

  
Comet Ridge Limited**29 October 2015****September 2015 Quarterly Report****Highlights:**

- **Mahalo 6 / 7 Vertical-Horizontal well combination showing significant increase in gas rate following recent pump speed increases**
- **Initial Independently certified Contingent Resource Booking for Conventional Gas Structure in the Galilee Basin Permit ATP 744 (COI 100% equity)**
- **Contingent Resource booking of 56PJ 1C, 153PJ 2C and 417PJ 3C (first in the basin for Conventional Gas Resources)**

**Australian Permits****ATP 337P Mahalo – Bowen Basin, Qld (Comet Ridge 40%), Santos (30%), APLNG (30%)**

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 (see Figure 1). The second Gladstone LNG scheme came on line at the end of September and the third scheme is expected to come on line during November, with 2015 clearly the most significant year for the upstream industry in Queensland since the Roma-Brisbane Pipeline (RBP) commenced operations in 1969.

Following mechanical issues with the Mahalo 6 downhole water pump earlier in the year, a workover to replace this pump was completed by the Exploration Operator on 31 July with the well subsequently returned to production on 5 August 2015.

During August and September, the pump speed was kept low and constant such that a very gradual pressure drawdown was applied to the horizontal well section (the Mahalo 7 horizontal well intersects the Mahalo 6 vertical well and water and gas are produced up the Mahalo 6 vertical well to surface – see Figure 2). During this two month period, a steady water rate was recorded and gas production built steadily.

During October, three small successive pump speed increases have been applied to the Mahalo 6 well and a significant increase in gas rate has been achieved. Bottomhole pressure has moved down only slightly compared to the significant increase in gas rate, indicating good to excellent horizontal well productivity to this point with scope existing for significant further pump speed increases in the near future.

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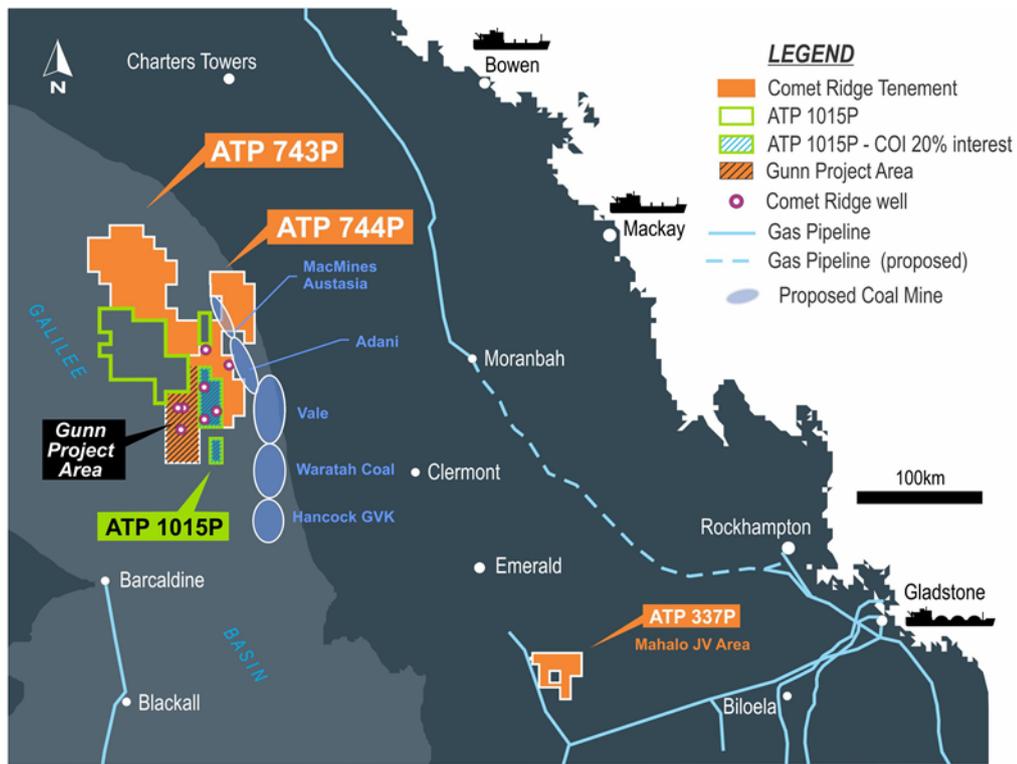


Figure 1 – Regional Location of Mahalo JV Area

Comet Ridge Managing Director, Tor McCaul said he was extremely pleased with the well performance since Mahalo 6 came back on line in August and particularly with the sharp response in gas rate compared to only a small decrease in bottomhole pressure over the past couple of weeks.

