


Comet Ridge Limited

30 January 2019

December 2018 Quarterly Activities Report

- Mahalo – Drilling programme successfully completed, production testing underway
- Galilee – Transfer of 15% interest in Galilee “Deeps” to Vintage Energy Limited, Stage 2 Farm-in Confirmed
- Galilee – 325 km seismic programme commenced
- Corporate – Two senior staff appointments made - to take the Company forward

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%)

Evaluation drilling programme completed – Memooloo 2, Struan 3/2 and Sirius Road 2/1

Shortly after the quarter end, with the drilling of Sirius Road 2, Comet Ridge on behalf of the Mahalo Joint Venture, successfully completed the appraisal drilling programme on the Mahalo Gas Project. See Figure 1. During the programme Comet Ridge:

- ✓ successfully drilled five wells including three verticals, of which two were intersected by lateral wells;
- ✓ 2018 work programme delivered within budget;
- ✓ drilled the first dual lateral well for the Mahalo Gas Project, Struan 3;
- ✓ had zero injuries; and
- ✓ had zero environmental incidents.

Silver City Rig 20 performed well during the programme, with no down time incidents, and the programme was well supported by local contractors used for site preparation and other local activities.

All three of the vertical wells drilled in the appraisal drilling programme, were completed with tubing and pumps and are on line for production testing to gain longer term flow data. The plan is to continue to slowly increase the pump speed, while monitoring the water performance and pressure draw down, in line with the JV testing plan. At the date of this report, all wells are flowing water at encouraging initial rates.

Laboratory analysis of coal and gas samples obtained from the vertical core holes has commenced and will be conducted over the coming months. Early gas content results from the wells are positive.

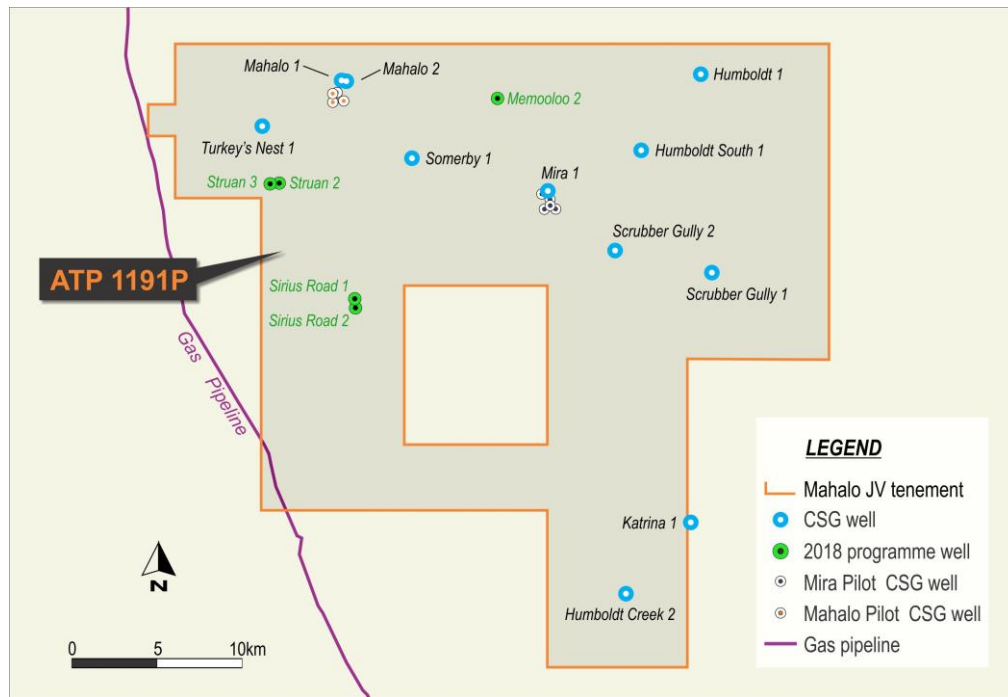


Figure 1 – Map of the Mahalo Gas Project with the Memooloo 2, Struan 2&3 and Sirius Road 1&2 well locations



