



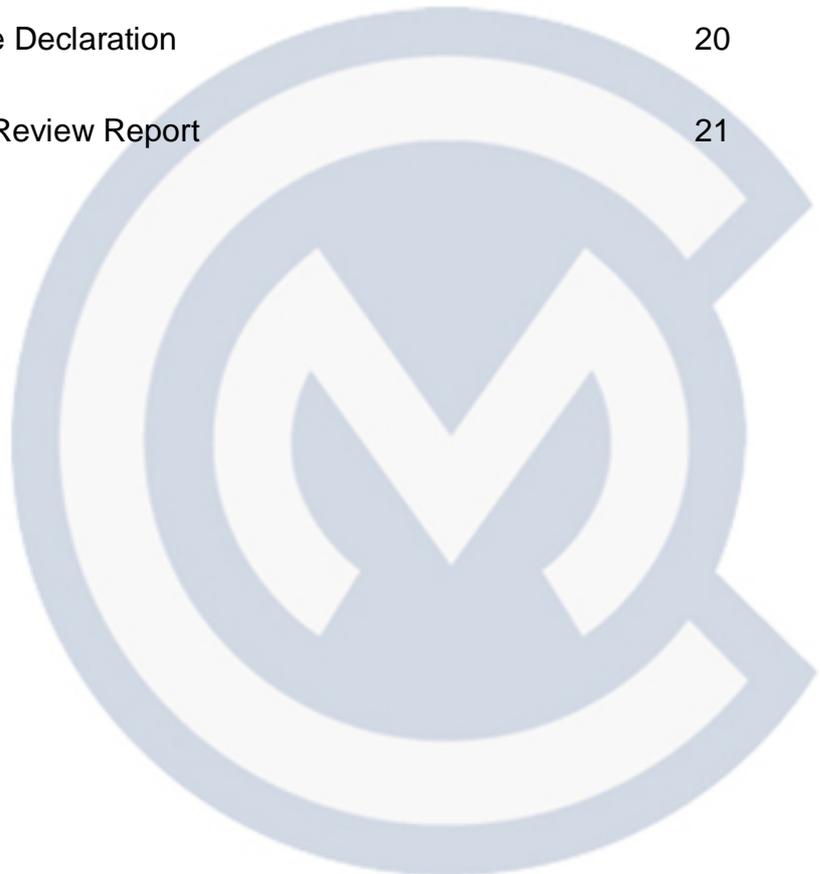
CENTREX METALS LIMITED

INTERIM REPORT

For the Six Months Ended 31st December 2013

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

Directors' Report

For the six months ending 31 December 2013

The directors present their report together with the consolidated interim financial report of Centrex Metals Limited for the six months ended 31 December 2013 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 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 Jim Hazel B.Ec, SF 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 Bingqiang Lu BE (Mining)	Appointed 18/9/12	Non-Executive Director

2. Review of operations

FINANCIAL PERFORMANCE

The Company incurred a net loss after tax of \$252,877 (2012: net loss after tax of \$123,332) and holds combined cash and term deposits of \$50,729,792 (30 June 2013: combined cash and term deposits of \$45,920,047).

A stamp duty refund of \$5.94m was applied for and received from the State Government of South Australia following the signing of a non-binding Memorandum of Understanding with Wuhan Iron & Steel (Group) Co. The stamp duty was originally levied on the Resource Incentive payments included in the original Eyre Iron Magnetite Joint Venture (JV) of which the Company holds a 40% interest. These payments were traded for a funding path for the JV through to the end of a Bankable Feasibility Study.

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 2013.

Directors' Report

For the six months ending 31 December 2013

JOINT VENTURE ACTIVITIES

The Company now has three joint ventures with Chinese partners spanning from South Australia's ('SA') Eyre Peninsula to the Goulburn region of New South Wales ('NSW'). To complement the Bungalow Joint Venture (magnetite) with Baotou Iron & Steel Group Company Limited ('Baotou') and Eyre Iron Joint Venture (magnetite) with Wuhan Iron & Steel (Group) Co. ('WISCO') the Company signed an agreement with the Shandong 5th Geo-Mineral Prospecting Institute ('Shandong') in April 2013 over the Goulburn prospect (base metals).

Goulburn Joint Venture

The Australian Foreign Investment Review Board ('FIRB') approved the first stage of the Goulburn Base metals Joint Venture with Shandong in October 2013. The decision by FIRB means Chinese Government approvals are the only remaining condition precedent. The first stage of the Joint Venture comprises Shandong funding A\$ 2 million on exploration to earn a 35% interest. Beyond the first stage Shandong have the potential to earn up to 80% by funding the project through to production, leaving Centrex with a 20% free carried interest to production.

