Comet Ridge Limited

Comet Ridge Limited
Annual General Meeting - Brisbane

Managing Director's Presentation

24 November 2016

www.cometridge.com.au

The past year

Progress

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December 2015

- **Increase in Mahalo 2P and 3P independently certified reserves**
  - Modest increase in 2P
  - More significant increase in 3P

April 2016

- **Mahalo Pilot Gas Offtake Rate growth from 235 Mcfd at last AGM to over 460 Mcfd**
  - Horizontal well performance at upper end of expectations
  - Performance continues to be maintained since April

May 2016

- **Non-binding MOU executed with APA Group for Galilee gas export**
  - Early route options evaluated – southeast most optimal
  - Galilee Basin contingent resource base very large

July 2016

- **Scoping development planning for Mahalo undertaken**
  - Up to 25 TJ/day First Stage optimal
  - Location and low water rates confirm low cost development

Ongoing targets

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Mahalo project - JV agreed plan to significant reserves growth and development

- Yet to agree reserves and development pathway for Mahalo within JV
- LNG project delivery had been prioritised
- Since Oct 2016 all six LNG trains in Gladstone now running
- Comet Ridge believes Mahalo is lowest cost additional gas available

Galilee Basin - funding for Albany Structure drilling

- Ongoing discussions with potential customers who have different requirements and drivers (LNG vs Industrial vs Power)
- The benefits for early mover(s) are
  - Discount to market price on gas
  - Ability to lock in volume to minimise business disruption

Gas Market - Perfect Storm Continues Brewing

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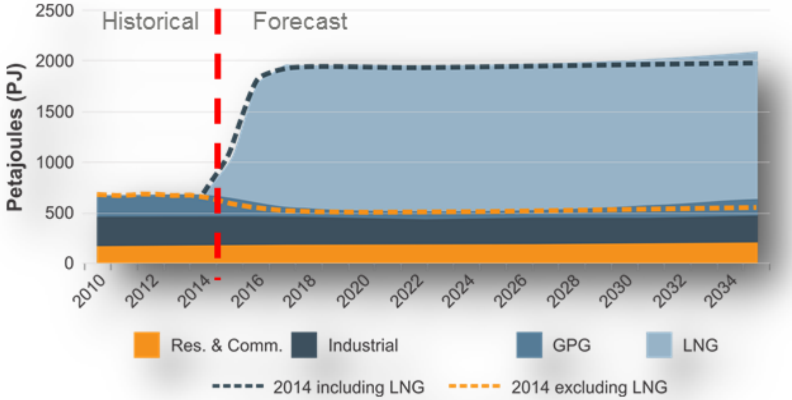
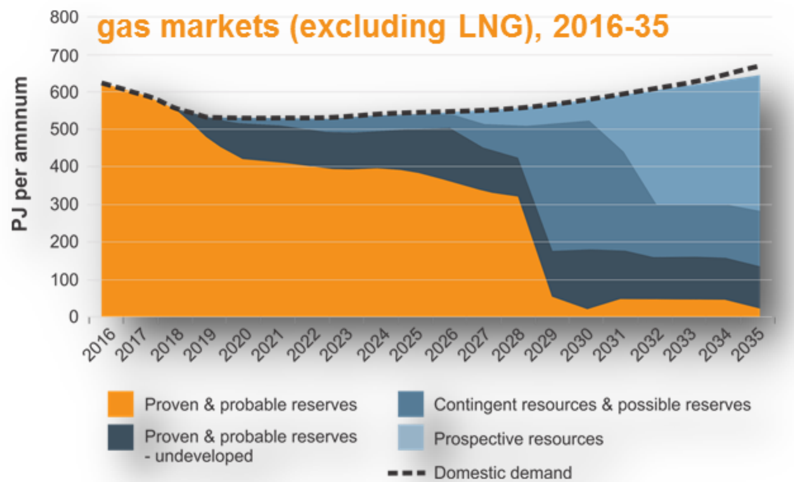
- A perfect storm in the energy market has been brewing in the last few years – **massive increase on the demand side from LNG exports** superimposed with **state and territory government mandated restrictions** on the supply side
- **Queensland** has been blessed with gas **common sense** on both sides of politics over the past several years
- Recent price spikes to **above $25/GJ** during high demand winter period
- short term market only
- long term industrial customers under pressure
- **Shortfall** in gas supply to meet domestic demand from 2019
- **Development of contingent resources** and reserves required to meet forecast domestic demand



