



Comet Ridge Limited

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# **Comet Ridge Limited**

## **Focus on Building Reserves**

16 October 2014

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# Offer Summary

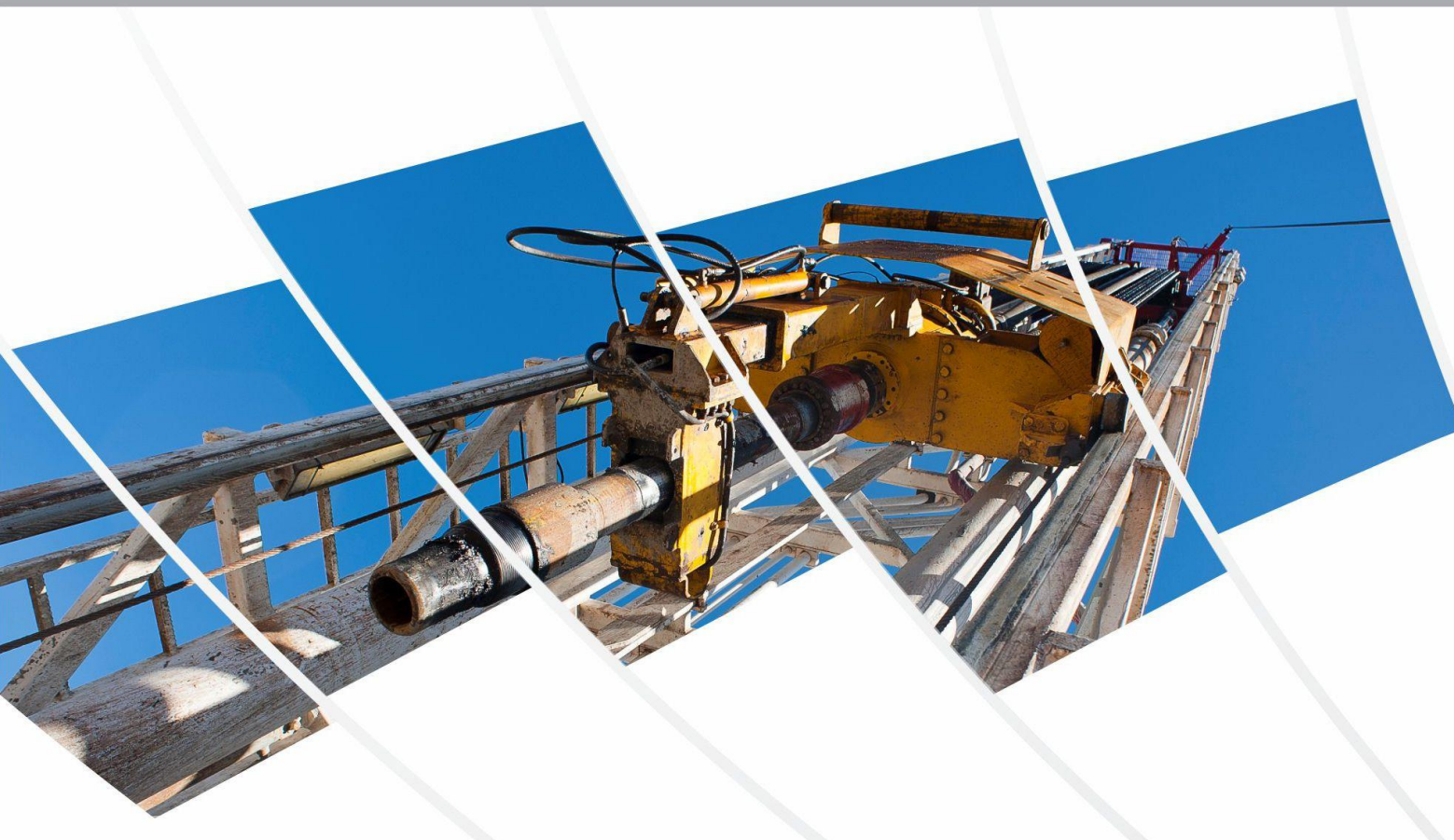


Comet Ridge Limited

<b>Offer Structure</b>	<ul style="list-style-type: none"><li>■ Placement to raise approx. A\$8 million</li><li>■ Chairman and MD to participate subject to AGM approval</li><li>■ Issue price of A\$0.135 per share representing a discount of 16% to last close and 14% to the 5-day VWAP</li><li>■ SPP offer capped at A\$2 million</li></ul>
<b>Use of Funds</b>	<ul style="list-style-type: none"><li>■ Appraisal at Mahalo Project to build Reserves and production capacity (including horizontal pilot well to be drilled in current quarter)</li><li>■ Other portfolio project costs, corporate overheads, cash balance and offer costs</li></ul>
<b>Short Term Milestone Targets</b> – Mahalo Project	<ul style="list-style-type: none"><li>■ Successful horizontal pilot well to demonstrate well style for field development and northern Mahalo block deliverability</li><li>■ Continued dewatering and production acceleration at Mira Pilot leading to conversion of 3P to 2P Reserves</li><li>■ Appraisal corehole(s) to build 2P and 3P Reserves</li></ul>

Section 1:

# Company Overview



## High quality Mahalo Project



- Initial Reserves certified
- Two pilots continuing to operate
- Current production testing and work program to expand Reserves, leading to field development plan

## Adjacent to infrastructure connecting to Gladstone market, short of gas



- Mahalo Field Pilot located 11km from pipeline linking to Gladstone LNG and domestic markets
- Strong gas pricing environment with recent contracts at +\$9/GJ

## Mahalo JV partners represent 2 of the 3 Gladstone LNG projects



- Mahalo Project equity interests - COI 40%\*, Santos 30% and APLNG 30%
- COI 40% Mahalo equity interest strategic for operational control and a material gas supply source for LNG train optimisation and expansion

## Significant further upside potential within portfolio projects



- ~2 Tcf contingent resource, 100% owned in east of Galilee Basin close to coal mine projects
- Significant acreage and equity position in Gunnedah Basin (JV with Santos), just north of Pilliga Project

