



Comet Ridge Limited

31 July 2019

June 2019 Quarterly Activities Report

- **Mahalo – Initial Development Plan taking shape**
- **Galilee – Seismic data identifies new leads and confirms closure on Lake Galilee Prospect**
- **Galilee – MOU extension with APA**
- **Corporate – Stanwell Agreement extended to 2022**

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

Initial Development Plan Taking Shape

During the quarter, Comet Ridge has been involved in a number of meetings with its JV partners to progress the Mahalo Gas Project and look to finalise the Initial Development Plan (IDP).

The JV has reached agreement on a number of key elements of the IDP, namely:

- The initial development will be a series of mostly dual lateral wells, intersecting with vertical production wells;
- Initial development will target the Castor and Pollux Seams in the most northern part of the field in the shallowest coal sections. The Aries and Orion Seams will not be targeted in the IDP;
- The modular gas plant (water treatment, dehydration and flare) is likely to be sized for 80 TJ/d gas capacity. Given the modular design, the plant could be expanded beyond 80 TJ/d at a later time. The core technology selection work, which we are just waiting on the Development Operator for at this time, will help to define this range;
- A modular Compression concept will be implemented. Installed compression is expected to be initially 40 to 60 TJ/d with room for expansion. The core technology selection work which should be completed shortly, is likely to refine this range;
- The approximate 65km pipeline connection to the two available export pipelines to the south would be sized with a capacity up to 120 TJ/d. Line sizing is expected to be finalised as part of the concept select process shortly;
- Submission of the key Federal and State government applications for the development are scheduled to occur next month;
- The joint venture has agreed to a final investment decision (FID) date of June 2020.

Comet Ridge's first development planning work, conducted during the latter part of 2017, considered a large vertical well development over a large part of the Mahalo Block. This included approximately 200

producing wells and an initial offtake rate of 50 to 60 TJ/d. The production well count in the latest IDP is approximately half of what was originally contemplated by Comet Ridge in 2017. See Figure 1.

Optimisation of the IDP will continue within the MJV over the coming months, leading to FID in June 2020, and given the modular approach to the development, first gas to market should be achieved before the end of 2021. See Figure 2.

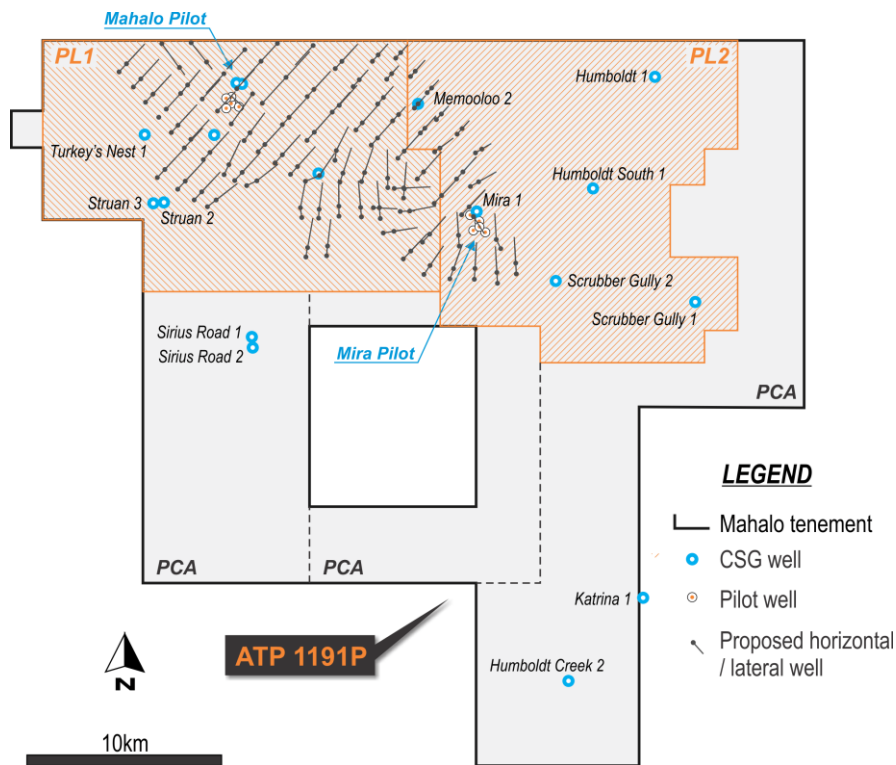


Figure 1 - Comet Ridge’s view on the 2 PL application areas and potential well layout from the Initial Development Plan.