Source: National Gas Forecasting Report, 2015 (AEMO)



Source: Gas Statement of Opportunities, 2016 (AEMO)

External Disruptors – Continue to Grow

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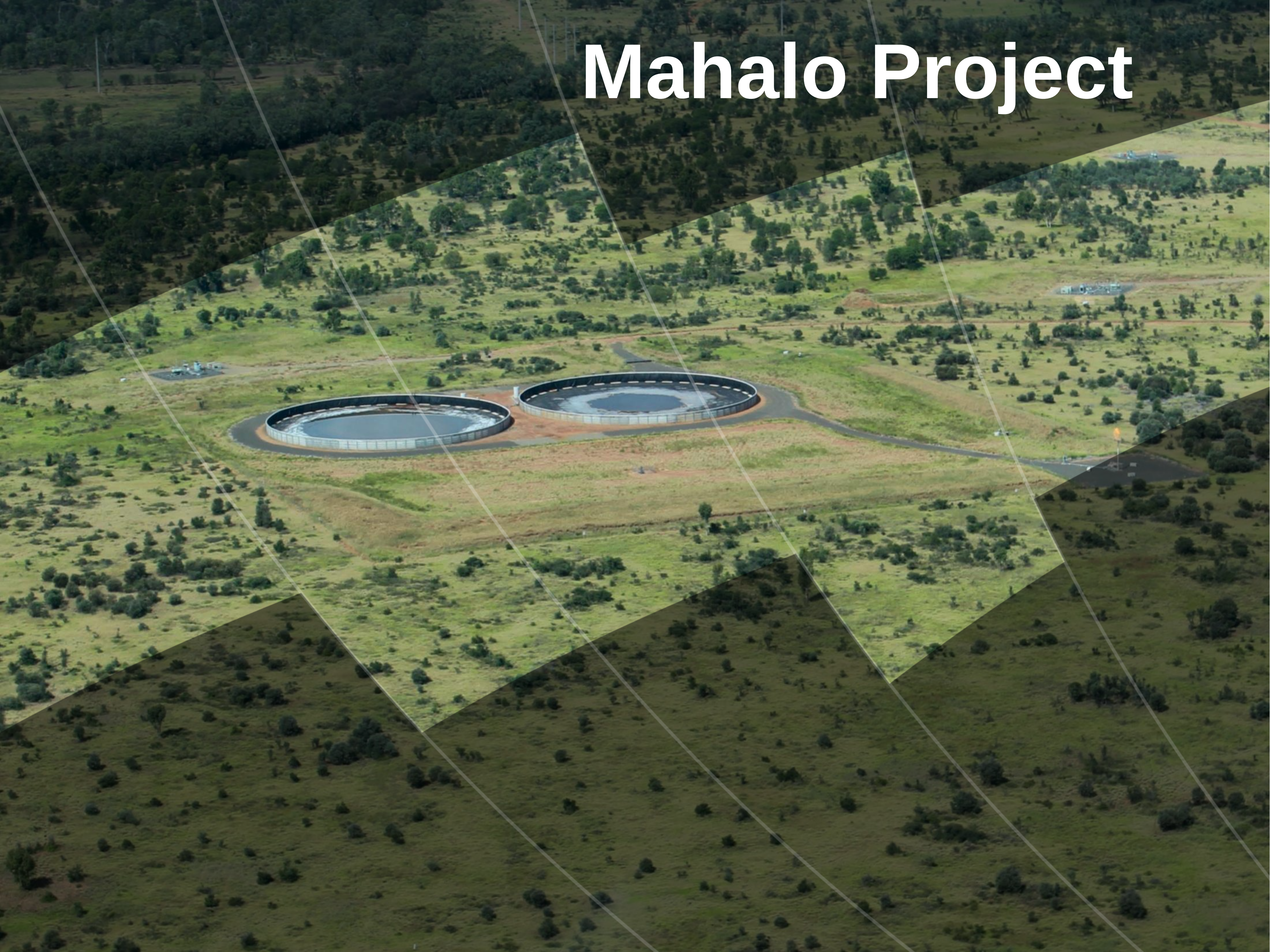
- Significant green activism and disruption applied to gas exploration and production across Australia despite the significant contribution gas can make to curbing emissions
- Moratoria on onshore gas exploration and development and other regulatory restrictions in several states and territories – LIMITING supply as demand INCREASES dramatically !
- Queensland and South Australia have been blessed with gas common sense over the past several years
- Increasing national awareness of need for gas power backup in an electricity network with growing renewables
- Tension building between East Coast LNG export and domestic and industrial use – who will suffer decreased supply?

