



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD

1st July 2012 to 30th September 2012

30th October 2012

Coral Sea Petroleum Ltd (the "Company") operates, and holds a 100% working interest, in five Petroleum Prospecting Licenses in PNG ('PPL'). These cover a total area of 11,972km² in both onshore and offshore settings (Figure 1). Four of these (PPL 356, 357, 366 and 367) are in the Papuan Basin close to existing oil and gas fields and associated production infrastructure. The fifth (PPL 358) is in the Cape Vogel Basin, a lightly explored offshore frontier basin where natural oil and gas seepages have been reported.

Highlights

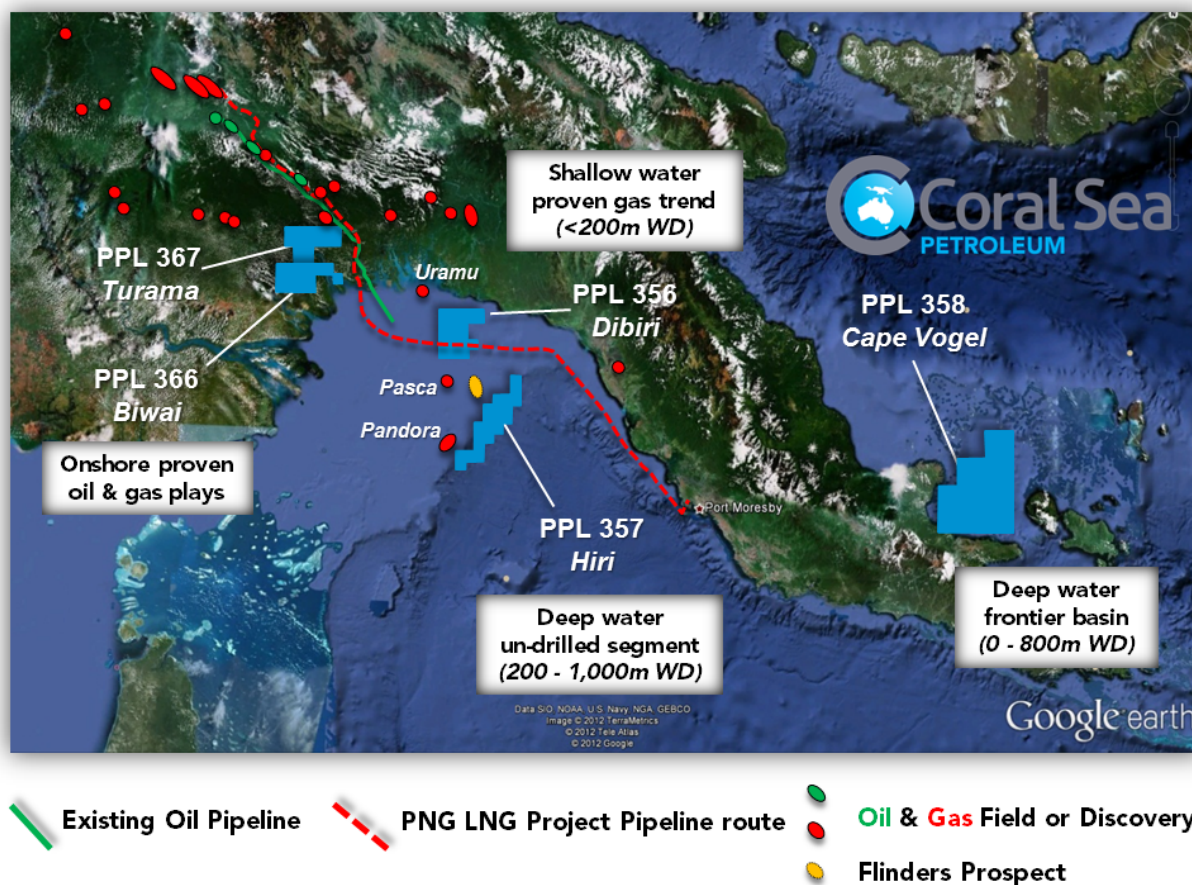
The principal achievement during the quarter ending 30th September 2012 was in successfully obtaining the majority of the existing data in and around the Coral Sea Petroleum Ltd PPLs. Interpretation of those data has allowed quantification of play risk in each area and detailed mapping has identified at least three prospective onshore leads in PPL 366 and 367.

