CENTRALIAN MINERALS LIMITED

ABN 71 058 436 794

INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

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CORPORATE DIRECTORY

DIRECTORS

Paul Hardie (Chairman)
Tim Kestell (Non-Executive Director)
Peter Pynes (Non-Executive Director)

COMPANY SECRETARY

Bryan Dixon

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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Perth WA 6805

SHARE REGISTRY

Computershare Investor Services Pty Ltd
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Perth WA 6000
Telephone: +618 9323 2005
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STOCK EXCHANGE LISTING

The Company is listed on Australian Stock Exchange Limited
Home Exchange – Perth
ASX Code: CME

The Directors present their report on Centralian Minerals Limited for the half-year ended 31 December 2006.

BOARD OF DIRECTORS

The names and details of the Centralian Minerals Ltd ("Company") directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Paul Hardie *(Appointed 28 September 2006)*
Chairman

Mr Hardie is a solicitor who specialises in providing corporate and general commercial advice to a number of public and private clients on a wide range of matters including mergers and acquisitions, initial public offerings and other capital raisings, property law and a variety of Corporations Act and Listing Rules compliance matters.

Prior to establishing his own law practice, Mr Hardie gained extensive experience in areas of business management, commercial litigation and property law and was part of the mergers and acquisitions team of a large national law firm.

Directorships:	New Opportunity Limited
Past Directorships:	Biosignal Limited (formerly CTI Communications Limited) *(from 2001-2004)*

Mr Tim Kestell *(Appointed 28 September 2006)*
Non-Executive Director

Mr Kestell has extensive experience in capital markets and Company reconstructions. He has recently resigned (as anticipated) as a director of Northern Energy (ASX code NEC – formerly Poltech) which raised over $4m in capital and relisted on ASX in late February 2005 at a substantial premium.

Previous to this Mr Kestell was Managing Director of CTI Communications Ltd (ASX code CTC – now Biosignal BOS). Mr Kestell joined the CTI board in July 2003 and oversaw its re-quotation and capital raisings of over $5m and the reverse takeover by Biosignal Limited in April 2004.

Prior to these directorships Mr Kestell held securities advisory positions with leading Perth brokerages Euroz Securities and Paterson Ord Minnett (now Patersons) for a period of over 6 years. His prime role was advising high net worth clients on equity transactions as well as being involved in numerous capital raisings.

Mr Kestell holds a Bachelor of Commerce from Curtin University where he completed a double major in Accounting and Business Law.

Directorships:	New Opportunity Limited
Past Directorships:	Northern Energy Limited *(from 2004-2005)*
	Biosignal Limited (formerly CTI Communications Limited) *(from 2003-2004)*

Mr Peter Pynes *(Appointed 28 September 2006)*
Non-Executive Director

Mr Pynes has in excess of 20 years experience in Australia and overseas capital markets. He previously worked at Deutsche Bank as a director, global markets where he gained extensive knowledge of global structured debt product as well as capital raising and syndication. In this role Mr Pynes established relationships with leading Australian investment institutions. Mr Pynes is currently a director of MPC Funding Limited a specialist financing company as well as several private investment companies. Mr Pynes is a Fellow of the Australian Institute of Company Directors (FAICD) and a Senior Associate of Financial Services Institute of Australia (SA FIN).

Directorships: New Opportunity Limited
Past Directorships: None

Bryan Dixon ***(Company Secretary)***

Bryan has 13 years experience in the finance and the administration of public and listed companies and has previously been employed by KPMG, Resolute Limited and Société Générale. Bryan specialises in the administration and compliance of emerging ASX and AIM listed resource companies. Bryan brings additional financial, corporate, legal, investment analysis and taxation skills to the Company.

Qualifications: Bachelor of Commerce from the University of Western Australia
Chartered Accountant
Associate Member of Company Secretaries Australia

REVIEW OF OPERATIONS

On 31 July 2006, the Deed Administrators and the Company entered into an amended Deed of Company Arrangement ("DOCA"). At a meeting of shareholders held on 28 September 2006, the shareholders of the Company approved the various resolutions required to complete the restructuring and recapitalisation of the Company. Following the shareholders' meeting, the DOCA was terminated and the management of the Company was returned to the new Directors.