Mahalo Project



Mahalo Production Performance

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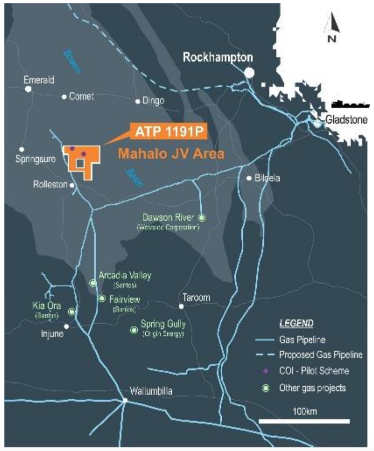
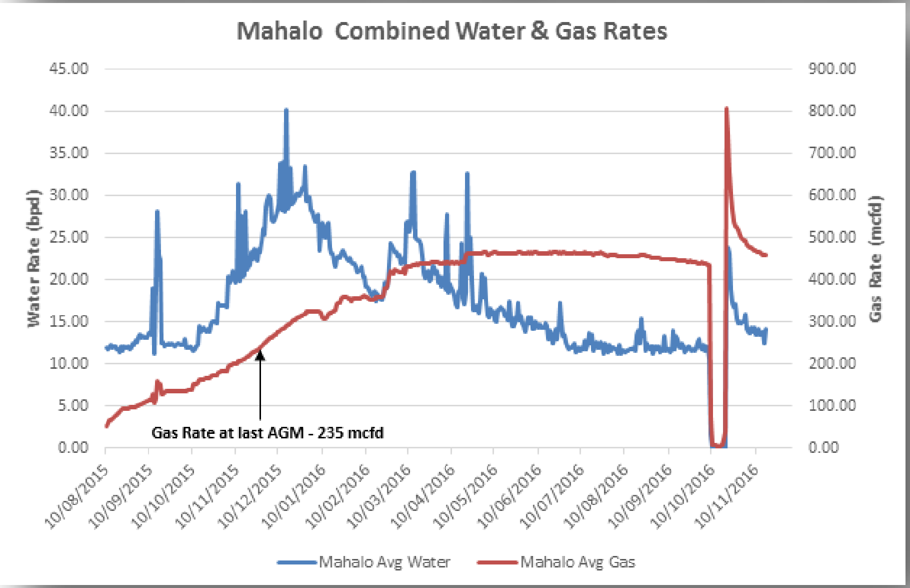
- Overall performance of horizontal well and Mahalo Pilot has been very pleasing
- By last AGM in 2015 production had come a long way, but still more significant progress in 2016
- Water rate is low leading to expectation of lower development and operating costs
- Two of three vertical wells brought on line in 2016, with Mahalo 4 free flowing
- Scale up of short Mahalo 7 horizontal well to longer development wells is logical and achievable