Highlights include:

- Gathering and purchase of the majority of existing open-file well, seismic and other data.
- Commencement of compilation, formatting and interpretation of existing data in all 5 PPLs.
- **A number of regional Depositional Environment and Common Risk Segment ('CRS') maps were completed** that quantify the presence and effectiveness of the principal source-rock, reservoir and seal horizons in that part of the Papuan Basin where **PPL 356, 357, 366 and 367** are located. This CRS mapping continues.
- Commencement of a review of Cape Vogel Basin petroleum systems in the vicinity of PPL 358 and identification of the most likely source-rock, reservoir and seal-bearing depositional sequences.
- **Seismic, well and outcrop data mapping has confirmed the presence of three Leads in PPL 366 and 367. This supports further more detailed prospect scale data acquisition and evaluation to confirm whether these Leads can be promoted to drillable prospect status.**



Figure 1 Location of the five PNG Coral Sea Petroleum PPLs (on Google Earth image)



Petroleum Prospecting Licenses PPL 366 & 367 (CSP interest 100%)

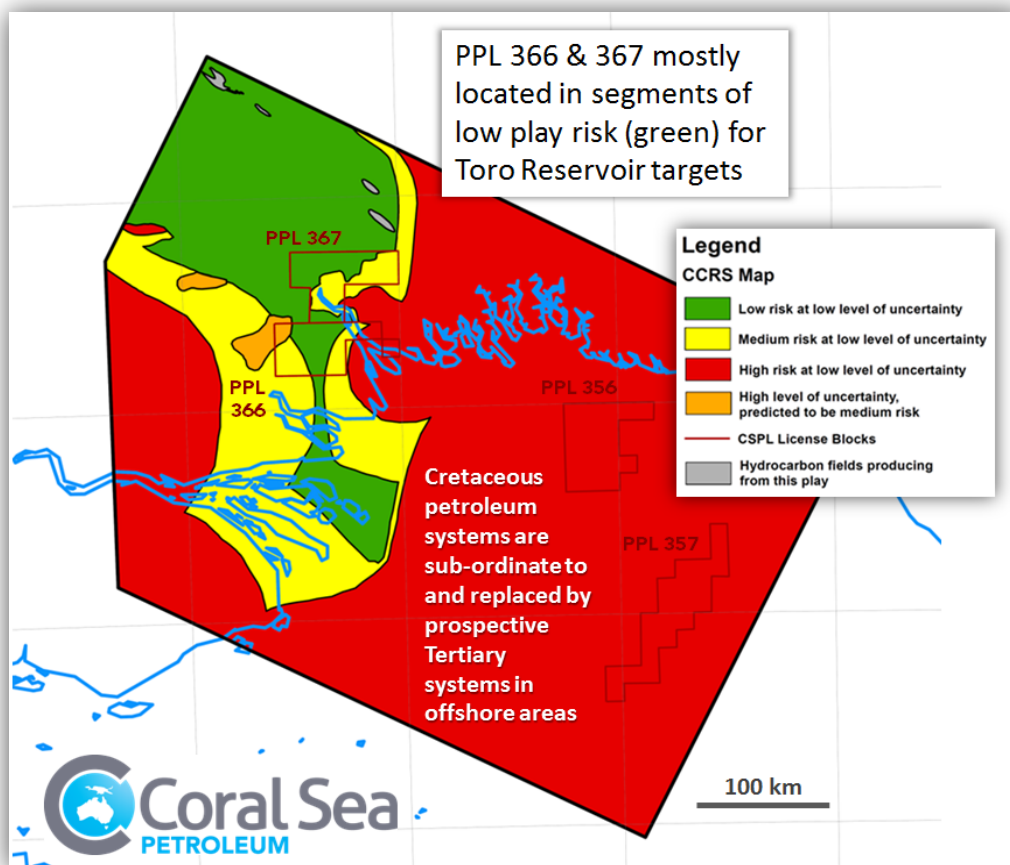
Onshore PPL 366 and 367 are located only 16km south of the Barikewa gas discovery (Figure 3). Furthermore the structural geological 'grain' in PPL 367 parallels that in the oil and gas producing Papuan Foldbelt which extends into the northern portion of the license.