The focus of the company following the termination of the DOCA was to raise funds and seek reinstatement to trading of the Company's secutities on ASX. On 23 November, the company completed a placement and raised $1.5 million. The company's securities were reinstated to official quotation on 30 November 2006.

The new board of directors intends to continue its exploration activities on it's two exploration licenses in the Northern Territory, however, other projects and acquisitions that may create shareholder value will also be considered by eh Board going forward.

RESULTS OF OPERATIONS

The operating profit after income tax of the Company for the half-year ended 31 December 2006 was $13,986,701.

The Company's basic loss per share from continuing operations was 1.3 cents.

No dividend has been paid during or is recommended for the financial period ended 31 December 2006.

FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities was $1,399,912 at 31 December 2006.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2006 has been received and immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.

Paul Hardie
Chairman

Dated at Perth this 15th day of March 2007

BDO
Chartered Accountants
& Advisers

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15 March 2007

The Directors
Centralian Minerals Ltd
Level 6, 600 Murray Street
WEST PERTH WA 6005

Dear Sirs

DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF CENTRALIAN MINERALS LIMITED

To the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully
BDO
Chartered Accountants

BG McVeigh
Partner

BALANCE SHEET
As at 31 December 2006

	Note	31 December 2006 $
Current Assets		
Cash and cash equivalents	5	1,437,522
Trade and other receivables		8,471
Assets classified as held for sale		-
Total Current Assets		1,445,993
TOTAL ASSETS		1,445,993
Current Liabilities		
Trade and other payables		46,081
Liabilities classified as held for sale		-
TOTAL LIABILITIES		46,081
NET ASSETS/(LIABILITIES)		1,399,912
Equity		
Contributed equity		55,555,151
Reserves		1,480,000
Accumulated losses		(55,635,239)
TOTAL EQUITY		1,399,912

The above balance sheet should be read in conjunction with the accompanying notes.

The Company was granted relief from compliance with the requirements of Part 2M.3 of the Corporations Act 2001 for the year ended 30 June 2006 therefore no comparatives for the balance sheet have been disclosed.

INCOME STATEMENT
For the Half-Year Ended 31 December 2006

	Note	31 December 2006 $	31 December 2005 $
Continuing operations			
Revenue from ordinary activities		11,048	-
Occupancy costs		(4,029)	-
Professional fees		(32,096)	-
Personnel costs		(19,620)	-
Administration costs		(37,888)	-
Equity-based payments		(2,350,000)	-
Loss from continuing operations before income tax		(2,432,585)	-
Income tax expense		-	-
Loss from continuing operations after income tax		(2,432,585)	-
Discontinued operations			
Profit/(Loss) from discontinued operations after income tax		16,419,286	(2,568,828)
Net Profit/(Loss) attributable to members of Company		13,986,701	(2,568,828)
Earnings per share on loss from continuing operations attributable to the ordinary equity holders of the company			
Basic loss per share (cents per share)	4	(1.3)	-
Diluted loss per share (cents per share)	4	(1.3)	-
Earnings per share for gain/(loss) attributable to the ordinary equity holders of the company			
Basic earnings/(loss) per share (cents per share)	4	7.7	(0.3)
Diluted earnings/(loss) per share (cents per share)	4	6.1	(0.3)

The above income statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2006

	Issued Capital $	Accumulated losses $	Reserves $	Total $
Balance at beginning of the half-year	**52,452,654**	**(69,621,940)**	**-**	**(17,169,286)**
Net profit for the period	-	13,986,701	-	13,986,701
Equity-based payments	-	-	1,480,000	1,480,000
Issue of shares	3,330,000		-	3,330,000
Share issue costs	(227,503)	-	-	(227,503))
Balance at end of the half-year	**55,555,151**	**(55,635,239)**	**2,560,000**	**1,399,912**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
For the Half-Year Ended 31 December 2006

