



31 January 2017

December 2016 Quarterly Report

Highlights:

- Development study work continued at Mahalo
- Mahalo pilot maintains strong production rate
- Transfer of ATP 1015 to Comet Ridge being finalised – Galilee basin area now 9685 km²
- Successful \$2.4m capital raising completed during the Quarter

A shortage of new natural gas supplies coming into the east coast market continues to generate significant market stress with no new gas exploration or development occurring in Victoria, New South Wales or the Northern Territory. This puts a strong focus on available reserves and resources in Queensland to meet the expanding east coast LNG and domestic gas demand requirement.

Comet Ridge believes that central Queensland (Galilee and Southern Bowen Basins) will be key in short to medium term gas supply. Detailed in the table below, is Comet Ridge's current (net recoverable) reserve and resource position for its Queensland tenures. The Company continues its dialogue with a number of parties in relation to gas supply from the Southern Bowen and Galilee Basins and the provision of infrastructure around that gas supply.

Comet Ridge Limited – Queensland Net Recoverable Reserves and Resources									
Location	Project	COI Interest	Reserve (PJ) ¹			Contingent Resource			Prospective Resource (PJ) ²
			1P ³	2P	3P	1C	2C	3C	
Southern Bowen Basin, QLD	Mahalo Gas Project (ATP 1191)	40%	-	30	219	112	232	372	-
Galilee Basin, QLD	Gunn Project Area 4 (ATP 744P)	100%	-	-	-	-	67	1,870	597 ⁴
Galilee Basin, QLD	Albany Structure (ATP 744P)	100%	-	-	-	56	153	417	-
Total			-	30	219	168	452	2,659	597

See Notes to Table at Page 5

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ATP 1191 Mahalo – Southern Bowen Basin, Qld (Comet Ridge 40%), Santos (30%), APLNG (30%)

The Mahalo pilot scheme continues its strong gas production performance (Figure 1) with low to negligible water rates. After a short shut-in during the quarter for maintenance work, the Mahalo pilot came back on line strongly. The Mahalo pilot is 14km from a pipeline connection.

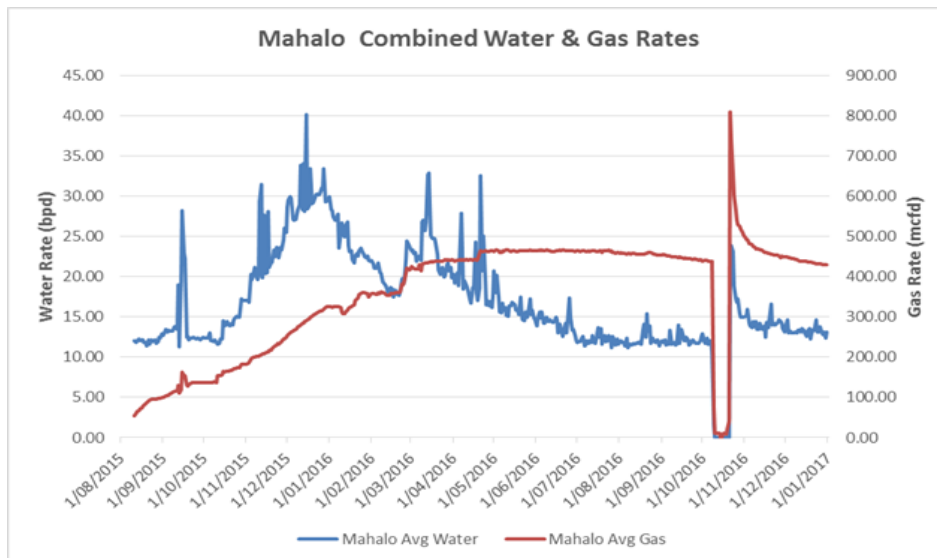


Figure 1 – Mahalo pilot scheme gas and water production to end of the December quarter

During the quarter, Comet Ridge finalised its development analysis work to examine the most efficient and cost effective way to move the northern pilot schemes in the block into production via available export pipeline capacity and field infrastructure (Refer Figure 2).