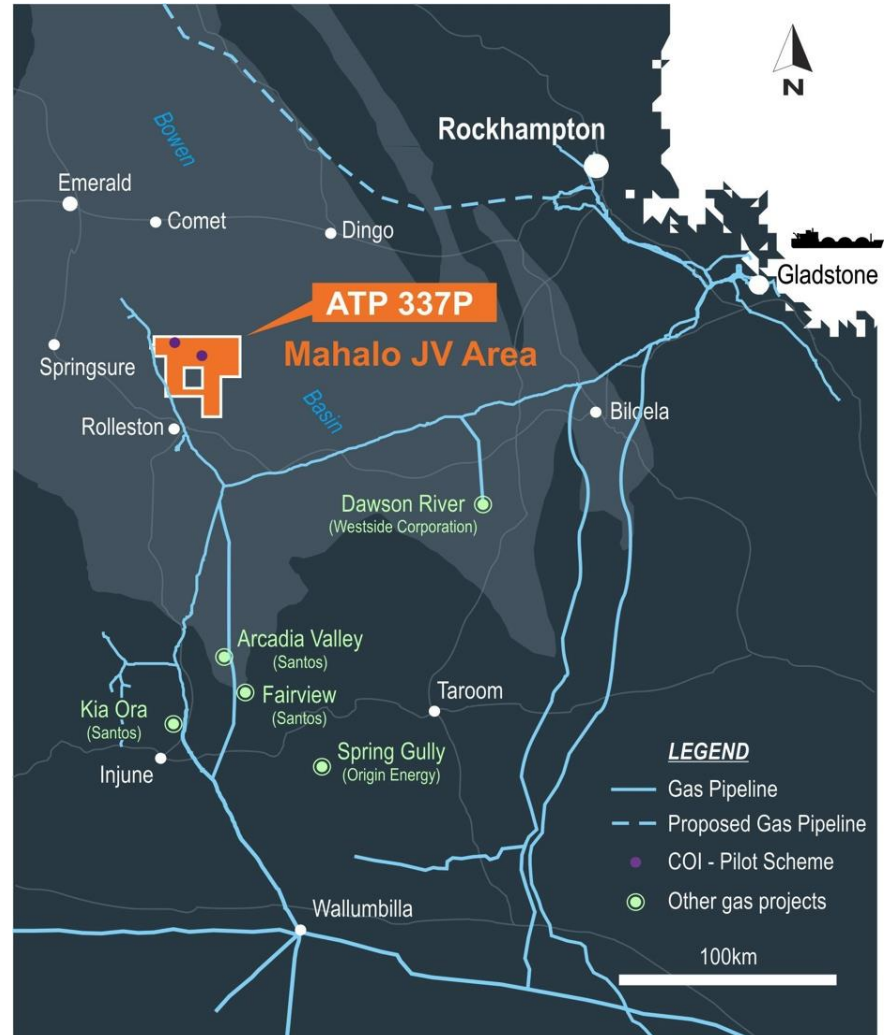


# Priority Project: Mahalo



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- Potential for significant project (gross resource 1,480 PJ, 100% basis)
- Located close to infrastructure connecting to Gladstone LNG and domestic markets
- Focus on building Reserves and production
- Two pilot schemes continuing to operate
- Low cost appraisal program underway to maximise Reserve upgrade
- First horizontal well commencing in November 2014 to demonstrate deliverability for field development planning



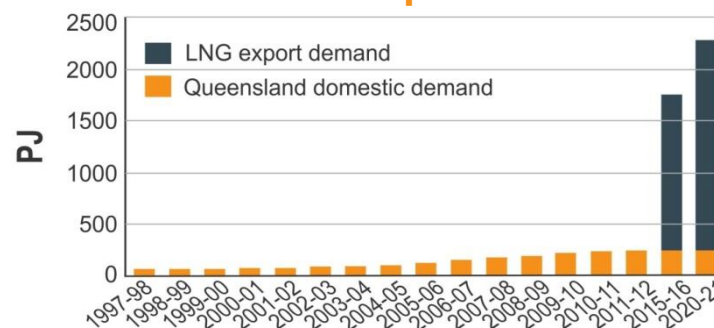
# Strategically Positioned for Gladstone LNG



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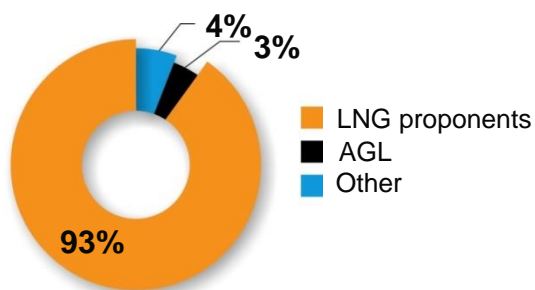
- 4 large LNG consortia and AGL control 97% of 2P CSG reserves in Queensland\*\*
- Intensifying competition for uncontracted gas reserves driven by LNG demand
- Mahalo Project well positioned to supply gas to Gladstone LNG and/or domestic customers

## Qld domgas demand and projected gas demand for LNG exports



Source: 2012 Gas Market Review Queensland (Queensland Government)

## Qld CSG 2P Reserves, Nov 2013 (41,246 PJ)



Source: EnergyQuest

## Overview of Gladstone LNG Projects

Project name	Est. start-up	Project size (Mtpa)		Gas use per train (PJ/a)	Total potential gas demand (PJ) ^
		Initial	Potential		
Australia Pacific LNG (APLNG)	2015	9.0 (4.5 x 2)	18.0	270	21,600
Gladstone LNG (GLNG)	2015	7.8 (3.9 x 2)	12.0	234	14,040
Queensland Curtis LNG (QCLNG)	End 2014	8.6 (4.3 x 2)	13.5	255	15,300
Arrow LNG *	2017	8.0 (4.0 x 2)	18.0	260	20,800
<b>Total</b>		<b>33.4</b>	<b>61.5</b>		<b>71,740</b>
<b>Current 2P Coverage % **</b>					<b>57%</b>

Source: 2012 Gas Market Review, Queensland; Company releases, EnergyQuest

^ Based on 20 year project

\* Project has not yet reached Final Investment Decision

\*\* Based on Qld 2P reserves as at November 2013 (EnergyQuest)

# Comet Ridge – Corporate Overview



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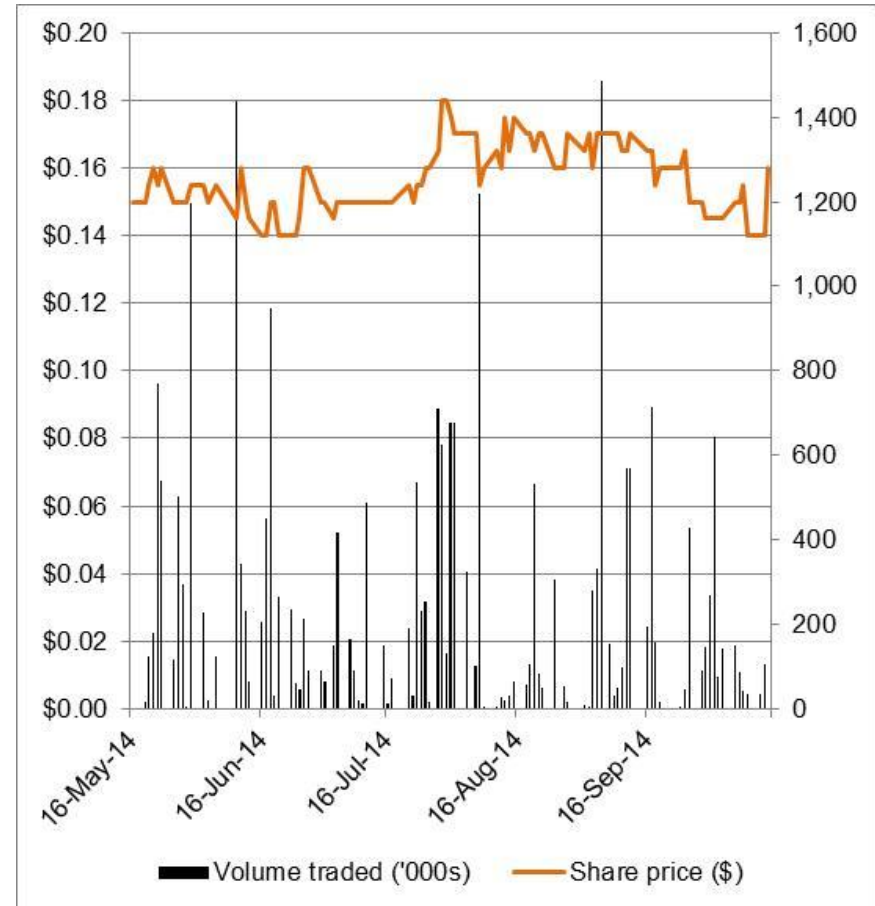
## Capital structure (ASX:COI)