Upon receipt of Chinese Government approvals; marking the beginning of the Joint Venture, Shandong will fund the initial A\$ 2 million diamond drilling program which will test recently announced induced polarisation ('IP') geophysical targets within the project. The IP targets lie on the edge of a large gravity anomaly and along strike from historically identified base metals mineralisation.

Shandong notified Centrex in November 2013 that the investment application for the joint venture would only be assessed by the Chinese Government in January 2014 following the major economic policy summit that was held in that month. Final approval from the Chinese Government is now expected in March 2014.

Bungalow Joint Venture

The Bungalow Joint Venture Pre-Feasibility Study ('PFS') has been drafted and is now under technical review by Baotou.

The joint venture agreements signed in 2010 give Baotou the right to invest a further A\$ 16 million to bring their interest in the project to 50%.

Eyre Iron Joint Venture

The Company signed the Second Supplementary Deed ('the Deed') with WISCO in November 2013 to amend the partners' Eyre Iron Magnetite Joint Venture of which Company holds a 40% interest.

Under the Deed, Centrex and WISCO have agreed to commence an expanded PFS focused on exploring additional deposits within the flagship Fusion project to allow greater mining selectivity and reduce estimated mine production costs. The current process plant, logistics and infrastructure designs will remain relatively unchanged with the focus of the expanded PFS on mine design.

In addition, the Deed establishes an agreed funding path through to the end of a Bankable Feasibility Study ('BFS') that is isolated from the Company's cash reserves. In return for this new funding path, the Company has relinquished its entitlements to any resource incentive payments, and WISCO removed the obligation that the Company must dilute in proportion if 1Bt of Inferred Resources are not defined within the joint venture during the first 7 years.

The expanded PFS started in December 2013 as drilling recommenced on the expanded Fusion project. The drilling program is focusing on the Bald Hill deposit, an approximately 9km long magnetic trend adjacent to the existing Fusion mineral resources at Koppio, Brennand, Kapperna and Iron Mount. The joint venture previously drilled 8 holes at Bald Hill in late 2012, demonstrating the presence of magnetite banded iron formations similar to those forming the projects current resources.

Directors' Report

For the six months ending 31 December 2013

EXPLORATION ACTIVITIES

Wilgerup (hematite – SA)

A reverse circulation drilling program totaling 1,728m was completed in August 2013. The drilling tested a number of ground gravity survey anomalies for direct shipping ore ('DSO') hematite. The drilling intersected magnetite iron mineralisation however no significant DSO was discovered.

Three composite diamond core samples were dispatched to Eriez for initial beneficiation test work using rare earth permanent magnet separators. The aim of the test work is to investigate the potential to upgrade the iron content of the DSO ore further via simple dry magnetic separation on the output of the crushing circuit.

Kimba Gap (hematite/magnetite – SA)

Following an advanced marketing campaign in June 2013 for the Kimba Gap Iron Ore Project, interest was expressed in the potential for the project to produce a high quality direct reduction ('DR') grade magnetite concentrate.

As a result 5 representative diamond drill core composites were compiled from recent drilling. The composites were firstly ground to 38µm and Davis Test Tube Recovery ("DTR") performed as per previously released exploration results.

The magnetic concentrate from this test work was then further ground to 25µm and a further DTR test performed. The test work results were very encouraging producing average final concentrate grades of >71% Fe and <1.0% SiO₂ with overall head sample mass recoveries >30% (>95% mass recovery from the 38µm magnetic concentrate). The DTR test work results are indicative only and further metallurgical test work is required at a larger scale to provide proof of concept.

On 19 December 2013, Centrex commenced an 18 month exploration period under the Dual Tenancy Agreement with Arrium over the eastern most 600m of the Kimba Gap iron ore deposit. Centrex has 18 months to establish a Mineral Claim in its own right over the area.

Gundaroo (gold/base metals – NSW)

During the half year a high-resolution magnetic and radiometric geophysical survey was completed over the southern half of project.

The survey showed a number of previously unidentified significant structural trends in close proximity to a known major felsic body intruding into a series of turbidite and black shale host units. The survey has also refined structural trends occurring below historical near-surface gold occurrences and workings within the project area. The identified structures may help focus further exploration to identify mineralisation conduits within the prospective Frogmore Fault Zone, part of the larger scale Lachlan Fold Belt.

Approvals and land access have been granted for a follow up stream sediment geochemical sampling program. The program commenced in early January 2014. The purpose of the geochemical program and geophysical survey will be to provide drill ready targets for further exploration.

Woolgarlo (gold – NSW)

The Company was granted the metallic mineral rights to EL8215 ('Woolgarlo'), a 281km² exploration licence located 10km West of Yass within the East Lachlan Fold Belt in NSW. Woolgarlo is the third project to be granted in NSW and forms part of a new metals portfolio being compiled by Centrex to present near-term value recognition opportunities to balance its longer-term capital intensive iron ore portfolio in South Australia.

