

24<sup>th</sup> April 2006

## QUARTERLY REPORT

### JANUARY TO MARCH 2006

#### EXPLORATION ACTIVITIES

##### GENERAL

The aims and objectives of the exploration and appraisal programme remain essentially the same as that outlined in the Prospectus dated 12 September 2005 although the execution of the 6 well programme outlined will be subject to additional funds raised in further capital raisings or farmouts and joint ventures where available and appropriate. The Supplementary Prospectus budgeted for up to 2 oil exploration wells with additional seismic.

The initial focus of the Company is on oil discovery and development for potential early cash flow.

##### AMADEUS BASIN

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

During the quarter the Company acquired the whole of the issued capital of Frontier Oil & Gas Pty Ltd (EPA 111, EP 112, EPA 115, EP 118, EPA 120), Ordiv Petroleum Pty Ltd (EPA 125, EP 125), and Helium Australia Pty Ltd (EP 82). This acquisition delivered to the Company approximately 81,000 km<sup>2</sup> or 20 million acres of prospective ground assessed by Mulready Consultants as having potentially recoverable hydrocarbons at a "high" estimate level consisting of 3.4 TCFG, 112 MMbbls oil and 105 BCF Helium in 4 prospects favoured for early exploration attention as well as many other prospects and leads for follow up assessment. In all, in the package acquired, according to Mulready's report, there are potentially recoverable hydrocarbons at "high" estimate level of about 600 MMbbls and about 6 TCFG plus additional potential for liquid condensate and Helium.

The Northern Territory Geological Survey in a report released in August 2005 rated the "unrisked" potentially recoverable hydrocarbons in the Amadeus generally including those small areas not currently in the Central portfolio and outside of the Palm Valley and Mereenie producing fields at about 35 TCFG in gas equivalent or 6 Billion bbls oil equivalent total.

During the quarter, the Company completed a preliminary programme for a seismic survey to better locate drilling locations for the Ooramina, Waterhouse, Johnstone, Gypsum, and Mt Kitty Prospects. It is planned to call for quotes for this survey in the next quarter once additional information on topography and structure is better known.

A significant portion of the Company's time during the quarter was spent on planning structural analysis based partially on reflown aerial photography and Landsat TM for several of the Amadeus Basin prospects as a precursor to finalizing the seismic acquisition programme.



9 Meadow Close  
Kardinya, Perth  
Western Australia  
6163

Phone:  
+61 (0) 8 9310 7690

Fax:  
+61 (0) 8 9310 7690

Mob:  
+61 (0) 427 10 7690

johnheugh@westnet.com.au  
info@centralpetroleum.com.au  
www.centralpetroleum.com.au

ABN 72 083 254 308

Permits EP 82, 112, 118 and 125 have all been granted with applications for the remaining exploration permits at various stages of progress. Negotiations are continuing with the Central Lands Council. Draft Exploration Deeds over EPAs 111, 115 and 120 were under active discussion during the quarter.

#### PEDIRKA BASIN

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

The initial focus of the Company is to drill either Avalon or Blamore in the Pedirka Basin subject to the results of a detailed and comprehensive seismic reprocessing programme which was commissioned with WesternGeco on March 1<sup>st</sup> 2006. This phase of the programme was anticipated to have been completed by the end of April or early May 2006 and is planned to be followed with pre-drilling re-mapping and analysis to be carried out by RPS Energy (formerly Troy Ikoda Australasia).

The objective of the seismic reprocessing and subsequent analysis is to derive as much information to plan the most appropriate and precise drilling locations for both Avalon and Blamore Prospects.

The Company also planned during the quarter an aerial inspection for drilling rig access planning for both Pedirka Basin Prospects as a precursor to sacred site clearance to be carried out by the Central Land Council.

An environmental inspection and report by Lowe Ecology Pty Ltd, a locally based Alice Springs Company has also been commissioned and is expected be completed by late April or early May 2006.

During the quarter, the Company commissioned re-processed seismic data over EP 93 with the view to confirm structure at the Avalon and Blamore Prospects. Access to these Prospects for the purpose of drilling has been investigated and sacred site clearance plans with the Central Land Council progressed.

EP 93 is granted and applications for the remaining 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 EPA 92 having a proposed Exploration Deed with the Central Land Council under discussion.

#### GEORGINA BASIN

EPA 132 (100%)

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

## FARMOUTS

The Company progressed discussion with several groups interested in farming in to various portions of the large acreage package but planned an international advertising programme for farmin opportunities during the quarter..

## CORPORATE

During the quarter, the Company was granted admission to the official list of the Australian Stock Exchange Limited on 2<sup>nd</sup> March 2006 following a successful capital raising. Quotation of the Company's securities started on the 7<sup>th</sup> March 2006.

At the end of the quarter, the Company had available funds of approximately \$9,061,000. The attached ASX Listing Rules Appendix 5B shows the cash movements and other financial information for the quarter.

The Company, in line with its aim to be centrally located in Perth, Western Australia took out a three year lease agreement with a three year option commencing March 1<sup>st</sup> 2006 in the Southshore Centre, 85 The Esplanade, South Perth and plans to move into the re-fitted offices early in May this year. The offices will have easy access to the Perth CBD and West Perth and will allow visitors to have ready access to undercover car parking facilities in the same building to facilitate routine commercial intercourse.

Yours sincerely,

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

John Heugh  
Managing Director  
Central Petroleum Limited

# 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")

31<sup>ST</sup> MARCH 2006

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration and evaluation	-6	-44
	(b) development		
	(c) production		
	(d) administration	-332	-916
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	68	76
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>-270</b>	<b>-884</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	-412	-412
	(b)equity investments		
	(c) other fixed assets		-2
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>-412</b>	<b>-414</b>
1.13	Total operating and investing cash flows (carried forward)	<b>-682</b>	<b>-1,298</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	-682	-1,298
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	9,723	9,950
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	1	1
1.17	Repayment of borrowings	-1	-1
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	9,723	9,950
	<b>Net increase (decrease) in cash held</b>		
1.20	Cash at beginning of quarter/year to date	20	409
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	9,061	9,061

**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	629
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	500
4.2 Development	0
<b>Total</b>	<b>500</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	9,061	20
5.2 Deposits at call	0	0
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
<b>Total: cash at end of quarter</b> (item 1.22)	<b>9,061</b>	<b>20</b>

+ See chapter 19 for defined terms.

**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	EP 82 Registered holder EPA 111 Applicant EP 112 Registered holder EPA 115 Applicant EP 118 Registered holder EPA 120 Applicant EPA 124 Applicant EP 125 Registered holder	Nil Nil Nil Nil Nil Nil Nil Nil	100% 100% 100% 100% 100% 100% 100% 100%

---

+ See chapter 19 for defined terms.

### 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> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>+Ordinary securities</b>	130,849,002	77,339,637		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	94,107,002	77,339,637		
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		39,574,501	37,917,750	\$0.20	30/6/07
		21,250,000	0	\$0.20	31/5/10
		8,000,000	0	\$0.20	20/2/11
7.8	Issued during quarter	26,678,500	37,917,750	\$0.20	30/6/07
		17,050,000	0	\$0.20	31/5/10
		8,000,000	0	\$0.20	20/2/11
7.9	Exercised during quarter	0	0		
7.10	Expired during quarter	0	0		
7.11	<b>Debentures</b> (totals only)				

+ See chapter 19 for defined terms.



7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
------	---	--	--

## 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: 21 April 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.

== == == == ==