



20 August 2013

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir

Option Placement and Underwriting Agreement

Coral Sea Petroleum Ltd (the **Company**) advises that it is to undertake an Option Placement. The Option Placement is for the issue of 30,000,000 options to eligible persons at an issue price of 5 cents per option, each option having an exercise price of 20 cents and an expiry date of 31 March 2015. The Option Placement is subject to shareholder approval at a General Meeting to be held on 20 September 2013 (the **Meeting**).

The Option Placement has been fully underwritten by Minimum Risk Pty Ltd and the Company has entered into an agreement in this regard. A summary of the terms of the Underwriting Agreement is as follows:

- Minimum Risk Pty Ltd fully underwrites the Option Placement;
- Minimum Risk Pty Ltd may procure sub-underwriters;
- The underwriting fee comprises:
 - an underwriting fee equal to 5% of \$1,500,000 (being the amount sought to be raised under the Option Placement); and
 - the issue of 1,000,000 options to the underwriter (on the same terms as the options issued under the Option Placement, except that no payment is to be paid by Minimum Risk Pty Ltd for the issue of those options).

No underwriting fee is payable if the Underwriting Agreement is terminated.

- Applications under the Option Placement must occur not later than 1 month after the date of the Meeting;
- Minimum Risk Pty Ltd is to subscribe for any shortfall by not later than 17 October 2013, accompanied by the aggregate price to be paid for the issue of the shortfall under the Option Placement;
- Various events (such as breach of any representations given by the Company under the Underwriting Agreement; the commencement of litigation against the Company after the date of the Underwriting Agreement; change in the Board or senior management, a takeover for the Company is announced; the Company is suspended on ASX for more than 48 hours; or a material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the USA or other international financial markets), enable Minimum Risk Pty Ltd to terminate the Underwriting Agreement where the event is likely to have a material adverse effect on the Company;
- The Underwriting Agreement automatically terminates if the Option Placement does not receive shareholder approval.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Louisa Martino', is written over a light blue horizontal line.

Louisa Martino
Company Secretary