Historical exploration suggests that the Mt Mylora prospect to the north of the tenement represents the base of an epithermal system, and the Sugar Bag prospect to the south of the tenement the top of an epithermal system. Centrex considers that there is potential for the Mt Mylora and Sugar Bag prospects to form part of a

Directors' Report

For the six months ending 31 December 2013

broader Pajingo-style epithermal gold system. Exploration at the Pajingo deposits has highlighted the use of geophysical techniques such as high-resolution magnetics and resistivity to identify silicified structures associated with mineralisation.

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 proposed new purpose built port (Port Spencer).

Port Spencer

In December 2012 the South Australian government provided development approval for Stage 1 of the new multi-user deep water export facility on the east coast of the Eyre Peninsula in South Australia. Provisional approval was granted subject to Federal Government approvals and a number of road and pre-construction procedure approvals.

The Federal Government Department of Environment granted approval in November 2013. The approval covers all onshore and offshore facilities required for shipping access and the export of grain and iron ore. This also includes Federal Government approval of a desalination plant to provide process water to Centrex's proposed magnetite iron ore mines in the region. The desalination plant still requires State Government approval prior to development. Water quality monitoring for the State Government desalination plant approval application is close to completion.

In November 2013 the Company commissioned Parsons Brinckerhoff and Lend Lease to complete a PFS for a revised design of Port Spencer using new transshipment technology developed by CSL now in operation at Whyalla to the north of the project.

The CSL style transshippers are also self-mooring, without the need for tugs or tug berthing facilities, which greatly reduces operating costs compared to traditional transshipment options. The transshipment option design reduced the jetty length to 200m (from 515m), eliminates the need for a full wharf, and utilises a simplified shiploader. A +/- 25% capital estimate within the study resulted in a reduced start-up capital cost for the port of A\$ 142 million.

SUBSEQUENT EVENTS

The following material events occurred subsequent to the period end:

- On 23 January 2014 the Company declared a second special dividend of \$0.05 per share which resulted in a distribution of \$15,732,015. The record date for determining eligible shareholders was 4 February 2014 and the payment date was 21 February 2014.
- On 17 February 2014 the Company signed a drilling contract to complete approximately 9,000m of predominantly reverse circulation drilling at its Kimba Gap iron ore project 50kms west of Whyalla in South Australia.

Directors' Report

For the six months ending 31 December 2013

3. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 20 and forms part of the Directors' Report for the six months ended 31 December 2013.

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



Mr David Klingberg, AO

Dated at Adelaide this 14th day of March 2014.



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

Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income

For the six months ending 31 December 2013

	Note	Six Months Ending	
		31 Dec 2013	31 Dec 2012
		\$	\$
Other income	7	21,293	11,079
Office and administration expenses		(288,266)	(303,015)
Consultants and management expenses		(130,611)	(112,136)
Directors' fees		(211,844)	(211,625)
Employee benefit expenses		(638,559)	(904,777)
Depreciation expense		(95,629)	(104,711)
Research and development expenses		(104,809)	-
Exploration expenditure written off	10	(38,266)	-
Other expenses		(328,031)	(243,930)
Results from operating activities		(1,814,722)	(1,869,115)
Finance income		1,503,070	1,764,744
Finance costs		-	-
Net finance income		1,503,070	1,764,744
Profit / (Loss) before income tax		(311,652)	(104,371)
Income tax (expense) / benefit	8	58,775	(18,961)
Profit / (Loss) for the period		(252,877)	(123,332)
Other comprehensive income		-	-
Total Comprehensive Income for the Period		(252,877)	(123,332)
Profit / (Loss) attributable to:			
Owners of the company		(252,877)	(123,332)
Profit / (Loss) for the period		(252,877)	(123,332)
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	(0.0806)	(0.0393)
Diluted earnings per share	9	(0.0805)	(0.0393)

The statement of profit or loss and other 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 2013

	Note	Contributed equity \$	Share Options reserve \$	Retained earnings \$	Total \$
<u>Current Period</u>					
Balance at 1 July 2013		41,330,328	2,039,305	26,801,665	70,171,298
Profit / (Loss) for the period		-	-	(252,877)	(252,877)
Other comprehensive income		-	-	-	-
Total Comprehensive Income for the Period		-	-	(252,877)	(252,877)
Contributions from/to equity owners					
Share-based payment transactions		-	113,021	-	113,021
Balance at 31 December 2013		41,330,328	2,152,326	26,548,788	70,031,442
<u>Prior Period</u>					
Balance at 1 July 2012		41,330,328	1,712,711	41,477,146	84,520,185
Profit / (Loss) for the period		-	-	(123,332)	(123,332)
Other comprehensive income		-	-	-	-
Total Comprehensive Income for the Period		-	-	(123,332)	(123,332)
Contributions from/to equity owners					
Share-based payment transactions		-	127,727	-	127,727
Balance at 31 December 2012		41,330,328	1,840,438	41,353,814	84,524,580