<b>Share price</b>	<b>\$0.16</b>
Shares on issue	458.7m
<b>Market capitalisation<sup>1</sup></b>	<b>\$73.4m</b>
Forecast Cash (30 Sep 14)	\$2.3m
<b>Enterprise value<sup>1</sup></b>	<b>\$71.1m</b>

Source: IRESS

1. Excludes 2.7m performance rights

## 6 month trading history





## Section 2:

# Mahalo Project



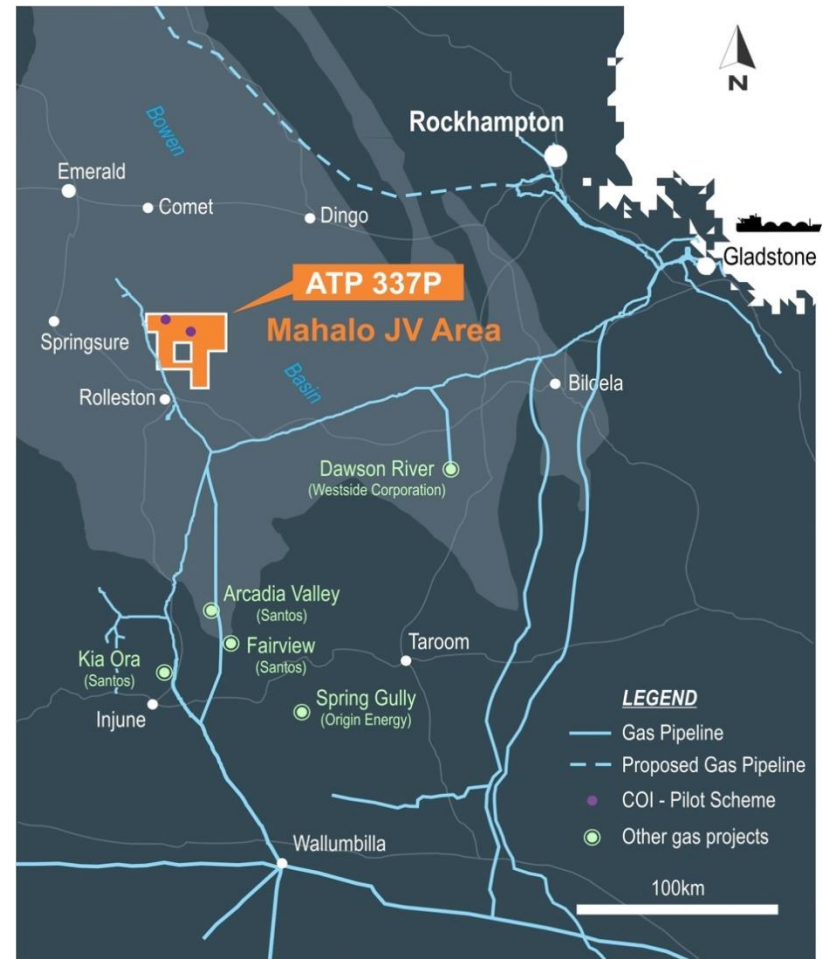
# Mahalo Project – Background



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- JV partners APLNG and Santos participate in two of the Gladstone LNG projects
- 11km from pipeline infrastructure linking to Gladstone LNG and domestic market with significant gas supply requirement and rising prices
  - ~25 TJ/d existing pipeline capacity (approx. 3 LNG cargoes p.a.), can be increased further with additional compression
- Initial drilling and testing exceeded COI expectations and confirmed a high quality asset:
  - 7 to 9 metres of continuous net coal thickness achieved across both pilot locations
  - Very good to excellent permeability measured (up to hundreds of millidarcies)
- Two pilot schemes operating and flaring gas – Mahalo and Mira Field Pilots

## ATP 337P Mahalo Block (COI 40%\*, APLNG 30%, Santos 30%)



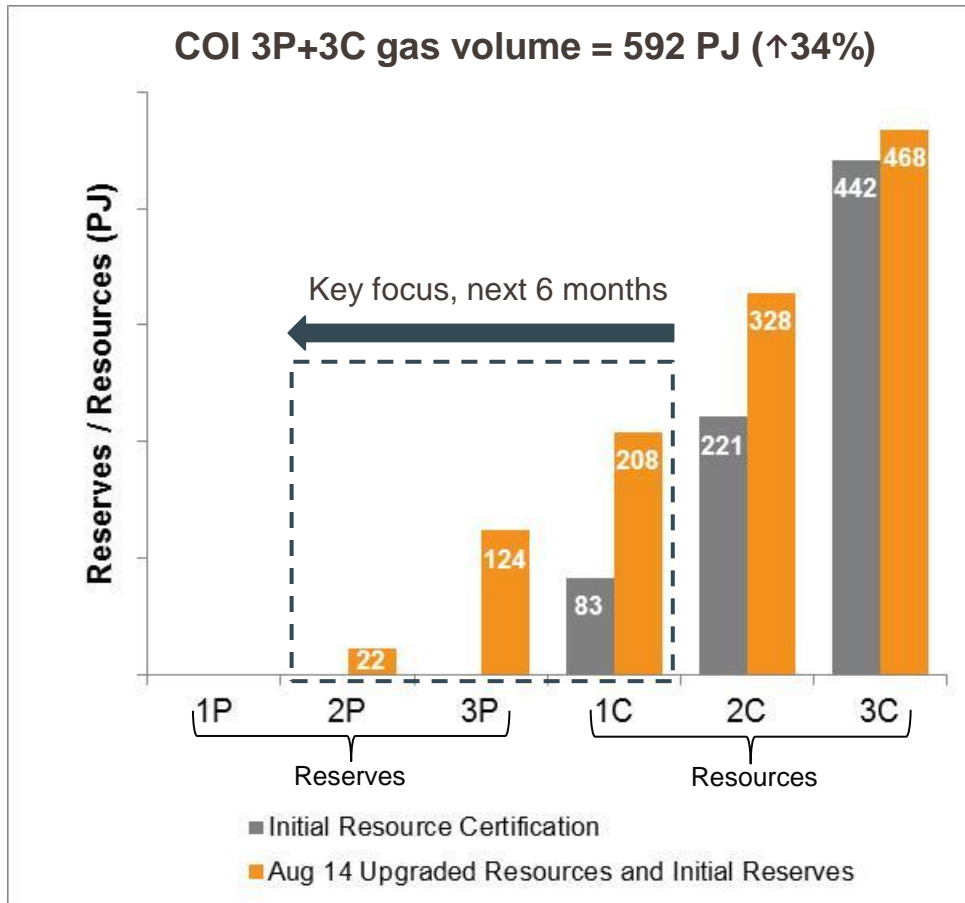
\* Mahalo Stanwell transaction pending signing of routine JV assignment documents