Common Risk Segment or 'CRS' mapping during the quarter by Neflex, Coral Sea Petroleum Ltd's technical consultants shows that PPL 366 and 367 are located in areas where there is a high probability that effective Cretaceous age reservoirs, source and cap rocks are all present. In other words that Toro reservoir targets carry low play risk and the critical risk lies in the detailed imaging and definition of trap geometry.

Figure 2 is an example of a Composite CRS Map created for the Toro reservoir play. This has been constructed by combining reservoir, source and cap rock play risk maps for the Toro petroleum system. similar maps have been produced for additional Cretaceous age reservoirs and for the Tertiary Petroleum Systems that dominate the offshore areas (including PPL 356 and 357).



Figure 2 Composite Common Risk Segment Map for the Toro Play (PPL 366 & 367).



Turama and East Turama Leads (PPL 367)

Evaluation has taken place of all available existing seismic and well data, and in particular Strontium data previously obtained from surface Darai limestone outcrop samples collected in PPL 367 (Figure 3). Integration of all these data suggests a possible structural trap, known as the **Turama Lead**, may be present at Toro and deeper reservoir levels up-dip from the Turama-1 well penetration to the north of the license.

A second, similar yet apparently smaller **East Turama Lead** has also been identified to the east, entirely within PPL 367 (Figure 3).

Mapping of the surface strontium data values suggests that the surface crest of a four-way-dip-closed component of the Turama feature is located within PPL 367 (evident from the closed orange contour in Figure 3). Unfortunately no seismic data have yet been acquired over the Turama Lead to constrain the underlying subsurface geometry at Toro and deeper reservoir levels. Furthermore it is evident from the nearby Omati-1, Turama-1, Darai-1 and Barikewa-1 wells that the surface carapace of Darai limestone thins north-wards across PPL 367 (Figure 4).

The implication is that the subsurface structure of the Turama Lead may not exactly match its surface expression and that seismic data and fine-scale structural modelling will be required to further reduce uncertainty and risk prior to making a decision whether or not drilling is justified.



These initial observations are cautiously encouraging given that the surface expression of the Turama Lead based on the Strontium data has a similar size, shape and trend to the nearby Barikewa Gas discovery (Figures 3 and 4).

Figure 3 Turama & East Turama Leads in PPL 367 (Evident from strontium data contours)

