's tenements over the next 5 years.

Centrex has developed a solid exploration model to "look through" the omnipresent alluvial/colluvial cover in order to better target drilling for hematite. The model uses a combination of aeromagnetics and gravity surveys to identify BIF, dislocations within BIF and areas that have reduced magnetic signatures and enhanced gravity responses highlighting possible hematite occurrences.

To improve target vectoring Centrex has contracted Bellgeo Enterprises Limited to fly airborne 3-D Full Tensor Gravity Gradient Surveys over 1280 line kilometres over prospective hematite targets at Mount Hill, Cockabidnie and Charleton Gully. The exploration budget contains funds to drill the identified hematite targets.

Managing Director's Report

For the Year Ended 30th June 2008

WESTERN MIDDLEBACK HEMATITE / HEMATITE-BIF STRATEGY

The Company's Middeback tenements are prospective for both hematite and magnetite. 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.

MERGER AND ACQUISITION

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

DIVESTMENT OF NON-CORE TENEMENTS

Centrex has been approached by companies interested in acquiring particular Centrex tenements. Centrex has so far rejected these approaches however it will continue to review such opportunities.

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 2004, by 71.5% in 2005, 19% in 2006, 10% in 2007 and at least 81.5% in 2008 (note BHP has not settled the 2008 prices and is seeking an additional increase to cover the freight differential between Brazil and Asia and Australia and Asia. Forward estimates generally are that prices for iron ore will continue to rise albeit more modestly over the coming few years.

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).

Subsequent to Year End

There were 6 material events subsequent to year end. These were:

- Alternative port proposal presented to Port Lincoln City Council on 7 July 2008;
- Wilgerup indicated mineral resource increased from 8.0Mt to 13.2Mt (announced 17 July 2008);
- Agreement reached for the purchase of 260 acres of coastal land near Tumby Bay (announced 1 August 2008);
- Purchase of land covering Carrow magnetite project (announced 1 September 2008);
- Appointed Golder Associates to conduct development approvals and baseline studies of a port facility near Tumby Bay (announced 5 September 2008); and
- Purchase of "Kamballa Station" covering Wilgerup (announced 17 September 2008).

Gerard Anderson
Managing Director

Directors' Report

For the Year Ended 30th June 2008

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 2008 and the auditor's report therein.

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

Directors' Report

For the Year Ended 30th June 2008

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, OAM, LLB, FAICD, FTIA.	Appointed 23/03/01	63	<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	53	<p>Managing Director</p> <p>Geologist with 34 years of experience including 16 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, General Manager 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> <p>Mr Anderson has over 10 years experience in iron ore, firstly as an exploration geologist with Mt Newman Mining Company then as a senior resource specialist with BHP Pty Ltd working on several project developments including Koolan Island, Deepdale, Bungaroo Creek, BHP's Yandi Deposit and Mount Newman's Eastern Ore Bodies.</p> <p>Mr Anderson was appointed as a Non Executive Director of Archer Exploration Limited in July 2008.</p>
Dr Norton Jackson, AM, FTSE, ME, Hon Doc	Appointed 23/03/01	89	<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, FAICD	Appointed 19/04/05	64	<p>Independent Non-Executive</p> <p>Mr Klingberg has 34 years experience as a professional engineer including 10 years as CEO with Kinhill Limited managing professional engineering services to resource development and other industries. Retired recently as Chancellor of the University of South Australia after 10 years. Director of ASX Listed Codan Limited and E&A Limited. Director of Snowy Hydro Limited, Chairman of Barossa Infrastructure Limited and Chairman of the Premiers Climate Change Council.</p>
Mr Kiat Poh Dip C.E.	Appointed 21/05/08	54	<p>Independent Non-Executive</p> <p>Mr Poh is a Singaporean citizen, and has over 30 years experience at senior management level in the financial, engineering, real estate development, quarrying, manufacturing and construction industries. He was the Managing Director of SGX-listed Teamsphere Limited from 1998, heading the strategic management and business development of the Company prior to Delong Steel's successful reverse acquisition of Teamsphere Limited in 2005. Since 2005, he has managed an investment advisory company in Singapore that focuses on participating in strategic stakes in listed companies.</p>

Directors' Report

For the Year Ended 30th June 2008 – (continued)

2. Company Secretary

The Company Secretary, Mr Gavin Bosch CPA, aged 32 was appointed 2 May 2008. He assumes the position from Mrs Victoria Allinson FCCA, who occupied the role from May 2006 until her resignation in May 2008.

Mr Bosch is a member of CPA Australia and an affiliate of Chartered Secretaries Australia. He has over 11 years experience in the mining industry. Beginning as a graduate accountant for the Normandy Group (who later became Newmont Australia, after a takeover in 2002) in Tennant Creek he moved to more senior roles in Western Australia and then in the Adelaide head office. Along with his roles in management and financial accounting he held positions in both taxation and systems implementation.

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 2008 was:

	Board Meetings		Audit and Risk Management Committee Meetings		Safety and Environmental Committee*	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
Mr D Lindh	11	11	4	4	11	11
Mr N Jackson	11	11	4	4	11	11
Mr D Klingberg	11	11	4	4	11	11
Mr G Anderson	11	11	4	4	11	11
Mr K Poh	2	2	1	1	2	2

- * 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 2008

4. Corporate Governance Statement

This statement outlines the main corporate governance practices that were in place throughout the financial year.

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 2008

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; and
- 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; and
- 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 2008

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 established a Remuneration Committee consisting of all the Non-executive Directors. The committee meets as necessary, usually at the conclusion of Director's meetings.

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.

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 2008 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 2008

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; and
- 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 during the year:

- 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; and
- 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 2008

4.3 Ethical standards

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 reviews 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 2008

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; and
- 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 2008

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; and
- 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.

For the year ended 30 June 2008, the Non-Executive Directors' compensation comprised Directors' base fees of \$70,000 per annum for the Chairman and \$50,000 per annum for the other Non-Executive Directors. In addition, \$5,000 per annum was paid for membership of the Audit and Risk Management Committee.

In the coming financial year, the Non-Executive Directors' compensation will comprise Directors' base fees of \$90,000 per annum for the Chairman and \$55,000 per annum for the other Non-Executive Directors. In addition, \$10,000 per annum will be paid for membership of the Audit and Risk Management Committee, with an additional \$2,500 for the Chairman of the Audit and Risk Management Committee.

Superannuation is paid on behalf of the Non-Executive Directors at the rate of 9% per annum, as is legislated, however neither Mr Jackson nor Mr Poh are paid superannuation benefits. Messer's Jackson and Poh are paid directly for the value of their superannuation entitlements.

Executives

On 11 June 2008 Mr Gerard Anderson, managing director, signed a revised contract of employment commencing 1 July 2008 and terminating after 5 years. Mr Anderson is entitled to receive: a base salary of \$385,000; plus 15% superannuation; and a car allowance of \$20,000, per annum. In addition Mr Anderson is entitled to participate in the annual Employee Share Option Plan (approved at the previous Annual General Meeting). Each year Mr Anderson may receive between 1,000,000 and 1,500,000 options, subject to meeting all personal and company key performance indicators as set by the Board of Directors. The company key performance indicators are composed of the following 5 equally weighted objectives:

- conducting the exploration program on time and budget; and
- defining additional indicated resources as set by the Board annually; and
- advance projects to a status as defined by the Board annually; and
- share price to increase by 20% over prior year price; and
- maintain an LTI free workplace with no environmental breaches.

