



ASX Announcement

15 November 2021

Mahalo North 2 second lateral section successfully drilled & rig released

Key points:

- Second Mahalo North 2 dual lateral well section successfully drilled and lined, reaching a total (along hole) distance of 1152m.
- Over 2100m of total lateral section successfully drilled with almost 1900m in-seam for production.
- High drilling fluid losses indicative of a good natural fracture network along both lateral well sections.
- Rig released and soon moving off location.

Comet Ridge Limited (ASX:COI) is pleased to provide an update on its drilling operations that are now finalised at the Mahalo North 2 dual lateral well in ATP 2048, where Comet Ridge holds 100% equity and is the Operator.

The Mahalo North 2 dual lateral well is located on the high-quality fairway in the southern part of ATP 2048, approximately 3.7km to the north of the existing Mahalo Pilot Scheme, and 450m to the west-southwest of the recently drilled Mahalo North 1 (vertical) well.

The Mahalo North 2 dual lateral well incorporates two separate, but connected, lateral wells drilled over a long distance, to allow a pathway for water and gas to flow from the natural fractures inside the coal reservoir and into the vertical well (Mahalo North 1) for transport to surface. Since the last operational update was provided on Monday 8 November 2021 (after the first lateral section was drilled), the second lateral section has been drilled by branching off from the first.

This second lateral branched off prior to the point where the first lateral intersected the Mahalo North 1 vertical well, steering inside the coal seam in a north-easterly direction (*Figure 1* below shows the relative position of the well paths). Unlike the first lateral, this second lateral does not intersect the vertical well and simply branched off from the first lateral to create a large, connected lateral well network across this high-quality coal reservoir. When put into production, water and gas entering this second lateral from the reservoir will move along the well to the junction of the two laterals, and will then flow back towards the vertical well and to surface.

High drilling fluid losses were experienced whilst drilling this second lateral section, above what was experienced when drilling the first lateral. This would indicate that both lateral wellbore sections have encountered an established natural fracture network in the coal reservoir, which bodes well for future production performance.

A compelling east coast gas play

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In a similar fashion to the first lateral, the second lateral had a 3 1/2" diameter production liner run and installed to provide a conduit for long term gas and water production. This second lateral ultimately reached a total (along hole) distance of 1152m. The rig was released at 1800 hrs on Friday 12 November and will be demobilised over this week.

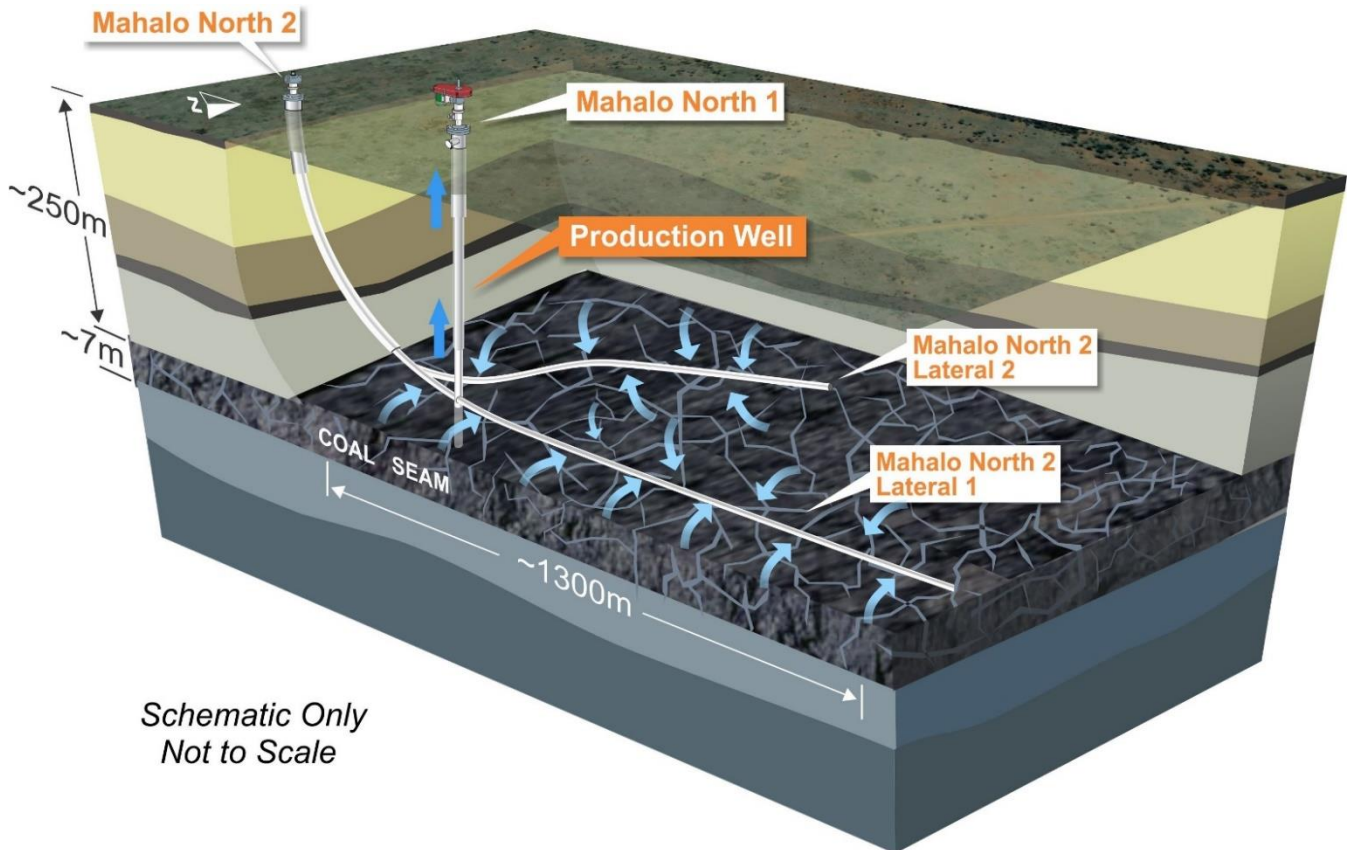


Figure 1 - Cutaway diagram of the relative position of both Mahalo North 2 dual lateral well sections, deviating from surface, tracking through almost 1900m of coal reservoir with significant fluid losses, indicating a strong natural fracture network.

Comet Ridge Managing Director, Tor McCaul said:

“We are pleased to have now successfully drilled our first dual lateral well in the Mahalo North block and are excited to see such high fluid losses whilst drilling. Such a high level of losses along both lateral sections, generally indicates connection to a good natural fracture network. This is another confirmation that the shallow high-quality Mahalo fairway we identified in our technical work, is the right place to focus for development of the Mahalo Hub area.

The team is now gearing up for production testing, which we expect to start next month. We will commence flowing water from the Mahalo North 1 well at a low rate initially, and then will ramp up production over the following weeks. We look forward to reporting ongoing production updates from this well containing almost 1900m of high-quality coal reservoir.”



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 natural 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 Gas Hub projects are low cost, sales spec natural gas blocks, close to Gladstone. Our exploration assets in the Galilee and Gunnedah basins offer further upside amid increasing domestic and international demand for natural gas as a source for cleaner energy and as a key manufacturing feedstock that makes thousands of products, used daily.