


Comet Ridge Limited

8 July 2019

Mahalo Initial Development Plan Update

- **Initial Development Plan for Mahalo progressing**
- **Mahalo Joint Venture expecting to lock down key inputs for development this month**
- **Production testing update**

Comet Ridge Limited (ASX:COI) is pleased to provide an update on plans for its Mahalo field development in Central Queensland. The Mahalo Joint Venture (MJV) has been actively working towards the submission of the Initial Development Plan (as part of the Petroleum Lease Application Submission) to government and have recently reached agreement on a number of key inputs and expect to be finalising others this month. The MJV consist of 40% Comet Ridge and 30% each for Santos and APLNG.

Mahalo Block Development Update

All parties in the joint venture have been working closely together over the first part of this year to agree the most economically efficient development for the Mahalo Gas Project, including well design and locations, plant location, export pipeline and the work associated in preparing for government applications. These include environmental approvals (both state and federal) and the important Petroleum Lease Application submission, which requires submission of an Initial Development Plan (IDP) to the Queensland Government. APLNG has been co-ordinating these activities.

Recently, a Pipeline Survey Licence application was lodged for the approximately 65km pipeline connection that will be required to deliver gas to either (or both) of two larger pipelines to the south. Both of these larger pipelines run to Gladstone in central Queensland and service both the domestic and LNG markets. An initial environmental meeting with the federal government's Department of Environment has already been held in Canberra in preparation for the submission of that approval, which will be made shortly. Contractor studies on the processing facility along with core technology selections are also nearing completion and are expected this month.

The MJV have now agreed:

- The initial development will be a series of mostly dual lateral wells, intersecting vertical production wells;
- Initial development will target the Castor and Pollux Seams in the most northern part of the field in the shallowest coal sections. The Aries and Orion Seams will not be targeted in the Initial Development Plan;
- The modular gas plant (water treatment, dehydration and flare) is likely to be sized for 80 TJ/d gas capacity. Given the modular design, the plant could be expanded beyond 80 TJ/d at a later time. The core technology selection work, due later this month, will help to define this range;

- A modular Compression concept will be implemented. Installed compression is expected to be initially 40 to 60 TJ/d with room for expansion. The core technology selection work, due this month, is likely to refine this range;
- The approximate 65km pipeline connection to the two available export pipelines to the south would be sized with a capacity up to 120 TJ/d. Line sizing is expected to be finalised as part of the concept select process this month;
- Submission of the key Federal and State government applications for the development are scheduled to occur next month;
- The joint venture has agreed to a final investment decision (FID) date of June 2020.

Comet Ridge’s first development planning work, conducted during the latter part of 2017, considered a large vertical well development over a large part of the Mahalo Block. This included approximately 200 producing wells and an initial offtake rate of 50 to 60 TJ/d. The production well count in the latest IDP is approximately half of what was originally contemplated by Comet Ridge in 2017.

Further appraisal of the field throughout 2018 and 2019, including the highly successful results from Mahalo 7 and Mira 6, focused the initial development towards dual lateral wells, initially draining the main Castor and Pollux Seams in the northern part of the field. This work, along with significant geological studies, moved the project towards a more targeted and economically efficient initial development. Optimisation of the IDP will continue within the MJV over the coming month.

Tor McCaul, the Managing Director of Comet Ridge said “It is great to see the Mahalo Gas Project taking shape and to see the MJV partners working together on the Initial Development Plan. Given Comet Ridge’s time working on the asset and the last couple of years as Exploration Agent for Santos, our technical understanding of the field has helped shape its development. It is Comet’s view that FID will be taken by June 2020 and given the modular approach to the development, first gas to market should be achieved before the end of 2021”.

Flow testing Update – 4Q 2018 programme wells

Following the successful drilling of the five well evaluation programme in January, which included the MJV’s first dual lateral well, the wells were handed over to Santos (as Exploration Operator) for production testing. The well programme included:

- one vertical production well (Memooloo 2) in the north of the block,
- and two lateral-vertical wells pairs (Struan 3/2 and Sirius Road 2/1) in a significantly deeper section of the reservoir, towards the south and west. See Figure 1.

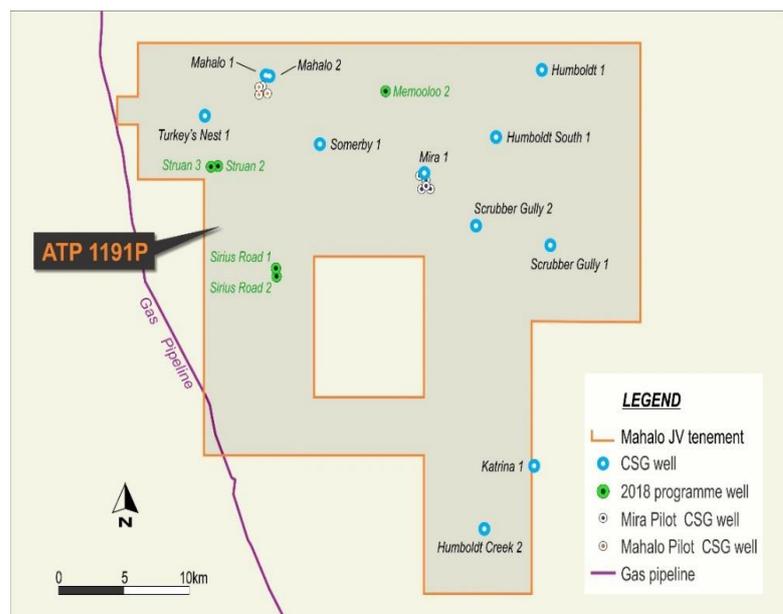


Figure 1 – Map of the Mahalo Gas Project with the Memooloo 2, Struan 3/2 lateral-vertical pair and Sirius Road 2/1 lateral-vertical pair.