# Maiden Reserve Booking at Mahalo



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## COI 40%\* Share – Mahalo Reserves & Resources



\* 40% net equity share subject to execution of routine JV assignment deed to finalise the assignment of Stanwell Corporation's 5% equity interest in the MGP to COI

Note: Gas Reserve and Resource numbers have been rounded to the nearest whole number. 1P Reserves have not been attributed to the MGP under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan. Refer to Competent Persons Statement on p31.

- August 2014 Reserve Statement delivered initial independently certified reserves and material upgrade to contingent resources
  - ↑ 150% at 1P + 1C level (208 PJ)
  - ↑ 58% at 2P + 2C level (350 PJ)
  - ↑ 34% at 3P + 3C level (592 PJ)
- Substantial upside to Reserves expected as Mahalo Project continues to mature (Gross Resource 1,480 PJ – 100% basis)
- 2P and 3P Reserve areas represent less than 5% and 25% of the tenement area respectively
- Significant JV spend to date on two pilot schemes and associated infrastructure
- New pilot schemes are not required moving forward
- Plan to drill strategically located incremental wells to build Reserve base and field development plan



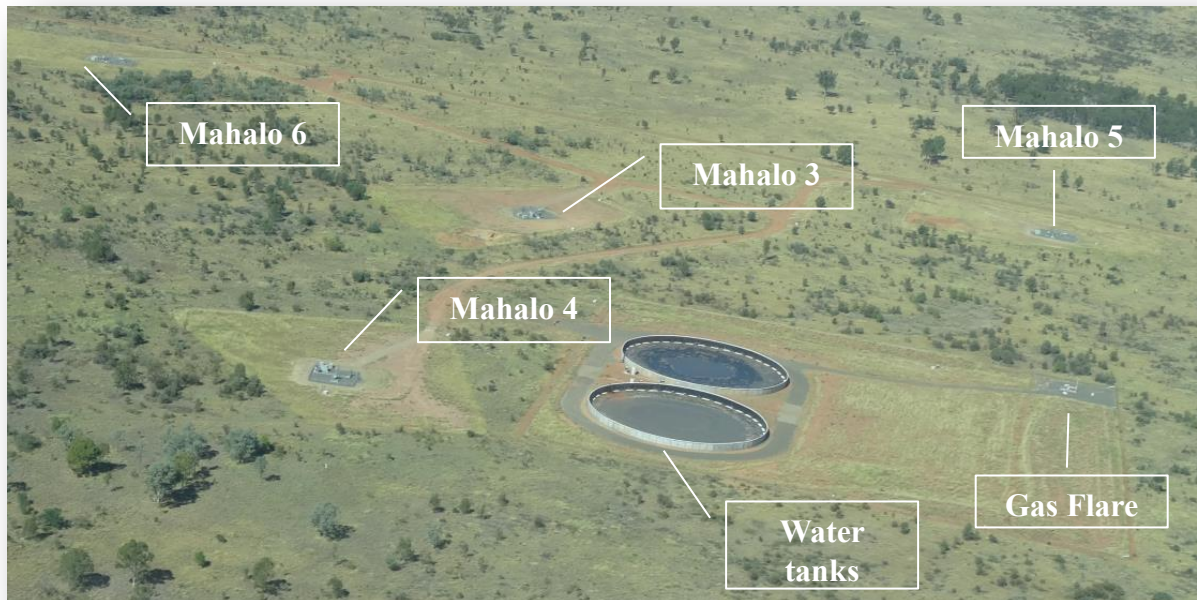
# Mahalo and Mira Field Pilots



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- Brought on-line in April 2013 (Mahalo) and June 2013 (Mira)
- Mahalo Field Pilot (shown in schematic below) returned to production testing following stimulation in early 2014
  - Gas production continuing - steadily increasing since early March with gas being flared
- Pumping operations continue at Mira Field Pilot with gas being flared
- Dewatering continues at both pilots and new drilling and appraisal program to commence this quarter through 2015

## Current Mahalo Field Pilot Layout



# Mahalo Project Forward Strategy



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## Strategy for Mahalo Project

- High quality asset – COI 40% (largest equity interest)
- 2014/15 work program and budget issued by Operator

## Drilling and appraisal program 2014/15

- Mahalo 7 horizontal well approved by JV to spud in Nov 2014
- Further Mahalo Project work program includes:
  - Mira further drilling to accelerate production
  - Step-out corehole(s)
  - Preliminary pipeline and conceptual field development studies

## Work program rationale

- Vertical pilot wells continue to dewater/flare gas
- Horizontal well expected to:
  - Accelerate dewatering and gas production from enhanced connection to coal fracture network
  - Optimise capital spend per unit of gas recovered
  - Reduce field development footprint and cost

## Targeted outcomes next 6-12 months

- Significant Reserve upgrades
- Accelerated well deliverability
- Maximise unit value of gas reserves
- Leading to Stage 1 Field Development plan

## Section 3:

# Capital Raising





# Offer Details



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<b>Offer Structure</b>	<ul style="list-style-type: none"> <li>■ Placement to raise approx. A\$8 million by issuing 59.3 million shares (11.4% of the issued capital)</li> <li>■ Chairman and MD to participate subject to AGM approval</li> <li>■ SPP offer capped at A\$2 million</li> </ul>
<b>Pricing</b>	<ul style="list-style-type: none"> <li>■ Issue price of A\$0.135 per share representing a discount of:                             <ul style="list-style-type: none"> <li>— 15.6% to last close on Wed, 15 Oct of \$0.16</li> <li>— 13.9% to the 5-day VWAP of \$0.157</li> </ul> </li> </ul>
<b>Use of Funds</b>	<ul style="list-style-type: none"> <li>■ 2014/15 appraisal at Mahalo Project to build reserves and production (including horizontal pilot well in Nov 2014)</li> <li>■ Other portfolio project costs, corporate overheads, cash balance and offer costs</li> </ul>
<b>Lead Manager</b>	<ul style="list-style-type: none"> <li>■ Ord Minnett</li> </ul>
<b>Cash Position</b>	<ul style="list-style-type: none"> <li>■ Cash on hand of A\$10.3 million post raising</li> </ul>
<b>Placement Timetable</b>	<ul style="list-style-type: none"> <li>■ Announcement of Placement – Monday, 20 Oct 2014</li> <li>■ Settlement of Placement shares – Thursday, 23 Oct 2014</li> <li>■ Allotment of Placement shares – Friday, 24 Oct 2014</li> <li>■ Quotation of Placement shares – Friday, 24 Oct 2014</li> </ul>