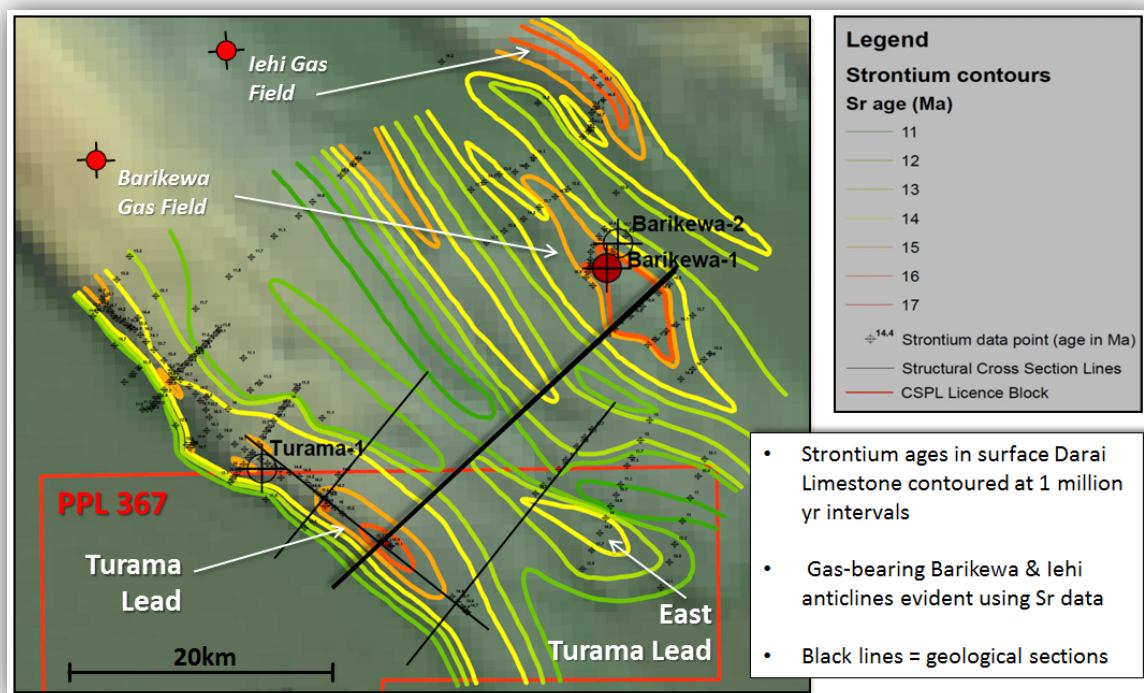
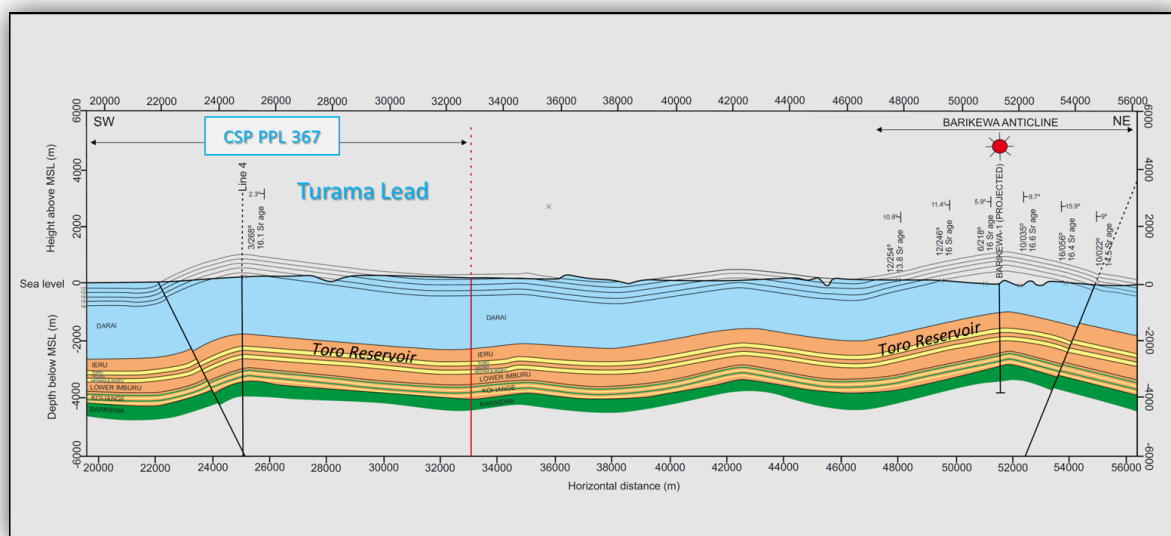


Figure 4 Turama Lead to Barikewa Field Geological Cross Section (highlighted in Figure 2)





Gamma River Lead (PPL 366 & 367)

Work to date has confirmed the presence of a complex fault-related **Gamma River Lead** mostly within and along the boundary of PPL 366 and 367 (Figure 5). The feature is located in the elevated footwall of an east-west trending extensional fault associated with a local convex jog in the regional Komewu Fault Zone (Figures 5 and 6). The structural dip in the footwall panel south of the bounding fault is consistent with the strong regional south-eastward dip down into the Omati Trough. The Omati Trough is interpreted to be the local source kitchen for hydrocarbons migrating up regional dip into PPL 366 and 367. The presence of the Biwai Oil Seep supports oil migration towards the Gamma River Lead (Figure 5).

The structural geometry at the west end of the Gamma River Lead is very poorly imaged due to a paucity of seismic lines at that location. It is therefore unclear given the current seismic grid whether or not the Gamma River feature closes in the west and therefore constitutes a petroleum trap.

Additional seismic data are required to better image the Gamma River Lead, especially at its western end. Seismic imaging will then either reduce the trap presence and effectiveness risks and promote the Gamma River Lead to potentially drillable status, or remove it from the lead inventory.

