
AUSTRALIAN SECURITIES EXCHANGE RELEASE

FOR IMMEDIATE RELEASE

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

2 March 2012

Dear Sir/Madam

INTERIM FINANCIAL REPORT 2011

Please find attached the Interim Financial Report for the six months ended 31 December 2011

For further information please contact Alison Evans on (08) 8100 2200.

For further information please contact:

Alison Evans
Company Secretary
Centrex Metals Limited
Ph (08) 8100 2200

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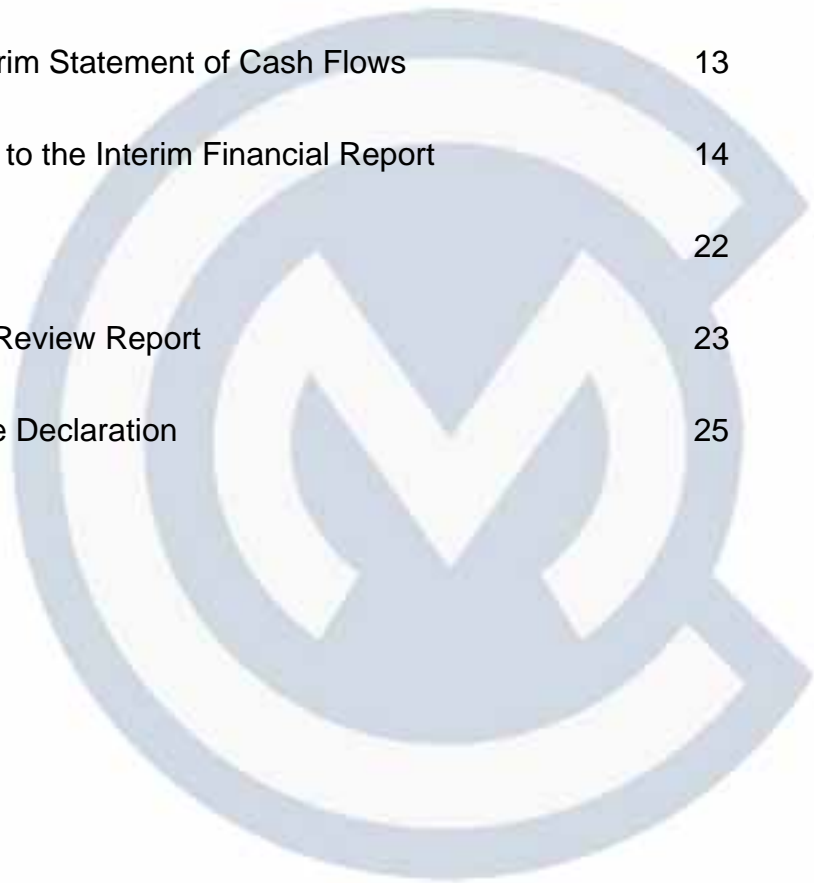
CENTREX METALS LIMITED

INTERIM REPORT

For the Six Months Ended 31st December 2011

CONTENTS

<u>Item</u>	<u>Page</u>
Directors' Report:	
Directors	1
Review of operations	1
Lead auditor's independence declaration	9
Accounts and notes to accounts:	
Consolidated Interim Statement of Comprehensive Income	10
Consolidated Interim Statement of Changes in Equity	11
Consolidated Interim Statement of Financial Position	12
Consolidated Interim Statement of Cash Flows	13
Condensed notes to the Interim Financial Report	14
Directors' Declaration	22
Independent Auditor's Review Report	23
Auditor's Independence Declaration	25



CENTREX METALS LIMITED

A.B.N. 97 096 298 752

Directors' Report

For the six months ending 31 December 2011

The directors present their report together with the consolidated financial report of Centrex Metals Limited for the six months ended 31 December 2011 and the review report thereon.

1. Directors

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

Name and Qualifications	Appointed /Resigned	Position
Mr David Klingberg, AO FTSE, D UniSA, B.Tech, FIE Aust, FAus IMM, FAICD	Appointed 19/04/05	Chairman (from 15 January 2010) Independent Non-Executive Director
Mr Jim White B.App. Sci(Met), FIEAust, Eng Exec, MAICD.	Appointed 16/08/10	Managing Director
Mr Kiat Poh Dip C.E.	Appointed 21/05/08	Independent Non-Executive Director
Mr Graham Chrisp B Tech (CE)	Appointed 21/01/10	Non-Executive Director
Mr Xiaopeng Yin	Appointed 21/01/10	Non-Executive Director
Mr Jim Hazel B.Ec, F Fin, FAICD	Appointed 12/07/10	Independent Non-Executive Director
Mr John den Dryver B.Eng (Mining), MSc, FAusIMM	Appointed 01/03/11	Independent Non-Executive Director
Mr Chaoying Qi	Appointed 20/12/11	Alternate for Mr Xiaopeng Yin

2. Review of operations

FINANCIAL PERFORMANCE

The Company achieved a net profit after tax of \$713,684 (2010: net profit after tax of \$51,104,963).