# Use of Proceeds to end FY2015



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## Sources

Cash (30 Sep 2014)	A\$2.3m
Placement	A\$8.0m
<b>Total Sources</b>	<b>A\$10.3m</b>

## Mahalo Project work program to 30 June 2015

## Uses

Mahalo Project:	
▪ Mahalo and Mira pilot operations	A\$0.8m
▪ Appraisal drilling program *	A\$4.1m
<b>Total</b>	<b>A\$4.9m</b>
Corporate and technical team costs	A\$2.6m
Other Projects	A\$0.6m
Offer costs and expenses	A\$0.5m
Working capital and stamp duty	A\$1.7m
<b>Total Uses</b>	<b>A\$10.3m</b>

- Continue to dewater Mahalo and Mira pilots and flare gas
- Mahalo 7 horizontal well
- Mira further drilling to accelerate production
- Step-out core hole(s)
- Preliminary pipeline and conceptual field development studies

- Additional SPP offer proceeds will be applied to working capital and further Mahalo appraisal program costs

\* Includes costs accrued but not paid at 30 September 2014

## Section 4:

# Investment Risks and Selling Restrictions



# Investment Risks



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- There are various risks associated with investing in Comet Ridge, as with any stock market investment and, specifically, because of the nature of Comet Ridge's exploration business and the present stage of development of Comet Ridge's operations. Potential investors should consider whether the securities are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. Many of those risk factors are outside the control of the Company.

<b>Mahalo Work Programme</b>	<ul style="list-style-type: none"> <li>Comet Ridge has a 40% interest in the Mahalo Project (ATP 337P) (having acquired back from Stanwell Corporation the initial 5% interest previously transferred to Stanwell). The Mahalo Project is a joint venture between Comet Ridge, Santos QNT Pty Ltd and Australia Pacific LNG (Origin / ConocoPhillips / Sinopec). Due to its non-operator position, Comet Ridge will be dependent to a degree on the efficient and effective management of those operations by its partners in executing the Mahalo work programme. However, there is a risk that the work programme may take longer to execute, and/or may cost more to execute than budgeted.</li> </ul>
<b>Exploration and production risk</b>	<ul style="list-style-type: none"> <li>When exploring for, or producing gas from underground structures or coal seams there is always an inherent risk that the geological or reservoir characteristics will prevent ultimate commercial production. These risks can impact the effective application of funds and resources and the ability of the Company to supply gas at commercial rates, and may be the result of events and conditions beyond the Company's control.</li> </ul>
<b>Operational risk</b>	<ul style="list-style-type: none"> <li>Gas field operations involve the potential for hazards such as well blowouts, explosions, uncontrollable flows, fires, formations with abnormal pressures, pollution, releases of dangerous gas and other environmental hazards and risks. Comet Ridge could suffer substantial losses as a result of any of these events, particularly if it is not fully insured against those risks. Even where Comet Ridge is insured, accidents that damage drilling rigs or other equipment could delay exploration or production operations.</li> </ul>
<b>Reserves risk</b>	<ul style="list-style-type: none"> <li>The estimation of natural gas reserves involves subjective judgements and determinations based on geological, technical, contractual and economic information. There is uncertainty in the estimates and it is not an exact calculation. The estimates may change because of new information from operational activities or changes in economic factors, such as assumptions regarding incomes and costs. It may also alter because of acquisitions and disposals, new discoveries and extensions of existing fields as well as the application of improved recovery techniques. Published reserves estimates may also be subject to correction in the application of published rules and guidance.</li> </ul>
<b>Tenements risk</b>	<ul style="list-style-type: none"> <li>Comet Ridge's exploration and appraisal activities are dependent upon the grant and maintenance of appropriate licences, permits, resource consents, access arrangements and regulatory authorities (authorisations), which may not be granted or may be withdrawn or made subject to limitations at the discretion of government or regulatory authorities. Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurances the authorisations will be continued, renewed or granted, or as to the terms of such renewals or grants.</li> </ul>
<b>Land access risk</b>	<ul style="list-style-type: none"> <li>Overlapping tenure and other restrictions could impact Comet Ridge's ability to commercially develop its assets.</li> <li>Access to drilling locations and rights of way generally require agreements and compensation arrangement with land owners. Negotiations of these agreements can be lengthy, costly and inconclusive and ultimately pose a risk that Comet Ridge may be denied access to a particular location.</li> </ul>
<b>Gas market</b>	<ul style="list-style-type: none"> <li>Comet Ridge's possible future revenues are expected to be derived from domestic and/or export gas sales.</li> <li>The profitability of Comet Ridge's coal seam gas business will be determined by the future market for domestic and export gas. LNG prices are generally linked to oil price and in US dollars, and can vary significantly depending on oil prices, exchange rates, worldwide LNG supply and demand and the terms under which LNG off-take arrangements are agreed. Domestic gas prices are historically fixed prices with a percentage escalation of CPI, and may also vary due to various economic factors and factors which influence demand and supply at the time of contracting.</li> <li>Numerous factors outside the control of Comet Ridge impact on gas prices. The prices required to achieve adequate returns on Comet Ridge's coal seam gas business will vary depending on cost of production including drilling costs, economies of scale and gas flow rates. Any substantial decline in the price of gas is likely to have a material adverse effect on the financial position of Comet Ridge.</li> </ul>

# Investment Risks (cont'd)



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## Gas flow rates and gas sale agreements

- The rate at which gas flows from Comet Ridge's wells will be a determinant of its profitability. There is a risk that gas flow rates from Comet Ridge's wells will not be sufficient to meet the requirements of future gas supply contracts. This may result in further remedies and/or increased development expenditure to drill more wells than originally anticipated. There is also a risk that Comet Ridge may not be able to procure gas sale agreements for its coal seam gas business on reasonable terms, which may adversely affect the profitability of Comet Ridge.

## Drilling and completion techniques

- Comet Ridge may use horizontal drilling and/or hydraulic fracturing technology in its exploration and development activities. The use of these drilling technologies may be necessary for the production of commercial quantities of gas from geological formations of the type that Comet Ridge is targeting. There has been an increase in interest by governments and the public in hydraulic fracturing and the enactment of any new laws, regulations or requirements by any relevant government authority in respect of hydraulic fracturing could result in operational delays, increased operational costs and potential claims from a third party or governmental authority. Restrictions on the use of hydraulic fracturing may reduce the amount of gas Comet Ridge can produce and may have a material impact on Comet Ridge's business.