	Note	31 December 2006 $	31 December 2005 $
Cash Flows from Operating Activities			
Receipts from customers		-	14,246,067
Payments to suppliers, contractors and employees		(807,718)	(14,173,210)
Interest received		11,048	-
Borrowing costs		-	(294,557)
Net cash flows used in operating activities		(796,670)	(221,700)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		2,250,000	-
Share issue expenses		(15,808)	(68,172)
Repayment of borrowings		-	(443,831)
Net cash flows (used in)/from financing activities		2,234,192	(512,003)
Net increase/(decrease) cash and cash equivalents		1,437,522	(733,703)
Cash and cash equivalents at the beginning of the financial period		-	1,353,495
Cash and cash equivalents at the end of the financial period	5	1,437,522	619,792

The above cash flow statement should be read in conjunction with the accompanying notes.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Framework

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The Company was granted relief from compliance with the requirements of Part 2M.3 of the Corporations Act 2001 for the year ended 30 June 2006 so it is recommended that this report be read in conjunction with any public announcements made by Centralian Minerals Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the half-year financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Statement of compliance

Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the half-year reporting period ending 31 December 2006 because they do not require a change to accounting policies and therefore have no impact or they are not applicable to the Company.

(c) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is recognised for the amount by which the assets's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

(e) Cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments with less than 30 days to maturity.

(f) Trade and other receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in an area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The Company performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to the income statement.

Expenditure is not carried forward in respect of any area of interest unless the Company's right of tenure to that area of interest is current. Expenditures incurred before the Company has obtained legal rights to explore a specific area is expensed as incurred. Amortisation is not charged on areas under development, pending commencement of production.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(j) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits, and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Income tax

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(l) Equity based payments

The Company determines the fair value of options issued to employees and others as remuneration and recognises the expense in the income statement. This policy is not limited to options and also extends to other forms of equity based remuneration.

Fair value is measured using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

(m) Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic date, obtained both externally and within the Company.

Examples of those areas which require accounting estimates and judgments include share-based payments.

(q) Comparatives

The Company was granted relief from compliance with the requirements of Part 2M.3 of the Corporations Act 2001 for the year ended 30 June 2006 therefore no comparatives for the balance sheet have been disclosed.

		31 December 2006 $	31 December 2005 $
2.	**Revenue**		
	Interest received	11,048	85,143
3.	**Expenses**		
	Legal fees	19,919	-
	Audit fees	8,500	-
	Share registry costs	25,867	-
	Directors remuneration	50,564	-
	Equity-based payments	2,350,000	-

		2006 No. of Shares	2006 No. of Shares
4.	**Earnings per Share**		
	Weighted average number of ordinary shares outstanding during the period used in calculation of earnings per share	181,452,030	899,482,901
	Weighted average number of potential ordinary shares outstanding during the period used in calculation of diluted earnings per share	230,834,979	899,482,901

		31 December 2006 $	30 June 2006 $
5.	**Cash & Cash Equivalents**		
	Cash at bank	1,437,522	-

6. Dividends

No dividend has been paid during or is recommended for the financial period ended 31 December 2006

		31 December 2006 $
9.	**Commitments**	
	There were no outstanding commitments, which are not disclosed in the financial statements as at 31 December 2006 other than:	
	Tenement commitments	
	No later than 1 year	11,000
	Later than 1 year but not later than 5 years	-
		11,000

		31 December 2006	
		Shares	**$**
10. Contributed Equity			
Ordinary shares			
Fully paid	(a),(d)	502,958,879	54,475,151
Options		350,000,000	-
(a) Movements in Ordinary Shares			
At 1 July 2006		32,958,879	52,452,654
Share placement at $0.025		100,000,000	250,000
Share placement at $0.005		100,000,000	500,000
Issued to creditors trust		20,000,000	80,000
Share placement at $0.01		150,000,000	1,500,000
Issued to financiers		100,000,000	1,000,000
Share issue costs		-	(227,503)
Ordinary shares at end of period		502,958,879	55,555,151
(b) Movements in Options			
At 1 July 2006		-	-
Issued for nil consideration		350,000,000	-
Options at end of period		350,000,000	-

11. Discontinued Operations

On 27 January 2006, Bryan Hughes and Vincent Smith were appointed as administrators of the Company pursuant to Section 436A of the Corporations Act (Deed Administrators). On 31 July 2006, the Deed Administrators and the Company entered into an amended Deed of Company Arrangement (DOCA). The Deed Administrators accepted a proposal by an investment group for the restructuring and recapitalisation of the company, including the settlement of all creditor claims. The proposal was accepted by creditors and the DOCA was subsequently executed.