Directors' Report

For the Year Ended 30th June 2008

5.1 Principles of compensation – audited (continued)

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 by the Group prior to the 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.

Pursuant to Mr Anderson's previous contract of employment he had 2,000,000 options outstanding. These were re-negotiated as part of terms for extending his service such that he would be entitled to these options upon signing the new contract of employment, and 1,500,000 of the 2,000,000 options would be made available on the same terms as the Centrex Metals Limited Executive Option Plan contain, which is that the expiry date be set at 31 December 2011.

CENTREX METALS LTD

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Directors' Report

For the Year Ended 30th June 2008

5.2 Directors' and Executive Officers' remuneration (Company and Consolidated) – audited

Details of the nature and amount of each major element or remuneration of each director of the Company, each of the five named Company executives and relevant Group executives who receive the highest remuneration and other key management personnel are:

		Short-term				Post-employment	Other long term	Termination benefits	Share-based payments	Total	Proportion of remuneration performance based	Value of options as a proportion of remuneration
		Salary & fees	STI cash bonus	Non-monetary benefits	Total	Super-annuation benefits			Options and rights			
		\$	\$(A)	\$	\$	\$	\$	\$	\$	\$		
<u>Directors</u>												
Non-executive directors												
Mr D Lindh **	2008	75,000	-	-	75,000	6,750	-	-	-	81,750	-	-
	2007	67,500	-	-	67,500	6,075	-	-	-	73,575	-	-
Mr D Klingberg **	2008	55,000	-	-	55,000	4,950	-	-	-	59,950	-	-
	2007	50,000	-	-	50,000	4,500	-	-	-	54,500	-	-
Mr N Jackson **	2008	59,950	-	-	59,950	-	-	-	-	59,950	-	-
	2007	50,000	-	-	50,000	-	-	-	-	50,000	-	-
Mr K Poh ** (appointed 21 May 2008)	2008	8,377	-	-	8,377	-	-	-	-	8,377	-	-
	2007	-	-	-	-	-	-	-	-	-	-	-
Executive directors												
Mr G Anderson, Managing Director **	2008	355,000	-	-	355,000	45,000	-	-	450,036	850,036	20%	52.94%
	2007	300,000	103,500	55,000	458,500	45,000	-	-	7,095	510,595	20%	1.40%
<u>Executives</u>												
Mr K Malaxos, Chief Operating Officer ** (appointed 4 February 2008)	2008	103,173	-	-	103,173	9,286	-	-	-	112,459	-	-
	2007	-	-	-	-	-	-	-	-	-	-	-
Mr A Watts, Exploration Manager ** (appointed 15 March 2007)	2008	165,000	-	-	165,000	14,850	-	-	-	179,850	-	-
	2007	48,125	-	-	48,125	4,331	-	-	-	52,456	-	-
Mr G Bosch, Company Secretary & Chief Accountant ** (appointed 29 January 2008)	2008	51,304	-	-	51,304	4,617	-	-	-	55,921	-	-
	2007	-	-	-	-	-	-	-	-	-	-	-
Total compensation: key management Personnel (consolidated)	2008	872,804	-	-	872,804	85,453	-	-	450,036	1,408,293		
	2007	515,625	103,500	55,000	674,125	59,906	-	-	7,095	741,126		
Total compensation: key management Personnel (company) **	2008	872,804	-	-	872,804	85,453	-	-	450,036	1,408,293		
	2007	515,625	103,500	55,000	674,125	59,906	-	-	7,095	741,126		

Directors' Report

For the Year Ended 30th June 2008

5.2 Directors' and Executive Officers' remuneration (Company and Consolidated) – audited (continued)

Options

The company did not grant any options during the year.

6. Principal Activity

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

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 seventh full year of operations for the Group, which was incorporated on 23 March 2001 and listed on 19 July 2006.

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

	Consolidated		Company	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net profit / (loss) after income tax	(1,246,394)	(657,013)	(1,246,394)	(667,285)

The Group incurred expenditure of \$5,400,515 (2007: \$2,667,330) 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:

As noted in the subsequent events of the previous annual report, Sinclair Knight Merz was appointed on 7th September 2007 to undertake an engineering pre-feasibility study of port options and Environment and Permitting Studies for the Wilgerup Feasibility Study.

A Joint Venture Heads of Agreement with Baotou Iron & Steel (Group) Co., Ltd ("Baotou") over the Bungalow deposit was signed on 20th September 2007. As outlined in the Managing Director's report (page 23) negotiations to finalise the agreement have been protracted since the signing. Centrex has given notice to Baotou to complete the negotiations or the Company will commence discussions with other overseas companies that have expressed a keen interest in forming a joint venture to explore and develop the deposit.

On 6th March 2008, the Company secured the rights to the Proper Bay wharf facility at Port Lincoln, South Australia with an option to lease the facility for 100 years. Since securing these rights, the Company has moved its focus to the existing main wharf (Brennen Jetty) after receiving feedback from interest groups over concerns regarding the use of Proper Bay (as mentioned in the events subsequent to year end at point 9).

8. Dividends

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

Directors' Report

For the Year Ended 30th June 2008

9. Events subsequent to year end

There were 6 material events subsequent to year end. These were:

- Alternative port proposal presented to Port Lincoln City Council on 7 July 2008;
- Wilgerup indicated mineral resource increased from 8.0Mt to 13.2Mt (announced 17 July 2008);
- Agreement reached for the purchase of 260 acres of coastal land near Tumby Bay (announced 1 August 2008);
- Purchase of land covering Carrow magnetite project (announced 1 September 2008);
- Appointed Golder Associates to conduct development approvals and baseline studies of a port facility near Tumby Bay (announced 5 September 2008); and
- Purchase of "Kamballa Station" covering Wilgerup (announced 17 September 2008).

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Directors' Report

For the Year Ended 30th June 2008

10. Likely Developments

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

Tenement	Held by	Covenant \$	Expiry
<u>Northern Area</u>			
Gilles Downs EL 3375	CML(i)		7 July 2009
Bungalow/Minbrie EL 3610 previously EL 2817	CML(i)		13 August 2008 [#]
Kimba Gap ELA 07/453 previously 3018	SAIOG(ii)		4 November 2008
Ironstone Hut EL 3048	SAIOG(ii)		11 December 2008
Whyalla EL 3125	SAIOG(ii)		16 September 2008 [#]
Stony Hill EL 3287	SAIOG(ii)		1 December 2008
Total Northern Area covenant		350,000	
<u>Southern Area</u>			
Vanilla EL 3269	CML(i)		26 October 2008
Wilgerup EL 3317 previously EL 2676	CML(i)		9 March 2009
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 2009
Total Southern Area covenant		590,000	
<u>Other Areas</u>			
Lock EL 3401	CML(i)	110,000	18 August 2008 [#]
Cockabidnie EL 3609 previously EL 2815	CML(i)	215,000	13 August 2008 [#]
		<u>1,265,000</u>	

(i) Centrex Metals Limited ("CML")

(ii) South Australian Iron Ore Group Pty Limited ("SAIOG")

These tenements are in the process of being renewed. The Company has no reason to suspect that renewals will be denied by PIRSA.