DEVELOPMENT TIMELINE		2019		2020				2021			
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Petroleum Survey Licence	✓										
Initial Development Plan											
EPBC and EA process											
PL Applications process											
FID preparation											
First Gas											★

Figure 2 - Comet Ridge’s view on timetable to First Gas

Flow testing Update – 4Q 2018 programme wells

The wells drilled in the 4Q 2018 programme were specifically positioned to be more isolated, at the shallower and deeper limits of the field, to help define the initial development area. These wells are many kilometres from the nearest pilot scheme and subsequently the performance focus has been around the water rates they could produce, rather than the gas rates, as generally individual wells would need support to lower the pressure over a wide enough area, such as in a full field development.

Flow testing of the three 4Q 2018 production wells continues. The bottom hole pressures on all but one of the production wells has effectively been brought down to low levels which was one of the objectives of testing.

Summary of peak water rates from all four lateral wells drilled in the field plus Memooloo 2 are in the table below.

Well	Style	Approx Peak Water Rate (bwpd)
Mahalo 7/6	lateral-vertical combination	30
Mira 6/2	lateral-vertical combination	150
Struan 3/2	dual lateral- vertical combination	25
Sirius Rd 2/1	lateral-vertical combination	30
Memooloo 2	vertical	48

The Struan 3/2 and Sirius Road 2/1 combinations have shown steady gas flows at low rates for the past few months as these wells continue to dewater. Memooloo 2 is now starting to see a flare intermittently lit as it produces gas at low rates.

In helping to define the outer limits of the initial development area, the production performance of the deep lateral wells has been poorer than would be required to include those areas of the field in the IDP. The gas content data and production performance of the Memooloo 2 well has been pleasing and has been consistent with the reservoir parameters seen in the Mahalo and Mira pilot wells with production performance still being monitored. Pressure Build-up surveys are planned for the three test wells to gain further data on reservoir parameters to be included in the data set for the IDP.

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).

Seismic identifies new leads and confirms closure on Lake Galilee Prospect

In Q1 2019, Comet Ridge as the Operator for the Deeps JV, completed a 336km seismic programme, designed to identify regional structural trends and mature existing prospects towards drillable status. During the June quarter, the 336km from the Koburra seismic programme was processed and a further 896km of existing 2D seismic data that had been acquired between 1980 and 2011 was also re-processed.

As announced to the market on the 12 July 2019, initial interpretation of the data has been done confirming regional structural trends, firming up a number of leads and adding four new leads. Refer Figure 3 for the seismic layout over the significant project area of 9,685km².

A significant finding from the seismic interpretation was confirmation of a four-way dip closure on the Lake Galilee prospect. This structure was drilled by the Lake Galilee 1 oil exploration well in the 1960s with the well flowing gas at low rates and recovering minor amounts of oil on test. Comet has now determined from the seismic interpretation that the Lake Galilee 1 well was drilled on the edge of the structural closure, giving significant up-dip potential. Figure 4 shows the latest depth structure map to the top of the Lake Galilee Sandstone at the Lake Galilee Structure.