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 2013

	Note	As at	
		31 Dec 2013	30 Jun 2013
		\$	\$
Assets			
Cash and cash equivalents		8,287,735	10,005,832
Term deposits		42,442,057	35,914,215
Other receivables	11	3,063,382	3,182,443
Total Current Assets		<u>53,793,174</u>	<u>49,102,490</u>
Exploration and evaluation expenditure	10	16,214,554	15,739,671
Land and buildings		5,590,315	5,606,377
Plant and equipment		117,656	194,688
Other receivables	11	-	5,416,137
Total Non-Current Assets		<u>21,922,525</u>	<u>26,956,873</u>
Total assets		<u>75,715,699</u>	<u>76,059,363</u>
Liabilities			
Trade and other payables		271,926	409,293
Employee benefits		160,578	184,405
Current income tax liability		844,127	-
Total Current Liabilities		<u>1,276,631</u>	<u>593,698</u>
Deferred income tax liabilities	8	4,223,104	5,125,787
Employee benefits		184,522	168,580
Total Non-Current Liabilities		<u>4,407,626</u>	<u>5,294,367</u>
Total Liabilities		<u>5,684,257</u>	<u>5,888,065</u>
Net assets		<u>70,031,442</u>	<u>70,171,298</u>
Equity			
Contributed equity		41,330,328	41,330,328
Share Options Reserve		2,152,326	2,039,305
Retained earnings		26,548,788	26,801,665
Total equity		<u>70,031,442</u>	<u>70,171,298</u>

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

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Consolidated Interim Statement of Cash Flows

For the six months ending 31 December 2013

	Note	Consolidated	
		31 Dec 2013	31 Dec 2012
		\$	\$
Cash flows from operating activities			
Lease income received		27,095	9,089
Payments to suppliers and employees		(1,703,681)	(1,652,108)
Income taxes (paid) / received		258,326	-
Net cash from operating activities		(1,418,260)	(1,643,019)
Cash flows from investing activities			
Expenditure on mining tenements		(541,794)	(535,574)
Expenditure on behalf of joint ventures		(254,027)	(603,479)
Receipts from joint venture partners		268,084	809,623
Stamp duty refund received		5,940,000	-
Interest received		818,079	1,650,160
Acquisition of plant and equipment		(2,537)	(18,305)
Proceeds on disposal of plant and equipment		200	3,636
Net cash from investing activities		6,228,005	1,306,061
Net cash from financing activities		-	-
Net increase / (decrease) in cash before term deposits		4,809,745	(336,958)
Cash transferred (to) / from term deposits		(6,527,842)	3,387,618
Net increase / (decrease) in cash		(1,718,097)	3,050,660
Cash at the beginning of the year		10,005,832	1,852,376
Cash at the end of the half year		8,287,735	4,903,036

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 2013

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 2013 comprises the Company and its subsidiaries (together referred to as the "Group").

The consolidated annual financial report of the Group as at and for the year ended 30 June 2013 is available at:

<http://centrexmetals.com.au/wp-content/uploads/2013/10/CXM-Annual-Report-2013-full-version-final-low-res.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 Group as at and for the year ended 30 June 2013.

This consolidated interim financial report was approved by the Board of Directors on 14 March 2014.

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.

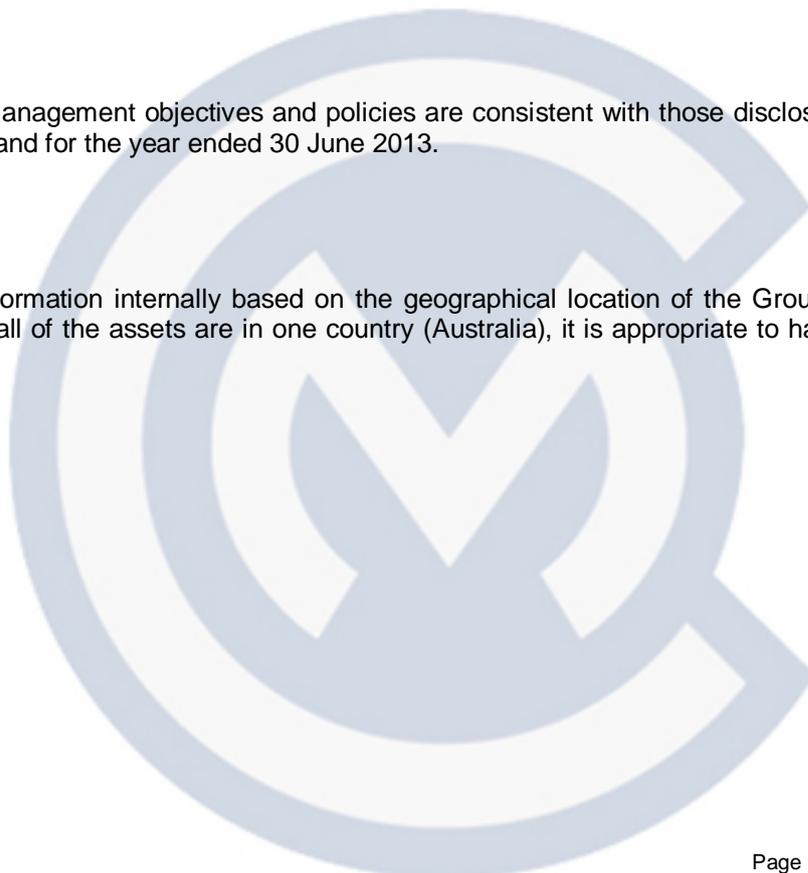
In preparing this consolidated interim financial report, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2013.