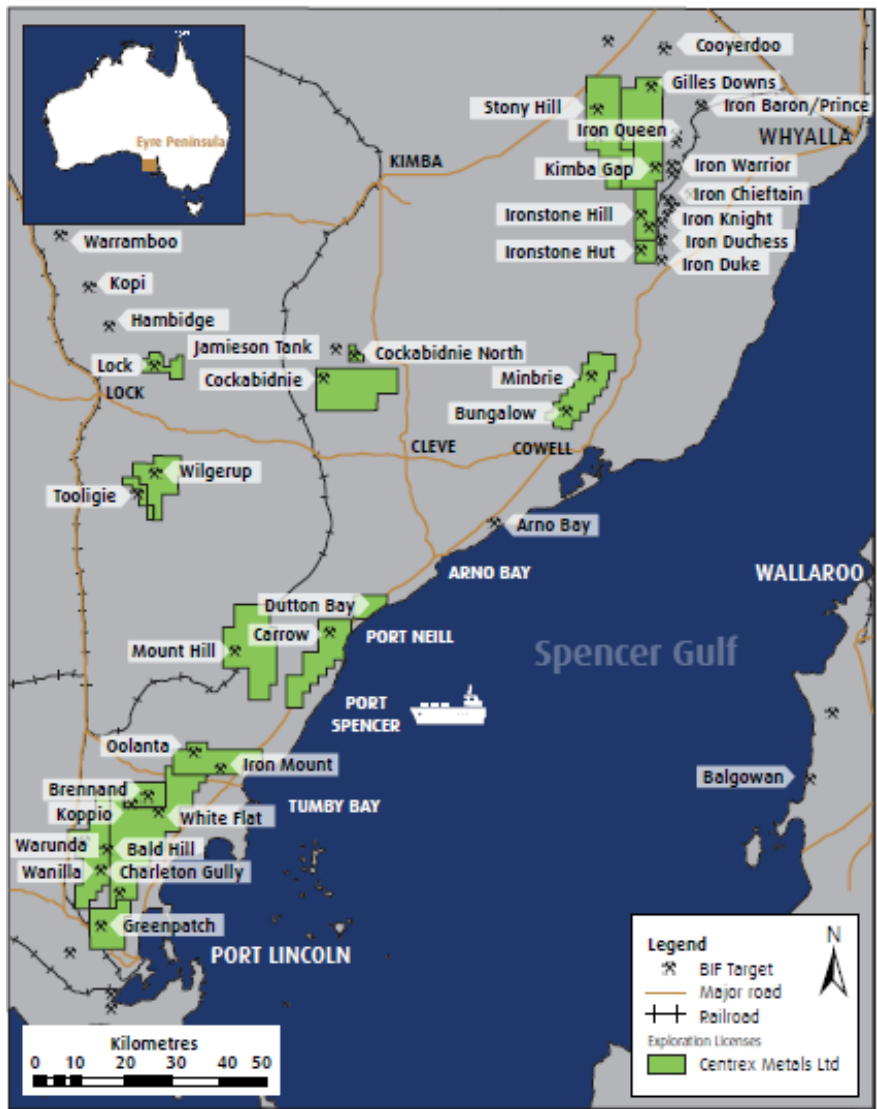
Outlined below are the operational activities undertaken by the Company which includes the joint ventures in which the Company holds an interest at 31 December 2011.

Directors' Report

For the six months ending 31 December 2011

JOINT VENTURE ACTIVITIES

Exploration activities on SA's Eyre Peninsula focused on the Bungalow Joint Venture (magnetite) with Baotou Iron & Steel Group Company Limited which commenced on June 18, 2010 and on the WISCO Joint Venture (magnetite) with Wuhan Iron & Steel (Group) Co. ('WISCO') which commenced on July 20, 2010.



Bungalow Joint Venture

The Bungalow Joint Venture made significant progress during the period with the completion of the Stage 1 scoping study and Stage 2 resource definition and geotechnical drilling. The main recommendation from the Stage 1 report was for further resource definition drilling.

Resource definition drilling of 15,437 metres was completed during the period. This drilling program has since been finished with the results expected to be incorporated into the resource model in the first half of 2012. In addition; the following programs were commenced during the period: metallurgical testing; geotechnical; groundwater; and, environmental studies.

Directors' Report

For the six months ending 31 December 2011

Stage 3A commenced following a further \$8 million payment by Baogang, whose iron ore rights in the project move from 20% to 30%. The main aspects of Stage 3A include further resource definition drilling, metallurgical test-work and environmental studies.

A summary of the various aspects of each project stage is presented below.

Stage 1

- The Stage 1 scoping study was completed in August and recommended to progress with the Stage 2 pre-feasibility study including further resource definition drilling and metallurgical testwork.

Stage 2

- Peter O'Brien & Associates has completed the geotechnical logging with reporting due in early 2012 to feed into the mining feasibility study.
- AMEC Minproc has been selected to undertake process engineering and transport studies.
- Frank Walsh drilling completed a production bore and a number of monitoring bores. A pumping test was successfully undertaken in November which will form the basis of the ground water study, due in early 2012.
- The environmental geochemical (acid mine drainage) static testing has been completed and kinetic samples have been selected and commenced in December.