Figure 2 – Production testing at the Memooloo 2 vertical well with water storage tanks in the background

ATP 743, ATP 744 & ATP 1015 – Galilee Basin, Qld (Comet Ridge 100% in “Shallows”, Farming down in “Deeps” to 70%)

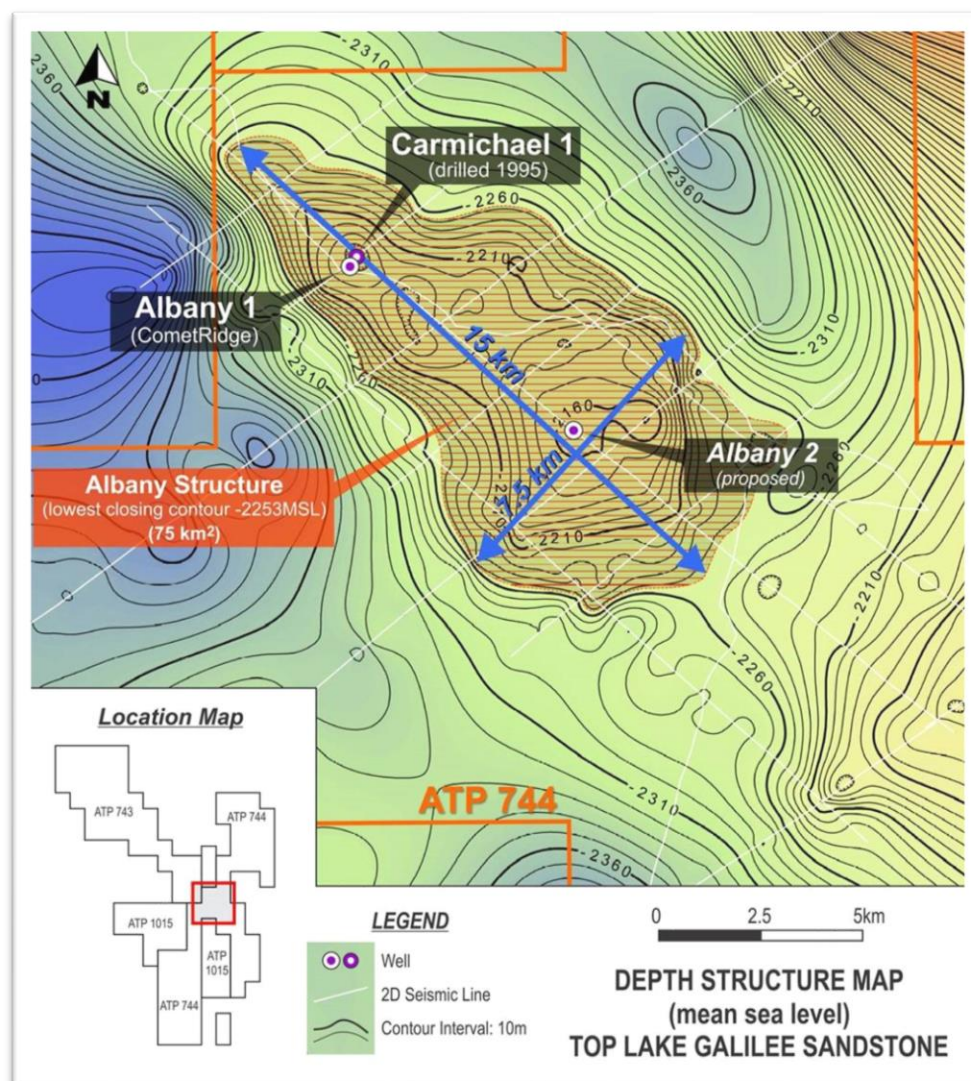
Comet Ridge retains a large acreage position of 9685 km² in the eastern part of the Galilee Basin. This acreage contains 2,287 PJ of gross 3C Contingent Resources⁺, which has been independently certified at two stratigraphic levels. These comprise sandstone gas (from a depth of approximately 2600m) in the Albany structure and also coal seam gas (CSG) in the Gunn project area (from a depth of approximately 700m to 1000m).

