



30 July 2018

June 2018 Quarterly Activities Report

- Mahalo - Mira 6/2 well out-performs expectations
- Mahalo - 2018 Work programme approved by JV Partners for September start
- Mahalo - Environmental Studies continue
- Galilee - First Measured Gas Flow from Lake Galilee Sandstone Reservoir
- Galilee - Forward work programme planning commenced
- Corporate - Appointment of Peter Harding-Smith as Chief Financial Officer

Comet Ridge Limited (ASX:COI) is pleased to provide its June Quarterly Activities Report on what has been another successful quarter for the Company.

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

Mira 6/2 well out performs expectations

Gas production from the highly successful Mira 6/2 horizontal-vertical well combination continued to grow strongly through June quarter, producing 1.4 million scf/d (standard cubic feet per day), with a water rate of only 30 bwpd (barrels water per day). Figure 1 details the production performance since December 2017.

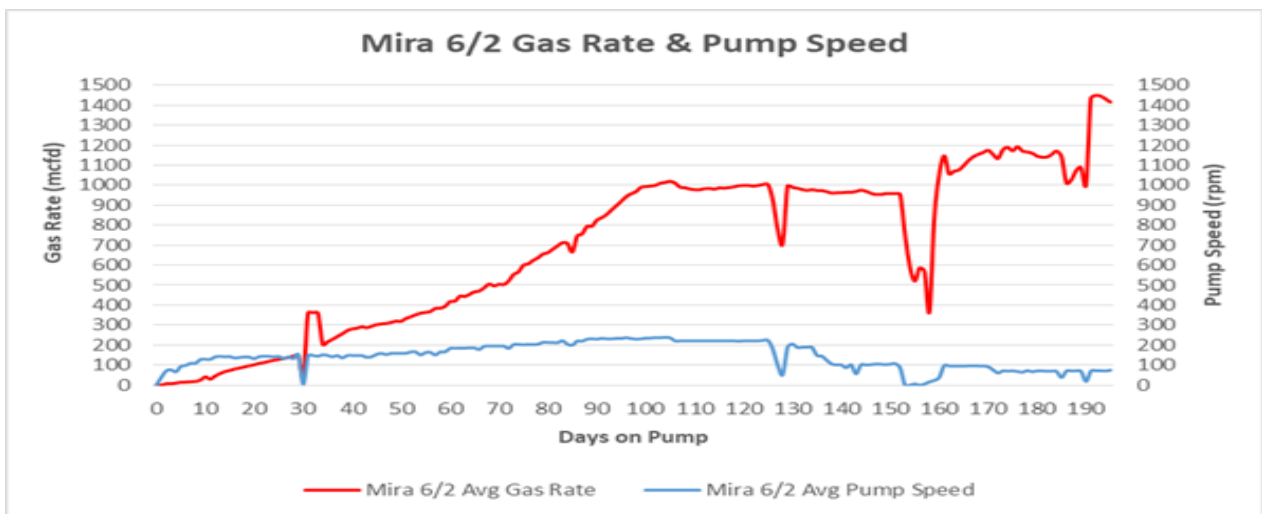


Figure 1 – Mira 6/2 gas rate from start up in December 2017 to 22 June 2018

Previous production expectations around Mira 6/2 had been around 1.2 to 1.3 million scf/d, which has now been exceeded. The outstanding result has come from the continued work of the Joint Venture partners to reduce back pressure in the surface facilities, particularly around the surface flare.

The Mira 6 horizontal well drilled in November 2017, has an in-coal seam length of 924m and is drilled into a single seam of coal. Approximately half way along this horizontal length, the well intersected the Mira 2 vertical well. Figure 2 details the intercept and shows that gas and water from the coal reservoir are flowing horizontally into the Mira 2 vertical well bore and then to surface.