ATP 1191 Mahalo Block
COI 40%
APLNG 30%
Santos 30%



Mahalo Combined – Average Gas & Water Rate



Mahalo Development Concept

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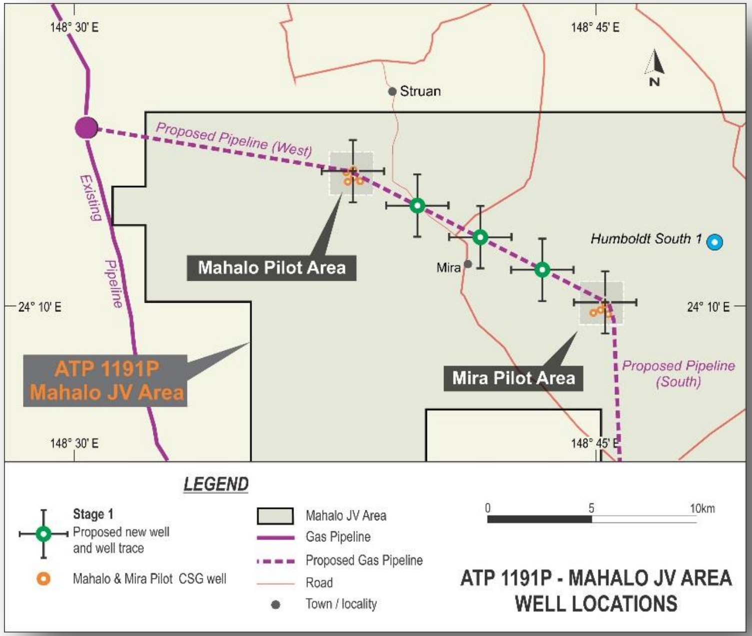
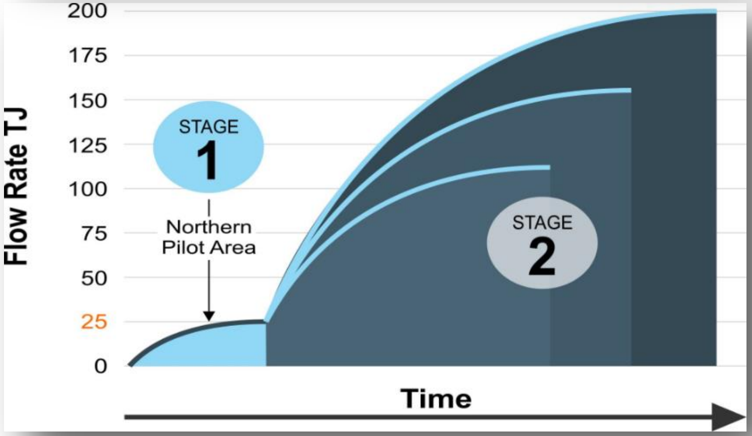
Significant analysis work to examine most efficient and effective way to move the northern pilot schemes into production via available export pipeline capacity and field infrastructure

Three Step Process:

1. **Conversion of existing 3P to 2P reserve category, targeting 220PJ (net COI)**
   - Production enhancement at Mira Pilot
   - Singe step-out corehole in north east
2. **Initial production phase targeting 25 TJ/d from northern part of the block**
   - Utilise existing facilities to minimise capex spend and construction time
3. **Expand initial production phase to full field target of 100+TJ/d**
   - Based around well production rates from initial production phase to guide field development