Stage 3A

- The bulk of the Stage 3A resource definition drilling has been completed and has been very successful in terms of productivity, safety and resource definition.
- The first round of groundwater environmental sampling has been completed and samples dispatched for analysis.
- AMEC Minproc has proposed an additional round of metallurgical test work, as it may be practical to separate hematite from the bulk magnetite.
- The ecology spring survey of the mine and pipeline route has been completed. Initial results have not indicated any environmental issues.
- AMEC Minproc has developed a process flow sheet for metallurgical testwork including the recovery of hematite ore and the flotation of sulphides and silica. Sample preparation of the various ore types has commenced at the AMDEL laboratory in Adelaide.

Directors' Report

For the six months ending 31 December 2011

WISCO Joint Venture

Eyre Iron Pty Ltd ("Eyre Iron"), the management company of the WISCO Joint Venture, concentrated its efforts on the Fusion Magnetite Project ("Fusion") on South Australia's Eyre Peninsula during the period with initial resource definition studies completed and metallurgical and engineering design commenced. Work also continued on the Carrow pre-feasibility study (PFS) as the Process Design & Infrastructure Study components were completed.

On 2 November 2011 Fusion was announced as the first preferred potential mining project. Fusion, which is approximately 40 kilometres from a deepwater export port being proposed by Centrex, currently has a JORC Inferred Resource of 454.4 million tonnes (Mt).

Four community consultation sessions were held at Port Neill, Tumby Bay, Koppio and Port Lincoln with around 60 attendees in all and water and land acquisition as the main issues of interest.

Progress on the various project areas was as follows:

Fusion – Scoping Study

Resource definition for the Fusion scoping study came to a close during the half year with initial Mineral Resource announcements being released for Koppio, Brennand, Kapperna and Iron Mount, taking total Fusion Mineral Resources to 454.4Mt. A further exploration target of 200Mt to 400Mt remains to be drilled out.

Fusion Deposit Summary Mineral Resources & Exploration Targets

Inferred Resource	Tonnage (Mt)	Grade		DTR (%)	Concentrate Grade	
		Fe (%)	SiO ₂ (%)		Fe (%)	SiO ₂ (%)
Iron Mount ⁽²⁾	135	25.5	36.7	29.3	62.1	9.1
Kapperna ⁽³⁾	65.7	28.3	44.6	29.4	70.2	1.92
Brennand ⁽³⁾	122.4	24.1	51.0	21.3	67.3	4.97
Koppio ⁽³⁾	131.3	17.2	53.5	14.3	67.0	5.43
Total	454.4	23.1	46.5	22.8	66.1	5.9

Exploration Target Extension⁽⁴⁾

All Deposits					
Minimum	200	20		17	
Maximum	400	24		22	

* DTR (percent weight recovery) and concentrate results were from Davis Tube test work performed at P80 passing - 75µm

* Mineral Resources and Exploration Target estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd⁽³⁾ and Golder Associates⁽²⁾

(4) The **Exploration Targets** quantities and grades presented are conceptual in nature, as 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 Minerals Resources other than those stated.

Directors' Report

For the six months ending 31 December 2011

Further work completed for Fusion during the period included:

- A PQ metallurgical drilling program for the upcoming feasibility study with 1,242.5m completed for the program.
- Scoping level studies for process and infrastructure design were undertaken during the half year with completion of the overall Scoping Study expected prior to 30 June 2012.
- Metallurgical composite samples from Koppio, Brennand, Kapperna and Iron Mount were sent for testing with results expected prior to 30 June 2012.