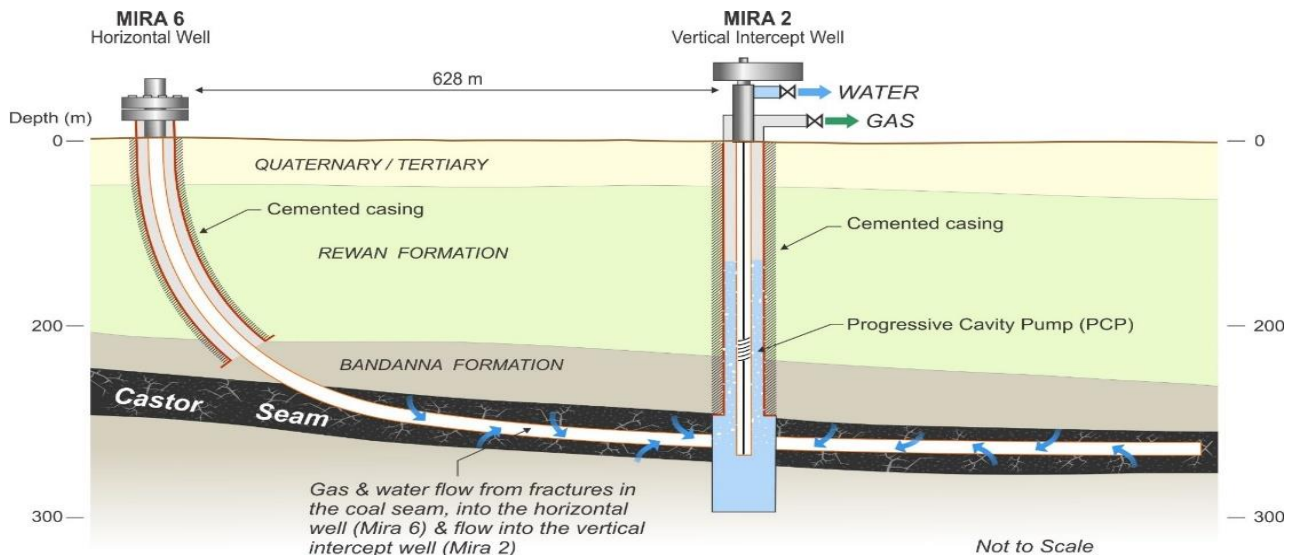


Figure 2 – Cross-section view of Mira 6 actual well path (not to scale) with wellbore inside the single coal seam.

There are a number of elements to this well that provide guidance that the economics of the Mahalo project should be strong, including:

- ✓ Pump speed has been reduced with a corresponding decrease in water rate. This is in line with observed water production rates in the Mahalo area that are low. This should result in low water handling costs and workover requirements.
- ✓ 1.4 million scf/d has been delivered via a single lateral well, just over 900m long, targeting one zone. Performance of the well could be improved by increasing the length of the well and targeting multiple zones (per the schematic in Figure 3).
- ✓ The outstanding flow rates demonstrated by Mira 6 should result in a reduction in the number of wells and the amount of associated surface infrastructure required to drain the project area, thereby reducing capital requirements.

3Q & 4Q 2018 Work Programme approved by Mahalo Joint Venture

The work programme and budget for the remainder of 2018 was approved by the Joint Venture partners shortly after the quarter end. Key elements of the work programme include:

- Environmental and other studies – to support a Petroleum Lease and Pipeline Licence application
- 7 well bores – comprising 3 vertical wells and 2 dual lateral intercept wells into 2 of the vertical wells (see image below)
- Production testing for gas and water
- Dual lateral wells to extend knowledge of the deeper sections of the field and confirm development well concept

Comet Ridge has engaged with a number of key suppliers, targeting a September 2018 commencement of drilling.

