



31 January 2018

Comet Ridge Limited

December 2017 Quarterly Activities Report

- **Mira 6 horizontal well successfully drilled through nearly 1 km of coal**
- **Mira field work completed below budget**
- **Mira 6 / 2 horizontal-vertical well gas flow passes 200,000 scf/d with strong upward trend continuing**
- **Vintage Energy to farm into Galilee Sandstone targets**
- **\$13.1m Placement and Share Purchase Plan completed**

Comet Ridge Limited (ASX:COI) is pleased to provide its December Quarterly Activities Report.

ATP 1191 Mahalo – Southern Bowen Basin, Qld (Comet Ridge 40%), Santos (30%), APLNG (30%)

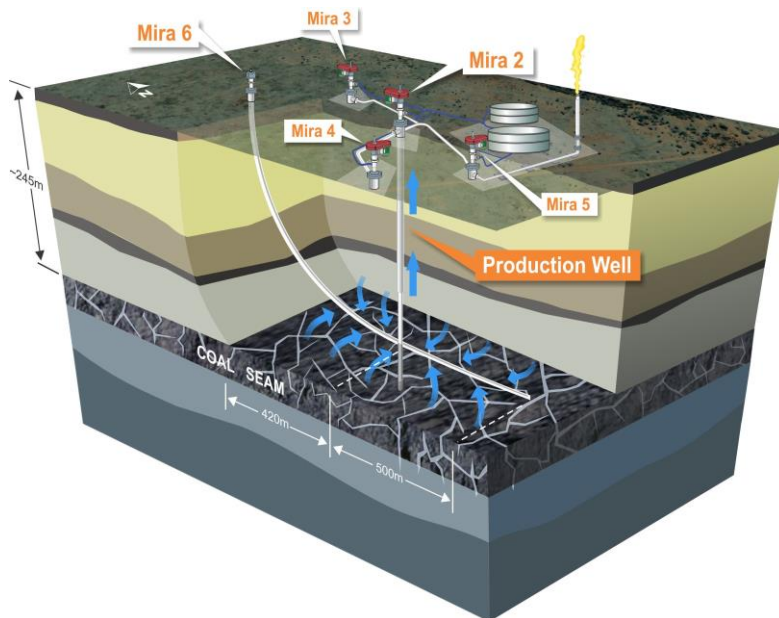
Comet Ridge, as agent for Santos as Exploration Operator, successfully completed the 2017 exploration work program during the fourth quarter. The Mira field work comprised the under-reaming of three Mira wells, drilling the Humboldt South 1 core hole and drilling the Mira 6 horizontal well to intercept the Mira 2 vertical well through almost 1km of the Castor coal seam.

The Mira field forms part of the Mahalo block which is located approximately 240km west of Gladstone. The project is close to infrastructure with pipeline connections to the Gladstone domestic and LNG market a short distance to both the west and south of the two pilot schemes.

The Company currently has 30 PJ of 2P and 219 PJ of 3P Reserves and also 112 PJ of 1C Contingent Resources at Mahalo⁺. Comet Ridge expects the results from the completed work program and the performance of the Mira pilot to add significant additional Reserves during the first quarter of 2018.

The Mira 6 / 2 horizontal-vertical well combination was brought on-line by APLNG on Sunday 10 December and commenced producing gas after two days. This combination and three vertical wells (Mira 3, 4 & 5) have been on-line over the past 8 weeks and are actively dewatering the Mira Pilot Scheme (see Figure 1).

Measured gas rates have been increasing steadily and during January passed 200,000 scf/d for the Mira 6/2 combination on a steadily rising trend. Bottomhole pressure remains relatively high, indicating additional flow potential is available. Gas rates are expected to increase significantly as the reservoir pressure in the pilot area coals is reduced. A further performance update is expected to be released in early February.



Comet Ridge Managing Director, Tor McCaul said he was very pleased with the drilling and cost outcomes during the fourth quarter last year and also with the gas flow performance of the Mira 6/2 well since it came on line in December.

He further noted that the gas rate increase in Mira 6/2 had been much more rapid than for the shorter horizontal well at the Mahalo pilot, and this was consistent with having a longer horizontal well at Mira contacting much more coal.

