

Centralian Minerals Limited

ACN 058 436 794

Level 1/65 Hay St, Subiaco
Western Australia 6008
TELEPHONE: +61 8 9489 7086
FACSIMILE: +61 8 9489 7080

ASX Release

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Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

QUARTERLY REPORT FOR THE PERIOD ENDED 31 March 2007

SUMMARY OF EXPLORATION ACTIVITIES

In February Centralian Minerals Limited ("Centralian") signed 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 ("Constantia"). The Witbank area is located about 100km east of Johannesburg and is the centre of coal mining in the Karoo Basin of South Africa.

Project "Witbank" covers an area of 3,822 ha and includes a previously defined non JORC open cut resource of 119 million tons ⁽¹⁾ of steaming coal, both of export and thermal power station quality. The project borders Anglo Coal's New Largo Project and is situated close to the Kendal Power Station which will be a targeted customer for the project.

It is envisaged that the project will be primarily developed as an open cut mine with the main coal seams averaging 2m and 4.5m thick situated between from 17 to 30 metres below surface, respectively. The resource was calculated from previous drilling by Anglo Coal that was supplied to the Vendors by the Council of Geosciences (The Council for Geoscience (CGS) is one of the National Science Councils of South Africa and is the legal successor of the Geological Survey of South Africa). It is supported by high density drilling on Klipfontein Farms 566 and 568R where some 268 holes were drilled to establish an In Situ resource of 217 million tonnes for the Nos 4 and 2 seams using a bulk density of 1.5. After allowing for a 30% mining and geological losses, the In Situ resource was recalculated to 152 million tonnes and preliminary estimates by the Vendor indicates that 119 Million tonnes can be mined by open cut mining methods.

Project "Witbank" consists of two separate areas:

1. The first and most significant is the Klipfontein 566 & 568 JR and Prinshof 2 IS coal project (2,435 ha); and
2. The second being Trichardsfontein 140 IS coal project (1,387 ha).

The Klipfontein and Prinshof projects are shallow coal deposits capable of supporting prospective open cut coal mines situated in the Ogies/Witbank area. The Klipfontein Farms 566 and 568 JR contain an estimated 100 million tonnes of open cut coal while the Prinshof Farm 2 IS contains an estimated 19 million tonnes of open cut coal.

The Trichardsfontein 140 IS project is a potential underground development situated in the Bethal/Secunda area. The property borders the town of Trichard and is situated along the main road R29 from the town of Trichard to Kinross. There is an estimated 6.5 million tonnes of underground coal.

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 their 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.

Transaction details

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

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

Final terms of the acquisition and binding purchase agreement is expected to be finalised in the 4th quarter..

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

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

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

FURTHER EXPLORATION AGREEMENT

Centralian is negotiating an option agreement to earn an interest in additional potential coal resources under Constantia's control.

Centralian proposes, subject to full technical and financial due diligence, to enter into a joint venture for a 51% interest in these prospective coal bearing areas by spending A\$1.2 million on agreed exploration activities. Centralian can elect to increase its joint venture interest to 70% by spending a further \$1.0 million on exploration activities.

In addition, Centralian will, in respect of the farm-in areas, pay upon establishment of a JORC compliant resource greater than 200 million tons of coal (In-Situ), make a further payment of A\$0.10 cents per ton of coal resource by way of securities in Centralian or cash (at Constantia's discretion) upon terms and conditions to be mutually agreed.

CORPORATE

In addition to developing the Company's existing exploration and mining activities, the Board intends to focus on reviewing and pursuing new acquisitions that will create Shareholder value.

At the end of March 2006 the Company had \$1.2 m in cash.

For further information on Centralian please contact:

Tim Kestell – Director
Ph: 08 9489 7086

ENDS