



# ASX Announcement

13 February 2020

## Mahalo North Update

### Key points:

- Mahalo North work programme planning completed and set to commence in Q2 2020 following award of tenure
- Modelling shows that dual lateral wells in the Mahalo North CSG fairway, could flow in the range of 2 to 3 million standard cubic feet per day
- Work programme designed to independently certify gas reserves

In late October 2019, Comet Ridge was appointed preferred tenderer for the natural gas acreage ATP 2048 (Mahalo North), in the Southern Bowen Basin, as part of the Queensland Government's ongoing gas tender process. Comet Ridge holds a 100% interest in, and is the operator of, the 450 km<sup>2</sup> block which is located directly north and in the CSG fairway running up from the Mahalo Gas Project (where Comet Ridge holds 40%, Santos 30%, APLNG 30%). Origin (ASX:ORG) is upstream operator for APLNG. (See Figure 1)

Since being appointed preferred tenderer at Mahalo North, Comet Ridge has focused on completing the government procedural requirements for formally obtaining the tenure. Comet Ridge is working through the environmental requirements and is currently engaged in the Native Title process. It is expected that ATP 2048 will be formally awarded during Q2 2020.

Concurrently with the above, the Company has worked to expand its technical understanding of the CSG Fairway (See Figure 1) and is evaluating a variety of development options as well as completing preparations for the initial work programme. This additional subsurface analysis, combined with optimisation of well design and a review of additional third party seismic data (that runs through both Mahalo and Mahalo North), has allowed Comet Ridge to increase its confidence in the extension of the high production fairway from Mahalo into the Mahalo North acreage.

Once the ATP has been formally awarded, Comet Ridge will execute a work programme that focuses on two objectives:

1. Pilot wells in the southern portion to evaluate the high production fairway (main coal seams) adjacent to Mahalo; and
2. Core holes further north to assess the northern extent of this fairway.

A compelling east coast gas play

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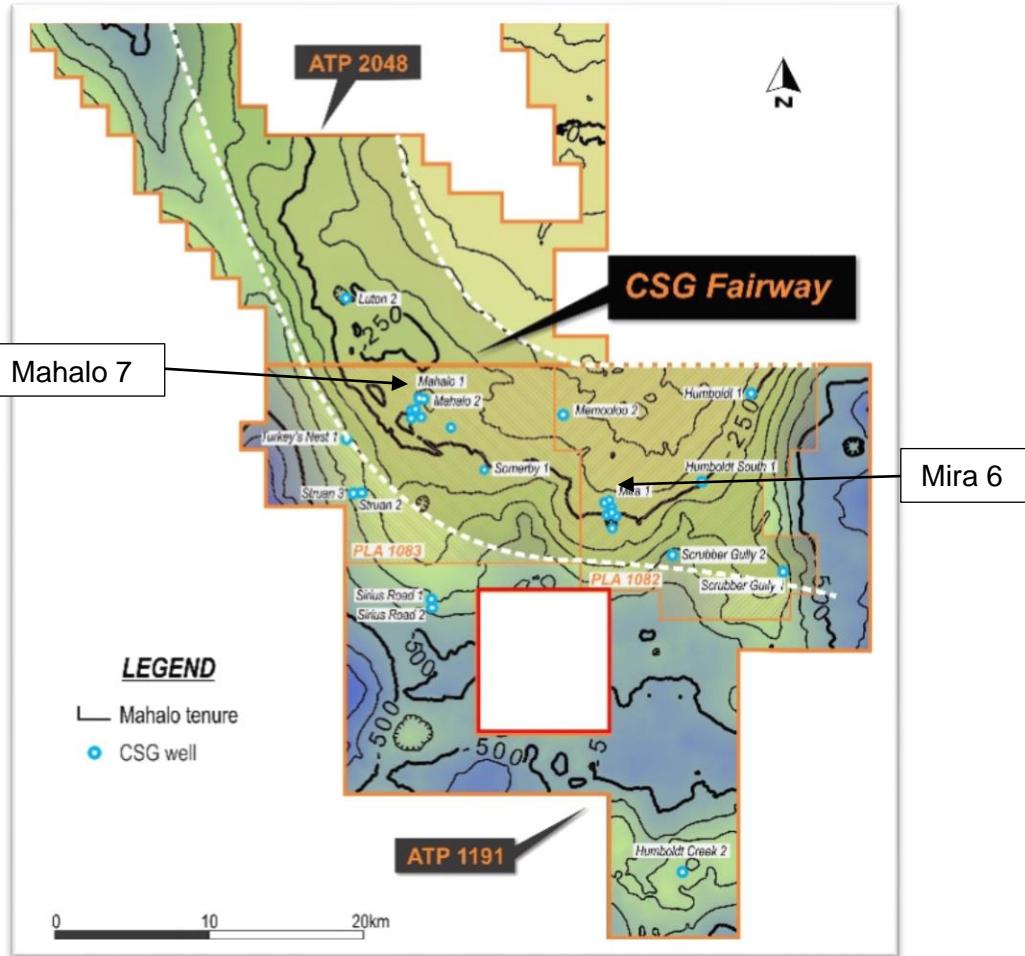


Figure 1 – Map of the CSG Fairway running from Mahalo into the Mahalo North acreage.