Figure 5 Top Toro Seismic Structure Map showing the Gamma River Lead (circled red)

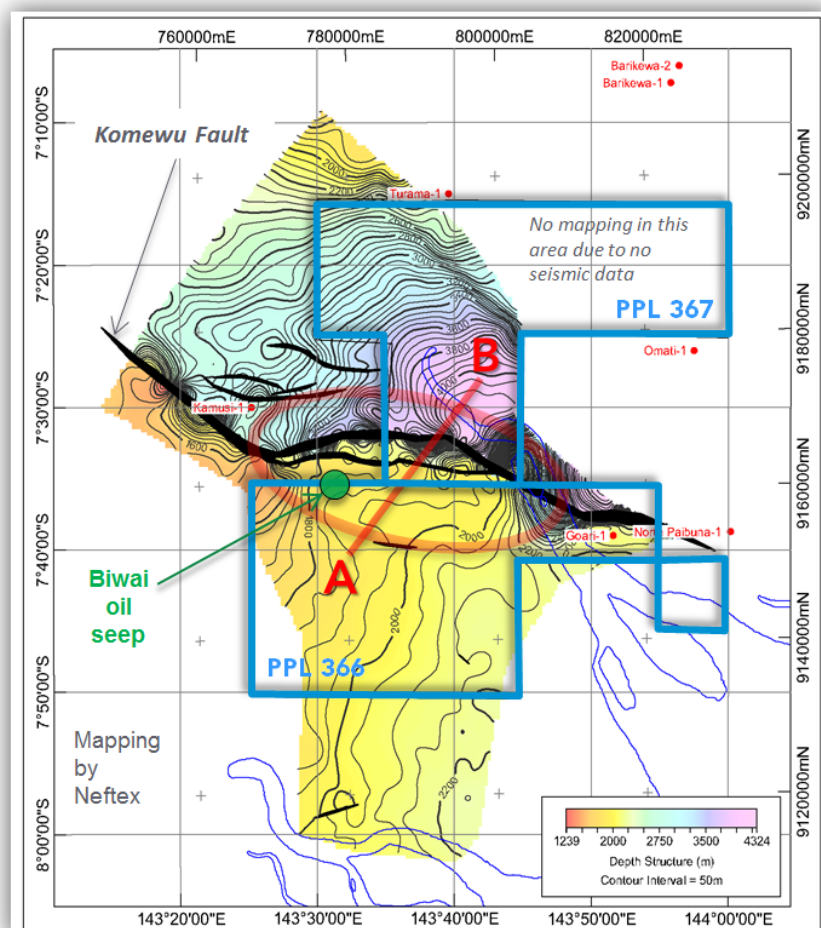
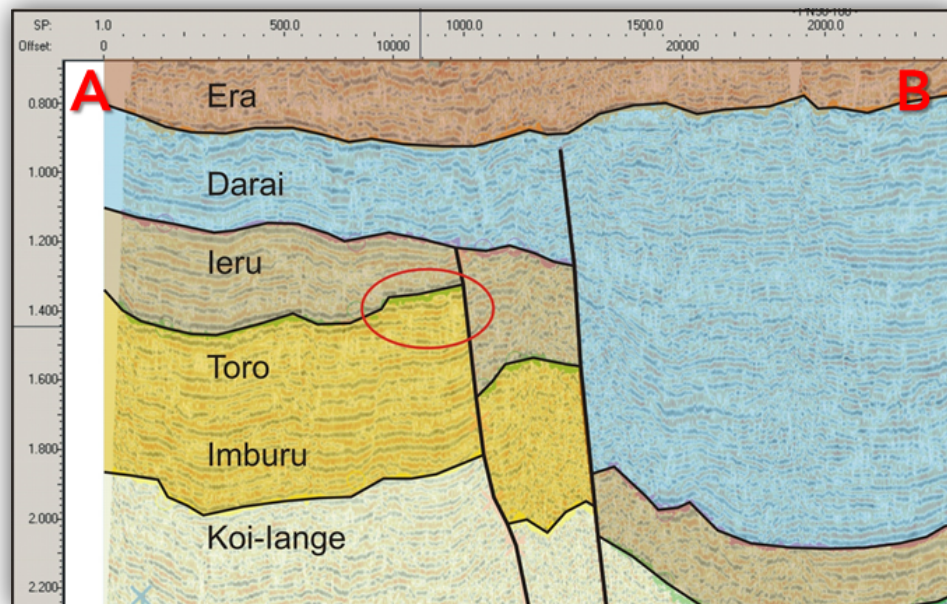




Figure 6 Seismic line across the Gamma River Lead (Line A-B in Figure 5)



Petroleum Prospecting Licenses PPL 356 & 357 (CSP interest 100%)

PPL 356 and 357 are offshore in the Gulf of Papua. PPL 356 is in shallow, less than 200m of water. In contrast PPL 357 straddles the present day shelf break extending from 200m water depth into deepwater in excess of 1,000m (Figure 1).