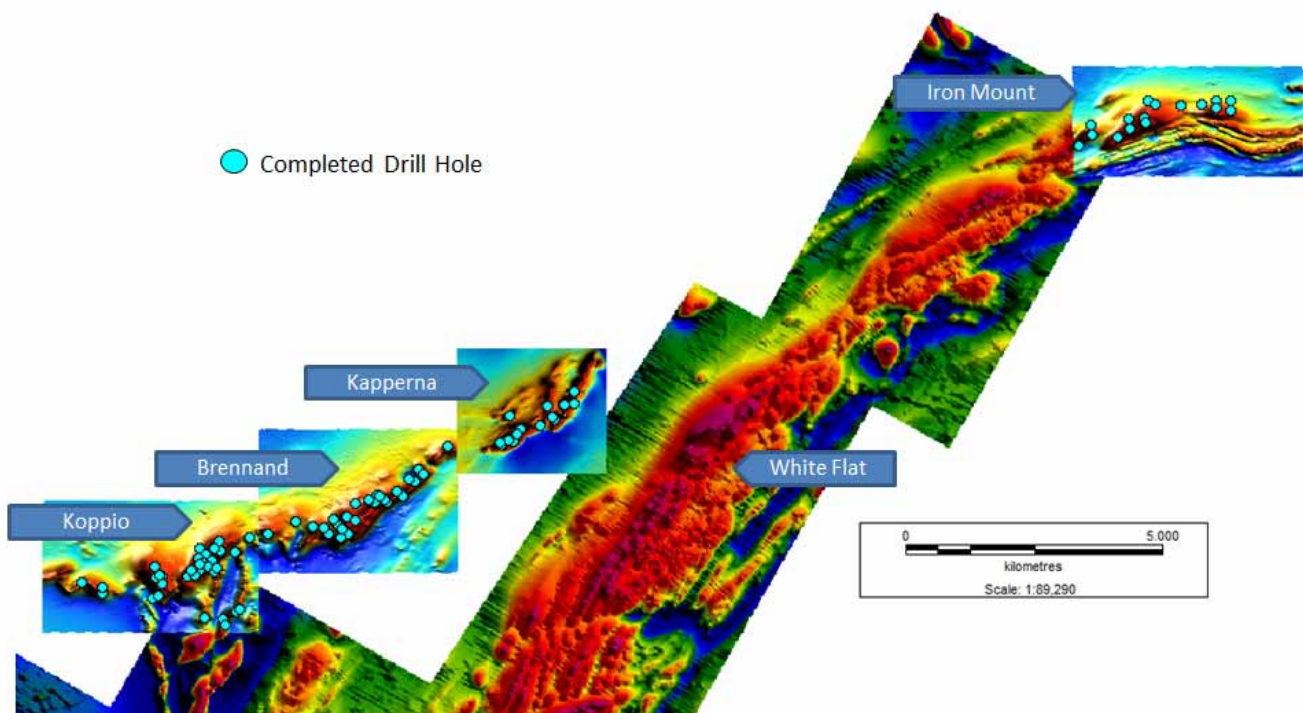


Figure: Fusion deposit locations overlaying high-resolution magnetic intensity maps.

Carrow – Pre-Feasibility Study (“PFS”)

Work completed during the period for Carrow included:

- Process Design & Infrastructure Study completed.
- PFS report expected in April 2012.

Directors' Report

For the six months ending 31 December 2011

Greenpatch – Scoping Study

The following was completed at Greenpatch during the period:

- Conceptual process plant and infrastructure design studies.
- Resource modelling studies continued.

Greenpatch Deposit Summary Mineral Resources & Exploration Targets

Inferred Resource	Tonnage (Mt)	Grade		DTR (%)	Concentrate Grade	
		Fe (%)	SiO ₂ (%)		Fe (%)	SiO ₂ (%)
Greentpatch ⁽¹⁾	54.8	24.9	33.8	26.8	68.3	2.97

Exploration Target Extension⁽²⁾

All Deposits					
Minimum	60	23		25	
Maximum	120	27		29	

* DTR (percent weight recovery) and concentrate results were from Davis Tube test work performed at P80 passing - 75µm

* Mineral Resources and Exploration Target estimates were carried out following the guidelines of the JORC Code (2004) by Coffey Mining Ltd(1)

(2) The **Exploration Targets** quantities and grades presented are conceptual in nature, as 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 Minerals Resources other than those stated.

White Flat, Charleton Gully & Warunda – Exploration

In September 2011, drilling commenced at Charlton Gully with two diamond drill rigs contracted to carry out the regional exploration evaluation program.

EXPLORATION ACTIVITIES

Wilgerup (hematite – SA)

No significant exploration was undertaken at Wilgerup.

Goulburn Skarn Project (magnetite & base metals – NSW)

Seven targets were identified as warranting ground investigation followed by drill testing, if appropriate. The anomalies show gravity and magnetic signatures consistent with those expected from base metal and

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Directors' Report

For the six months ending 31 December 2011

magnetite mineralisation although this can only be verified by drilling. The top of the anomalies appear to be near surface (<50m below ground level) suggesting that shallow reverse circulation drilling would provide an effective test.

With Centrex's geological personnel focused on managing the Company's iron ore joint venture activities on the Eyre Peninsula, a geological consultant familiar with the Goulburn region and styles of mineralisation has been engaged to review the project and 2012 exploration strategy. Results of the review are expected in early 2012.

The Goulburn and Archer tenements are extensive with a number of base metal, gold and iron deposits and occurrences. A geophysical review by ASIS international and Geosmining previously outlined a number of targets warranting ground investigation followed by drill testing.

Landowner access for a number of the new targets, previously identified from the 2010 airborne geophysical survey, will require a careful and considered approach to ensure that exploration drilling activities will have minimal impact.

Western Middleback Iron Ore Tenements (hematite/magnetite – SA)

No significant exploration was undertaken within the Western Middleback tenements.

DEVELOPMENT ACTIVITIES

Wilgerup Operation

In August 2011 the Company announced that it received approval of its Program for Environmental Protection and Rehabilitation ('PEPR') from the South Australian Government. The PEPR is the primary approval to mine the Company's wholly owned Wilgerup deposit of hematite iron ore located near Lock on the Eyre Peninsula.

It is anticipated that Wilgerup will produce between 1.0 million tonnes and 1.5 million tonnes of direct shipping ore per annum for up to 7 years.

Centrex had originally intended to ship Wilgerup iron ore via Port Lincoln and had secured South Australian Government approvals for that export route. However, a strategic review by Centrex management late last year of its total Eyre Peninsula iron ore exploration, mine commissioning and port infrastructure options, opted to defer mine start-up so that all shipments could be routed through a new purpose built port – Port Spencer which is expected to be ready for operation in late 2014.

Port Spencer (formerly known as Sheep Hill)

The South Australian Government has previously advised that its Development Assessment Commission (DAC) had determined that Centrex must prepare a Public Environmental Report (PER) for the port. DAC provided detailed guidelines setting out the environmental, social and economic issues which Centrex must address in the PER and submit to both government and public scrutiny.