## Access to infrastructure

- Infrastructure is a key path to market for a CSG producer and any limitation of infrastructure exposes a producer to potential cost and capacity constraints. Discoveries in remote locations may be difficult and expensive to commercialise due to infrastructure and transport costs.
- The sharing with other industry participants of transport and operating infrastructure is common in the gas sector. Any delay or failure to access properly maintained operating infrastructure or shared facilities may have a material adverse effect on the Company.

## Joint ventures

- Comet Ridge is party to joint venture or joint operating agreements for several of the tenements in which it holds an interest. Under these agreements, Comet Ridge may be voted into programs and budgets which are not in line with the objectives and strategy of Comet Ridge or that Comet Ridge does not have the cash resources to fund. Comet Ridge may be required to contribute to increases in capital expenditure requirements and/or operating costs where the requirements of the project change or in circumstances where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure.
- Other companies may be operators under joint venture operating agreements and, to the extent that Comet Ridge is a minority joint venture partner, Comet Ridge will be dependent to a degree on the efficient and effective management of those operations by its partners.

## Environmental

- Comet Ridge's operations and projects are subject to state and federal laws and regulation regarding the environment. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on Comet Ridge for damages, clean up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by Comet Ridge, or non compliance with environmental laws or regulations.
- Comet Ridge proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage.

## Native title

- Formal agreements with traditional and tribal land owners are required in many areas. Despite Comet Ridge working closely with Traditional Owners and entering into agreements to formalise Comet Ridge's ongoing commitment to manage cultural heritage matters in its areas of operations, conflicts are possible and denial of access to the land is possible, if items of cultural heritage significance are identified.
- Permit applications and existing permits may be affected by native title claims or procedures. This could preclude or delay granting of exploration permits and considerable expenses could be incurred negotiating and resolving issues.

# Investment Risks (cont'd)



Comet Ridge Limited

<b>Legislation and Regulatory risk</b>	<ul style="list-style-type: none"> <li>■ Comet Ridge's activities in the petroleum industry are subject to legislation, regulation and approvals. The introduction of new legislation, amendments to existing legislation, the application of developments in existing common law or policies or the interpretation of those laws or policies, particularly in relation to, land access arrangements, environmental approvals, the carbon tax or its substitute, the effect of greenhouse gases legislation, royalties and production and exploration licensing may adversely affect Comet Ridge's future operations and financial performance. Comet Ridge will, from time to time, require various government regulatory approvals for its transactions and operations and must comply with those approvals, applicable laws, regulations and policies. In particular, Comet Ridge may require licences and approvals in relation to mining activities, environmental matters and the manufacture and supply of gas and electricity.</li> <li>■ There is a risk that Comet Ridge or a joint venture that it is a party to may not obtain, or there may be a delay in obtaining, the necessary licences and approvals. This may affect the timing and scope of transactions and work that can be undertaken. Further, a failure to comply with a licence, approval or applicable law may affect the timing and scope of work that can be done. The loss of granted tenements or failure to obtain relevant approvals in relation to them may have a material adverse effect on Comet Ridge process.</li> <li>■ By way of example, in the context of the current political environment, the introduction of legislation that further restricts or inhibits coal seam gas exploration and production, changes to strategic cropping, native title, land access or overlapping tenement arrangements or the introduction of legislation that restricts or inhibits exploration and production would likely operate to Comet Ridge's detriment.</li> </ul>
<b>Competition</b>	<ul style="list-style-type: none"> <li>■ As a result of high levels of demand in the natural resource industries, a shortage of supply of material, labour and services could impact adversely on exploration or production activities.</li> </ul>
<b>Insurance</b>	<ul style="list-style-type: none"> <li>■ Insurance of all risks associated with gas exploration and production is not always available and, where available, the cost can be high. Comet Ridge will have in place insurance considered appropriate for Comet Ridge's needs, however there is no guarantee that such insurance will be sufficient in all circumstances.</li> </ul>
<b>Litigation</b>	<ul style="list-style-type: none"> <li>■ Comet Ridge may be exposed to potential legal and other claims or disputes in the future which could negatively impact Comet Ridge's financial performance through damages payments and harm to reputation.</li> </ul>
<b>Occupational health and safety risk</b>	<ul style="list-style-type: none"> <li>■ Gas exploration and production may expose Comet Ridge's staff to potentially dangerous working environments. If any of Comet Ridge's employees suffered injury or death, compensation payments or fines may be payable and such circumstances could result in the loss of a licence or permit required to carry on the business.</li> </ul>
<b>Financing</b>	<ul style="list-style-type: none"> <li>■ Comet Ridge, in order to meet future ongoing work programs, will likely require additional capital (via asset sales, farm-ins, equity, etc). There can be no assurance that sufficient capital funding will be available to Comet Ridge on favourable terms or at all. If Comet Ridge is unable to raise necessary capital, there may be a reduction in planned capital expenditure which could have a material adverse effect on Comet Ridge's ability to expand its business and/or maintain operations at current levels; this could, in turn, have a material adverse effect on Comet Ridge's business, financial condition and operations. Any additional capital requirements may dilute existing shareholdings.</li> </ul>



# Investment Risks (cont'd)



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## Reliance on key personnel risk

- Comet Ridge's progress in pursuing its exploration and appraisal programs within the timeframes and currently envisaged cost structure could be influenced by the loss of existing key personnel or a failure to secure and retain additional key personnel as Comet Ridge's exploration and appraisal programs progress. The result of such loss would depend on the quality and timing of the employee's replacement.
- Although Comet Ridge's key personnel have a considerable amount of experience and have previously been successful in their pursuits of acquiring, exploring and evaluating mineral projects, there is no guarantee or assurance that they will be successful in their objectives.

## Economic factors

- Factors such as economic outlook, inflation, currency fluctuation, interest rates, demand, global geo-political events and hostilities and industrial disruption have an impact on operating costs, oil and gas prices and share market conditions. Comet Ridge's future possible profitability and the market price of Comet Ridge Shares can be affected by these factors which are beyond the control of its directors.

## Investment in equity capital

- There are general risks associated with investments in equity capital. The trading price of shares in Comet Ridge may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for New Shares being less or more than the Issue Price.