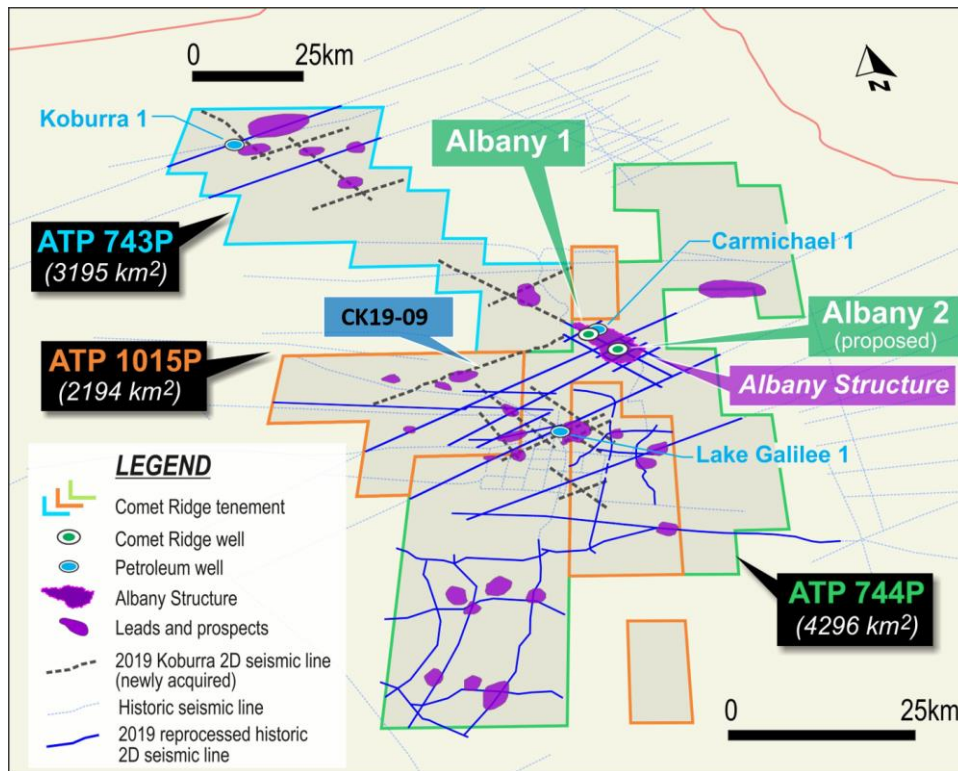


Figure 3 – Regional map of the Galilee Permits, detailing the Koburra 2D seismic lines.

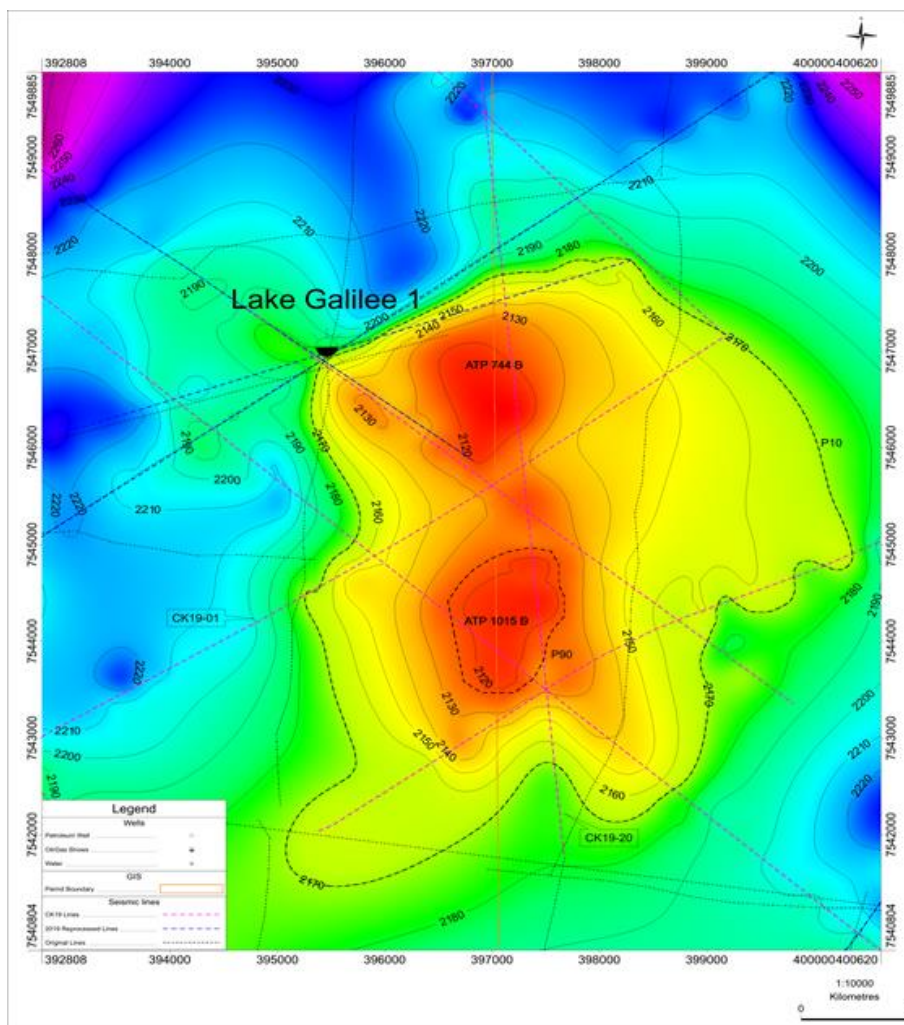


Figure 4 – Lake Galilee Structure – Depth (meters subsea) structure map to the Top Lake Galilee Sandstone, showing a closed structure

Renewal of MOU with APA

As announced on the 30 May 2019, Comet Ridge has renewed its MOU with APA, which will eventually provide Comet Ridge with a gas pathway to Moranbah and then via the North Queensland Gas Pipeline (NQGPP) to Townsville. The APA proposed route to market will also allow for gas to be supplied to the large mining projects planned for the Galilee. (See Figure 5) Also there are a number of gas customers on the NQGPP with significant current and future gas requirements, as well as several new developments that will build on the current gas requirement.