The covenants are subject to annual renegotiation and have not been provided for in the financial statements but rather disclosed as commitments in Note 19. At the time of preparing this report, the negotiations for the establishment of covenants for the 2009 financial year had just begun.

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 undertaken extensive work on a pre-feasibility study at Wilgerup (see the Managing Director's report for further detail).

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 2008 – (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:

	No. of Shares held	No. of Options held	
Name		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)	700,000	-	-
Anderson Gerard & Shane (an entity associated with Mr G Anderson)	750,000	1,000,000	\$0.20/31 Dec 08
Mr Kiat Poh	-	-	-

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

As outlined in section 5.1 above, Mr Gerard Anderson has become entitled to 2,000,000 options during the year ended 30 June 2008.

Pursuant to Mr Anderson's previous contract of employment he was entitled to receive 1,000,000 options on each employment anniversary date (23rd January) over the 3 year period of this contract. The 1,000,000 options he was entitled to (but not issued) on 23 January 2008 and the 1,000,000 options he would have been entitled to on 23 January 2009 were re-negotiated as part of terms for extending his service such that he would be entitled to both upon signing the new contract of employment. Furthermore, the Company agreed to mutually terminate 1,500,000 of the 2,000,000 options, and make them available on the same terms as the Centrex Metals Limited Executive Option Plan contain, which is that the expiry date be set at 31 December 2011.

The Centrex Metals Limited Executive Option Plan, to which Mr Anderson and other officers of the company are eligible to participate, contains both personal and company key performance indicators which include the following 5 equally weighted objectives:

- conducting the exploration program on time and budget; and
- defining additional indicated resources as set by the Board annually; and
- advance projects to a status as defined by the Board annually; and
- share price to increase by 20% over prior year price; and
- maintain an LTI free workplace with no environmental breaches.

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Directors' Report

For the Year Ended 30th June 2008

12. Share Options (continued)

Options granted to associates directors 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 associates of Directors of the Company:

Timing	Name	Exercise Date	Exercise Price	No. of options
	<u>Executive Directors</u>			
28/08/2008	Mr G Anderson – Managing Director	31/12/2011	\$0.20	1,000,000
	<u>Executives</u>			
28/08/2008	Mr K Malaxos, Chief Operating Officer	31/12/2011	\$0.20	165,000
28/08/2008	Mr A Watts, Exploration Manager	31/12/2011	\$0.20	275,000
28/08/2008	Mr G Bosch, Company Secretary & Chief Accountant	31/12/2011	\$0.20	135,000

Unissued shares under option

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

Option class	Expiry date	Exercise price	No. of unissued shares at 30 June 2008	No. of options exercised since 30 June 2008	No. of unissued shares
2008 A Class	31 Dec 2008	\$0.20	55,478,694	95,000	55,383,694

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):

Timing	Amount paid on each share	No. of shares
No. of unissued shares at 30 June 2007		57,283,056
Shares issued on the exercise of options for the 12 months ending 30 June 2008	\$0.20	1,804,362
Shares issued on the exercise of options after 30 June 2008	\$0.20	95,000
No. of unissued shares at report date		55,383,694

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 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 2008

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 38 and forms part of the Directors' Report for the financial year ended 30 June 2008.

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



.....
Mr David J Lindh



.....
Mr Gerard Anderson

Dated at Adelaide this 26th day of September 2008.



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 2008 there have been:

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

KPMG

KPMG

A handwritten signature in dark ink, appearing to read 'Derek Meates', written in a cursive, flowing style.

Derek Meates
Partner

Adelaide

26th September 2008

CENTREX METALS LTD
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Income Statements

For the Year Ended 30th June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Revenue - Interest income	2	585,135	559,391	585,135	559,391
Exploration expenses written off	8	0	(168)	0	0
Employee benefit expenses	2	(1,071,856)	(755,927)	(1,071,856)	(755,927)
Office and administration expenses		(323,039)	(213,297)	(323,039)	(213,297)
Consultants and management expenses		(273,409)	(33,745)	(273,409)	(33,745)
Directors' fees		(189,950)	(178,075)	(189,950)	(178,075)
Depreciation expense	9	(43,779)	(22,242)	(43,779)	(22,242)
Finance costs - Loan interest	2	0	(1,343)	0	(1,343)
Other expenses		<u>(87,851)</u>	<u>(105,200)</u>	<u>(87,851)</u>	<u>(112,283)</u>
Loss before income tax expenses		(1,404,748)	(750,606)	(1,404,748)	(757,521)
Income tax (expense) / benefit	4(a)	<u>158,354</u>	<u>93,593</u>	<u>158,354</u>	<u>90,236</u>
Net profit / (loss) after income tax	14	<u>(1,246,394)</u>	<u>(657,013)</u>	<u>(1,246,394)</u>	<u>(667,285)</u>
Earnings per share for loss attributable to the ordinary equity holders of the company:		Cents per share	Cents per share		
Basic earnings per share	5	(0.0056)	(0.0031)		
Diluted earnings per share	5	(0.0056)	(0.0031)		

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 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Net income recognised directly in equity		0	0	0	0
(Loss) for the period		(1,246,394)	(657,013)	(1,246,394)	(667,285)
Total recognised income and expense for the period		<u>(1,246,394)</u>	<u>(657,013)</u>	<u>(1,246,394)</u>	<u>(667,285)</u>

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

CENTREX METALS LTD
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Balance Sheets

For the Year Ended 30th June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	6	18,885,031	7,908,336	18,885,031	7,908,336
Current tax assets	4(a)	0	80,211	0	80,211
Other receivables	7	442,723	179,738	442,723	179,738
Total Current Assets		<u>19,327,754</u>	<u>8,168,285</u>	<u>19,327,754</u>	<u>8,168,285</u>
Exploration and evaluation expenditure	8	8,493,915	3,093,401	7,746,798	2,815,959
Plant and equipment	9	127,384	73,636	127,384	73,636
Receivable from controlled entity	7	0	0	747,118	277,442
Total Non-Current Assets		<u>8,621,299</u>	<u>3,167,036</u>	<u>8,621,299</u>	<u>3,167,037</u>
Total assets		<u>27,949,053</u>	<u>11,335,322</u>	<u>27,949,053</u>	<u>11,335,322</u>
Liabilities					
Trade and other payables	10	666,378	330,891	666,378	330,891
Employee benefits	11	128,874	40,973	128,874	40,973
Interest bearing loans and borrowings	13	0	0	0	0
Deferred income tax liabilities	4(b)	0	0	0	0
Total Current Liabilities		<u>795,251</u>	<u>371,864</u>	<u>795,251</u>	<u>371,864</u>
Trade and other payables		0	0	0	0
Total Non-Current Liabilities		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities		<u>795,251</u>	<u>371,864</u>	<u>795,251</u>	<u>371,864</u>
Net assets		<u>27,153,802</u>	<u>10,963,457</u>	<u>27,153,802</u>	<u>10,963,458</u>
Equity					
Contributed equity	14	29,272,941	12,286,238	29,272,941	12,286,238
Share options issued	14	587,354	137,318	587,354	137,318
Accumulated losses	14	(2,706,493)	(1,460,099)	(2,706,493)	(1,460,099)
Total equity		<u>27,153,802</u>	<u>10,963,457</u>	<u>27,153,802</u>	<u>10,963,457</u>