## General

Generally applicable factors which may affect the market price of shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- changes in interest rates, commodity prices and the rate of inflation;
- changes to government regulation and policies;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

# Foreign Selling Restrictions



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## Hong Kong

**WARNING:** This Presentation has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, any new share in the Company issued as part of this capital raising have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to any new shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to any new shares issued as part of the capital raising are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted new shares in the Company may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

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Appendix:

# Additional Information



# Portfolio Net Gas Reserves and Resources



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- Initial independent Reserve certification for Mahalo Project in August 2014
- Significant independent Resource bookings in four areas

Comet Ridge Limited – Net Recoverable Reserves and Resources									
Location	Project	COI Interest	Reserve (PJ) <sup>1</sup>			Contingent Resource (PJ)			Prospective Resource (PJ) <sup>2</sup>
			1P	2P	3P	1C	2C	3C	
Bowen Basin, QLD	Mahalo Gas Project (ATP 337P)	40% <sup>3</sup>	- <sup>4</sup>	22	124	208	328	468	-
Galilee Basin, QLD	Gunn Project Area <sup>5</sup> (ATP 744P)	100%	-	-	-	-	67	1,870	597 <sup>6</sup>
Gunnedah Basin, NSW	PEL 6 PEL 427 PEL 428	22½% 50% 60%	-	-	-	-	-	474	2,101
West Coast, NZ	PMP 50100	100%	-	-	-	45	89	169	-
<b>Total</b>			<b>-</b>	<b>22</b>	<b>124</b>	<b>253</b>	<b>484</b>	<b>2,981</b>	<b>2,698</b>

Note: Gas Reserve and Resource numbers have been rounded to the nearest whole number. Refer to Competent Persons Statement on page 19.

1) COI's net reserves have not been adjusted for fuel or shrinkage (estimated at approximately 3%) and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).

2) ASX Listing Rule 5.28.2 Statement relating to Prospective Resources: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

3) 40% net equity share subject to execution of assignment deed to finalise the assignment of Stanwell Corporation's 5% equity interest in the MGP to COI

4) 1P Reserves have not been attributed to the MGP under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan.

5) Sandstone gas prospectivity not considered in the Resource Table for ATP 744P to this point.

6) Where the auditor has detailed Prospective Resources in a range, the mid-range case has been listed in the table.

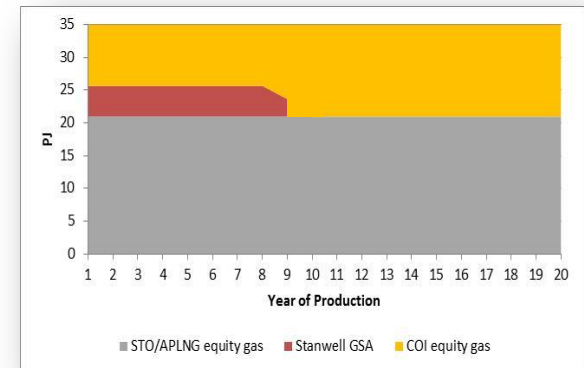
# Mahalo Buy Back



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- Comet Ridge announced the buy back of interests in the Mahalo Project previously sold to Stanwell in 2011, increasing COI's project interest to 40%
- Stanwell can elect either of the following at final investment decision as consideration for the relinquishment of its interests in the Mahalo Project:

## Indicative GSA Example Based on 35 PJ/a Gross Project Field Development



### Assumptions:

- 35 PJ/a gross project field development
- 20+ year field life
- 40 PJ sold to Stanwell over 8.5 years

\* Escalated quarterly from 1 August 2014

## Gas Supply Agreement (GSA)

- GSA with COI for supply of 20 PJ to 40 PJ from the Mahalo Project over 10 years** (~7% of gas resource, COI 40% share)
- Limited to one third of COI gas produced each year for 10 years
- Key GSA terms:
  - Pricing linked to LNG netback (with ceiling)
  - Floor price protection based on fixed return
  - Take or pay provisions apply
  - Stanwell receive pricing discount over term of GSA to reflect \$15m invested to date

OR

## Cash payment

- Cash payment of \$20m \***
- Represents reimbursement for expenditure to date and uplift in value/funding costs
- If FID is not reached within 4 years Stanwell is deemed to have elected the cash payment

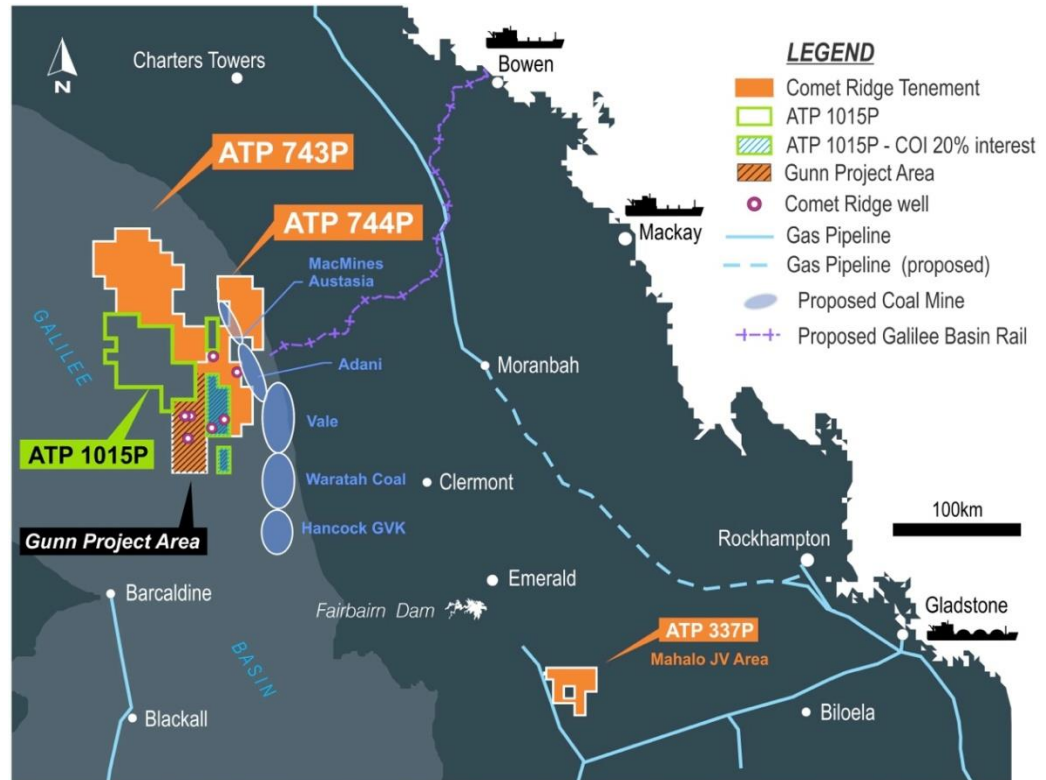
# Galilee Basin – Gunn Project Area



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## ATP 743P, ATP 744P and ATP 1015 (CSG)

- 100% interest in ~8,500 km<sup>2</sup> operated by COI plus 20% interest in 870 km<sup>2</sup> within ATP 1015P
- 5 initial wells (2010) and 2D Seismic acquisition programme (2011)
- 1,870 PJ of 3C Contingent Resource and considerable untested upside
- 3 well programme (late 2012) and 2014 well
  - Gunn 2 single well extended production test 2013
  - 3 farm-in wells
- Assessing farm-in options to advance project



