

12th January 2007

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

QUARTERLY REPORT
OCTOBER TO DECEMBER 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%).**

Structural and Remote Sensing Analysis

During the quarter the Company completed in final 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).

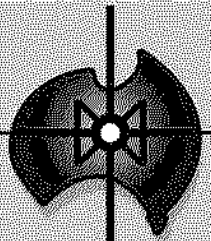
Landsat ("Aster") scenes of the same prospects were used in the same structural analyses and the preliminary results are that several "sweet spots" for future drilling attention have been identified. In the Waterhouse and Ooraminna Prospects, the favoured drilling locations are located where vertical 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.

A detailed analysis of alteration styles and mineralization as evidenced by ASTER studies was also undertaken during the quarter and has revealed a significant number of anomalies commonly associated with hydrocarbon seepage to surface over the Ooraminna, Waterhouse, Mt Kitty and Johnstone Prospects.

Combined studies of both structural mapping and alteration anomalies have helped the Company focus on the most prospective portions of these giant structures.

Environmental, Sacred Site and Heritage Surveys

Environmental, sacred site and heritage field reports over Mt Kitty, Ooraminna and Waterhouse were completed and the Northern Territory Department of Primary Industry, Fishing and Mining (DPIFM) has given permission for seismic line clearing



central
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LIMITED

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and acquisition over these prospects to proceed with the exception of Waterhouse which awaits the release of the sacred site report carried out by the Aboriginal Affairs Protection Authority.

Applications and EPA 115

The Central Land Council (CLC) and Central have completed negotiations over EPA 115 and the CLC have given approval for the granting of EP 115 which hosts inter alia the Johnstone oil prospect with 112 MMbbls "high" estimate of prospective recoverable resources.

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

Farmouts

The Company entered into a Memorandum of Understanding with He Nuclear Pty Ltd with the intention that a formal agreement would be negotiated and executed as soon as practicable over He Nuclear farming in to the Mt Kitty Prospect Sub-Block and the Magee Prospect Sub-Block, respectively part of EP 125 and EP 82 Exploration Permits.

The proposed terms of the agreement include He Nuclear funding 50% of pre-drilling seismic and the drilling of a well on each Prospect Block to earn a 25% participating interest in each of the sub-blocks.

PEDIRKA BASIN

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

During the quarter, the Company continued discussion with the Central Land Council over an appropriate less flood prone road access plan to EP 93.

A frequency response or spectral attenuation analysis of the Blamore and Avalon Prospects concluded that at all prospective horizon levels, a moderate to strong level of attenuation was evident. Such attenuation anomalies are often associated with hydrocarbon accumulations.

WISO BASIN (LANDER TROUGH

EPA 92 (100%), 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 GENERAL

Discussions in confidence about farmouts have proceeded with several interested parties including three majors and several medium sized international companies.

CORPORATE

At the end of the Quarter, the Company had available funds of approximately \$7,467,000. 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")

31st December 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for		
(a) exploration and evaluation	-287	-372
(b) development		
(c) production		
(d) administration	-344	-704
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	164	242
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	-467	-834
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects		
(b) equity investments		
(c) other fixed assets	-9	-72
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)		
Net investing cash flows	-9	-72
1.13 Total operating and investing cash flows (carried forward)	-476	-906

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	-476	-906
	Cash flows related to financing activities		
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)		
	Net financing cash flows		
	Net increase (decrease) in cash held	-476	-906
1.20	Cash at beginning of quarter/year to date	7,943	8,373
1.21	Exchange rate adjustments to item 1.20		
		7,467	7,467
1.22	Cash at end of quarter		

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	188
1.24	Aggregate amount of loans to the parties included in item 1.10	

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	2,500
4.2 Development	0
Total	2,500

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	467	943
5.2 Deposits at call	7,000	7,000
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)	7,467	7,943

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	EPA 92 EP 93 PELA 77	85% 85% 85%	100% 100% 100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

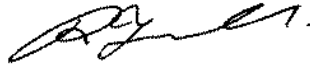
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	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 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	39,563,251 300,000 21,250,000 8,000,000	38,766,251 0 0 0	<i>Exercise price</i> \$0.20 \$0.25 \$0.20 \$0.20	<i>Expiry date</i> 30/6/07 31/1/10 31/5/10 20/2/11
7.8 Issued during quarter	300,000	0	\$0.25	31/1/10
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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: 12th January 2007
(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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