Transfer of 15% interest in Galilee “Deeps” to Vintage Energy, Stage 2 Farm-in Confirmed

During the quarter, a 15% interest in the Galilee “Deeps” Joint Venture across ATP 743, ATP 744 and ATP 1015 was transferred to Vintage Energy Limited (Vintage). Vintage earned its equity interest through the completion of Stage 1 of the two-stage farm-in process.

Comet Ridge and Vintage have now both formally committed to Stage 2 of the farm-in process. Stage 2 work programme is 325 km of 2D seismic (as detailed below) and the drilling of Albany 2 and deepening of Albany 1, which successfully flowed gas from a 13 metre interval in June last year.

Comet Ridge has since the end of the quarter executed a drilling agreement with Ensign for Rig 932, which is expected to mobilise to the Albany 2 well site during March 2019.



Koburra 2D Seismic Programme

On 30 December 2018, Comet Ridge commenced the 325 km 2D Koburra seismic programme over the three large Galilee permits, as detailed in Figure 4. The programme objectives include identification of broad structural trends within the permit area and also to delineate structural targets for follow up drilling.

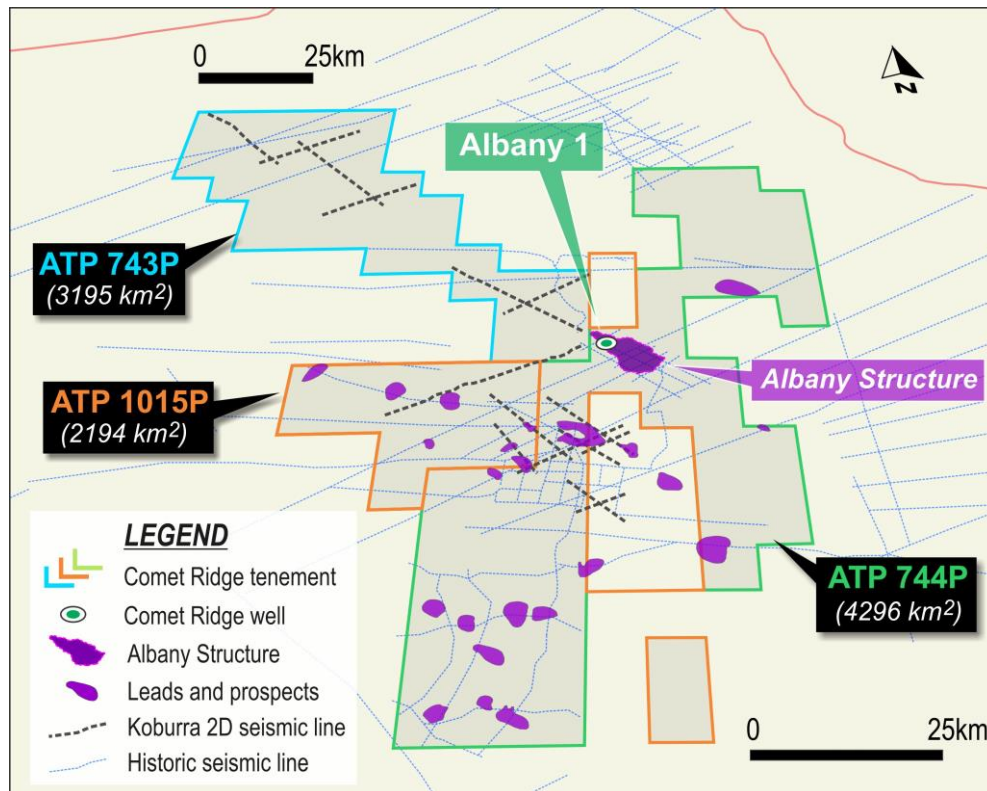


Figure 4 – Regional map of the Galilee Permits, detailing the Koburra 2D seismic lines.

The seismic programme is expected to be completed by mid February, with the data acquired then to be processed and available for interpretation late in early Q2, 2019.