Figure 1 Mira Pilot Operations

ATP 743, ATP 744 & ATP 1015 – Galilee Basin, Qld (Comet Ridge 100%)

Comet Ridge has a very large acreage position of 9,685 km² in the eastern part of the Galilee Basin. This acreage contains 2,287 PJ of 3C Contingent Resource⁺ and this has been independently certified in two sections. These comprise sandstone gas, in the Albany structure and also coal seam gas (CSG) in the Gunn project area.

During November 2017, Comet Ridge announced that an agreement to farm-out the Sandstone reservoir sequence of its Galilee Basin permits ATP 743, ATP 744, and ATP 1015 (Galilee Permits) was executed with Vintage Energy Pty Limited (Vintage).

The farm-out does not include Comet’s Galilee CSG project and relates only to the ‘Deeps Area’ (Deeps) within each of the Petroleum blocks, which is defined as including all strata commencing underneath the Permian coals with the main target being the Galilee Sandstone sequence. This zone previously flowed gas to surface during formation testing at the Lake Galilee 1 and Carmichael 1 wells more than two decades ago.

Vintage, through this two-stage farm-in, may earn up to a 30% interest in the Deeps (Sandstone targets) by committing to spend approximately \$8.5 million, commencing with the drilling of one conventional gas appraisal well on the Albany sandstone structure, close to where the Carmichael 1 well flowed gas in 1995.

The agreement to farm-in is subject to several conditions including confirmation by Vintage that it has raised the funds for the Stage 1 farm-in obligation, certain regulatory approvals and the conclusion of the terms of the agreements between the parties including the Joint Operating Agreement and a Co-operation Agreement between the Deeps and the Shallows interest holders.