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 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash flows from operating activities					
Receipt from customers		0	0	0	0
Payments to suppliers and employees		(1,592,055)	(1,554,683)	(1,592,055)	(1,554,683)
Interest paid		0	(14,729)	0	(14,729)
Income taxes (paid) / received		208,467	0	208,467	0
Net cash from operating activities	20(b)	(1,383,588)	(1,569,412)	(1,383,588)	(1,569,412)
Cash flows from investing activities					
Expenditure on mining tenements		(5,001,334)	(2,441,029)	(4,531,658)	(2,333,247)
Interest received		472,441	489,116	472,441	489,116
Acquisition of plant and equipment		(97,527)	(76,363)	(97,527)	(76,363)
Net cash from investing activities		(4,626,420)	(2,028,276)	(4,156,744)	(1,920,494)
Cash flows from financing activities					
Funds (paid) / received from former related party		0	(288,112)	0	(288,112)
Proceeds from the issue of share capital		16,986,703	12,533,086	16,986,703	12,533,086
Payment of issue of share capital costs		0	(756,725)	0	(756,725)
Funds loaned to controlled entity		0	0	(469,676)	(107,782)
Net cash from financing activities		16,986,703	11,488,249	16,517,027	11,380,467
Net increase / (decrease) in cash		10,976,695	7,890,561	10,976,695	7,890,561
Cash at the beginning of the year		7,908,336	17,775	7,908,336	17,775
Cash at the end of the year	20(a)	18,885,031	7,908,336	18,885,031	7,908,336

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

Notes to the Financial Statements

For the Year Ended 30th June 2008

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 2008 comprises the Company and its subsidiary (together referred to as the 'Group').

The financial report was authorised for issue by the directors on 24 September 2008.

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 one has been identified as being relevant to the Group.

Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.

c) 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(p)
- Shares and option compensation – Note 1(x)
- Provision for restoration and rehabilitation – Note 1(m)

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.

d) 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 2008 was a net loss of \$1,246,394 (2007: \$657,013) and the Group has a net assets of \$27,153,802 (2007: \$10,963,457).

The Group's primary focus continues to be mineral exploration on the tenements to which it holds rights. At 6 June 2008 the company completed a private placement of a rights issue which raised \$17,218,311 (before issue costs). Cash and cash equivalents at 30 June 2008 was \$18,885,031. 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.

Notes to the Financial Statements

For the Year Ended 30th June 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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.

f) Revenue Recognition

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

g) Government Grants

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

h) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

i) Comparatives

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

j) 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 subsidiary South Australian Iron Ore Group Pty Ltd formed a tax consolidation group on 27 January 2005 and are therefore taxed as a single entity. The head entity within the tax consolidation group is Centrex Metals Limited.

Notes to the Financial Statements

For the Year Ended 30th June 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) 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.

l) 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.

m) 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.

n) 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 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) 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

p) 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.

q) 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 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) 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.

s) Investments

Controlled entities

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

t) 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.

u) 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.

v) 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 2008

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w) 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, 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.

x) 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.

y) Segmental reporting

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

z) Earnings per share

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

CENTREX METALS LTD
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Notes to the Financial Statements

For the Year Ended 30th June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
2	PROFIT/(LOSS) FROM CONTINUING OPERATIONS				
	Finance Income and Expense				
Finance Income					
Interest income on bank accounts		585,135	559,391	585,135	559,391
Financial Expenses					
Interest paid		0	(1,343)	0	(1,343)
		<u>585,135</u>	<u>558,048</u>	<u>585,135</u>	<u>558,048</u>
	Employee Benefit Expenses				
Wages and salaries		348,430	609,890	348,430	609,890
Contributions to defined contribution superannuation funds		82,888	61,980	82,888	61,980
Leave liability additions / (reductions)		87,901	40,973	87,901	40,973
Equity settled share based payment transaction	14 & 15	450,036	25,698	450,036	25,698
Other employee costs		102,601	17,386	102,601	17,386
		<u>1,071,856</u>	<u>755,927</u>	<u>1,071,856</u>	<u>755,927</u>
3	AUDITOR'S REMUNERATION				
Audit Services		32,965	15,000	32,965	15,000
Other services - taxation services		16,730	10,000	16,730	10,000
Other services - research & development		7,500	0	7,500	0
Auditor's of the company - KPMG		<u>57,195</u>	<u>25,000</u>	<u>57,195</u>	<u>25,000</u>

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Notes to the Financial Statements

For the Year Ended 30th June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
4 TAXATION					
4(a) Income Tax Expense					
Current tax expense/(benefit)		(158,354)	(80,211)	(158,354)	(80,211)
Deferred tax expense/(benefit)		0	(13,382)	0	(10,025)
		<u>(158,354)</u>	<u>(93,593)</u>	<u>(158,354)</u>	<u>(90,236)</u>
Prima facie income tax expense/(benefit) calculated at 30% on the loss from continuing operations (2007: 30%)		(421,424)	(225,181)	(421,424)	(225,131)
Tax losses and temporary differences not brought to account		421,424	211,799	421,424	215,106
R&D refund		<u>(158,354)</u>	<u>(80,211)</u>	<u>(158,354)</u>	<u>(80,211)</u>
		<u>(158,354)</u>	<u>(93,593)</u>	<u>(158,354)</u>	<u>(90,236)</u>

4(b) Unrecognised deferred tax asset

Tax losses in current year	6,015,181	3,363,467	6,015,181	3,363,467
Tax losses in current year @ 30%	1,804,554	1,009,040	1,804,554	1,009,040
Tax losses brought forward	1,009,041	268,871	1,009,041	266,796
Prior year overprovision	<u>(86,375)</u>	<u>(12,670)</u>	<u>(86,375)</u>	<u>(10,595)</u>
Tax losses carried forward @ 30%	<u>2,727,220</u>	<u>1,265,241</u>	<u>2,727,220</u>	<u>1,265,241</u>

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 \$429,923.

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.