Conversion of suspended CSG exploration well to water bore for landowner use

The drought in the Galilee Basin project area has had a significant impact on local landowners and made it extremely difficult to feed and water stock. With input and advice from a landowner, the Company took the opportunity to convert the suspended Harrington 1 CSG exploration well into a water bore. After the decision was mutually made in November, the State Government was notified of the intent to convert a petroleum well to a water supply bore as per standard procedures and approval obtained. Comet Ridge then undertook planning for the work in December.

The actual plugging back and perforating of the cemented steel casing across the shallow aquifer unit in the well was conducted in mid-January. A pump was installed and the well flowed, with early indications that the well will be a strong water producer. The Company and landowner are pleased with the outcome of this small project, with stock in that area of the property now having better access to water, and the Company will also be able to access water for drilling operations if needed.

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 GM (Exploration & Subsurface) and GM (Development)

During the December 2018 Quarter, Comet Ridge appointed **Ashley Edgar** to the role of General Manager (Exploration & Subsurface). Ashley has been contracting to Comet Ridge for several years on a part-time basis. With the increase in activity at the Mahalo Gas Project and the Galilee Basin, the company now felt it was important to secure his input on a full-time basis to lead the subsurface team.

Ashley has over 30 years of experience in petroleum exploration and development and has worked with companies including Santos Ltd, Oil Company of Australia Ltd, Origin Energy Ltd, Eastern Star Gas Ltd, Orion Petroleum Ltd and Galilee Energy Ltd. He has undertaken extensive exploration, development and new ventures work in most active Queensland basins, and has held several senior positions including heading up E&P Geoscience Onshore for Origin Energy Ltd, Executive GM of Exploration and New Ventures for Eastern Star Gas Ltd, Non-Executive Director of Orion Petroleum Ltd and Exploration Advisor to Galilee Energy Ltd. Ashley's achievements include being the key geoscientist involved in establishing the Oil Company of Australia/Origin Energy coal seam gas expertise and asset portfolio from 1995 to 2007, resulting in building the first 2,400 PJ of 2P CSG reserves for that company, overall geoscience responsibility for exploration and pilot development in Eastern Star Gas from 2007 to 2011 (building 2P CSG reserves to 1,540 PJ), and responsibility for designing the 2017 program leading to the booking of 172 PJ of 2P CSG reserves for Comet Ridge.

Comet Ridge is also pleased that it has appointed **Tony Papinczak** to the position of General Manager (Development). Tony has been contracting to Comet Ridge for several years but with the increase in activity, much of which has an infrastructure and development focus, Comet Ridge has been fortunate to secure Tony as a full-time staff employee.

Tony is a petroleum engineer with over 30 years experience in the oil and gas industry with a particular focus for commercialising oil and gas resources, having held numerous senior management positions across strategic planning, engineering, construction, commissioning and project management functions. Tony has been responsible for managing major capital projects for the CSG business unit of Origin Energy at Spring Gully and Talinga as well as Origin's CSG – LNG project. His various roles have included, Senior Project Manager: Gathering and Development for the APLNG Phase 1 Project 2011 – 2015 and as Senior Project Manager – Planning and Development in the Origin CSG Business Unit between 2008 - 2011.

Tony's appointment strengthens Comet Ridge's project and development capability.

Cash Position

As at the 30 September 2018, Comet Ridge had \$23.3m cash on hand (un-audited).

Shares and Performance Rights Position

No shares were issued during the quarter. At 31 December 2018 there were 727,876,423 shares on issue.

On 31 December 2018, 1,100,000 Employee Performance Rights were issued, bringing the total number of rights on issue to 5,475,000.



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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 85% 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 85% 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.

Listing Rule 5.42

*The details of the Contingent Resource for the Albany Structure in ATP 744 referenced on page 2 of this Quarterly Activities report are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, and were originally released to the Market in the Company's announcement of 6 August 2015, and were estimated using the deterministic method with the estimate of contingent resources for ATP 744 not having been adjusted for commercial risk.

The unconventional (CSG) Contingent Resource estimates for ATP 744 referenced on page 2 of this Quarterly Report were determined by Mr John Hattner of Netherland, Sewell and Associates Inc. (NSAI) 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 announcement. The unconventional Contingent Gas Resource estimates for ATP 744 provided in this announcement 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 744 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 ATP744 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.