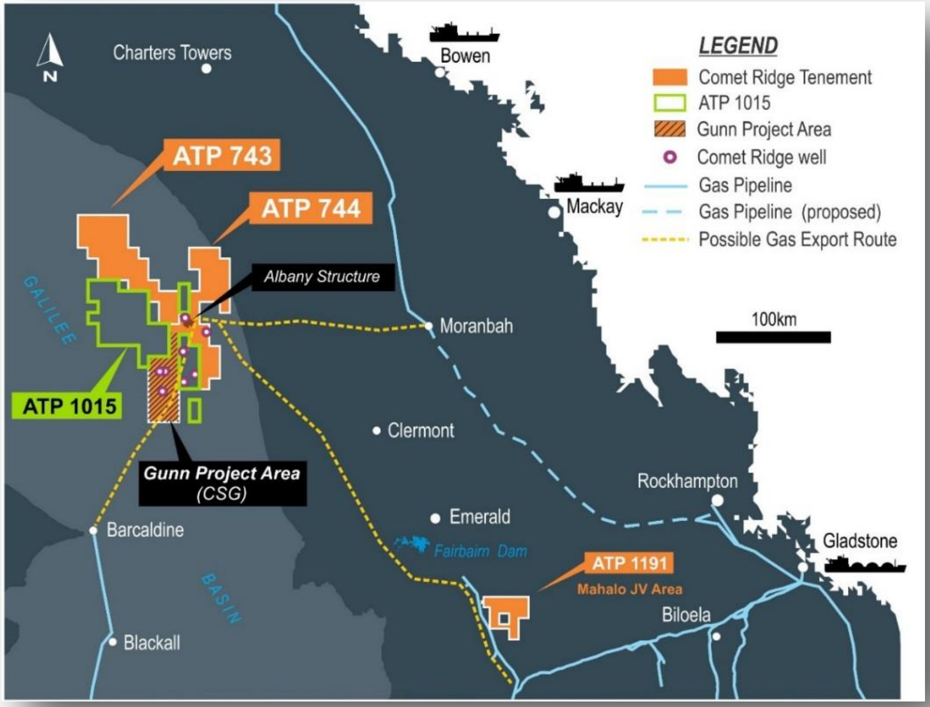


Galilee Basin

Galilee Basin Background

ATP 743, ATP 744 and ATP 1015 (CSG & Conventional)

- 100% interest in ~8,500 km^2 operated by COI
- Gaining 100% interest in ATP 1015 in final stages – significant 100% eastern footprint
- **CSG** - 1,870 PJ 3C Contingent Resource and considerable untested upside
- **Sandstones** - significant prospectivity confirmed with independent certification of 417 PJ 3C Contingent Resource
- 9 wells and 252 km seismic to date leading to significant eastern basin experience and knowledge base
- East Galilee Basin position suitably located to connect to high demand east coast markets
  - LNG / Industrial / Power
- MOU with APA Group for transport who bring balance sheet and experience



