



Comet Ridge Limited

3 March 2016

Mahalo 7 Horizontal Well production continues very positive trend

- **Single well gas rate passes 426,000 scf/d**
- **Well performance continues strong upward trend**
- **First vertical well expected on line within a week**

Comet Ridge Limited (ASX:COI) wishes to provide an operational update on the progress of the Mahalo 7 horizontal surface to in-seam well project. The Mahalo 7 horizontal well is being produced in combination with the Mahalo 6 vertical intercept well, via the pump in Mahalo 6.

Since the time of the last operational update in late January, the pump speed has been held constant while the gas rate has continued to steadily increase over this time with successive reductions in well bottomhole pressure. The gas rate has now passed 426,000 scf/d (standard cubic feet per day) – see Figure 1. The Production Operator is about to bring the vertical wells back on line, to contribute further to the total Mahalo pilot gas production. These vertical wells will be brought back on line individually, with sufficient time between, to closely observe well performance trends.

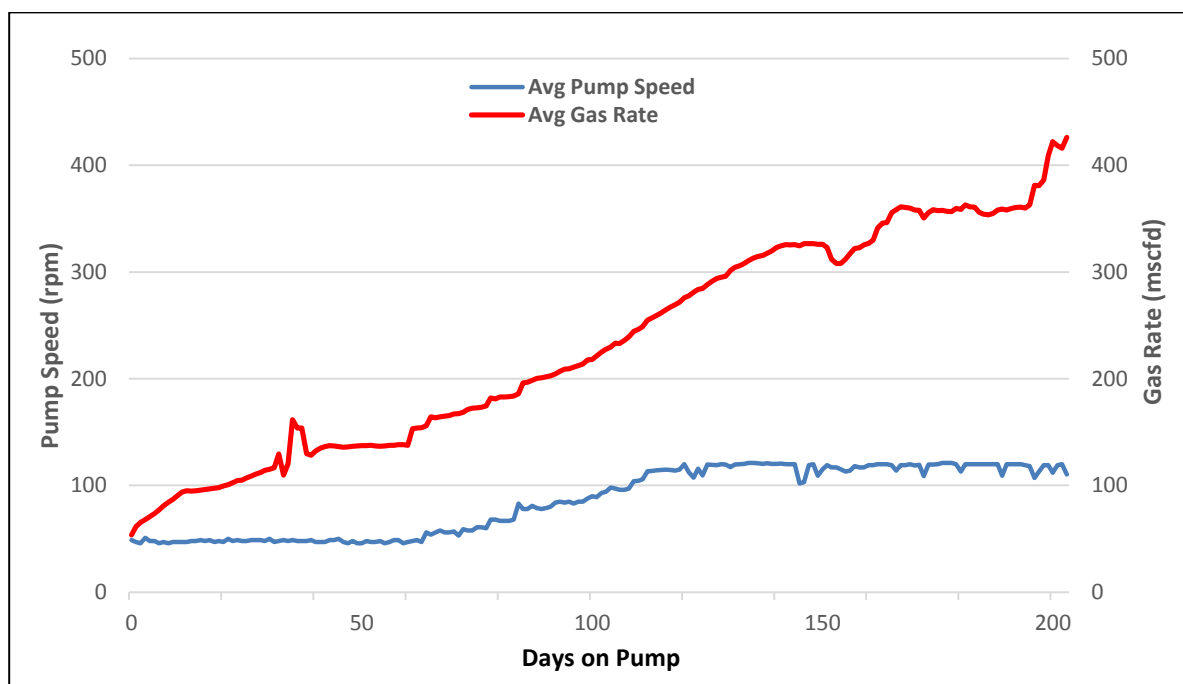


Figure 1 - Mahalo 6/7 Gas flowrate and pump speed

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ASX CODE: COI

The Company continues to be very pleased with the upward gas rate trend from Mahalo 7. This is a short horizontal proof of concept well and therefore is only contacting approximately 360 metres of coal. A development horizontal well in this area should be much longer and in contact with significantly more coal with proportionally higher gas rates.

Comet Ridge Managing Director, Tor McCaul, said in addition to strong gas flow performance, the Mahalo 6/7 combination had produced relatively minor amounts of water – around 20 bbl per day, with the trend in water production now reducing. This would indicate that water handling capital and operating cost expenditure in a development scenario may be very low, further strengthening the Company's view on the value of the asset.

The Mahalo project is located approximately 240km west of Gladstone in the southern Bowen Basin. The Project is located just 11 kilometres from an infrastructure connection to the Gladstone LNG market with significant gas supply requirements.

Equity participants in ATP 1191 (formerly ATP 337P) Mahalo are Comet Ridge Mahalo Pty Ltd (40%), Australia Pacific LNG Pty Ltd (30%) and Santos QNT Pty Ltd (30%).



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COMET RIDGE LIMITED – OVERVIEW

Comet Ridge Limited has significant Coal Seam Gas (CSG) projects in key regions of Queensland and northern New South Wales. Gas resources have been certified, by independent professional certifiers, at several projects and gas reserves were certified in 2014 at the Mahalo project in Queensland. The company is listed on the Australian Securities Exchange (ASX Code: COI) and is based in Brisbane. The Board and Management are experienced in establishing and developing energy projects.

Corporate Strategy

Comet Ridge has gained early entry into well-located exploration areas, allowing shareholders to gain substantial leverage into the upside value potential associated with exploration success.

Comet Ridge conducts CSG exploration and appraisal, with the aim of maturing exploration acreage from Gas Resources into Proven and Probable Gas Reserves. This process initially involves drilling wells in order to certify Prospective and Contingent Resources and then through further appraisal via Pilot Projects, with the intention of progressing into certified Reserves.

Where possible, Comet Ridge takes high equity positions in its large exploration permits, including a 100% interest in two blocks in the Galilee Basin. Comet Ridge has 40% equity in the ATP 1191P Mahalo Block in the Bowen Basin, and CSG equity of 22.5%, 50% and 60% respectively in PEL 6, PEL 427 and PEL 428 in the Gunnedah Basin in New South Wales.

Work Programme

Comet Ridge has an active exploration and appraisal work plan for CSG projects in eastern Australia, focused on the conversion of contingent resources to reserves.



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