These studies focussed on utilising existing infrastructure, wherever possible, to minimise capital spend and optimise the time required to initially bring the northern part of the Mahalo block into production. The Company also examined a southerly gas export option for Mahalo, which would be required to take the field production above 25 TJ/d given the pipeline volume constraints in the field infrastructure to the west.

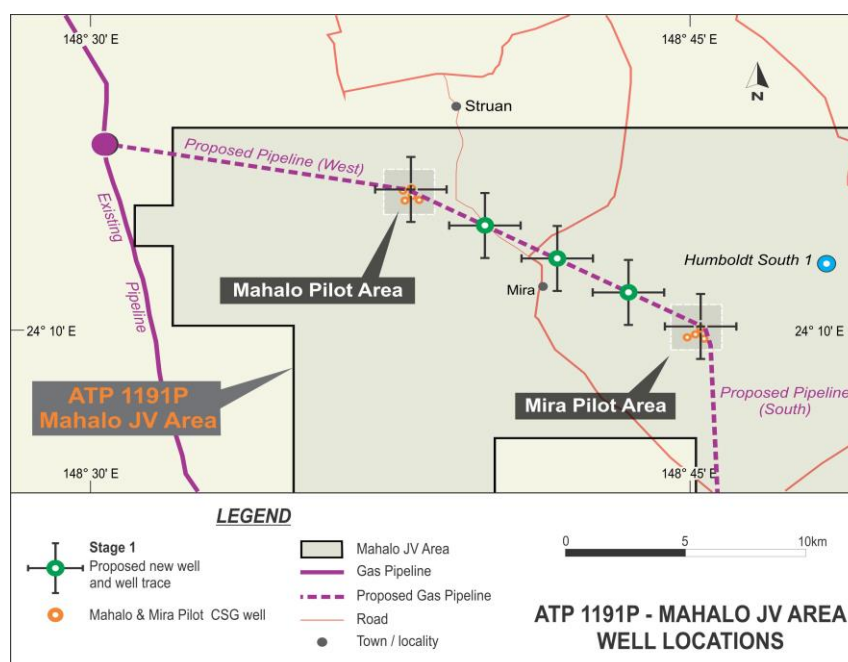


Figure 2 – Potential Mahalo northern field layout for 25 TJ/d initial production phase

The 2017 Work Program and Budget for the Mahalo Joint venture is yet to be approved, however given that the 2017 year is well underway, this approval is expected to be imminent. This will then allow detailed scheduling of field work for this year to be finalised.

ATP 743 and ATP 744 – Galilee Basin, Qld (Comet Ridge 100%)

ATP 1015 – Galilee Basin, Qld (Comet Ridge increasing to 100%)

Comet Ridge continues to work with a number of parties in relation to supply of gas from the Galilee Basin (both sandstone gas and CSG) and the associated infrastructure. There are several connection points and supply options available and the Company continues to evaluate the commercial inputs that provide the greatest optionality and value to the Company. LNG supply, industrial and domestic demand, and power generation sectors each have requirements for gas and may not be mutually exclusive – the volume of gas resources in the Galilee Basin is such that multiple requirements may be able to be met concurrently. Evaluation work continues on each of the options.

In ATP 1015, Comet Ridge has provided the final transfer documentation to the Queensland Government's Department of Natural Resources and Mines (DNRM) to take its equity to 100%.