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 2013.

5. Segment reporting

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



Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2013

6. Principles of Consolidation for Joint Ventures

Joint ventures

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

Jointly controlled operations and assets

The interest of the Group 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 Group 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 Group has an interest in.

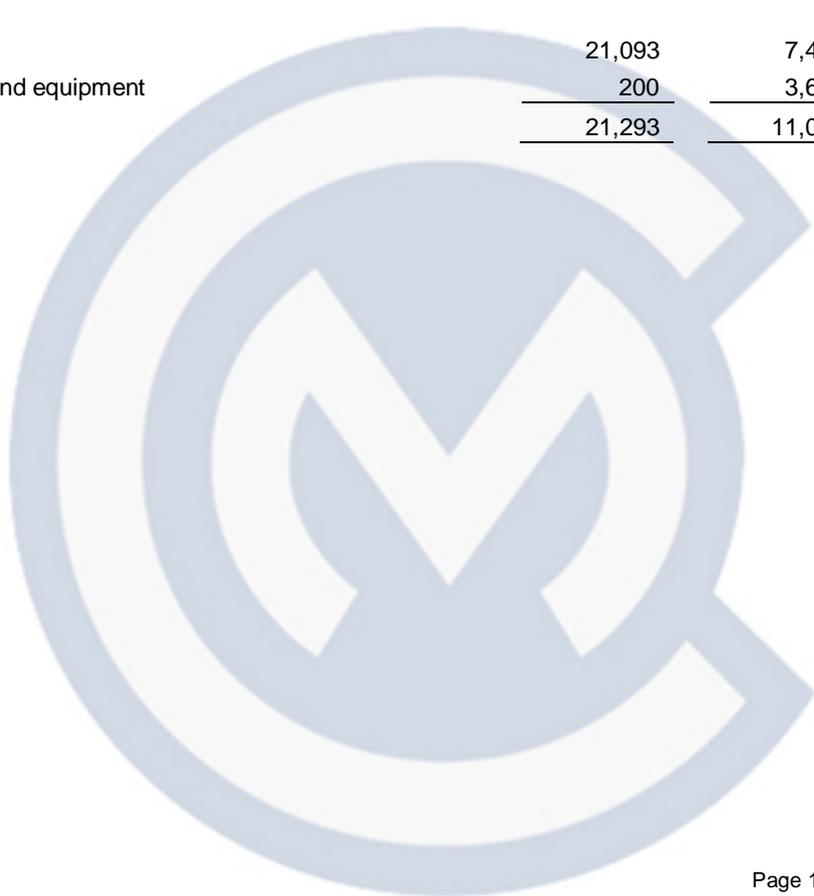
In addition to the exploration "farm-in" joint ventures detailed at Note 10, '*Mining Tenements*' the Group signed a joint venture agreement for the Port Spencer port development on 9 March 2012. The agreement is conditional upon receiving Chinese government approvals which at the date of his report had not been granted.

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 13	31 Dec 12
		\$	\$
Lease income		21,093	7,443
Profit on sale of property, plant and equipment		200	3,636
		21,293	11,079



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Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2013

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 2013 was 19% (for the six months ended 31 December 2012: (18%)).

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

	<u>6 Months to 31 Dec 13</u>	<u>6 Months to 31 Dec 12</u>
	\$	\$
Current income tax expense/(benefit)		
Current period	843,908	(524,586)
	<u>843,908</u>	<u>(524,586)</u>
Deferred income tax expense		
Origination and reversal of temporary differences	(902,683)	543,547
	<u>(902,683)</u>	<u>543,547</u>
Total income tax expense	<u>(58,775)</u>	<u>18,961</u>
	<u>6 Months to 31 Dec 13</u>	<u>12 Months to 30 Jun 13</u>
	\$	\$
Deferred tax (assets) / liabilities		
Tax (assets)		
Property, plant and equipment	(100,906)	(87,401)
Legal fees	(515,186)	(620,108)
Provisions and accrued expenses	(161,941)	(172,758)
Discount on stamp duty	-	(157,159)
Tax liabilities		
Interest receivable	136,771	114,296
Stamp duty receivable	-	1,782,000
Exploration and evaluation assets	4,864,366	4,721,901
Net tax (assets) / liabilities	<u>4,223,104</u>	<u>5,580,771</u>
Tax loss carry-forwards	-	(454,984)
Deferred tax (asset) / liability	<u>4,223,104</u>	<u>5,125,787</u>