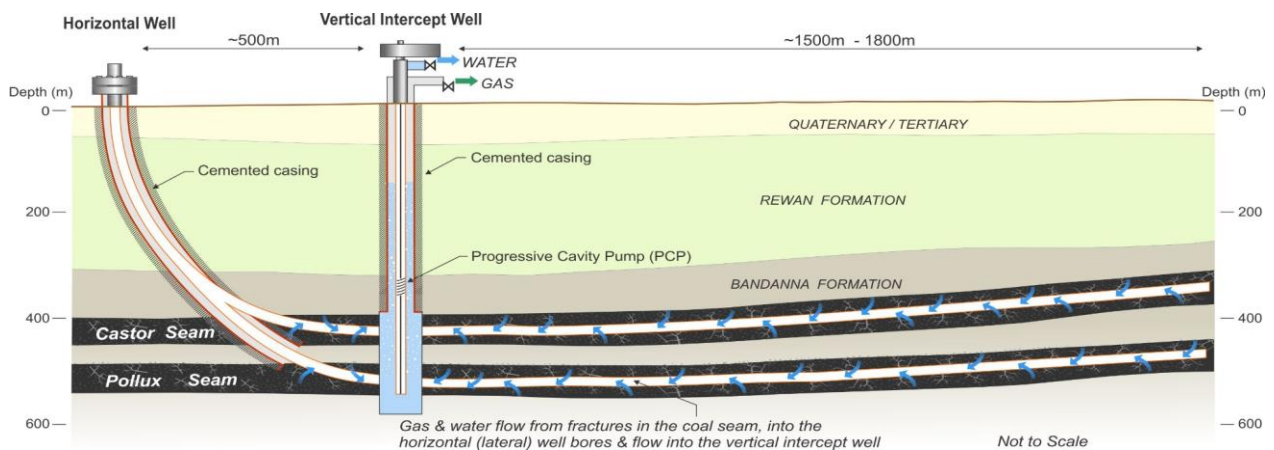


Figure 3 – Cross-section view of proposed dual lateral well, intersecting a vertical well (not to scale).

Environmental Studies continue at the Mahalo Block

Comet Ridge commenced work during Q1 2018 on the environmental baseline studies and these studies have continued through the June 2018 quarter. Studies relating to Terrestrial (Flora and Fauna) and Aquatic ecology, air, noise and ground water have been received and are under review.

All environmental baseline studies, including site surveys, are required to support any future field development plan and have been significantly advanced during the June 2018 quarter. Following Joint Venture Party review of the results of the above studies a project description will be formalised.

The next step in the environmental approvals process will be to commence interaction with both State and Federal governing bodies as a precursor to submission of Tenure applications for an Environmental Authority and associated Petroleum Leases and Pipeline Survey License applications.

ATP 743, ATP 744 & ATP 1015 – Galilee Basin, Qld (Comet Ridge 100%, farming down ‘Deeps’ to 70%)

Comet Ridge has a large acreage position of 9685 km² in the eastern part of the Galilee Basin. This acreage contains 2,287 PJ of 3C Contingent Resources, which has been independently certified at two stratigraphic levels. These comprise sandstone gas (from a depth of approximately 2800m) in the Albany structure and also coal seam gas (CSG) in the Gunn project area (from a depth of approximately 700m to 1000m).

First Measured Gas Flow from Lake Galilee Sandstone Reservoir

During the March 2018 Quarter, Comet Ridge announced that the Farm-in agreement with Vintage Energy had gone unconditional. 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 majority funding of one conventional gas appraisal well on the Albany sandstone structure, Albany 1.

On 19 May 2018, Comet Ridge spudded the Albany 1 sandstone appraisal well. The Albany 1 well is located 220m to the southwest of the Carmichael 1 well which was drilled in 1995 and flowed gas at low rates from three intervals.