Centrex and Golder Associates ('Golder') have completed the draft Port Spencer Public Environmental Report (PER). This has now been submitted to the Department of Planning, Transport and Infrastructure ('DPTI') for internal review. Centrex expect to receive any final questions that need to be further addressed before formally submitting the PER to DPTI to commence the government public consultation period.

Parsons Brinckerhoff has completed a design feasibility study. The concept designs previously completed have been developed further and now incorporate all site civil works, provision of services, roads and expected construction methodology for the site and jetty. This design work is now included in the draft PER.

Directors' Report

For the six months ending 31 December 2011

Centrex has appointed Patrick (stevedoring) as a member of the owner's team to assist with the Port operational requirements including piloting, tugs, ship mooring and ship loading requirements. Free Eyre has also been appointed as a member of the owner's team to assist with the design of the proposed grain handling facility and to represent the needs of the Eyre Peninsula agricultural industry.

The port will be justified and built based on the success of our magnetite exploration joint ventures. However, once constructed, the port will be available, on third party commercial terms, to other users, including Centrex's own Wilgerup hematite DSO project.

SUBSEQUENT EVENTS

The following material event occurred subsequent to the period end:

- On 21 February 2012 the company announced that the parties in the Kimberley Global Pty Ltd v Centrex Metals Limited case agreed to settle the matter. The settlement did not involve any admission of liability by either party. The company had previously recorded a provision for the costs of the dispute against the proceeds of the sale of the 60% interest of five tenements that make up the WISCO joint venture. As the claim is now settled an adjustment has been made to the final liability for the matter (see note 7, *Other income*).

The information in this report relating to Exploration Results for Centrex Metals Limited is based on information compiled by Mr Alastair Watts who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Watts is a geologist and Exploration Manager of Centrex Metals Limited. Mr Watts has sufficient experience, which is relevant to the style of mineralisation 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 Watts consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to Exploration Results for Eyre Iron Pty Ltd is based on information compiled by Mr Ben Hammond who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Hammond is a geologist employed by Centrex Metals Limited and is the Chief Operating Officer of Eyre Iron Pty Ltd. Mr Hammond has sufficient experience, which is relevant to the style of mineralisation 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 Hammond consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to Mineral Resources is based on and accurately reflects information compiled by Mr Alan Miller of Golder Associates who is a consultant and adviser to Eyre Iron Pty Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Miller 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 Miller consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report relating to Mineral Resources is based on and accurately reflects information compiled by Mr Alex Virisheff of Coffey Mining Limited who is a consultant and adviser to Eyre Iron Pty Ltd and who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Virisheff 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 Virisheff consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

For the six months ending 31 December 2011

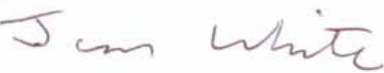
3. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the six months ended 31 December 2011.

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



.....
Mr David Klingberg, AO



.....
Mr Jim White

Dated at Adelaide this 2nd day of March 2012.



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

Consolidated Interim Statement of Comprehensive Income

For the six months ending 31 December 2011

	Note	Six Months Ending	
		31 Dec 2011	31 Dec 2010
		\$	\$
Other income	7	1,803,208	74,937,588
Office and administration expenses		(305,713)	(412,950)
Consultants and management expenses		(703,898)	(598,701)
Directors' fees		(206,629)	(166,150)
Employee benefit expenses		(546,434)	(756,497)
Depreciation expense		(107,468)	(66,734)
Research and development expenses		(1,219,261)	(365,014)
Other expenses		(190,884)	(96,600)
Results from operating activities		(1,477,079)	72,474,942
Finance income		2,531,429	1,695,536
Finance costs		-	(1,114,207)
Net finance income		2,531,429	581,329
Profit before income tax		1,054,350	73,056,271
Income tax expense	8	(340,666)	(21,951,308)
Profit for the period		713,684	51,104,963
Other comprehensive income		-	-
Total Comprehensive Income for the Period		713,684	51,104,963
Profit attributable to:			
Owners of the company		713,684	51,104,963
Profit for the period		713,684	51,104,963
Earnings per share for profit attributable to the ordinary equity holders of the company:		Cents per share	Cents per share
Basic earnings per share	9	0.2276	16.4724
Diluted earnings per share	9	0.2271	16.3751

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

CENTREX METALS LIMITED

A.B.N. 97 096 298 752

Consolidated Interim Statement of Changes in Equity

For the six months ending 31 December 2011

	Note	Contributed equity \$	Option reserve \$	Accumulated (profits)/losses \$	Total \$
Current Period					
Balance at 1 July 2011		41,330,328	1,504,171	40,803,670	83,638,169
Profit for the period		-	-	713,684	713,684
Other comprehensive income		-	-	-	-
Total Comprehensive Income for the Period		-	-	713,684	713,684
Contributions from/to equity owners					
Share-based payment transactions		-	70,313	-	70,313
Balance at 31 December 2011		41,330,328	1,574,484	41,517,354	84,422,166
Prior Period					
Balance at 1 July 2010		40,594,129	1,090,701	(6,724,910)	34,959,920
Profit for the period		-	-	51,104,963	51,104,963
Other comprehensive income		-	-	-	-
Total Comprehensive Income for the Period		-	-	51,104,963	51,104,963
Contributions from/to equity owners					
Contributions from equity holders		34,000	-	-	34,000
Share-based payment transactions		-	109,656	-	109,656
Balance at 31 December 2010		40,628,129	1,200,357	44,380,053	86,208,539