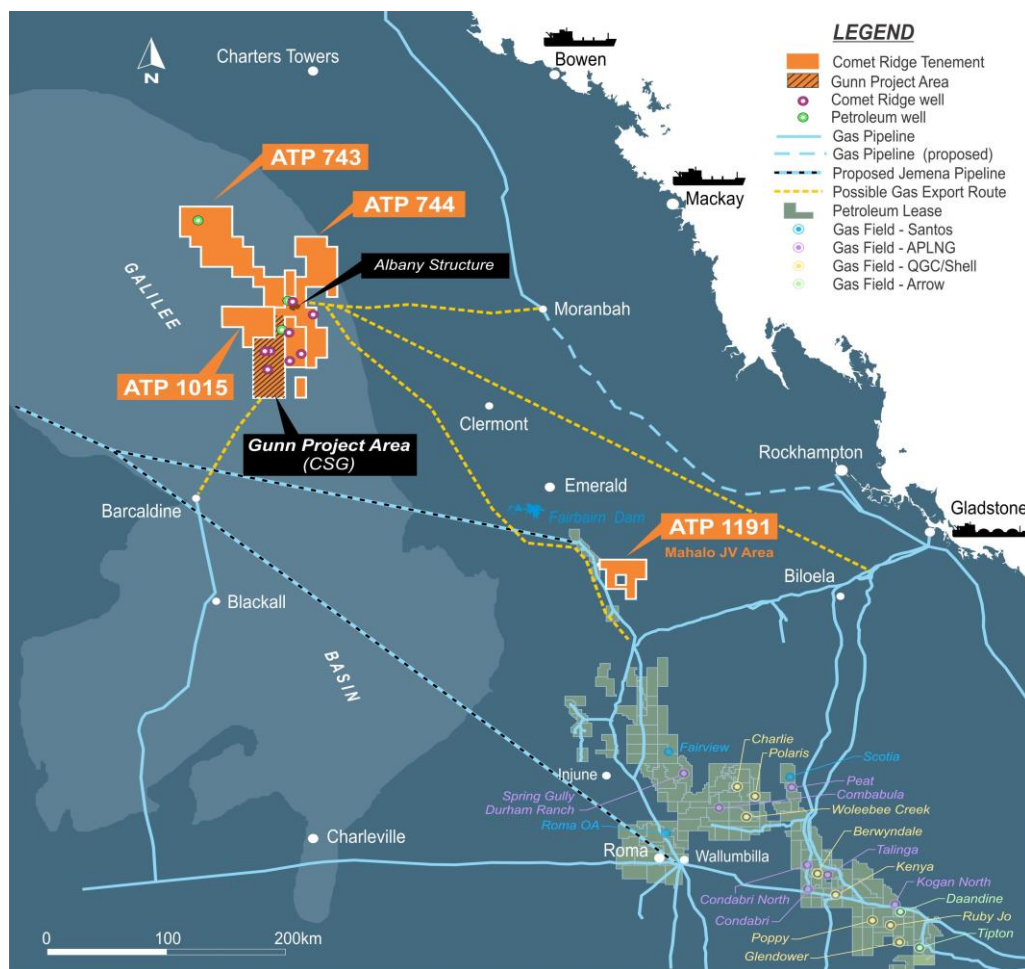


Figure 2 Galilee Basin position and possible pipeline connection options for Galilee Basin gas

Both parties have made progress with respect to these conditions with Vintage confirming on 30 January that the funding condition has now been met. Comet Ridge expects the final documentation conditions should be satisfied during February.

Detailed design and planning for the first well to target the Galilee Sandstones to a depth of 2,800 metres at Albany is underway. The drilling rig contract is expected to be executed during February and long lead items have been ordered. The drilling location has been scouted and construction of the well pad is scheduled to occur in the next few weeks.

The drilling start (spud) window lies between mid-March and early April and this window will be narrowed further after the drilling contract is executed. The well is expected to take approximately three weeks to drill.

Recently announced plans by Jemena, to fast track the extension of the Northern Gas Pipeline from Mount Isa to the Queensland Gas Pipeline (QGP) near Wallumbilla could see the proposed pipeline route travel close to Comet Ridge's permits.

There are a range of connection points and supply options available within the basin and the Company continues to evaluate these and other options. This includes the south-easterly route proposed by APA, under the MOU in place with Comet Ridge, which could connect into the extensive APA network which covers a large part of eastern Australia (see Figure 2 above).

Gunnedah Basin, NSW

(Comet Ridge CSG equity: PEL 427: 59.09%, PEL 428: 68.42%, PEL 6: 29.55%)

(Comet Ridge Conventional equity: PEL 427: 100%, PEL 428: 100%, PEL 6: 99.7%)

The Company continues to await approval of the renewals for PEL 6, PEL 427 and PEL 428.

Corporate - \$13.1 million Placement and Share Purchase Plan completed

During the period, the Company completed a successful \$10 million Placement and \$3.1 million Share Purchase Plan (SPP). Demand for the shares saw the Placement and SPP strongly supported and heavily oversubscribed. The primary purpose of the raising was to access additional funding to continue to advance Comet Ridge's gas projects which are expected to feature prominently as short to mid-term supply solutions for a domestic market with significant demand requirements.

Settlement of the Placement and SPP occurred on 9 November 2017 and 1 December 2017 respectively, with shares having commenced trading on the ASX on 15 November 2017 for the Placement and 4 December 2017 for the SPP.



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Listing Rule 5.42

+ The details of Reserves and Contingent Resources in ATP 1191 referenced at page 1 of this Quarterly Activities report were originally contained in the Company's market announcement of 28 August 2014 and subsequently updated in an announcement dated 2 December 2015.

The Contingent Resource for the Albany Structure ATP 744 referred to on page 2 of this Quarterly Activities report are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd the details of which were released to the market on 6 August 2015. The contingent gas resource estimates for ATP 744, other than those that relate to the Albany Structure referred to on page 2 of this report were originally released to the Market in the Company's announcement of 25 November 2010.

COI confirms that it is not aware of any new information or data that materially affects the information included in any of the announcements relating to either ATP 1191 or ATP 744 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.

COMET RIDGE LIMITED – OVERVIEW

Comet Ridge Limited has a 40% interest in the Mahalo Coal Seam Gas (CSG) project located in Queensland's Bowen Basin. The Company also holds 100% interests in the Albany conventional gas project and Gunn CSG project in the Galilee Basin together with interests in three prospective licenses in northern 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 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.

Corporate Strategy

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.

Comet Ridge conducts gas 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 three blocks in the Galilee Basin. Comet Ridge has 40% equity in the ATP 1191 Mahalo Block in the Bowen Basin and is now acting as agent for the Exploration Operator in order to manage work on the block. 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.



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