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Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2013

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 13	6 Months to 31 Dec 12
	\$	\$
Earnings used in calculation of basic EPS (loss after tax)	(252,877)	(123,332)
Weighted average number of ordinary shares for the purpose of basic earnings per share	(i) 313,857,789	313,600,904
Weighted average number of ordinary shares for the purpose of diluted earnings per share	(ii) 314,315,984	313,951,101
Basic earnings per share (cents)	(0.0806)	(0.0393)
Diluted earnings per share (cents)	(0.0805)	(0.0393)

- (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 458,195 'in the money' options or rights on issue at 31 December 2013 (2012: plus an additional 350,197 'in the money' options or rights).



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Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2013

10. Mining Tenements

During the six months ended 31 December 2013, the Group incurred expenditure with a cost of \$513,149 (six months ended 31 December 2012: \$533,720) on the following exploration tenements:

		Cumulative Expenditure to 30 Jun 13	Expenditure 6 months to 31 Dec 13	Carrying cost of tenements written off 31 Dec 13	Cumulative Expenditure to 31 Dec 13
Note		\$	\$	\$	\$
<i>Held by Centrex Metals Limited</i>					
	Greenpatch EL 3611	113,380	-	-	113,380
	Cockabidnie EL 3609	51,503	8,577	-	60,080
	Bungalow EL 3610	692,636	-	-	692,636
	Wilgerup EL 3317	11,738,091	311,440	-	12,049,531
	Wanilla EL 3269	47,677	-	-	47,677
	Dutton Bay EL 3421	44,351	-	-	44,351
	Lock EL 3401	36,420	1,846	(38,266)	-
	Gilles Downs EL 3375	130,275	7,981	-	138,256
	Cockabidnie North EL 3498	85,288	441	-	85,729
	Goulburn NSW EL 7388	662,358	15,225	-	677,583
	Archer NSW EL 7503	179,201	4	-	179,205
		<u>13,781,180</u>	<u>345,514</u>	<u>(38,266)</u>	<u>14,088,428</u>
<i>Held by South Australian Iron Ore Group P/L</i>					
	Mount Hill EL 3877	126,802	-	-	126,802
	Carrow EL 3731	156,047	-	-	156,047
	Kimba Gap EL 3968	978,859	38,094	-	1,016,953
	Ironstone Hill EL 3125	136,825	8,106	-	144,931
	Ironstone Hut EL 3999	126,795	7,220	-	134,015
	Stony Hill EL 3287	433,163	6,619	-	439,782
		<u>1,958,491</u>	<u>60,039</u>	<u>-</u>	<u>2,018,530</u>
<i>Held by Lachlan Metals Pty Ltd</i>					
	Gundaroo EL 8133	-	103,573	-	103,573
	Woolgarlo EL 8215	-	4,023	-	4,023
		<u>-</u>	<u>107,596</u>	<u>-</u>	<u>107,596</u>
	Total	<u>15,739,671</u>	<u>513,149</u>	<u>(38,266)</u>	<u>16,214,554</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.

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Condensed Notes to the Consolidated Interim Financial Report

For the six months ending 31 December 2013

10. Mining Tenements (continued)

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

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

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest. The Group will assess the assets for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying value amount exceeds the recoverable amount. For the purpose of impairment testing, the assets are allocated to cash-generating units.

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

	Note	Six Months Ending	
		31 Dec 13	31 Dec 12
		\$	\$
Eyre Peninsula Joint Venture	W	1,151,345	14,068,935
Bungalow Joint Venture	B	<u>80,763</u>	<u>2,223,271</u>
		<u>1,232,108</u>	<u>16,292,206</u>

(B) Joint venture with Baotou.

(W) Joint venture with WISCO.