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Notes to the Financial Statements

For the Year Ended 30th June 2008

5 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2008 was based on the loss attributable to ordinary shareholders of \$1,246,394 (2007 \$657,013) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2008 of 224,072,863 (2007: 211,983,714), calculated as follows:

	Note	Consolidated 2008	2007
		\$	\$
Profit / (Loss) attributable to ordinary shareholders			
Profit / (Loss) for the period		(1,246,394)	(657,013)
Adjustments		0	0
Profit / (Loss) attributable to ordinary shareholders		<u>(1,246,394)</u>	<u>(657,013)</u>
Weighted average number of ordinary shares			
Issued ordinary shares at beginning of year		216,263,701	194,343,701
Effect of shares issued in the first quarter (to 30 September)		188,831	17,640,013
Effect of shares issued in the second quarter (to 31 December)		522,973	0
Effect of shares issued in the third quarter (to 31 March)		364,221	0
Effect of shares issued in the fourth quarter (to 30 June)		<u>6,733,137</u>	<u>0</u>
Weighted average number of ordinary shares at year end		<u>224,072,863</u>	<u>211,983,714</u>

Earnings per share for continuing and discontinued operations

Basic earnings per share	(0.0056)	(0.0031)
Diluted earnings per share	(0.0056)	(0.0031)

The diluted earning per share is the same as the basic earning per share due to losses being incurred in the period.

6 CASH AND CASH EQUIVALENTS

	Note	Consolidated 2008	2007	Company 2008	2007
		\$	\$	\$	\$
Cash and cash equivalents		<u>18,885,031</u>	<u>7,908,336</u>	<u>18,885,031</u>	<u>7,908,336</u>

At the 30 June 2008, a total of \$17,350,050 was held in term deposits, on the following terms:

60 Day term deposit, maturing 1 st August 2008 at 7.54% p.a.	\$5,113,592
60 Day term deposit, maturing 4 th July 2008 at 7.69% p.a.	\$1,736,458
60 Day term deposit, maturing 4 th July 2008 at 7.70% p.a.	<u>\$10,500,000</u>
	<u>\$17,350,050</u>

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Notes to the Financial Statements

For the Year Ended 30th June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
7	OTHER RECEIVABLES				
	Current				
	Prepayments and other receivables	59,872	58,432	59,872	58,432
	Interest due on term deposits	182,969	70,275	182,969	70,275
	GST receivable	199,882	51,031	199,882	51,031
		<u>442,723</u>	<u>179,738</u>	<u>442,723</u>	<u>179,738</u>
	Non-current				
	Receivable from controlled entity	0	0	747,118	277,442
		<u>0</u>	<u>0</u>	<u>747,118</u>	<u>277,442</u>

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 EVALUATION EXPENDITURE**

Cost at beginning of year	3,093,401	532,404	2,815,959	362,576
Exploration expenditure	5,400,514	2,667,330	4,930,839	2,559,548
Government grant received	0	(57,000)	0	(57,000)
Recovery of 3rd party expenditure	0	(49,165)	0	(49,165)
Write-offs	0	(168)	0	0
Cost at end of year	<u>8,493,915</u>	<u>3,093,401</u>	<u>7,746,798</u>	<u>2,815,959</u>

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Notes to the Financial Statements

For the Year Ended 30th June 2008

8 EXPLORATION AND EVALUATION EXPENDITURE (continued)

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

	Capitalised Costs 2008	Capitalised Costs 2007
	\$	\$
<i>Held by Centrex Metals Limited</i>		
Greenpatch EL 3611 (formerly EL 2816)	208,721	189,362
Cockabidnie EL 3609 (formerly EL 2815)	56,493	42,416
Bungalow EL 3610 (formerly EL 2817)	781,262	366,924
Wilgerup EL 3317	6,540,288	2,120,426
Wanilla EL 3269	41,461	22,598
Dutton Bay EL 3421	43,919	20,217
Lock EL 3401	16,448	7,937
Gilles Downs EL 3375	58,206	46,079
Cockabidnie North EL 3498	6,070	0
	<u>7,752,867</u>	<u>2,815,959</u>
<i>Held by SAI/OG</i>		
Mount Hill EL 3877 (formerly Bald Hill EL 2905)	101,150	68,993
Carrow EL 3731 (formerly EL 2887)	89,292	61,053
Kimba Gap EL 3968 (formerly EL 3018)	65,019	42,624
Lake Moolkra EL 2961	0	168
Ironstone Hill EL 3125 (formerly "Whyalla")	48,332	36,951
Ironstone Hut EL 3999 (formerly EL 3048)	33,865	22,051
Stony Hill EL 3287	403,391	45,770
	<u>741,048</u>	<u>277,610</u>
<i>Surrendered tenement written off:</i>		
Lake Moolkra EL 2961	0	(168)
Total	8,493,915	3,093,401

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.

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 13.2Mt 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.

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Notes to the Financial Statements

For the Year Ended 30th June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
9	PLANT AND EQUIPMENT				
	Cost				
	Balance at beginning of year	99,548	23,185	99,548	23,185
	Additions	97,527	76,363	97,527	76,363
	Balance at end of year	197,074	99,548	197,074	99,548
	Depreciation				
	Balance at beginning of year	25,912	3,670	25,912	3,670
	Charge for the year	43,779	22,242	43,779	22,242
	Balance at end of year	69,691	25,912	69,691	25,912
	Net book value				
	Balance at beginning of year	73,636	19,515	73,636	19,515
	Additions/(Disposals)	97,527	76,363	97,527	76,363
	Depreciation charge for the year	(43,779)	(22,242)	(43,779)	(22,242)
	Balance at end of year	127,384	73,636	127,384	73,636
10	TRADE AND OTHER PAYABLES				
	Current liabilities				
	Trade payables	183,605	103,922	183,605	103,922
	Other trade payables and accruals	482,773	226,970	482,773	226,970
	Directors fees payable	0	0	0	0
	Management fees payable	0	0	0	0
		666,378	330,892	666,378	330,892
	No interest is payable on trade payables or management fees payable.				
11	EMPLOYEE BENEFITS				
	Current liabilities				
	Annual leave provision	128,874	40,973	128,874	40,973
		128,874	40,973	128,874	40,973
12	FINANCIAL GUARANTEES				
	There are no financial guarantees at 30 June 2008 or 30 June 2007.				
13	INTEREST-BEARING LOANS AND BORROWINGS				
	There are no interest bearing loans or borrowings at 30 June 2008 or 30 June 2007.				

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Notes to the Financial Statements

For the Year Ended 30th June 2008

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
14 CAPITAL AND RESERVES					
Contributed Equity					
Issued ordinary shares at start of year 216,263,701 (2007: 194,343,701)		12,286,238	62,265	12,286,238	62,265
Shares issued in the first quarter (to 30 September)		43,165	12,532,086	43,165	12,532,086
Shares issued in the second quarter (to 31 December)		200,275	0	200,275	0
Shares issued in the third quarter (to 31 March)		276,403	0	276,403	0
Shares issued in the fourth quarter (to 30 June)		17,239,501	4,000	17,239,501	4,000
Share issue costs expensed		(772,641)	(200,493)	(772,641)	(200,493)
Share issue costs options	15	0	(111,620)	0	(111,620)
Issued ordinary shares at end of year 261,564,242 (2007: 216,263,701)		29,272,941	12,286,238	29,272,941	12,286,238
Share Option Reserve					
Value of options at start of year		137,318	0	137,318	0
Option expense		450,036	137,318	450,036	137,318
Value of options at end of year		587,354	137,318	587,354	137,318
Accumulated Profits/(Losses)					
Accumulated Profits/(Losses) at start of year		(1,460,099)	(803,086)	(1,460,099)	(803,086)
Net profit/(loss) for the year		(1,246,394)	(657,013)	(1,246,394)	(657,013)
Accumulated Profits/(Losses) at end of year		(2,706,493)	(1,460,099)	(2,706,493)	(1,460,099)
Total Equity		27,153,802	10,963,457	27,153,802	10,963,457

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.