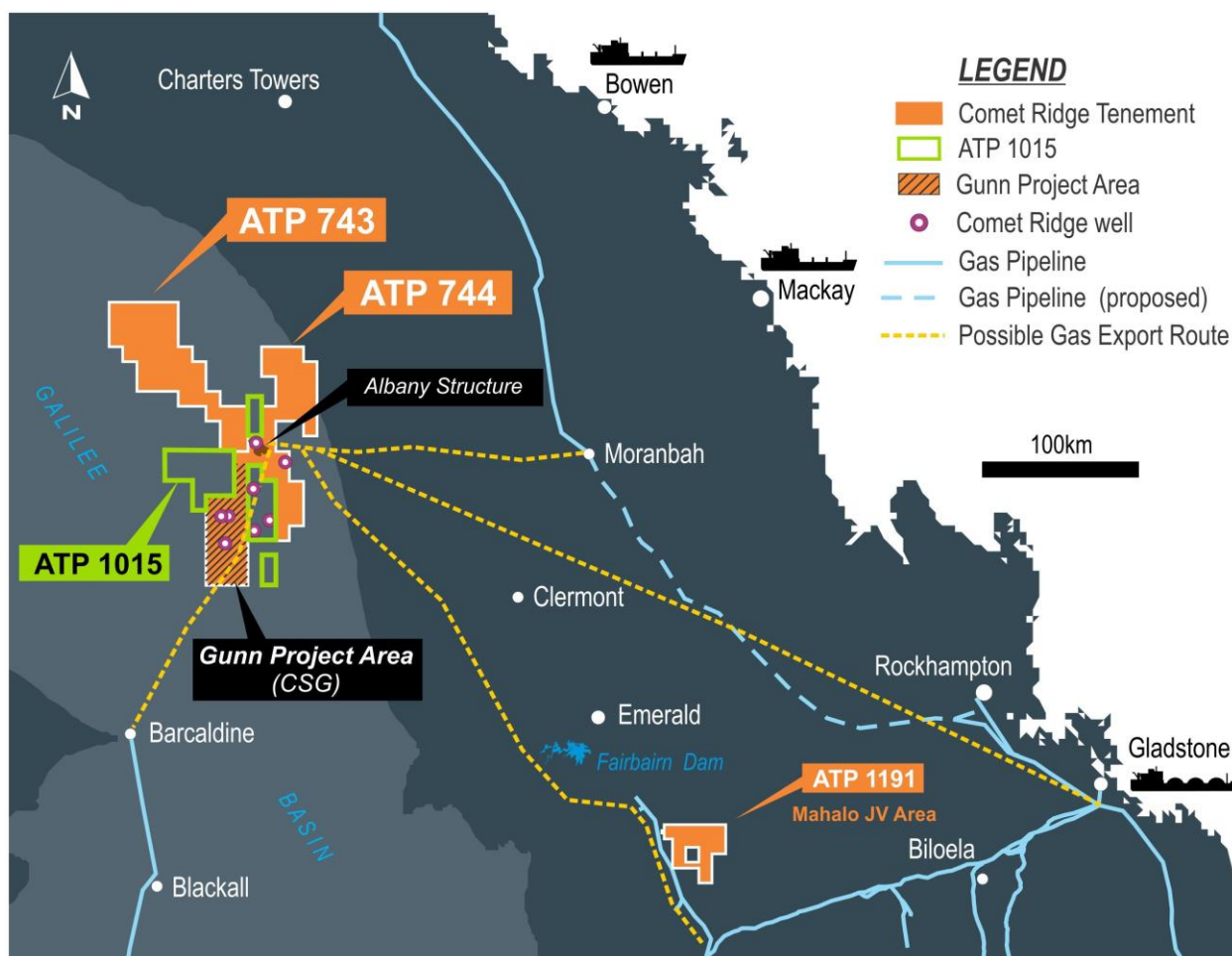


Figure 3 – Regional Location of Mahalo JV Area and Eastern Galilee Basin Blocks

Comet Ridge has a very large acreage position in the eastern part of the Galilee Basin which is prospective for both sandstone gas and CSG development, including 100% interests in ATP 743 and ATP 744 and is increasing its interest in ATP 1015 to 100% (Refer Figure 3). The Company holds an acreage position in excess of 9685 km² at the 100% equity level.

**Gunnedah Basin, NSW (Comet Ridge CSG equity: PEL 427: 59.09%, PEL 428: 68.42%, PEL 6: 29.55%)
(Comet Ridge Conventional equity: PEL 427: 100%, PEL 428: 100%, PEL 6: 99.7%)**

The Company continues to wait for formal approval of the renewals for PEL 6, PEL 427 and PEL 428. It is unclear when these approvals will be granted although we understand they are continuing to be progressed. In keeping with the delay on the approval applications by the NSW government, the current spend on the permits is very low.