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

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

Consolidated Interim Statement of Financial Position

As at 31 December 2011

	Note	As at	
		31 Dec 2011	30 Jun 2011
		\$	\$
Assets			
Cash and cash equivalents		9,991,028	18,156,327
Term deposits		71,393,608	38,441,229
Other receivables	11	<u>1,178,164</u>	<u>26,582,512</u>
Total Current Assets		82,562,800	83,180,068
Exploration and evaluation expenditure	10	14,069,874	13,964,659
Land and buildings		5,644,176	5,658,524
Plant and equipment		406,792	408,736
Other receivables	11	<u>5,053,788</u>	<u>4,938,475</u>
Total Non-Current Assets		25,174,630	24,970,394
Total assets		<u>107,737,430</u>	<u>108,150,462</u>
Liabilities			
Trade and other payables		4,812,708	6,783,595
Employee benefits		154,694	133,044
Current income tax liabilities		<u>14,818,979</u>	<u>14,431,500</u>
Total Current Liabilities		19,786,381	21,348,139
Deferred income tax liabilities	8	3,449,423	3,108,757
Employee benefits		<u>79,460</u>	<u>55,397</u>
Total Non-Current Liabilities		3,528,883	3,164,154
Total Liabilities		<u>23,315,264</u>	<u>24,512,293</u>
Net assets		<u>84,422,166</u>	<u>83,638,169</u>
Equity			
Contributed equity		41,330,328	41,330,328
Share Options Reserve		1,574,484	1,504,171
Retained profits		<u>41,517,354</u>	<u>40,803,670</u>
Total equity		<u>84,422,166</u>	<u>83,638,169</u>

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

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

Consolidated Interim Statement of Cash Flows

For the six months ending 31 December 2011

	Note	Consolidated	
		31 Dec 2011	31 Dec 2010
		\$	\$
Cash flows from operating activities			
Lease income received		12,975	19,754
Payments to suppliers and employees		(3,293,548)	(2,977,220)
Income taxes (paid) / received		380,701	(5,243)
Net cash from operating activities		(2,899,872)	(2,962,709)
Cash flows from investing activities			
Expenditure on mining tenements		(105,215)	(918,090)
Reimbursement for Bungalow tenement		-	199,168
Expenditure on mining tenements - joint ventures		(975,426)	(2,848,457)
Receipts from joint venture partners		943,247	2,580,153
Acquisition of other assets		-	(5,940,040)
Disposal of interest in tenements		26,000,000	51,500,000
Cash transferred (to) / from term deposits		(32,952,379)	(35,844,955)
Interest received		1,890,670	911,196
Acquisition of plant and equipment		(101,024)	(480,705)
Proceeds on disposal of plant and equipment		34,700	-
Net cash from investing activities		(5,265,427)	9,158,270
Cash flows from financing activities			
Proceeds from the issue of share capital		-	34,000
Net cash from financing activities		-	34,000
Net increase / (decrease) in cash		(8,165,299)	6,229,561
Cash at the beginning of the year		18,156,327	14,738,137
Cash at the end of the half year		9,991,028	20,967,698

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

Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

1. Reporting Entity

Centrex Metals Limited (the 'Company') is a company domiciled in Australia. The registered office is Level 11, 147 Pirie Street Adelaide, SA 5000.

The consolidated interim financial report of the Company as at and for the six months ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2011 is available at:

<http://www.centrexmetals.com.au/cms-assets/documents/39260-376650.20110920-annual-report-2011style.pdf>

2. Statement of compliance

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2011.

This consolidated interim financial report was approved by the Board of Directors on 2 March 2012.

3. Estimates

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2011.

4. Financial risk management

The consolidated entity's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2011.

5. Segment reporting

The Managing Director receives information internally based on the geographical location of the Group's assets. It has been determined that as all of the assets are in one country (Australia), it is appropriate to have one operating segment.

Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

6. Principles of Consolidation for Joint Ventures

Joint ventures

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

Jointly controlled operations and assets

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

Note 10, 'Mining Tenements', contains a table disclosing the expenditure incurred on the two "farm-in" joint venture projects that the Company has an interest in.

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

7. Other income

Other income consisted of the following:

	Note	Six Months Ending	
		31 Dec 11	31 Dec 10
		\$	\$
Lease income		17,611	19,974
Disposal of interest in iron ore rights, net of costs	(i)	1,760,745	74,917,614
Profit on sale of property, plant and equipment		24,852	-
		1,803,208	74,937,588

(i) For the period ended 31 December 2010 income of \$74,917,614 net of costs was recorded following the acquisition by Wuhan Iron & Steel (Group) Corporation ("WISCO") of a 60% interest in the iron ore rights to the 5 tenements identified in Note 10, 'Mining Tenements', as a consequence of the execution of all documents included in the Eyre Peninsula Joint Venture which covers the same tenements.

Upon finalisation of costs associated with the disposal (see the subsequent event note 15 regarding the settlement of the legal claim by Kimberley Global Pty Ltd) an additional \$1,760,745, representing a reduction in the provision for costs, has been recognised in the current six month period.

