



28 November 2013

CHAIRMANS ANNUAL GENERAL MEETING ADDRESS

Good morning, and welcome to the 2013 Annual General Meeting of Comet Ridge Limited. I appreciate the opportunity to address shareholders directly and thank you for your attendance and support.

I would like to touch on three topics this morning:

- Mahalo;
- Gunnedah; and
- the eastern Australia gas market

I look forward to joining you for morning tea at the conclusion of the meeting.

It has been a frustrating year for Comet Ridge. In our Mahalo joint venture, we have been very disappointed with the slow progress in bringing on line and optimising the pilots at Mahalo and Mira.

We believe that the Mahalo project is a high class asset and one of the best, yet to be developed fields in eastern Australia. Our drilling programme at the Mahalo and Mira field pilots measured permeabilities up to hundreds of millidarcies, and demonstrated good gas contents and coal thicknesses. Importantly, the Mahalo block is close to existing infrastructure and therefore could contribute to the east coast gas story much more quickly than most fields in pilot stage.

The pilot program has experienced a number of delays in various stages of the joint venture agreed work programme and also some simple technical errors. Comet Ridge will continue to proactively engage within the joint venture and we do however believe that we will see good progress with the dewatering of the pilots over the next few months. Mahalo has significant resources booked and significant reserve and value potential for the company.

At this meeting last year I said,

“Exploration activity at our Gunnedah Basin assets in northern NSW finally looks promising for the New Year now that the State Government has released its Strategic Regional Land Use Policy”

and

“This has given Comet Ridge increased confidence to start implementing plans to pursue the new and exciting exploration leads it has identified in PEL 427, PEL 428 and the recently acquired PEL 6.”

Unfortunately, despite predicted severe gas shortages in NSW, the progress we sought has not occurred. The NSW Government is not yet supporting the gas industry and the development of gas reserves there remains many years behind Queensland.

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With the change of Federal Government, and the NSW Energy Security Summit in September, we are starting to see some light at the end of the tunnel. I am very pleased to see that Santos has now recommenced drilling in the Bohena trough to the south of Comet Ridge's licenses in PEL 238. If NSW is to produce gas, the Gunnedah is the logical area, with non-intensive cropping and grazing and much lower population density than coastal areas.

Tor will update shareholders on Galilee and Gunn Project in his presentation.

We are even more certain in our belief that there will be a considerable shortage of gas in eastern Australia required to supply both the LNG plants at Gladstone and domestic demand. Shareholders may be aware of the increasing comments by users, gas companies and commentators such as the article two weeks ago in the Australian newspaper with the heading 'Export fears as gas wells fall short, LNG projects under pressure'.

The article went on to say that doubts about the ability of Queensland's coal seams to produce enough gas to feed Gladstone's LNG export plants are growing, with claims that many development wells are not producing as expected and that more gas could be needed.

Yesterday the Australian Financial Review reported that Beach Energy managing director Reg Nelson has predicted a 'continuous spike in natural gas prices in the eastern states lasting as long as a decade' due to the supply crisis in the market. Mr Nelson said wholesale prices had already risen to the widely forecast \$7-\$9 per gigajoule and they could rise to more than \$10 for short-term contracts given the tightest period in the market would only occur in 2017.

Comet Ridge's strategy is based on this premise and a belief that any company that can prove commercial gas reserves in eastern Australia will be well rewarded by the market and this is the most effective avenue for building shareholder value. We are focussing our people and capital resources on doing this and believe that in Mahalo, the Galilee and the Gunnedah we have some of the most promising areas available for the next wave of producing gas fields in eastern Australia.

Comet Ridge has over 5,000Pj of contingent and prospective resources in the very tight eastern Australian market, and our focus remains on conversion of resources to reserves.

I would also like to thank the institutional and sophisticated investors who supported our \$9 million placement in July.

Comet Ridge – the Board, management and staff will continue to work hard to deliver value and results to you, our loyal shareholders.

My thanks to everyone for their ongoing support.



James McKay
Chairman of Directors