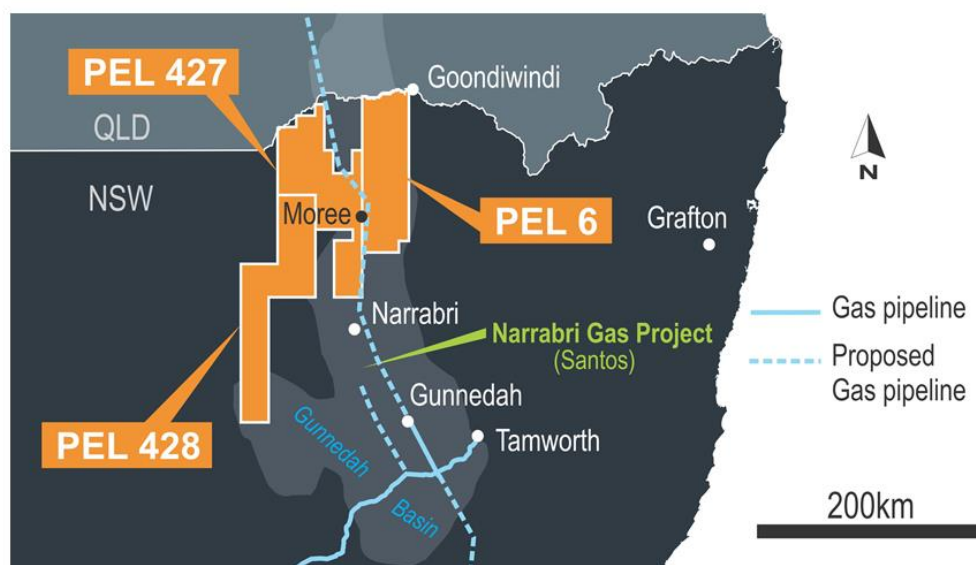


Figure 3 – Comet Ridge’s Gunnedah Basin position

Corporate Activities

During the quarter, the Company completed a successful \$1.4m Placement and a 1 for 25 Entitlement Offer to shareholders raising a further \$1.05m. Both the Placement and the Entitlement Offer were offered at 5c per share. Demand for the stock saw the Placement strongly supported and the Rights issue heavily oversubscribed.

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Notes to Net Recoverable Reserves and Resources Table:

1) COI's net Reserves have not been adjusted for fuel or shrinkage (estimated at approximately 3%) and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).

2) ASX Listing Rule 5.28.2 Statement relating to Prospective Resources:

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

3) 1P Reserves have not been attributed to Mahalo under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan.

4) Where the auditor has detailed Prospective Resources in a range in the Galilee Basin, the best estimate case has been reported in the table above.

ASX Listing Rule 5.42 - Reporting on Oil and Gas Activities

The Contingent Resource for the Albany Structure referred to in the Table are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, originally released to the Market in the Company's announcement of 6 August 2015.

The estimate of Reserves and Contingent Resources for the Mahalo Gas Project as part of ATP 1191 provided in the Table is based on, and fairly represents, information and supporting documentation determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC Inc in accordance with Petroleum Resource Management System guidelines. The reserve and contingent gas resource estimates for ATP 1191 provided in this presentation were originally released to the Market in the Company's announcement of 28 August 2014.

The contingent gas resource estimates for ATP 744 provided in this statement were originally released to the Market in the Company's announcement of 25 November 2010, and were estimated using the deterministic method with the estimate of contingent resources for ATP 744P not having been adjusted for commercial risk.

The Company confirms that it is not aware of any new information or data that materially affects the information in this announcement to the market of the Net Recoverable Reserves and Resources announced as detailed above and that all of the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.

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 and expanded in 2015, 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's early entry into well-located exploration areas, has allowed shareholders to gain substantial leverage into the considerable 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 1191 Mahalo Block in the Bowen Basin, and CSG equity of 29.55%, 59.09% and 68.42% respectively in PEL 6, PEL 427 and PEL 428 in the Gunnedah Basin in New South Wales.



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