The Geology of the offshore Papuan Gulf contrasts with the onshore and is dominated by proven gas-prone Tertiary Petroleum Systems in plays of Miocene age and younger. The Jurassic and Cretaceous age rocks that host the onshore petroleum systems were mostly eroded during a thermal uplift phase prior to opening of the Coral Sea Basin in latest Cretaceous to Palaeocene times.

PPL 356 lies between the Pasca and Uramu wet gas discoveries to the south and north respectively (Figure 1). And the route for the PNG LNG gas pipeline, currently under construction, passes through the license (Figure 1). Further, the Pandora Dry Gas field is located in shallow water less than 5km west of PPL 357. These offshore gas fields accumulated in Miocene age carbonate reef reservoirs buried beneath the efficient regional Plio-Pleistocene age fine grained clastic top-seal.

Deepwater Miocene age sandstones provide an additional yet poorly evaluated exploration play. Oil Search Ltd has previously announced plans to drill one such target in the Flinders Prospect during 2012-13. Flinders is located in Oil Search Ltd PPL 244 just 25 km west of the Coral Sea Petroleum PPL 357 (Figure 1). The Flinders target reservoir as mapped by Oil Search trends north-west to south-east suggesting that similar sandstones may continue towards PPL357.



All offshore Papuan Gulf wells drilled to date and all petroleum discoveries have been made in the shallow water shelf region. Importantly **no petroleum exploration wells have been drilled in the Coral Sea Petroleum operated PPL 356 and 357**. Furthermore no exploration wells have been drilled in deepwater such that the deepwater segment of the basin remains an exploration frontier.

Work has commenced on CRS mapping and evaluation of the offshore Papuan Basin Tertiary reservoir and seal pairs during the quarter ending 30th September 2012. This work will also involve quantifying the presence and effectiveness of viable source rocks in the Gulf and the timing and migration of hydrocarbons from them. This work is fundamental for quantifying petroleum prospectivity in PPL 356 and 357 and will be completed during 2012.

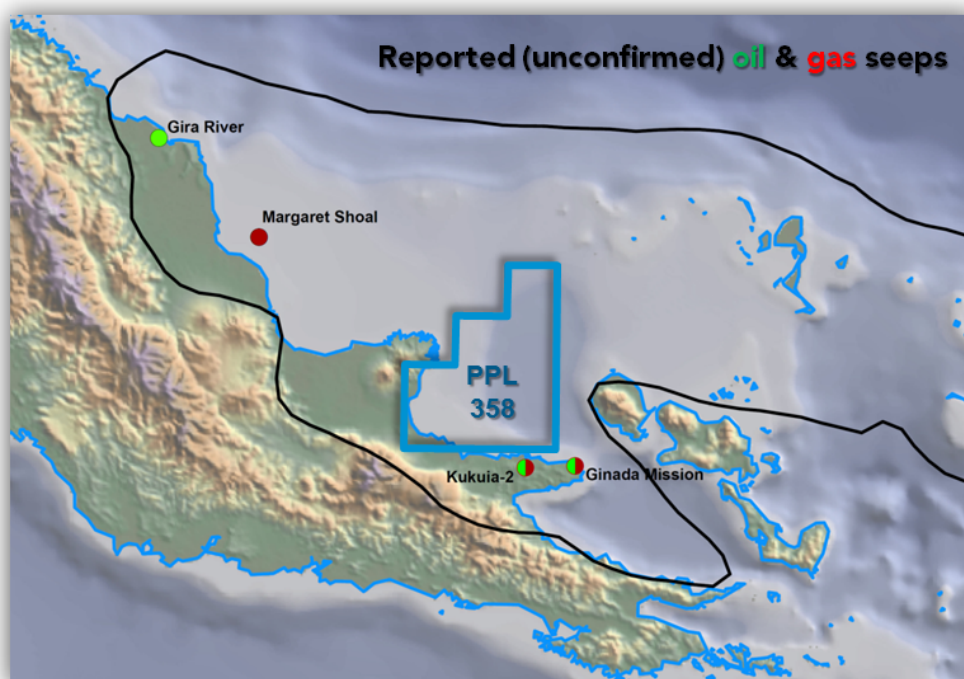
Coral Sea Petroleum Ltd successfully gathered and interpreted an impressive offshore open-file regional database during 2012 including all pertinent existing well and geochemical data. However purchase of the existing seismic data specifically within PPL 356 and 357 remains to be completed and thereafter these need to be reformatted for prospect-scale interpretation.