CENTREX METALS LTD
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Notes to the Financial Statements

For the Year Ended 30th June 2008

15 OPTIONS

At 30 June 2008, there are the following options outstanding:

2008 A Class Options	Number	Expiry Date	Exercise Price
Options on issue at start of year	57,283,056	31/12/2008	\$0.20
Options issued during the year	-	-	-
Options exercised in the first quarter (to 30 September)	(215,823)	31/12/2008	\$0.20
Options exercised in the second quarter (to 31 December)	(1,001,375)	31/12/2008	\$0.20
Options exercised in the third quarter (to 31 March)	(481,214)	31/12/2008	\$0.20
Options exercised in the fourth quarter (to 30 June)	(105,950)	31/12/2008	\$0.20
Options on issue at end of year	55,478,694	31/12/2008	\$0.20

At 30 June 2007, the following options were outstanding:

2008 A Class Options	Number	Expiry Date	Exercise Price
Options on issue at start of year	52,803,056	31/12/2008	\$0.20
Options issued on the 17 July 2006:			
South Cove Ltd (i)	500,000	31/12/2008	\$0.20
Adelaide Equity Partners Ltd (ii)	1,000,000	31/12/2008	\$0.20
Taylor Collison Ltd (via Taycol Nominees Pty Ltd) (ii)	2,000,000	31/12/2008	\$0.20
Options issued to Mr G Anderson (iii)	1,000,000	31/12/2008	\$0.20
Options exercised in the first quarter (to 30 September)	-	-	-
Options exercised in the second quarter (to 31 December)	-	-	-
Options exercised in the third quarter (to 31 March)	-	-	-
Options exercised in the fourth quarter (to 30 June)	(20,000)	31/12/2008	\$0.20
Options on issue at end of year	57,283,056	31/12/2008	\$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 ended 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 ended 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 ended on 17 July 2008.

The 2008 A Class Options were quoted on the ASX on 19 July 2006. At 30 June 2008 41,149,288 options are restricted with an escrow period that ended on 17 July 2008 and therefore are not exercisable until that date.

CENTREX METALS LTD
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Notes to the Financial Statements

For the Year Ended 30th June 2008

15 OPTIONS (continued)

A share option expense of \$450,036 arose during the year (2007: nil). The fair value of the options identified below has been measured using the Black-Scholes option pricing model:

	Measurement Date			Total
	23/01/2008	23/01/2008	11/06/2008	
Share price (cents)	31.5	31.5	48.0	
Exercise price (cents)	20.0	20.0	20.0	
Expected volatility \	6.71%	6.71%	5.59%	
Expiry date	31/12/2008	31/12/2011	31/12/2011	
Option life (years)	0.94	3.94	3.56	
Risk free interest rate	5.00%	5.00%	5.00%	
Fair value per option (cents)	12.4	15.1	31.3	
Number of options	500,000	500,000	1,000,000	
Value (option expense)	\$62,077	\$75,380	\$312,579	\$450,036

Notes to the Financial Statements

For the Year Ended 30th June 2008

16 FINANCIAL INSTRUMENTS AND RISK EXPOSURES

(a) Financial risk management objectives

The Group does not enter into or trade financial instruments, for speculative purposes. As at 30 June 2008 the Group has no exposure to exchange rate risk and has no derivative exposures to commodity prices.

(b) Interest rate risk exposure

The Group has exposure to future interest rates on investments in variable-rate deposits. The Group does not use derivatives to mitigate these exposures.

Sensitivity Analysis

As the Group does not account for any financial assets and liabilities at fair value through profit and loss and does not use interest rate derivatives a change in interest rates at reporting date would have no effect on profit and loss. For the year ending 30 June 2008, a 1 percent increase in the effective interest rate would have resulted in an increase in profit of \$66,503.

(c) Credit risk exposures

The Group has no significant concentrations of credit risk.

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

(d) Capital management

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

(e) Liquidity Risk Management

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

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Trade and other payables					
Carrying amount	10	666,378	330,891	666,378	330,891
Contractual cash flows		(666,378)	(330,891)	(666,378)	(330,891)
6 months or less		(666,378)	(330,891)	(666,378)	(330,891)
6 - 12 months		-	-	-	-
1 - 2 years		-	-	-	-
2 - 5 years		-	-	-	-

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Notes to the Financial Statements

For the Year Ended 30th June 2008

16 FINANCIAL INSTRUMENTS AND RISK EXPOSURES (continued)

(f) Net fair values of financial assets and liabilities

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

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

	Consolidated			
	2008		2007	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	18,885,031	18,885,031	7,908,336	7,908,336
Current tax assets	0	0	80,211	80,211
Other receivables	<u>442,723</u>	<u>442,723</u>	<u>179,738</u>	<u>179,738</u>
	19,327,754	19,327,754	8,168,285	8,168,285
Financial liabilities				
Trade and other payables	666,378	666,378	330,891	330,891
Employee benefits	128,874	128,874	40,973	40,973
Interest bearing loans and borrowings	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>	<u>(0)</u>
	795,251	795,251	371,864	371,864

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.

CENTREX METALS LTD

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Notes to the Financial Statements

For the Year Ended 30th June 2008

17 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Less than one year		108,050	67,437	108,050	67,437
Between one and five years		268,075	0	268,075	0
More than five years		0	0	0	0

Operating lease rentals relate to accommodation and a site office at two separate exploration locations.

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

Mr Kiat Poh (appointed 21 May 2008)

Executive Directors

Mr Gerard Anderson (Managing Director)

Executives

Mr Kevin Malaxos (Chief Operating Officer) (appointed 4 Feb 2008)

Mr Alastair Watts (Exploration Manager) (appointed 15 March 2007)

Mr Gavin Bosch (Company Secretary & Chief Accountant) (appointed 29 January 2008)

Short-term key management personnel compensation is as follows:

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Short-term cash and non-cash benefits		958,257	734,031	958,257	734,031
Executive share options issued		0	7,095	0	7,095
Executive share options expensed		450,036	0	450,036	0
Short-term employee benefits		1,408,293	741,126	1,408,293	741,126

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.

Notes to the Financial Statements

For the Year Ended 30th June 2008

18 RELATED PARTIES (continued)

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.

Entity	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$ (ex GST)	\$ (ex GST)	\$ (ex GST)	\$ (ex GST)
Adelaide Equity Partners Limited	(i)	336,622	171,056	336,622	171,056
Minter Ellison Lawyers	(ii)	194,152	57,544	194,152	57,544
Softwood Plantations Pty Ltd	(iii)	0	5,188	0	5,188
Exploration Energy Ltd	(iv)	0	1,343	0	1,343

- (i) Mr David Lindh is a director and shareholder of Adelaide Equity Partners Limited. The services provided by this entity include: corporate advisory; share placement brokerage (2008: \$170,000, 2007: nil); administration services (accounting and secretarial); and, general office related expenditures (rent, electricity, cleaning).
- (ii) Mr David Lindh is a consultant lawyer for Minter Ellison Lawyers. The legal services provided by this entity include: advice relating to the renounceable rights issue; advice relating to the establishment of a joint venture; and other matters.
- (iii) Mr Graham Chrisp* is a director of Softwood Plantations Pty Ltd. Transactions with this entity related to the reimbursement of general office expenditure.
- (iv) Messer's Norton Jackson and Graham Chrisp* are directors of Exploration Energy Ltd. Transactions with this entity related to the repayment of loan interest.