Galilee Basin – Sandstone Gas

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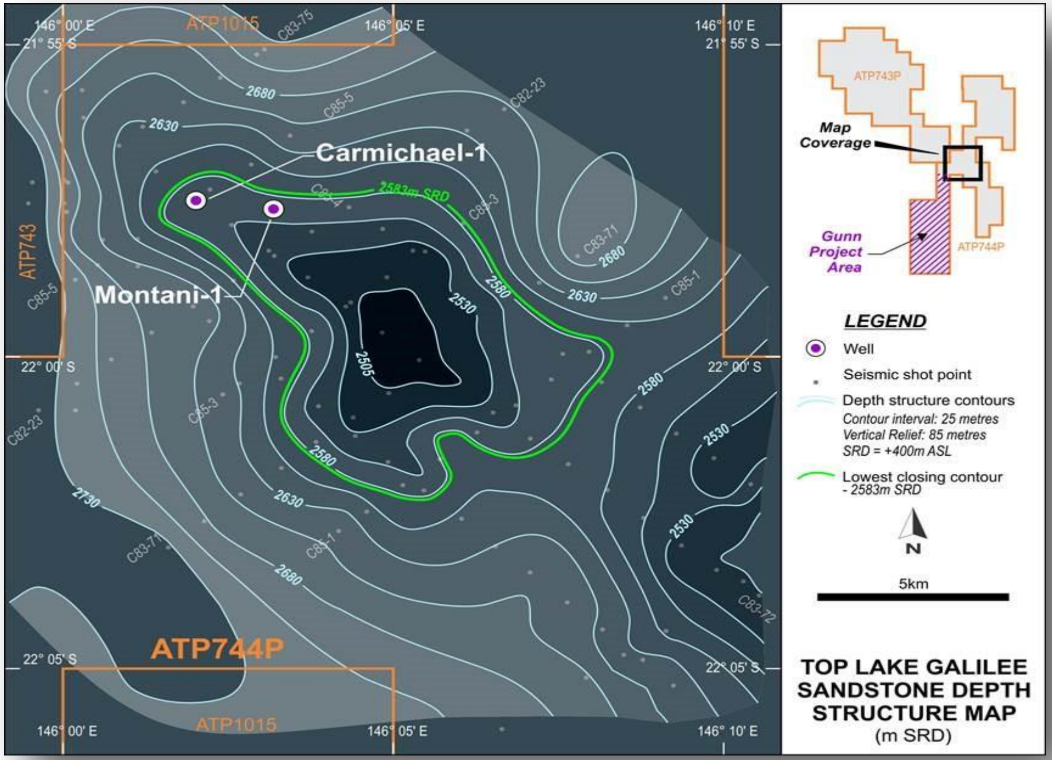
- Earlier petroleum wells within COI area recovered oil and/or gas from Lake Galilee Sandstone
- Carmichael 1 (1995) flowed gas to surface on three tests from deeper sandstone intervals (2,600m) – additional significant interval untested
- Evidence of active petroleum system over the Koburra Trough
- Potential for additional oil and gas traps and resources
- Significant 3C contingent resources independently certified in August 2015
- Contingent Resource volumes not yet considered for Lake Galilee structure – also flowed gas to surface (1964)

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



Refer to the Competent Persons Statement at end of this presentation and the ASX announcement dated 6 August 2015 for further information on COI's Reserves and Contingent Resources

Galilee Basin – Outlook

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- A structurally short east coast market will need to look to the Galilee Basin for gas volume
- Comet Ridge's eastern position with both large sandstone gas and large CSG resources will have increasing significance
- Sandstone Gas at Albany (3C – 417 PJ 100% COI) is the logical first step due to size and position on the basin eastern edge
- Sandstone Gas at Lake Galilee is the logical second step due to size and proximity to Albany (25km)
- CSG in the Gunn Project Area (3C – 1870 PJ 100% COI) with expansion into ATP 1015 (100% COI) to the east is the logical third step due to the large volume and continuous nature of the coals
- Each of these three areas can be supported in the field as the one project with corresponding scale economies

Rolling Forward

Eastern Australia Future Sources of Gas

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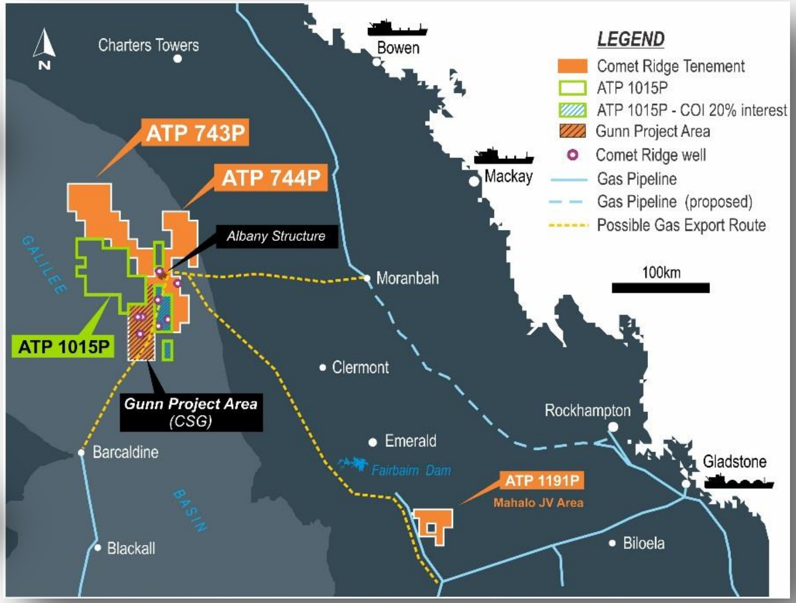
New eastern gas reserves will come from:

