

24<sup>th</sup> September 2006

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney  
New South Wales 2000

## QUARTERLY REPORT

JULY TO SEPTEMBER 2006

### EXPLORATION ACTIVITIES

#### AMADEUS BASIN

EP 82, EPA 111, EP 112, EPA 115, EP 118, EPA 120, EPA 124, EP 125, EPA 133, EPA 137 (Central - all 100%).

During the quarter the Company completed in draft format a detailed structural analysis based on recently flown aerial 1:25,000 colour photographic surveys of the Waterhouse and Ooraminna Prospects in EP 82 and EP 112. Previously flown aerial photography in black and white was used to complete a similar analysis over the Mt Kitty (EP 125) and Johnstone and Gypsum Prospects (EPA 115).

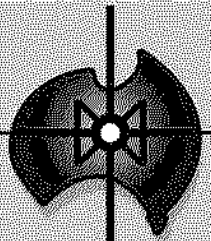
Landsat scenes of the same prospects were used in the same structural analyses and the preliminary results are that several "sweet spots" for future drilling attention have been identified. In the Waterhouse and Ooraminna Prospects, the favoured drilling locations are located where vertical to sub vertical fractures parallel to the axial plane of folding are co-incident with zones of maximum axial plane deformation related to events subsequent to that producing the initial cylindrical folding structure.

Preliminary environmental field reports over Mt Kitty and Waterhouse were completed and preliminary Notices of Intent for Mt Kitty, Ooraminna and Waterhouse were forwarded to the Northern Territory Department of Primary Industry, Fishing and Mining (DPIFM) as well as the Northern Territory Geological Survey.

The Company further refined a programme for a \$3,500,000 budget seismic survey focused on the Ooraminna, Waterhouse, Johnstone, Gypsum, and Mt Kitty Prospects and accepted a tender on this programme timed to commence with line clearing in October-November with acquisition programmed to commence December 2006.

Applications for exploration permits are at various stages of progress. Negotiations are continuing with the Central Land Council and meetings with the relevant Traditional Owners of EPA 115 hosting the Johnstone and Gypsum oil prospects have been timed for late October-early November 2006.

The DPIFM has confirmed receipt of a valid application of EPA 137, c. 8,500 km<sup>2</sup> surrounding the producing Palm Valley gas field production licence operated by the



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LIMITED

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Magellan-Santos Joint Venture. The permit application is considered highly prospective by the Company and hosts the Palm Valley West lead, thought by the Northern Territory Geological Survey (NTGS) to have potential to host up to 2 TCFG in undrilled potentially recoverable resources.

### PEDIRKA BASIN

EP 93 (85%), EPA 130 (100%), EPA 131 (100%), PELA 77 (85%)

During the quarter, the Company contracted with RPS Energy to fully audit previous interpretations of the Blamore and Avalon Prospects based on original field seismic data reprocessed in Q4 FY 2005/6 by WesternGeco in EP 93.

The conclusions of the RPS report included:

- Proposed well locations were fine tuned with minor amendments to allow more focus on the "IP" Intra Permian Horizon.
- Seal quality is not considered a major risk factor.
- Porosities ranging from 13% to 20% are anticipated in the stacked reservoir targets.
- The Prospects are robust, large scale 4 way dip closures in a series of stacked reservoir horizons on a plunging trend favourably located to receive charge from mature good quality Permian source rocks both in-situ and continuously either side of the trend in the contiguous Eringa and Madigan Troughs. Additional mature good quality Jurassic source rocks are interpreted to be available within 10 km both sides of the trend.
- Total probabilistic "mean" prospective potentially recoverable resources are calculated to be c.60 MMbbls in both prospects with Blamore being the favoured first target with c.40 MMbbls.
- An additional prospect, "Avalon North", has been mapped with an apparent burgeoning lobate structure in the IP2 horizon (basal periglacial Permian Crown Point Formation, the Pedirka equivalent of the Cooper Basin Merrimelia Formation) opening and deepening to the east into the deeper Madigan Trough which may indicate potential for a stratigraphic play of some magnitude but requiring additional seismic to better delineate prior to drilling.
- Both wells are anticipated to have total depths of c. 2100m AMSL.

Further discussion with the Central Land Council over an appropriate less flood prone road access plan to EP 93 has continued and the CLC has confirmed that the chosen drilling locations have been cleared of sacred sites.

Tenders for the drilling of Blamore #1 with an option to drill Avalon #1 back to back have been suspended pending a decision on the favoured access route.

Applications for other exploration permits are at various stages of progress.

### WISO BASIN (LANDER TROUGH)

EPA 92 (85%), EPA 129 (100%)

Applications for exploration permits are at various stages of progress with the period of negotiation agreed to be extended by the Central Land Council.

## GEORGINA BASIN

### EPA 132 (100%)

Negotiations with regard to the applications for the exploration permit have not yet commenced.

### FARMOUTS

Discussions in confidence have proceeded with several interested parties including three majors and several medium sized international companies and the Company has advised that preliminary discussion is planned to terminate on October 31<sup>st</sup> with conditional offers and/or firm expressions of interest to be tabled by then.

## CORPORATE

At the end of the Quarter, the Company had available funds of approximately \$7,943,000. The attached ASX Listing Rules Appendix 5B shows the cash movements and other information for the Quarter.

Yours sincerely,  
Central Petroleum Limited

A handwritten signature in black ink, appearing to read 'J Heugh', with a long horizontal flourish underneath.

John Heugh  
Managing Director

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CENTRAL PETROLEUM LIMITED

ABN

72 083 254 308

Quarter ended ("current quarter")

30<sup>th</sup> September 2006

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	-85	-85
(b) development		
(c) production		
(d) administration	-360	-360
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	78	78
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>-367</b>	<b>-367</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	-63	-63
1.9 Proceeds from sale of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>-63</b>	<b>-63</b>
1.13 Total operating and investing cash flows (carried forward)	<b>-430</b>	<b>-430</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	-430	-430
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	-430	-430
<b>Net increase (decrease) in cash held</b>			
1.20	Cash at beginning of quarter/year to date	8,373	8,373
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	7,943	7,943

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	100
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	0
<b>Total</b>	<b>2,000</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	943	1,373
5.2 Deposits at call	7,000	7,000
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
<b>Total: cash at end of quarter (item 1.22)</b>	<b>7,943</b>	<b>8,373</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**


*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	130,860,252	79,070,388		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	39,563,251 21,250,000 8,000,000	38,766,251 0 0	<i>Exercise price</i> \$0.20 \$0.20 \$0.20	<i>Expiry date</i> 30/6/07 31/5/10 20/2/11
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 24<sup>th</sup> September 2006  
(Director/Company secretary)

Print name: Richard Faull

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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