* resigned 27 April 2006

As disclosed at point 5.1 of the Director's Report, Mr Gerard Anderson entered into a revised contract of employment on 11 June 2008, commencing 1 July 2008 and terminating after 5 years. Mr Anderson is entitled to receive: a base salary of \$385,000; plus 15% superannuation; and a car allowance of \$20,000, per annum. In addition Mr Anderson is entitled to participate in the annual Employee Share Option Plan (approved at the previous Annual General Meeting). Mr Anderson will receive a minimum 1,000,000 options annually and can receive a maximum of 1,500,000 options annually, subject to meeting all personal and company key performance indicators as set by the Board of Directors. The company key performance indicators are composed of 5 equally weighted objectives:

- conducting the exploration program on time and budget; and
- defining additional indicated resources as set by the Board annually; and
- advance projects to a status as defined by the Board annually; and
- share price to increase by 20% over prior year price; and
- maintain an LTI free workplace with no environmental breaches.

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Notes to the Financial Statements

For the Year Ended 30th June 2008

18 RELATED PARTIES (continued)

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 by the Group prior to the 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.

Pursuant to Mr Anderson's previous contract of employment he had 2,000,000 options outstanding. These were re-negotiated as part of terms for extending his service such that he would be entitled to these options upon signing the new contract of employment, and 1,500,000 of the 2,000,000 options would be made available on the same terms as the Centrex Metals Limited Executive Option Plan contain, which is that the expiry date be set at 31 December 2011.

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:

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Assets and liabilities arising from the above transactions					
Current payables					
Trade creditors		0	19,073	0	19,073
Interest bearing loans and borrowings		0	0	0	0

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:

	Note	Holding at 30 June 07	Number Purchased	Number Sold	Holding at 30 June 08
Davan Nominees Pty Ltd	(i)	12,876,335	-	-	12,876,335
Mr Norton Jackson		7,582,930	-	-	7,582,930
Patna Properties Pty Ltd	(ii)	450,000	250,000	-	700,000
Mr Gerard Anderson		750,000	-	-	750,000
Mr Kiat Poh		-	-	-	-

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

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

Patna Properties Pty Ltd exercised 250,000 options during the year.

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

Notes to the Financial Statements

For the Year Ended 30th June 2008

18 RELATED PARTIES (continued)

Directors 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:

	Note	Holding at end of prior year	Issued as compen- sation	Exercised or Sold	Holding at year end
30 June 2008 – 2008 A Class Options – Exercise price \$0.20 – Expiry 31 Dec 08					
Davan Nominees Pty Ltd	(i)	4,468,880	-	-	4,468,880
Mr Norton Jackson		3,749,336	-	-	3,749,336
Patna Properties Pty Ltd	(ii)	250,000	-	250,000	-
Mr Gerard Anderson		1,000,000	-	-	1,000,000
Mr Kiat Poh		-	-	-	-
30 June 2007 – 2008 A Class Options – Exercise price \$0.20 – Expiry 31 Dec 08					
Davan Nominees Pty Ltd	(i)	4,468,880	-	-	4,468,880
Mr Norton Jackson		3,749,336	-	-	3,749,336
Patna Properties Pty Ltd	(ii)	250,000	-	-	250,000
Mr Gerard Anderson		-	1,000,000	-	1,000,000

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

(ii) Patna Properties Pty Ltd is a company associated with Mr David Klingberg.
Patna Properties Pty Ltd exercised 250,000 options during the year.

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

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 2008, such loans totalled \$747,118 (2007: \$277,442).

19 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 \$1,265,000 (2007: \$1,025,000) 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 2008 the Group's other commitments related to Sinclair Knight Mertz (Wilgerup pre-feasibility study) of \$182,000 (2007: \$50,000) payable within one year.

The company has no further capital commitments or contingent liabilities at the 30 June 2008 (2007: \$nil).

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Notes to the Financial Statements

For the Year Ended 30th June 2008

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:

	Note	Consolidated		Company	
		2008	2007	2008	2007
		\$	\$	\$	\$
Cash at bank and on hand		18,885,031	7,908,336	18,885,031	7,908,336

20(b) Reconciliation of cash flows from operating activities

Net profit / (loss)					
after income tax		(1,246,394)	(657,013)	(1,246,394)	(667,285)
Interest received (classified					
as investing)		(585,135)	(559,391)	(585,135)	(559,391)
Depreciation		43,779	22,242	43,779	22,242
Share options valuation		450,036	25,698	450,036	25,698
(Increase)/decrease in debtors		(78,448)	(76,026)	(78,448)	(76,026)
(Increase)/decrease in other					
tax assets		80,211	(80,211)	80,211	(80,211)
Increase/(decrease) in deferred					
income tax liabilities		0	(13,525)	0	(10,025)
Increase/(decrease) in amounts					
payable to Softwood					
Plantations					
Pty Ltd		0	(175,000)	0	(175,000)
Increase/(decrease) in payables		(47,637)	(56,186)	(47,637)	(49,414)
Net cash provided by/(used)					
in operating activities		(1,383,588)	(1,569,412)	(1,383,588)	(1,569,412)

21 PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The Company holds 100% interest in its controlled subsidiary:

- South Australia Iron Ore Group Pty Ltd;

22 SEGMENT REPORTING

The Group operates predominantly in mineral exploration in South Australia.

Notes to the Financial Statements

For the Year Ended 30th June 2008

23 EVENTS SUBSEQUENT TO BALANCE DATE

Alternative Port Proposal Presented to Port Lincoln City Council

Mr Gerard Anderson presented an alternative proposal to Proper Bay to the Port Lincoln City Council on Monday 7th July that addressed all of the feedback from Port Lincoln residents and special interest groups. The proposal identified Brennen Jetty in the main wharf area as the preferred site from which to export iron ore from its Wilgerup iron ore project.

Registration of Subsidiary Companies

On 9 July 2008, the following two wholly owned companies were incorporated and registered by the Group:

- Flinders Pastoral Pty Ltd; and
- Sturt Pastoral Pty Ltd

Wilgerup Indicated Mineral Resource Increased from 8.0Mt to 13.2Mt

As outlined in the Managing Director's report, the Group announced an upgrade to its indicated mineral resource on 17 July 2008. For further details, please refer to page 6.

Land Acquisition near Tumby Bay

On 1 August 2008, the Group announced the agreement of terms to purchase approximately 260 acres of land in the Tumby Bay district. This acquisition is a strategic purchase for the Company with the land having the potential to support a deep water (full Cape sized vessels) multi-user port facility, servicing the export of product from the Company's magnetite projects in the region as well as external product from central and southern Eyre Peninsula. A detailed bathymetric survey has shown 18m deep water at low tide within 450 metres of the shoreline.