Under the renewed MOU, APA are undertaking a detailed work programme, inclusive of on the ground surveys, local stakeholder engagement, initial environmental studies and applying for a Petroleum Survey Licence (PSL).

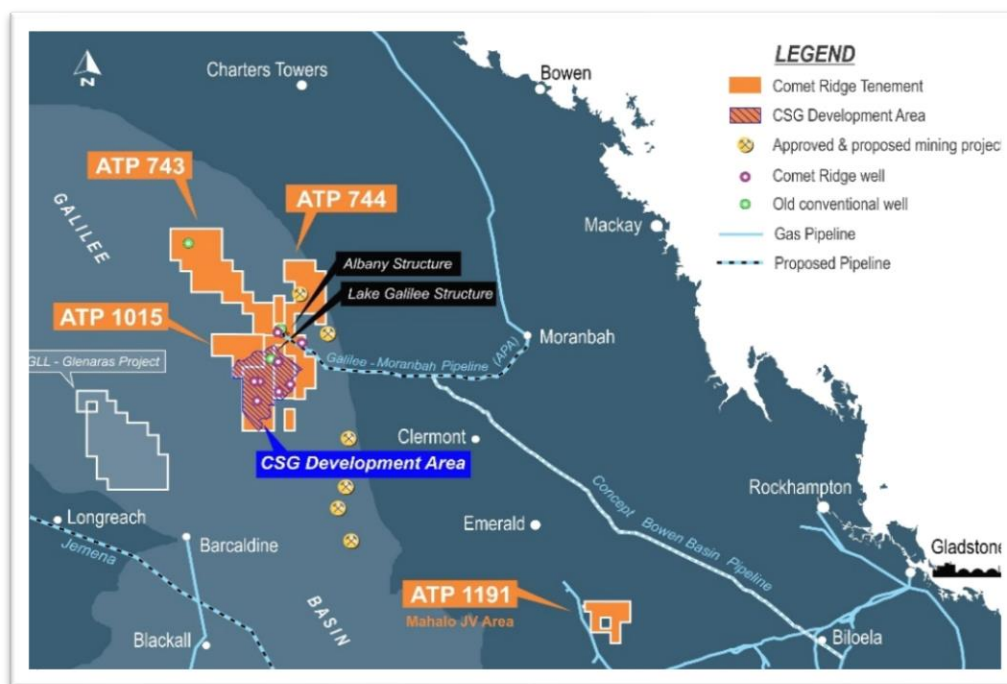


Figure 5 – Proposed APA pipeline connect Galilee to Moranbah, then onto Townsville via the North Queensland Gas Pipeline.

Corporate

Stanwell Agreement extended

On the 17 June 2019, Comet Ridge announced that it had signed an Agreement with Stanwell, which amended the 2014 Deed of Option and extended the Final Option Date under the Deed to 30 September 2022. The 2019 Agreement has removed Stanwell's option to elect either a Gas Sales Agreement (GSA) or a cash settlement from the 2014 Agreement as well as terminating the 2018 Agreement.

The 2019 Agreement allows for Comet Ridge Mahalo Pty Ltd (CML) and Stanwell to negotiate a market priced GSA and fixed gas volumes of between 20 to 30 PJ, depending on the final development of the Mahalo Gas Project.

Under the 2019 Agreement CML may commence negotiations on a GSA up to 29 September 2021, or if CML does not commence negotiations, Stanwell may commence negotiations for a GSA by 8 October 2021. If CML and Stanwell are unable to come to an agreement on a GSA or neither party commence negotiations for a GSA, then a cash settlement of \$20 million, indexed for CPI from March 2014, would be triggered on

or before 8 November 2021. Upon payment of the cash settlement, the obligations under the 2014 Agreement and the 2019 Agreement will be fully discharged.

Cash Position

As at 30 June 2019, Comet Ridge had \$13.0m cash on hand (un-audited).

Shares and Performance Rights Position

No shares were issued during the quarter. At 30 June 2019 there were 727,876,423 shares on issue.

No performance rights were issued during the quarter. At 30 June 2019 there were 5,475,000 rights on issue.



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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.