Prospect scale mapping and building of a PPL 356 and 357 Prospects and Leads Inventory will be undertaken by early 2013.

Petroleum Prospecting License PPL 358 (CSP interest 100%)

PPL 358 is located in the Cape Vogel Basin (Figure 1). Much of the 6,070km² license is over the deepwater frontier Tufi sub-basin where no exploration wells have been drilled. A number of natural oil and gas seepages have been reported in the basin and these remain to be substantiated (Figure 7).

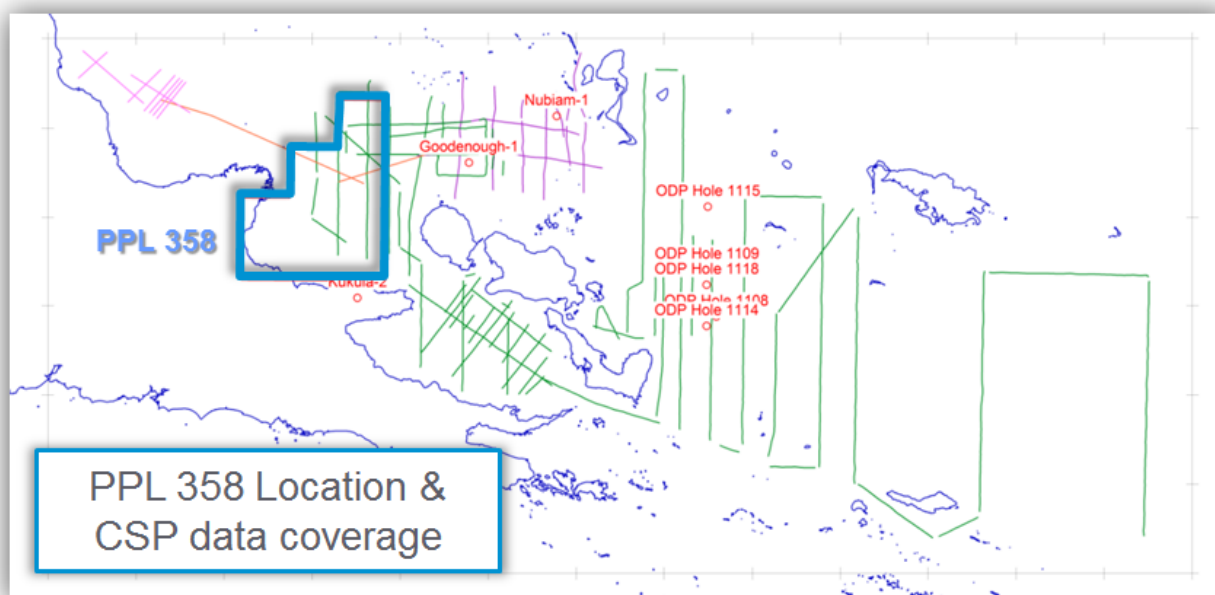
Figure 7 Location of Cape Vogel Basin PPL 358 and reported oil & gas seepages





During the quarter ending 30th September 2012 Coral Sea Petroleum located and purchased most of the available pertinent open-file well and seismic data in the region (Figure 8). A number of vintage seismic lines have yet to be located.

Figure 8 Coral Sea Petroleum PPL 358 Regional Database (at Quarter ending 30th Sept 2012)



Work has commenced on a regional CRS evaluation using those data to determine whether a viable petroleum system is present in the basin. That work will be completed in early 2013. During the Quarter the following was achieved.

- Determined the sequence stratigraphic architecture for the basin.
- Established four major sequence boundaries.
- Recognized the principal play elements (source, reservoir and seal facies) and their sequence stratigraphic context.
- Predicted the presence of Pre-Miocene source rocks that may have reached thermal maturity for petroleum generation in the Tufi Sub-basin of PPL 358.
- Identified 10 possible trap types in the basin.

Given the paucity of seismic data and absence of wells within PPL 358 additional data will be required before potentially drillable prospects can be identified. Accordingly the continued focus for the Company's evaluation will be to quantify which parts of PPL 358 are likely to be the most prospective, whether a viable petroleum system might be present and what additional data will be needed to be acquired by Coral Sea Petroleum to further quantify exploration risk.



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.