During operations to date, the remaining vertical wells (Mahalo 3, 4 and 5) have been shut in with downhole pressures being monitored closely. Significant pressure responses have been measured in all three wells as the pressure in the Mahalo 6/7 wells has decreased, indicating a well-connected network of fractures linking the horizontal well with the other Mahalo wells.

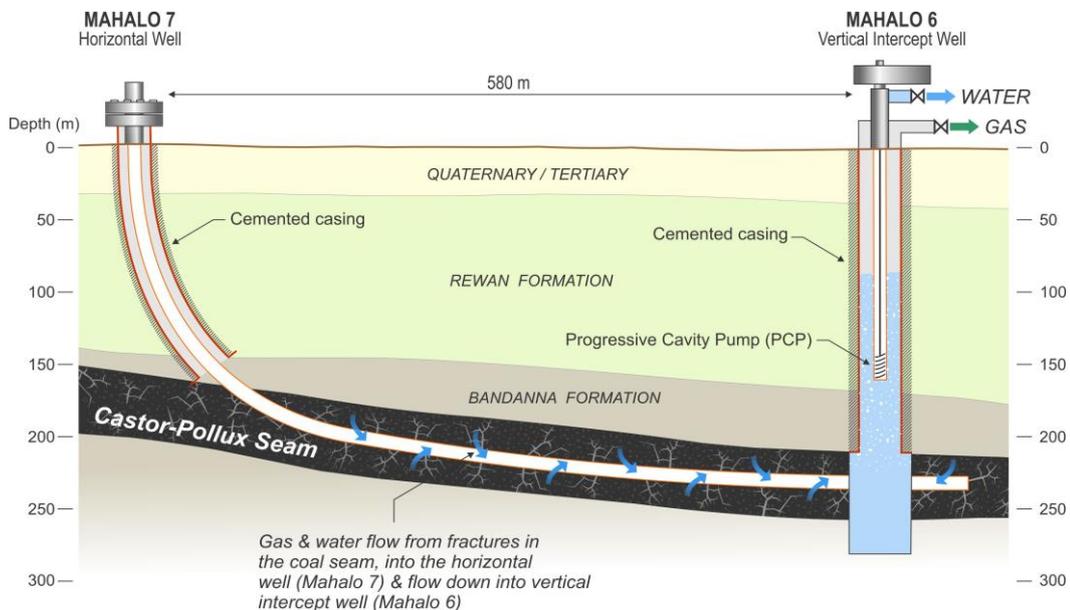


Figure 2 – Mahalo 7 horizontal well path to intercept the Mahalo 6 vertical production well

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

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On 5 August 2015, the Company announced an independent certification for Contingent Gas Resources in the 100% held Galilee Basin permit ATP 744. The Certification follows an independent review by SRK Consulting (Australasia) Pty Ltd (“SRK”) of Brisbane, Australia. This structure was initially identified and named from the Carmichael 1 well drilled in 1995 and has subsequently been renamed as “Albany”.

The Albany Structure is situated just north of the Gunn Project Area where Comet Ridge already holds a significant Contingent Resource Certification for coal seam gas (CSG) (See the 5 August 2015 ASX:COI announcement).

SRK have used a combination of *probabilistic* and *deterministic* methods to prepare the estimates of Original Gas-In-Place and Contingent Resources (shown below in Table 1) as at 5 August 2015 for Comet Ridge’s net equity interest (being 100% in ATP 744).

**Table 1: ATP 744 Independent Gas Resources Certification for Albany Structure**

Comet Ridge Net Equity Share	*OGIP (PJ)			Gas Contingent Resource (PJ)		
	1C	2C	3C	1C	2C	3C
100%	130	334	861	56	153	417

Notes to Table 1:

- \* Original Gas in Place
- Comet Ridge is not aware of any new information or data that materially affects the information included in the market announcement of 5 August 2015 reporting the Contingent Resource estimates for the Albany Structure and that all material assumptions and technical parameters underpinning the estimates in the that announcement continue to apply and have not materially changed.

The Carmichael-1 well was drilled in 1995 by Maple Oil & Exploration NL, as an oil exploration well, to test the petroleum potential of the Late Carboniferous Lake Galilee Sandstone over a robust seismically defined anticlinal structure in the then ATP 588P (now ATP 744P). The structure is approximately 15km long on its main axis. Three separate zones within the Lake Galilee Sandstone flowed gas to surface at low rates.

An additional significant section of gas pay was not tested. The well discovered a large natural gas accumulation which was deemed uneconomic at the time based on drill stem test results, and historic very low gas prices, and the well was plugged and abandoned.