1. Poorer quality areas in existing CSG basins moving away from sweet-spots (i.e. Surat Basin)
   - ✓ Gladstone LNG projects likely to focus here
   - ✓ But can they get their costs down?
2. Untapped CSG in new basins further from market (i.e. Galilee Basin)
   - ✓ Smaller cap companies likely to focus here
   - ✓ Lower costs with greater efficiency
3. Shale oil and gas
   - ✓ Current NT moratorium causing delay
   - ✓ High cost and long lead time?
4. Conventional gas moving into tighter sandstone reservoirs (i.e. Cooper and Galilee Basins)
   - ✓ LNG companies have tried very deep wells at extreme costs
   - ✓ Smaller cap companies to try mid range depths (at much more reasonable cost)



Comet Ridge - Strategic East Coast Gas Portfolio

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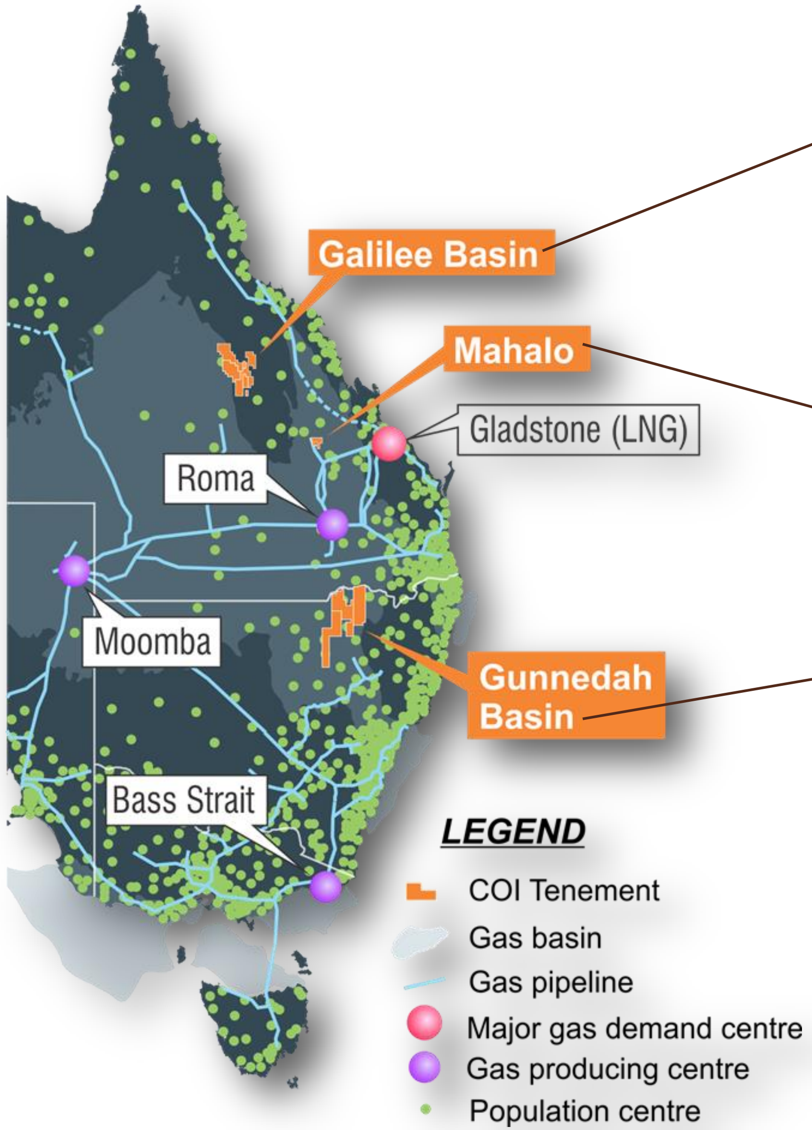