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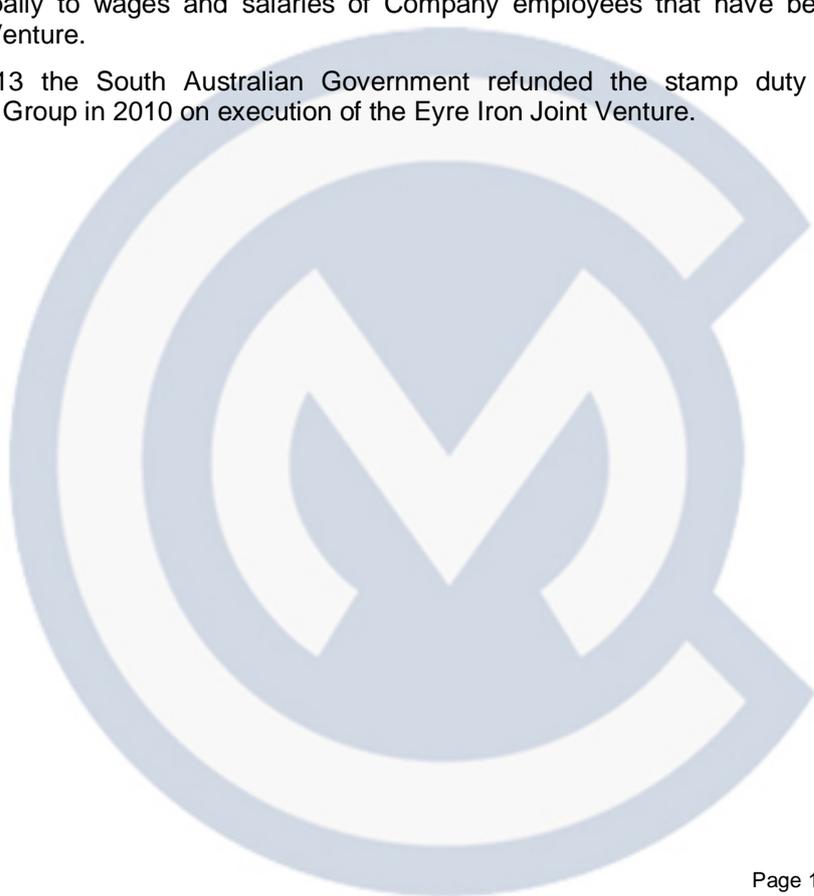
For the six months ending 31 December 2013

11. Receivables

Current and non-current receivables consisted of the following:

	As at	
	31 Dec 13	30 Jun 13
	\$	\$
CURRENT RECEIVABLES		
Interest due on term deposits	434,775	344,462
Interest due from Joint Ventures	2,470,065	2,399,250
Prepayments	128,843	101,465
GST Receivable	3,521	38,925
Eyre Iron Joint Venture (i)	25,963	22,785
Bungalow Joint Venture (ii)	215	17,198
Port Spencer Joint Venture	-	251
Income tax refund	-	258,107
	3,063,382	3,182,443
NON-CURRENT RECEIVABLES		
Stamp duty (iii)	-	5,940,000
Discount on stamp duty (iii)	-	(523,863)
	-	5,416,137

- (i) The Group 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 Group 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.
- (iii) On 31 December 2013 the South Australian Government refunded the stamp duty of \$5,940,000 paid by the Group in 2010 on execution of the Eyre Iron Joint Venture.



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For the six months ending 31 December 2013

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 13	31 Dec 12
		\$	\$
Bynoe Investments Pty Ltd	(i)	-	29,975
Lodge Ltd	(i)	30,044	-
Asiasphere Pty Ltd	(ii)	35,506	35,425
Wugang Australian Resources Investment Pty Ltd	(iii)	30,044	29,975

- (i) Bynoe Investments Pty Ltd and Lodge Ltd are firms associated with Mr Graham Chrisp. Mr Chrisp undertakes his directorship to the Company as a consultant.
- (ii) Asiasphere Pty Ltd is a firm associated with Mr Kiat Poh. Mr Poh undertakes his directorship to the Company as a consultant.
- (iii) Wugang Australian Resources Investment Pty Ltd is a firm associated with Mr Bingqiang Lu. Mr Lu undertakes his directorship to the Company as a consultant.

13. Related party transactions

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

	Note	Six Months Ending	
		31 Dec 13	31 Dec 12
		\$	\$
Expenditure Incurred on behalf of the entity			
Eyre Peninsula Joint Venture	W	186,544	328,158
Bungalow Joint Venture	B	65,234	210,972
Port Spencer Joint Venture	S	2,249	64,349
		<u>254,027</u>	<u>603,479</u>
Assets and liabilities arising from the above transactions			
Other receivables			
Current debtors		26,177	46,522

- (B) The expenditure incurred by the Group 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.
- (S) The expenditure incurred by the Group on the Port Spencer Joint Venture includes drilling and other related exploration expenditure, including the salaries of Company staff that have been working on the project.

Condensed Notes to the Consolidated Interim Financial Report

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13. Related party transactions (continued)

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

Centrex is reimbursed for expenditure incurred on behalf of joint venture entities.

14. Contingent assets

WISCO joint venture

Following the signing of the Second Supplementary Deed with WISCO there are no longer any contingent assets associated with inferred resource milestone incentive payments.