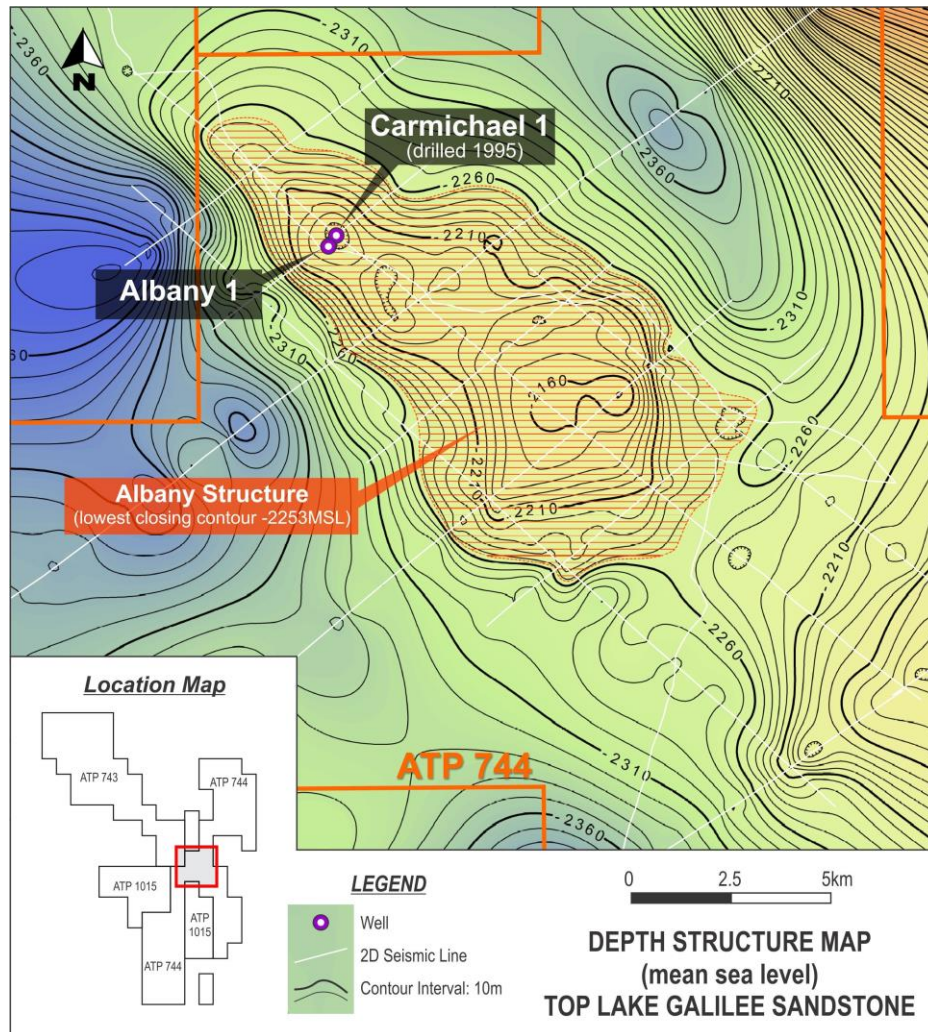


Figure 4 – Position of the Carmichael 1 and Albany 1 wells on the large seismically defined structure.

On 28 June 2018, the Comet Ridge – Vintage Deeps Joint Venture (CRVD JV) announced a stabilised gas flowrate of 230,000 scf/d (standard cubic feet per day) across a 13m interval in the Lake Galilee Sandstone (LGS) Reservoir from 2582 to 2595m at the Albany 1 well. The JV believes that this gas flow is the first measurable flow of natural gas from the Lake Galilee Sandstone in the Galilee Basin.

The flow of gas was continuously flared for approximately 24 hours (before being terminated for a planned short build up test) with the gas flow for the last hour of the flowtest being diverted through an orifice metering system for accurate measurement. No formation water production or decline in the gas flow was observed throughout the duration of the test.

Figure 5 below is a photograph of the 10” diameter flow line and gas flaring from the flowtest. Further detail on the Albany 1 well can be found in the ASX release “First Measured Gas Flow from Lake Galilee Sandstone Reservoir” dated 28 June 2018.

A short one-and-a-half-minute video of the flow test can be viewed at http://cometridge.com.au/Video/Albany1_Flare.mp4



Figure 5 - Albany 1 flow test across a 13 metre interval in the Lake Galilee Sandstone Reservoir

Galilee - Next Steps

Given the successful flow result on Albany 1, the CRVD JV is now planning the location of the step-out Albany 2 well, which is part of the second stage of the Vintage Farm-in. The CRVD JV is also exploring options on larger capacity rigs to finish the Albany 1 well and drill the Albany 2 step-out. No timing has yet been set for this operation although planning of the various options is now underway.

Figure 6 below shows a map of the three Galilee Basin permits (ATP 743, ATP 744 and ATP 1015) which cover a combined area of 9685 km². Approximately two dozen leads and prospects have been currently identified, mostly where some (even if sparse) seismic coverage exists in ATP 744 and ATP 1015. Further evaluation and analysis of these and other leads and prospects is planned during Stage 2 of the farm-in.

Work has commenced on planning and designing a late 3Q to 4Q 2018 seismic acquisition programme in the Galilee Basin, specifically focussed on a number of these identified sandstone leads and prospects to firm several of them up into drillable targets for drilling in 2019.