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

Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

8. Income tax expense and deferred tax assets and liabilities

The consolidated entity's effective tax rate in respect of continuing operations for the six months ended 31 December 2011 was 32% (for the six months ended 31 December 2010: 30%).

Details of the current and deferred income tax expense is shown below:

	<u>6 Months to 31 Dec 11</u>	<u>6 Months to 31 Dec 10</u>
	\$	\$
Current income tax expense/(benefit)		
Current period	(643,212)	20,845,496
Losses utilised	-	<u>(4,658,707)</u>
Current income tax liability	(643,212)	16,186,789
 Deferred income tax expense		
Origination and reversal of temporary differences	<u>983,878</u>	<u>5,764,519</u>
	983,878	5,764,519
 Total income tax expense	<u>340,666</u>	<u>21,951,308</u>
	<u>6 Months to 31 Dec 11</u>	<u>12 Months to 30 Jun 11</u>
	\$	\$
Deferred tax (assets) / liabilities		
Tax (assets)		
Property, plant and equipment	(48,946)	(48,470)
Legal fees	(548,468)	(842,520)
Provisions and accrued expenses	(1,299,833)	(1,766,342)
Discount on stamp duty	(265,863)	(300,458)
Tax liabilities		
Interest receivable	252,783	95,150
Stamp duty receivable	1,782,000	1,782,000
Exploration and evaluation assets	4,220,962	4,189,398
Net tax (assets) / liabilities	<u>4,092,635</u>	<u>3,108,758</u>
Tax loss carry-forwards	<u>(643,212)</u>	-
Deferred tax (asset) / liability	<u>3,449,423</u>	<u>3,108,758</u>

Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

9. Earnings per share

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

	6 Months to 31 Dec 11	6 Months to 31 Dec 10
	\$	\$
Earnings used in calculation of basic EPS (profit after tax)	713,684	51,104,963
Weighted average number of ordinary shares for the purpose of basic earnings per share	(i) 313,567,485	310,246,483
Weighted average number of ordinary shares for the purpose of diluted earnings per share	(ii) 314,301,959	312,089,034
Basic earnings per share (cents)	0.2276	16.4724
Diluted earnings per share (cents)	0.2271	16.3751

- (i) Options on issue are considered to be potential shares and are therefore excluded from the weighted average number of ordinary shares used in the calculation of basic earnings per share. Where dilutive, potential ordinary shares are included in the calculation of dilutive earnings per share.
- (ii) The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share plus an additional 734,474 'in the money' options or rights on issue at 31 December 2011.



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

Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

10. Mining Tenements

During the six months ended 31 December 2011, the consolidated entity incurred expenditure with a cost of \$105,215 (six months ended 31 December 2010: \$460,418) on the following exploration tenements:

	Note	Cumulative Expenditure to 30 Jun 11 \$	Expenditure 6 months to 31 Dec 11 \$	Carrying cost of tenements sold - to 31 Dec 11 \$	Refund from JV partner to 31 Dec 11 \$	Cumulative Expenditure to 31 Dec 11 \$
<i>Held by Centrex Metals Limited</i>						
Greenpatch EL 3611	W	113,380	-	-	-	113,380
Cockabidnie EL 3609		12,132	4,374	-	-	16,506
Bungalow EL 3610	B	692,636	-	-	-	692,636
Wilgerup EL 3317		11,367,732	31,545	-	-	11,399,277
Wanilla EL 3269	W	47,677	-	-	-	47,677
Dutton Bay EL 3421	W	44,351	-	-	-	44,351
Lock EL 3401		6,312	4,068	-	-	10,380
Gilles Downs EL 3375		100,528	4,887	-	-	105,415
Cockabidnie North EL 3498		53,015	3,371	-	-	56,386
Tooligie Hill EL 4299		7,176	3,978	-	-	11,154
Goulburn NSW EL 7388		407,087	28,191	-	-	435,278
Archer NSW EL 7503		79,127	10,218	-	-	89,345
		<u>12,931,153</u>	<u>90,632</u>	-	-	<u>13,021,785</u>
<i>Held by South Australian Iron Ore Group Pty Ltd</i>						
Mount Hill EL 3877	W	126,802	-	-	-	126,802
Carrow EL 3731	W	156,047	-	-	-	156,047
Kimba Gap EL 3968		147,968	3,511	-	-	151,479
Ironstone Hill EL 3125		107,842	4,060	-	-	111,902
Ironstone Hut EL 3999		97,198	3,503	-	-	100,701
Stony Hill EL 3287		397,649	3,509	-	-	401,158
		<u>1,033,506</u>	<u>14,583</u>	-	-	<u>1,048,089</u>
Total		<u>13,964,659</u>	<u>105,215</u>	-	-	<u>14,069,874</u>

(B) Baotou Iron & Steel Group Company Limited ('Baotou') has earned a 30% interest in the iron ore rights of the Bungalow tenement (EL 3610) as a consequence of remitting a combined total of \$24 million into the joint venture bank account since the joint venture inception.

(W) WISCO has acquired a 60% interest in the iron ore rights to the 5 tenements identified above as a consequence of the execution of all documents included in the Eyre Peninsula Joint Venture which covers the same tenements.