These three production wells differ slightly from the earlier lateral-vertical well pairs (Mahalo 7/6 and Mira 6/2) in that the earlier wells were drilled inside the Mahalo and Mira pilot schemes. For the Mira pilot layout, see Figure 2 below.

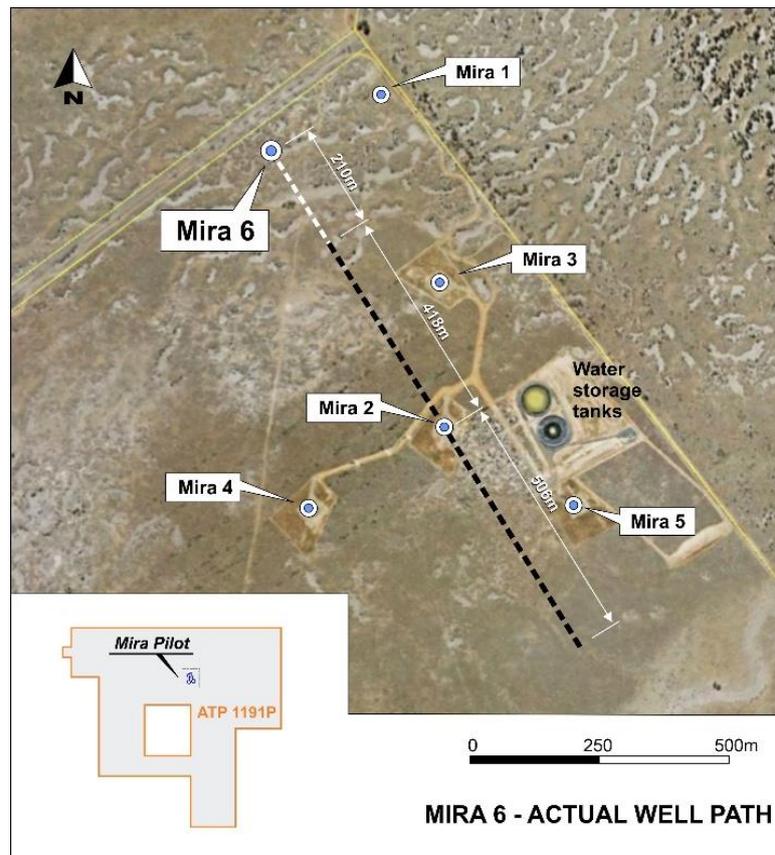


Figure 2 – Map of the Mira Pilot Scheme, showing the lateral well running down between producing vertical wells that aided in reducing the bottom hole pressure across a wide area.

The Mahalo and Mira pilot schemes each had three producing vertical wells within only a couple of hundred metres from the lateral wells, assisting the dewatering process. The wells drilled in the 4Q 2018 programme were specifically positioned to be more isolated, at the shallower and deeper limits of the field, to help define the initial development area. These wells are many kilometres from the nearest pilot scheme and subsequently the performance focus has been around the water rates they could produce, rather than the gas rates, as generally individual wells would need support to lower the pressure over a wide enough area, such as in a full field development.

Flow testing of the three production wells continues. The bottom hole pressures on all but one of the production wells has effectively been brought down to low levels which was one of the objectives of testing.

Summary of peak water rates from all four lateral wells drilled in the field plus Memooloo 2 are in the table below.

Well	Style	Approx Peak Water Rate (bwpd)
Mahalo 7/6	lateral-vertical combination	30
Mira 6/2	lateral-vertical combination	150
Struan 3/2	dual lateral- vertical combination	25
Sirius Rd 2/1	lateral-vertical combination	30
Memooloo 2	vertical	48

The Struan 3/2 and Sirius Road 2/1 combinations have shown steady gas flows at low rates for the past few months as the wells dewater. Memooloo 2 is now starting to see the flare intermittently lit as it produces gas at low rates.

In helping to define the outer limits of the initial development area, the production performance of the deep lateral wells has been poorer than would be required to include those areas of the field in the Initial Development Plan. The gas content data and production performance of the Memooloo 2 well has been pleasing and has been consistent with the reservoir parameters seen in the Mahalo and Mira pilot wells with production performance still being monitored. Pressure Build-up surveys are planned for the three test wells to gain further data on reservoir parameters to be included in the data set for the IDP.



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COMET RIDGE LIMITED – OVERVIEW

Comet Ridge Limited has a 40% interest in the Mahalo Coal Seam Gas (CSG) project located in ATP 1191 in Queensland's Bowen Basin. The Company also holds a 70% effective interest (consequent on the successful Farm-in of Vintage Energy Limited) in the Albany conventional gas project and 100% in the Gunn CSG project in the Galilee Basin (ATP 743, ATP 744 and ATP 1015). The Company also has 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. Gas resources have been certified by independent professional certifiers at several projects, and gas reserves were certified in 2014 and expanded in 2015 and 2018 for the Mahalo project. 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. 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.