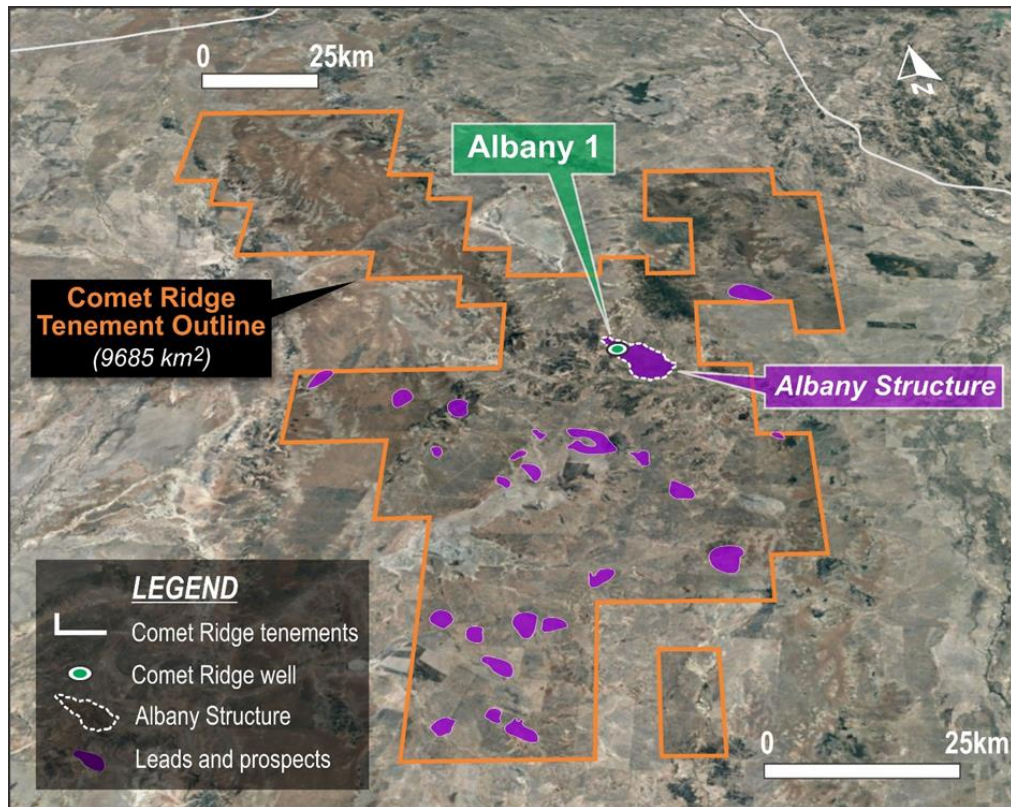


Figure 6 – Map of permit areas with a series of currently identified sandstone leads and prospects marked

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

Appointment of CFO

On 8 May 2018, Mr. Peter Harding-Smith was appointed Chief Financial Officer for Comet Ridge, succeeding Mr. Don Langdon who has served as the Company's CFO for the past nine years, on a part-time basis.

Mr. Harding-Smith is an experienced public company CFO with more than 25 years' experience across a wide range of industries and businesses, with recent experience in the oil and gas industry through his position at Armour Energy, as well as being the CFO and Company Secretary for ASX listed Orbis Gold Limited, which was acquired in 2015 by Canadian Gold producer SEMAFO Inc.

He has a wide range of experience including mergers and acquisitions, debt and equity funding, investor relations, corporate governance and financial management. He is a Chartered Accountant and a Fellow of the Governance Institute of Australia.

Cash Position

As at the 30 June 2018, Comet Ridge had \$11.5m cash on hand (un-audited).

Shares and Performance Rights Position

During the quarter, the Company issued 266,664 shares once certain vesting conditions were satisfied as part of the Employee Performance Rights Plan, bringing the total shares on issue to 676,650,986, as at 30 June 2018.

The Company also granted 500,000 Employee Performance Rights pursuant to the Comet Ridge Limited Employee Performance Rights Plan which are subject to successful commercial outcome of the Company's gas projects at Mahalo and Galilee Basin. At 30 June 2018, there were 4,375,000 Employee Performance Rights on issue.



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Listing Rule 5.42

+ The details of Reserves and Contingent Resources referenced at page 3 of this Quarterly Activities report was originally contained in the Company's market announcement of 28 August 2014 and subsequently updated in an announcement dated 2 December 2015 and were further updated as detailed in the Company's announcement 6 March 2018 and were estimated using the deterministic method with the estimate of contingent resources for ATP1191 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 any of the announcements relating to ATP1191 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 sandstone gas project, farming down 'Deeps' to 70% and 100% interest in the 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% CSG interest and 100% Sandstone interest, farming down to 70%, in three blocks in the Galilee Basin. Comet Ridge has 40% equity in the ATP1191 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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