Galilee Basin

	Reserve (PJ)		Contingent Resource (PJ)		
Type	**2P**	**3P**	**1C**	**2C**	**3C**
CSG				67	1870
Sandstone Gas			56	153	417

Mahalo

	Reserve (PJ)		Contingent Resource (PJ)		
Type	**2P**	**3P**	**1C**	**2C**	**3C**
CSG	30	219	112	232	372

Gunnedah Basin

	Reserve (PJ)		Contingent Resource (PJ)		
Type	**2P**	**3P**	**1C**	**2C**	**3C**
CSG					562

2017 will see further significant tightening in the east coast gas market

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The Contingent Resource for the Carmichael Structure referred to in this presentation are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, an independent petroleum reserve and resource evaluation company, originally released to the Market in the Company's announcement of 6 August 2015. The Contingent Resources information has been issued with the prior written consent of Dr McConachie in the form and context in which it appears. His qualifications and experience meet the requirements to act as a Competent Person to report petroleum reserves in accordance with the Society of Petroleum Engineers ("SPE") 2007 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 Guidelines for Application.

The estimate of Reserves and Contingent Resources for the MGP as part of ATP 337P provided in this presentation, is based on, and fairly represents, information and supporting documentation determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC Inc in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA, and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Hower has consented to the publication of the Reserve and Contingent Resource estimates for the MGP in the form and context in which they appear in this presentation. The reserve and contingent gas resource estimates for ATP 337P provided in this presentation were originally released to the Market in the Company's announcement of 28 August 2014, and were estimated using the deterministic method with the estimate of contingent resources for ATP 337P not having been adjusted for commercial risk.

The contingent resource estimates for ATP 744P and PMP 50100 provided in this presentation are based on and fairly represent, information and supporting documentation determined by Mr John Hattner of Netherland, Sewell and Associates Inc, Dallas, Texas, USA, in accordance with Petroleum Resource Management System guidelines. Mr Hattner is a full-time employee of NSAI, and is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the resource figures in the form and context in which they appear in this presentation.

The contingent gas resource estimates for ATP 744P provided in this statement were originally released to the Market in the Company's announcement of 25 November 2010, and were estimated using the deterministic method with the estimate of contingent resources for ATP 744P not having been adjusted for commercial risk.

The contingent gas resource estimates for PMP 50100 provided in this statement were originally released to the Market in the Company's announcement of 26 September 2011 and were estimated using a combination of the deterministic and probabilistic methods with the estimate of contingent resources for PMP 50100 not having been adjusted for commercial risk.

COI confirms that it is not aware of any new information or data that materially affects the information included in the two announcements referred to above and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

The contingent resource estimates for PEL 6, PEL 427 and PEL 428 referred to in this presentation were determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA, and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Hower consented to the publication of the resource figures which appeared in the announcement of 7 March 2011 made by Eastern Star Gas Limited (ASX:ESG) and any reference and reliance on the resource figures for PEL 6, PEL 427 & PEL 428 in this presentation is only a restatement of the information contained in the ESG announcement.

The contingent resource estimates for PEL 6, PEL 427 and PEL 428 were estimated using the deterministic method with the estimate of contingent resources for PEL 6, PEL 427 and PEL 428 not having been adjusted for commercial risk.

COI confirms that it is not aware of any new information or data that materially affects the information included in the ESG announcement of 7 March 2011 and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.