2015 reprocessing and reinterpretation of the seismic data over the structure confirmed the presence of a large anticlinal feature with a significantly larger structural closure than had been previously mapped. This latest technical review also indicates the 1995 well was not optimally located over the crest of the structure, leading to significant upside for a future appraisal well.

A review of the well data and results has been used to quantify key reservoir parameters. The well results also indicated that the productivity of the tight gas formation was not optimally tested in Carmichael-1 due to the significant overbalance in mud weight and the presence of liquid hydrocarbons decreasing relative permeability to gas. Further drilling is required to test the crest of the structure to demonstrate commercial flow rates for gas.

The Albany Structure Contingent Resources Certification received from SRK represents an independent certification based on pre-existing geological and drilling data available over the structure.

Commenting on the 5 August 2015 announcement, Managing Director, Tor McCaul said that this represents the first sandstone gas resource booking that he is aware of anywhere in the Galilee Basin, so this is an important result for Comet Ridge.

He indicated that he was pleased with the recent technical effort that has identified the potential of the structure, as the company now has a much better view of the significant resource potential. He said he believed that drilling a second well using latest technology, including a light weight mud system or air drilling, and testing gas sands immediately on penetration, could allow a much more significant gas flow result than was demonstrated in 1995 with the original Carmichael 1 well.

**Gunnedah Basin, NSW (Comet Ridge CSG equity: PEL 427: 50%, PEL 428: 60%, PEL 6: 22.5%)  
(Comet Ridge Conventional equity: PEL 427: 100%, PEL 428: 100%, PEL 6: 99.7%)**

As reported in the last quarter, petroleum permit work programs must be aligned with the NSW Government's newly released *Minimum Standards and Merit Assessment Procedure* which has been rolled out as part of the NSW Gas Plan. As PEL 428 and PEL 6 are still under renewal application, updated applications of renewal are required to be submitted. These were originally due for submission in August but extensions were granted until late October to provide time to better understand the requirements. The updated renewal applications have now been submitted and we look forward to finally having these permits renewed.

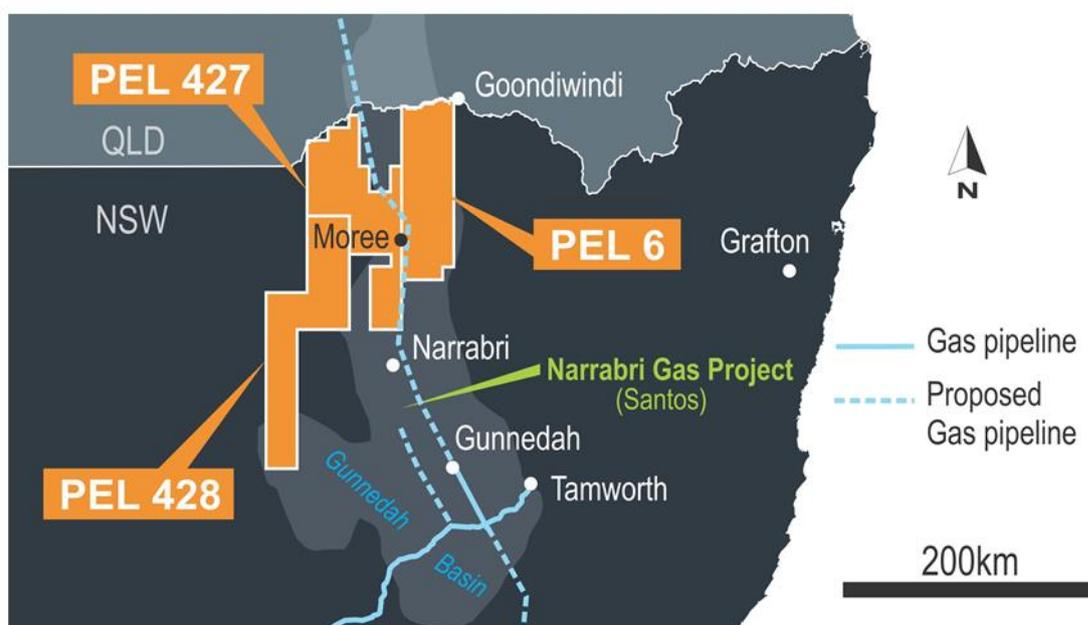


Figure 3 – Comet Ridge's Gunnedah Basin position

## New Zealand

As foreshadowed in the June Quarterly Activities Report, Comet Ridge has decided to take steps to surrender its interest in PMP 50100. An application seeking the surrender of the Permit has been lodged and is currently being processed by New Zealand Petroleum and Minerals.

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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 three 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 337P 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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