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

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

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

Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

10. Mining Tenements (continued)

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

Total expenditure incurred on the two "farm-in" joint ventures that the Company has an interest in is outlined below. In accordance with Note 6 'Principles of Consolidation – Joint Ventures' the Company has not recognised its interest in this expenditure in the accounts.

	Note	Six Months Ending	
		31 Dec 11	31 Dec 10
		\$	\$
Eyre Peninsula Joint Venture	W	6,164,995	4,474,236
Bungalow Joint Venture	B	8,220,623	6,071,869
		<u>14,385,618</u>	<u>10,546,105</u>

(B) Joint venture with Baotou.

(W) Joint venture with WISCO.

11. Receivables

Current and non-current receivables consisted of the following:

	Note	Six Months Ending	
		31 Dec 11	30 Jun 11
		\$	\$
CURRENT RECEIVABLES			
Second instalment payment - WISCO		-	26,000,000
Interest due on term deposits		842,611	317,165
Prepayments		119,600	71,614
GST (Payable) / Receivable		8,741	24,155
Eyre Iron Joint Venture	(i)	102,136	70,377
Bungalow Joint Venture	(ii)	99,621	99,201
Other receivables		5,455	-
		<u>1,178,164</u>	<u>26,582,512</u>
NON-CURRENT RECEIVABLES			
Stamp duty		5,940,000	5,940,000
Discount on stamp duty		(886,212)	(1,001,525)
		<u>5,053,788</u>	<u>4,938,475</u>

(i) The Company has a 40% interest in the Eyre Iron Joint Venture. The balance owed by the Joint Venture relates principally to wages and salaries of Company employees that have been seconded to the Joint Venture.

(ii) The Company has a 70% interest in the Bungalow Joint Venture. The balance owed by the Joint Venture relates principally to wages and salaries of Company employees that have been seconded to the Joint Venture.

Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

12. Key management personnel disclosure

Transactions with key management personnel

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and share-based payments.

Other related party transactions

Entity	Note	Six Months Ending	
		31 Dec 11	31 Dec 10
		\$	\$
Bynoe Investments Pty Ltd	(i)	29,975	23,133
International Pacific Securities Limited	(ii)	-	30,467
Asiasphere Pty Ltd	(iii)	35,425	35,425
Wugang Australian Resources Investment Pty Ltd	(iv)	24,979	-

Assets and liabilities arising from the above transactions

Current payables

Trade creditors	-	1,797
Interest bearing loans and borrowings	-	-

- (i) Bynoe Investments Pty Ltd is a firm associated with Mr Graham Chrisp. Mr Chrisp undertakes his directorship to the Company as a consultant.
- (ii) International Pacific Holdings Limited is a firm associated with Mr Geoffrey Hill (resigned 22 February 2011). Mr Hill undertook his directorship to the Company as a consultant.
- (iii) Asiasphere Pty Ltd is a firm associated with Mr Kiat Poh. Mr Poh undertakes his directorship to the Company as a consultant.
- (iv) Wugang Australian Resources Investment Pty Ltd is a firm associated with Mr Xiaopeng Yin. Mr Yin undertakes his directorship to the Company as a consultant.



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Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2011

13. Related party transactions

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

	Note	Six Months Ending	
		31 Dec 11	31 Dec 10
		\$	\$
Expenditure Incurred on behalf of the entity			
Eyre Peninsula Joint Venture	W	322,011	285,361
Bungalow Joint Venture	B	653,415	2,563,096
		975,426	2,848,457

Assets and liabilities arising from the above transactions

Other receivables			
Current debtors		201,757	268,305
Interest bearing loans and receivables		-	-

- (B) The expenditure incurred by the Company on the Bungalow Joint Venture includes drilling and other related exploration expenditure, including the salaries of Company staff that have been working on the project.
- (W) The expenditure incurred by the Company on the Eyre Peninsula Joint Venture includes the salaries of Company staff that have been working on the project and miscellaneous exploration costs.

14. Contingent assets

Inferred resource milestone incentive payments

WISCO may pay the Company four further payments of A\$ 27 million if and when the JORC Inferred Resources for the Eyre Peninsula Joint Venture reach 1.25Bt, 1.5Bt, 1.75Bt and 2.0Bt respectively (up to an additional A\$ 108 million).

15. Subsequent events

The following material event occurred subsequent to the period end:

- On 21 February 2012 the company announced that the parties in the Kimberley Global Pty Ltd v Centrex Metals Limited case agreed to settle the matter. The settlement did not involve any admission of liability by either party. The company had previously recorded a provision for the costs of the dispute against the proceeds of the sale of the 60% interest of five tenements that make up the WISCO joint venture. As the claim is now settled an adjustment has been made to the final liability for the matter (see note 7, *Other income*).

Directors' Declaration

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

- 1 the interim financial statements and notes set out on pages 10 to 21, are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2011 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Mr David Klingberg, AO
Chairman



Mr Jim White
Managing Director

Dated at Adelaide this 2nd day of March 2012



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

Report on the financial report

We have reviewed the accompanying half-year financial report of Centrex Metals Limited, which comprises the consolidated interim statement of financial position as at 31 December 2011, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The Directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Centrex Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


KPMG



Derek Meates
Partner

Adelaide
2 March 2012

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

To: the directors of Centrex Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

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

KPMG

KPMG

Derek Meates
Partner

Adelaide

2 March 2012

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