The purchase in no way diminishes the Company's focus on exporting Wilgerup iron ore from Port Lincoln.

Purchase of Land Covering the Carrow Magnetite Project

On 1 September 2008 the Group purchased approximately 3,300 acres of farm land in the Port Neill area, which covers the majority of the Group's Carrow magnetite project.

The decision to purchase the land reflects the Group's belief that the Carrow magnetite deposit is an outstanding future mining opportunity for the Group.

Development Approvals and Baseline Studies

On 5 September 2008, the Group announced that it had appointed Golder Associates to complete development approvals and baseline studies for a proposed long-term multi-user deep water port facility in the Tumby Bay district. These studies will include a baseline assessment of the social and economic aspects of a port facility. The focus will include both the onshore and offshore environments and the information gathered will be used in any future development application to build the port.

Purchase of "Kamballa Station" Covering the Wilgerup Hematite Project

On 17 September 2008 the Group announced the agreement to terms for the purchase of Kamballa Station, which covers the Group's Wilgerup hematite project. Settlement will occur on 18 December 2008 in order to allow the current owners harvest the current crop.

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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 39 to 65, 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 2008 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 2008 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 26th day of September 2008



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

Report on the financial report

We have audited the accompanying financial report of Centrex Metals Limited (the Company), which comprises the balance sheets as at 30 June 2008, 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 1 to 23 and the directors' declaration 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.

Directors' responsibility for the financial 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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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.

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



Independence

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

Auditor's opinion

In our opinion:

- (a) 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 2008 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.

Report on the remuneration report

We have audited the Remuneration Report included in paragraphs 5.1 to 5.2 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Centrex Metals Limited for the year ended 30 June 2008, complies with Section 300A of the *Corporations Act 2001*.

KPMG

Derek Meates
Partner

Adelaide

26th September 2008

CENTREX METALS LTD

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ASX Additional Information

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

Substantial Shareholders of Ordinary and Escrow shares

17th September 2008

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

Rank	Name	Units	% of Issued Capital
1	SOUTH COVE LTD	80,876,005	30.91
2	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	8.37
3	SEL HOLDINGS LIMITED	16,198,000	6.19
4	UNITED IRON LIMITED	15,000,000	5.73
5	DAVAN NOMINEES PTY LTD	12,876,335	4.92

Substantial Shareholders of Listed 2008 Options

17th September 2008

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

Rank	Name	Units	% of Issued Capital
1	SOUTH COVE LTD	23,737,072	42.86
2	SEL HOLDINGS LIMITED	5,194,000	9.38
3	DAVAN NOMINEES PTY LTD	4,468,880	8.07
4	UNITED IRON LIMITED	3,750,000	6.77
5	MR NORTON JACKSON	3,749,336	6.77

Distribution of equity holders

29th August 2008

Category	Number of Equity Security Holders	
	Ordinary & Escrow Shares	Listed 2008 Options
1 – 1,000	59	1
1,001 – 5,000	620	70
5,001 – 10,000	474	44
10,001 – 100,000	630	73
100,001 and over	100	22
	1,883	210

The number of shareholders holding a less than marketable parcel of: ordinary shares is 134 (2007: 36); and options 54 (2007: 1).

Restricted Securities

Date escrow period ends	Escrow Shares	2008 Options
17 July 2008 (24 months from the ASX listing date)	117,860,195	41,149,288

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ASX Additional Information

Top 20 Holders of Ordinary and Escrow shares

17th September 2008

Rank	Name	Units	% of Issued Capital
1	SOUTH COVE LTD	80,876,005	30.91
2	BAOTOU IRON & STEEL (GROUP) COMPANY LIMITED	21,900,000	8.37
3	SEL HOLDINGS LIMITED	16,198,000	6.19
4	UNITED IRON LIMITED	15,000,000	5.73
5	DAVAN NOMINEES PTY LTD	12,876,335	4.92
6	WONG SIK ERN	10,275,000	3.93
7	CITICORP NOMINEES PTY LIMITED	9,953,905	3.80
8	MR NORTON JACKSON	7,582,930	2.90
9	MR LIM EWE GHEE MS CHARLENE YULING LIM	6,250,000	2.39
10	KENG CHUEN THAM	5,000,000	1.91
11	LODGE LIMITED	4,366,667	1.67
12	MISS LAY HONG GOH	4,000,000	1.53
13	HSBC CUSTODY NOMINEES	3,363,597	1.29
14	COMMODITY TRADERS (NZ) LTD	2,617,327	1.00
15	NATIONAL NOMINEES LIMITED	2,148,925	0.82
16	ATORCH NOMINEES PTY LTD	1,828,850	0.70
17	ANZ NOMINEES LIMITED	1,579,815	0.60
18	MR PAUL TEISSEIRE MS JOYCE KAY WOODY	1,283,999	0.49
19	DOWNER EDI LIMITED	1,250,000	0.48
20	KWANG HOU HUNG	1,250,000	0.48
Top 20 holders of ORDINARY & ESCROW SHARES as at 17 Sep 2008		209,601,355	80.11

CENTREX METALS LTD
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ASX Additional Information

Top 20 Holders of Listed 2008 A Class Options

17th September 2008

Rank	Name	Units	% of Issued Capital
1	SOUTH COVE LTD	23,737,072	42.86
2	SEL HOLDINGS LIMITED	5,194,000	9.38
3	DAVAN NOMINEES PTY LTD	4,468,880	8.07
4	UNITED IRON LIMITED	3,750,000	6.77
5	MR NORTON JACKSON	3,749,336	6.77
6	LODGE LIMITED	2,000,000	3.61
7	TAYCOL NOMINEES PTY LTD	2,000,000	3.61
8	ALIMTER PTY LTD ASHLEY ZIMPEL FAMILY A/C	1,881,243	3.40
9	TRAIST PTY LTD	1,800,000	3.25
10	ADELAIDE EQUITY PARTNERS LTD	1,000,000	1.81
11	MR GERARD ANDERSON SUPERANNUATION FUND A/C	1,000,000	1.81
12	ATORCH NOMINEES PTY LTD	400,000	0.72
13	SOFTWOOD PLANTATIONS PTY LTD	236,500	0.43
14	MS ANGELA MARGARET DAY	225,000	0.41
15	MR PAUL TEISSEIRE MS JOYCE KAY WOODY	216,000	0.39
16	MR PETER TURCOVSKY	200,000	0.36
17	AGRICULTURAL SOLUTIONS CONSULTANCY P/L	155,000	0.28
18	MINING & CIVIL AUSTRALIA PTY LTD	125,000	0.23
19	CASTLEBROOK DOWNS PTY LTD MACFARLANE SUPER FUND A/C	120,000	0.22
20	MALUNA INVESTMENTS PTY LTD	116,668	0.21
Top 20 holders of LISTED & ESCROW OPTS 31/12/08 as at 17 Sep 2008		52,374,699	94.59

ASX Additional Information

Company Directory

Company Secretary

Gavin Mathew Bosch CPA

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 Securities Exchange

The Company listed on the Australian Securities 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