15. Contingent liabilities

Eyre Iron joint venture - Minimum inferred resource milestone

Following the signing of the Second Supplementary Deed with WISCO there are no longer any contingent liabilities associated with minimum resource milestones.

Eyre Iron joint venture – Pre-feasibility Study

Under the terms of the Second Supplementary Deed with WISCO the expanded scope of the PFS will be funded firstly from existing funds within the joint venture. Should land access and the geological model support continuation of the PFS then WISCO and the Company have agreed to commit an additional \$10 million to the project, \$4 million of which will be the responsibility of the Company.

PIRSA Commitments

In order to maintain its right of renewal of tenements (reviewed on a regular basis), the Group is required to meet exploration expenditures as defined at the time of the granting of the tenements. The tenement expenditure commitments for the 19 month period ending January 2014 are \$3,020,000 (2012: \$2,145,500 for 19 months).

Additional tenements held by the group require annual exploration expenditures of \$329,250 (2012: \$227,000).

Bungalow joint venture

The Company has entered into an agreement with Aussie Produce Pty Ltd to provide intermediary services in relation to the Bungalow joint venture. Should the Bungalow joint venture proceed to stage 3B (\$16 million), Aussie Produce Pty Ltd is entitled to receive 3% of the funding paid into the joint venture bank account (\$480,000 for stage 3B).

The Bungalow joint venture had commitments of \$22,402 as at 31 December 2013 relating to pre-feasibility studies (2012: \$51,371).

16. Subsequent events

The following material events occurred subsequent to the period end:

- On 23 January 2014 the Company declared a second special dividend of \$0.05 per share which resulted in a distribution of \$15,732,015. The record date for determining eligible shareholders was 4 February 2014 and the payment date was 21 February 2014.
- On 17 February 2014 the Company signed a drilling contract to complete approximately 9,000m of predominantly reverse circulation drilling at its Kimba Gap iron ore project 50kms west of Whyalla in South Australia.

Directors' Declaration

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

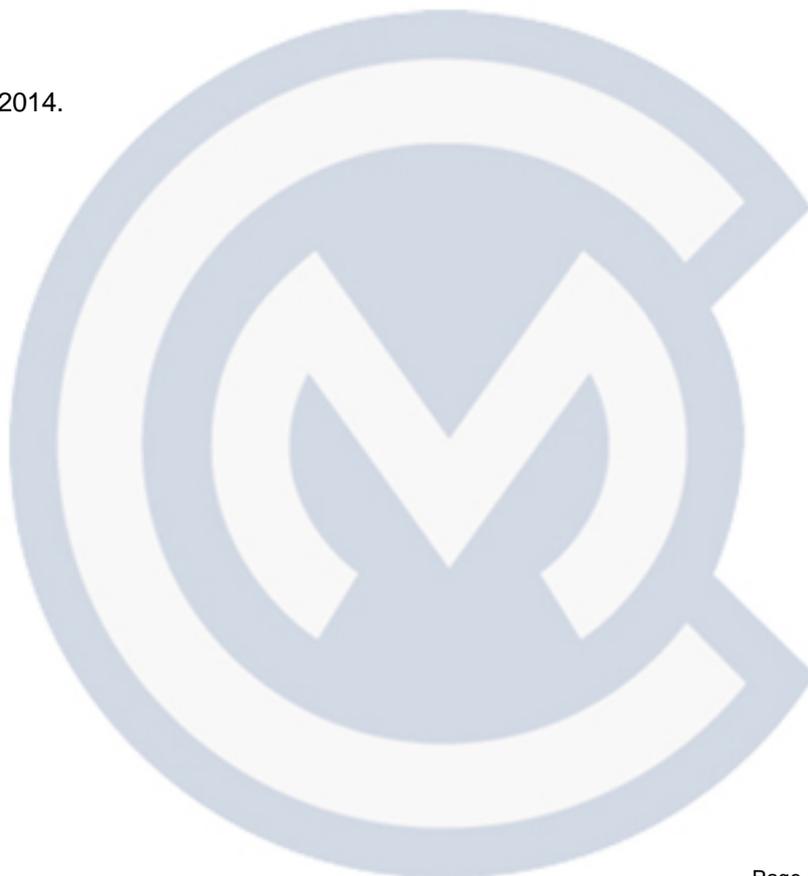
- 1 the interim financial statements and notes set out on pages 6 to 18, are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2013 and of its performance, as represented by the results of 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

Dated at Adelaide this 14th day of March 2014.





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 2013 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 review.

KPMG

Scott Fleming
Partner

Adelaide

14 March 2014



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

We have reviewed the accompanying interim financial report of Centrex Metals Limited (the Company), which comprises the consolidated interim statement of financial position as at 31 December 2013, consolidated interim statement of profit or loss and other 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 16 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 period.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim 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 interim 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 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Centrex Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.



KPMG



Scott Fleming
Partner

Adelaide

14 March 2014