



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD 1st October 2012 to 31st December 2012

31th January 2013

Coral Sea Petroleum Ltd ("The Company") operates, and holds a 100% interest, in five Petroleum Prospecting Licenses in PNG ('PPL'). These cover an area of 11,972km² in both onshore and offshore settings. Four of the licenses (PPL 356, 357, 366 & 367) are in the Papuan Basin close to existing oil and gas fields and the associated production infrastructure. The fifth (PPL 358) is in an underexplored offshore frontier basin where natural oil and gas seepages have been reported.

During the Quarter ending 31st December 2012 Coral Sea Petroleum continued to evaluate all the data obtained by it to quantify play risk in each of its five PPLs and further evaluate the three prospective leads identified in onshore PPL 366 and 367.

Work for the quarter included the following.

- Gathering of the remaining available existing open-file well, seismic and other data.
- Neftex Geoscience Consultants' ('Neftex') continued review of existing data in all five Coral Sea Petroleum PPLs.
- A number of regional Depositional Environment and Common Risk Segment ('CRS') maps were updated and improved by incorporating additional data. These data allow to further quantify the presence and effectiveness of the principal source-rock, reservoir and seal horizons in the part of the Papuan Basin containing PPL 356, 357, 366 and 367. This CRS mapping continued during the reporting period.
- Evaluations continued of the three prospective Leads in PPL 366 and 367. Additional prospect scale data acquisition continues to be supported by these evaluations to confirm whether the Leads can be promoted to drillable prospect status.
- Review of Cape Vogel Basin petroleum systems continued in the vicinity of PPL 358 and has identified the most likely source-rock, reservoir and seal-bearing depositional sequences to better understand PPL 358.
- During the reporting period Coral Sea Petroleum located a 1999 scientific report from the *Ocean Drilling Programme* where thermogenic gas was detected at ODP site 1108 to the east of PPL 358. This provides evidence that mature source rocks are present at that location and lends credibility to the reported though unconfirmed oil and gas seeps in the Cape Vogel Basin.
- During August 2012, the Company submitted a request to the Department of Petroleum and Energy (DPE) in PNG for a variation to the work programmes in all five of its PPLs, in particular



to delay until May 2013 the decision to progress into Years 3 and 4 to enable the Company to fully complete its technical assessment of all the data gathered to date. The DPE is fully supportive of the request for the license variations and is working with Coral Sea Petroleum through the approval process.

- The decision by the company to seek such programme variation is both judicious and diligent. It provides for the final decision to progress into Years 3 & 4 to be entirely based on fully completed technical assessments of all the data gathered so arduously to date rather than premature evaluation of incomplete data sets.
- During the current reporting period, and in particular at the end of Work Programme Year 2 in each licence (being November 2012) both Coral Sea Petroleum and the DPE consider all five PPLs to be in good standing in terms of technical and financial commitments.
- Annual License fees were paid by Coral Sea Petroleum for License Year 3 in each PPL and their receipt acknowledged by DPE.

Competent Person Compiling this Report

This report contains information on Coral Sea Petroleum Ltd activities which have been compiled by Dr John Warburton, Petroleum Advisor to the Coral Sea Petroleum Ltd Board on a consulting basis. Dr Warburton gained a First Class Honours Degree in Geological Sciences from the University of Leeds, UK and a PhD in Structural Geology from University of Wales, UK. He is a Petroleum Geoscientist by Profession and Director/Founder of Insight Exploration Pty Ltd (ACN 108 132 314), a consultancy company that provides technical and administrative services to the Global Petroleum Industry.

Dr Warburton has 30 years of petroleum exploration experience in technical and executive leadership roles including with BP, Oil Search Ltd and Eni. He is a Fellow of the Geological Society of London, Member of the Australian Institute of Company Directors, Alumni of Cranfield Business School, UK and serves on the External Advisory Board at the Centre for Integrated Petroleum Engineering and Geoscience ('CIPEG') at the University of Leeds, UK. His company, Insight Exploration is a Sustaining Member of the Petroleum Exploration Society of Great Britain ('PESGB').

Dr John Warburton is therefore qualified in accordance with ASX listing rule 5.11 to compile this information and has consented in writing to the inclusion of this information in the form and context in which it appears.