Based on the significant data set within the Mahalo Gas Project just to the south, Comet Ridge modelling shows that dual lateral wells in this fairway, if drilled to 1500m in length, could flow in the range of 2 to 3 million standard cubic feet of gas per day. This is consistent with the unit well performance measured from both the Mahalo 7 and Mira 6 wells, in the same CSG fairway in the Mahalo Gas Project. These modelling estimates will be further refined following testing of the pilot wells noted above.

Additionally, modelling of Mahalo North production, suggests that the block has the potential to deliver up to 20 TJ/d, which at 100% equity, provides a very meaningful gas sales volume in addition to Comet Ridge's 40% share of production from the Mahalo Gas Project.

Mahalo North is subject to a domestic market obligation and as part of the government bid process, Comet Ridge signed a Memoranda of Understanding with a number of high-quality east coast counterparts, some of which included options around development funding arrangements. Comet Ridge has continued to engage with these counterparties on funding options and Gas Sales agreements (including pre-payment) and is also engaging with traditional and infrastructure lenders on funding to support the development via debt.



Comet Ridge continues to also engage with third party gas pipeline owners and builders/operators to explore the options around gas transportation and processing services located to the west of the Mahalo North block<sup>1</sup>. Accessing this existing or new build infrastructure, could allow Comet Ridge the ability to bring meaningful gas to market in 2021.

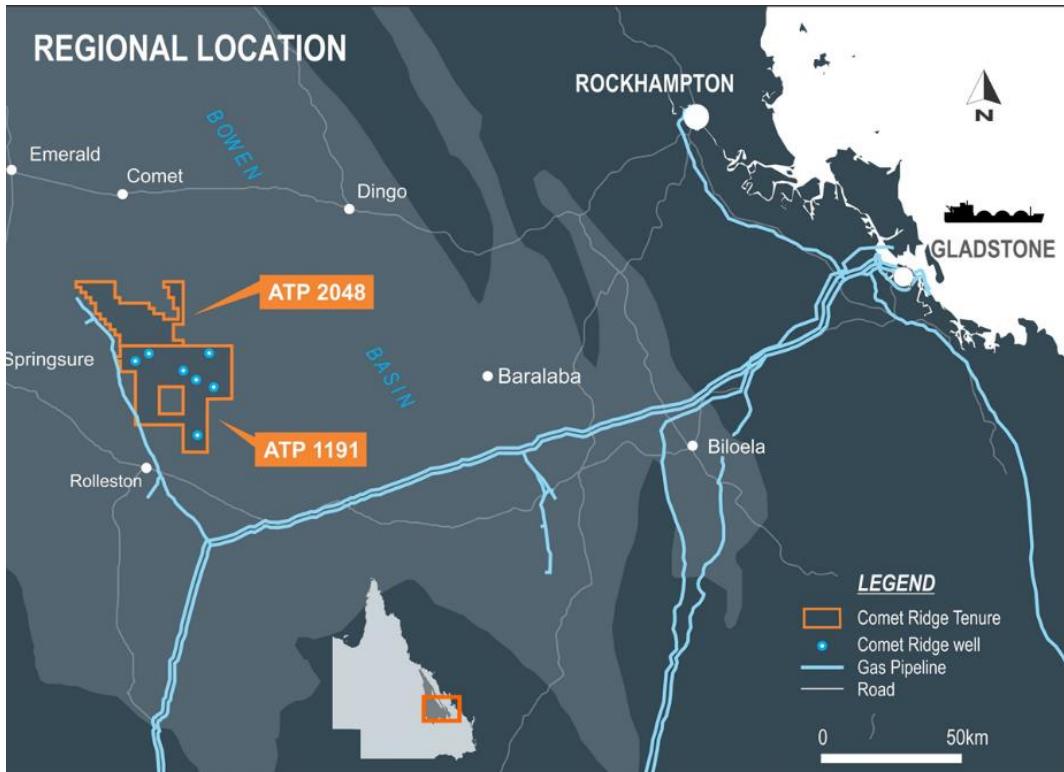


Figure 2 – Regional location map of for Mahalo and Mahalo North.

After the ATP has been formally granted, Comet Ridge expects to commence field operations, with the drilling of the dual lateral pilot wells in the southern portion of the block. These wells, combined with the core holes in the northern area, existing seismic data and the significant Mahalo dataset, should allow Comet Ridge to quickly move to independently certify gas reserves.

As part of the ongoing strategic review of our assets, Mahalo North has been identified as a high priority asset for the Company, not only because of the significant economic contribution that the project could deliver, but importantly as operator and owner of 100% of the project, Comet Ridge can drive the appraisal and development timetable. This will allow Comet Ridge to quickly move from explorer to producer and begin to generate significant cashflow for the Company. As a result, Comet Ridge will be prioritising this project, while continuing to undertake our JV partner responsibilities in support of APLNG/Origin as Operator of the Mahalo Gas Project as it is progressed to FID.

<sup>1</sup>. Refer ASX:COI Announcement 22 November 2019 – New deal seeks to connect early gas from Mahalo North Project to Market by 2021



**By Authority of Board per: Tor McCaul, Managing Director**

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#### **About Comet Ridge**

Comet Ridge Limited (ASX: COI) is a publicly-listed Australian energy company focused on the development of gas resources for the east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland and New South Wales. Our flagship Mahalo and Mahalo North projects are low cost, sales spec gas plays close to Gladstone, targeting first gas by 2021. Our exploration assets in the Galilee and Gunnedah basins offer further upside amid increasing domestic and international demand for gas as a source of cleaner energy.