At a meeting of shareholders held on 28 September 2006, the shareholders of the Company approved the various resolutions required to complete the restructuring and recapitalisation of the Company. Following the meeting, on 17 October 2006, the DOCA was terminated and the management of the Company was returned to the new Directors.

As part of the administration process, a large proportion of the Company's assets were sold to a third party including tenements; mining information; property, plant and equipment; subsidiary shares; and properties.

The results of the discontinued operations which have been included in the income statement are as follows:

	31 December 2006 $	31 December 2005 $
Profit from discontinued operations		
Revenue	-	12,897,234
Expenses	-	(15,466,062)
Loss before income tax expense	-	(2,568,828)
Gain on disposal of operation	16,419,286	-
Attributable income tax expense	-	-
Profit from discontinued operations	16,419,286	(2,568,828)

12. Subsequent Events

On 21 February the Company announced the signing of a letter of intent to purchase up to 70% of a substantial coal project situated in the Witbank and surrounding areas of the Mpumalanga Province in South Africa from Constantia Energy Limited. In a further transaction with the vendors the Company will enter into a joint venture to explore for additional coal resources on further ground under Constantia's control. It is considered the combination of the transactions contemplated will provide the Company with a platform to establish a significant insitu coal resource providing for a long term sustainable mining operation.

Under the Letter of Intent, the Company has the option to acquire up to a 60% working interest in the "Witbank Project" on the following terms:

- Payment of A$7.775 million in cash; and
- The issue of 250,000,000 ordinary fully paid shares in CME at a deemed issue price of 5c per share; and
- 125,000,000 options exercisable at 12c into ordinary fully paid shares in CME at anytime within (5) years.

In addition, CME has been granted an option to purchase a further 10% working interest in the "Witbank Project" (which on exercise would take CME's interest to a total of 70%) for an additional once only cash payment of A$1.25 million.

The transaction is subject to CME completing a full technical and financial due diligence to CME's satisfaction within 4 weeks of execution of a binding purchase agreement reflecting these terms.

CME will pay a non refundable deposit of A$200,000 and a refundable deposit of A$700,000 directly to Constantia on signing of the binding purchase agreement.

13. Contingent Liabilities

The Company does not have any contingent liabilities.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 31 December 2006 and of the performance for the period ended on that date of the Company;

2. the Chairman and Chief Financial Officer have each declared that:

   (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial period comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial period give a true and fair view.

3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Paul Hardie
Chairman

Dated at Perth this 15th day of February 2007

BDO

Chartered Accountants
& Advisers

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CENTRALIAN MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Centralian Minerals Limited, which comprises the balance sheet as at 31 December 2006, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)) and the *Corporations Act* 2001.This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 financial report is not in accordance with the *Corporations Act* 2001 including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001. As the auditor of Centralian Minerals 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. We confirm that the independence declaration required by the *Corporations Act* 2001, provided to the directors of Centralian Minerals Limited on 15 March 2007, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Basis for Qualified Conclusion

<u>Prior year balances</u>

The Centralian Minerals Limited financial report for the year ended 30 June 2006 or period ended 31 December 2005 has not been audited. BDO were unable to satisfy ourselves as to the accuracy of the balances recorded within the financial report at that date by other audit procedures.

BDO are therefore not in a position and do not express an opinion on the comparative financial information for 31 December 2005 or 30 June 2006 and the effect, if any, that misstatement of those balances may have on the 31 December 2006 financial report.

<u>AASB 134 Non Compliance</u>

The company has not complied with AASB 134 Interim Financial Reporting, as it has not included comparatives for the balance sheet for 30 June 2006, nor the statement of changes in equity for period ended 31 December 2005 as required under AASB 134 Interim Financial Reporting.

This was due to no accounts being prepared at 30 June 2006 while the company was under Deed of Company Arrangement.

Qualified Conclusion

Except for the effect, if any, on the report of the above qualification paragraph, 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 Centralian Minerals Limited is not in accordance with the *Corporations Act* 2001 including:

(a) giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO
Chartered Accountants

BG McVeigh
Partner

Perth, Western Australia
Dated this 15th day of March 2007