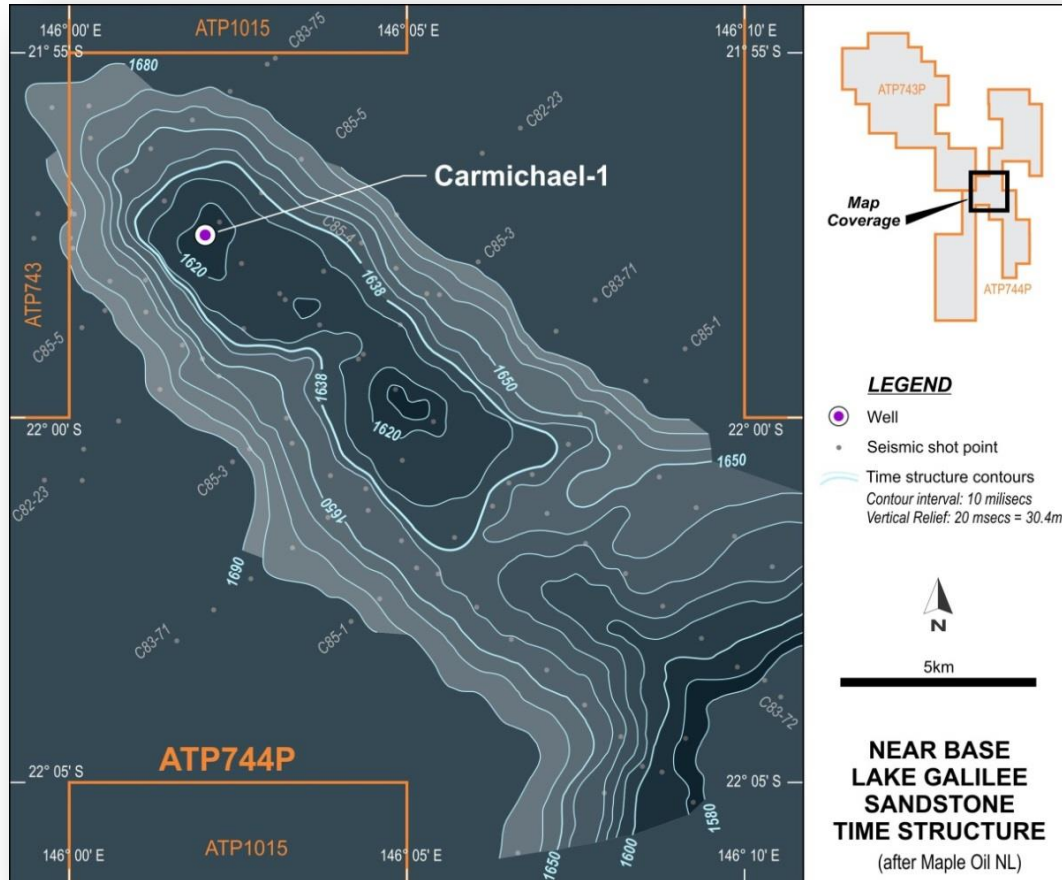
**Gunn Project Area 3C Gas Resources are material in size (1,870 PJ) and 100% COI**



# Galilee Basin – Conventional Gas



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## Conventional petroleum potential

- 3 historic petroleum wells within ATP 743P and ATP 744P recovered oil and/or gas from Lake Galilee Sandstone at the base of the Galilee Basin
- Carmichael 1 flowed gas to surface on three tests from deeper sandstone intervals (2,600m) – another significant interval untested
- Evidence of active petroleum system over the Koburra Trough
- Potential for additional oil and gas resources
- COI assessing potential farm-in opportunities to drill the prospect

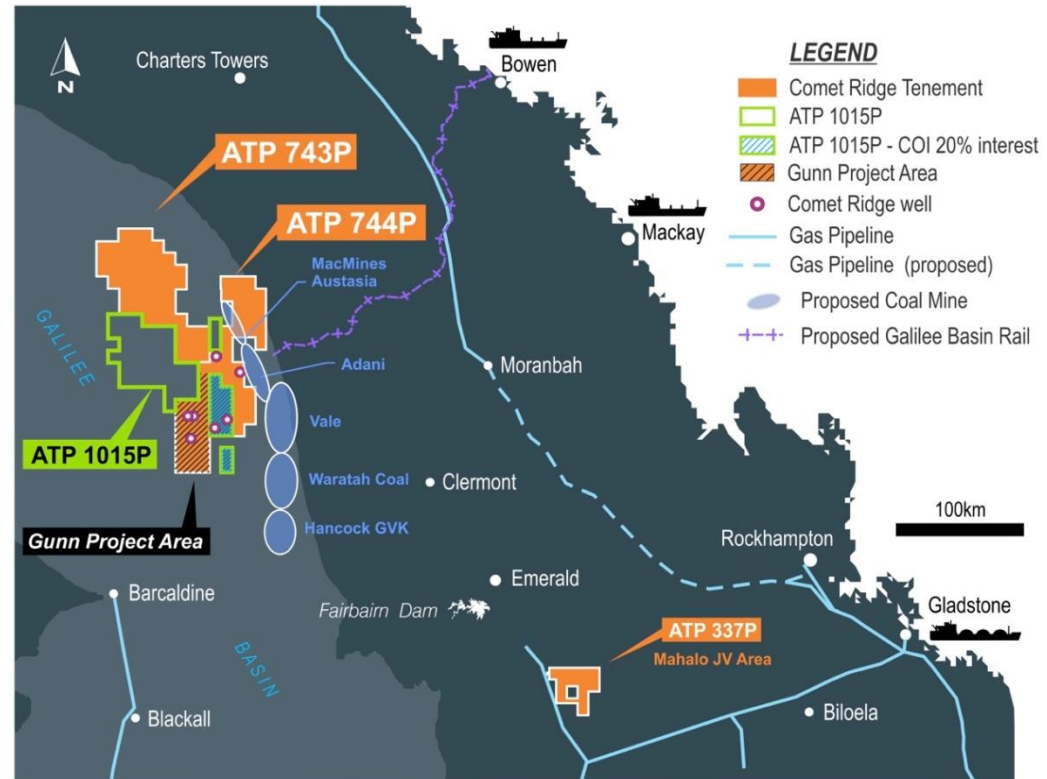
# Galilee Basin – Commercial Options



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## Galilee Basin market opportunities

- Different market segments emerging for commercial development: coal, power, LNG
- **Development option 1:** Power for coal mines / local generation
- **Development option 2:** Gas supply to LNG projects at Gladstone
- **Development option 3:** Domestic gas supply via Barcaldine
- Arrow Bowen Gas Project FEED Study underway and has received State Govt EIS approval
- Arrow Moranbah → Rockhampton Pipeline has received State and Federal Govt EIS approval



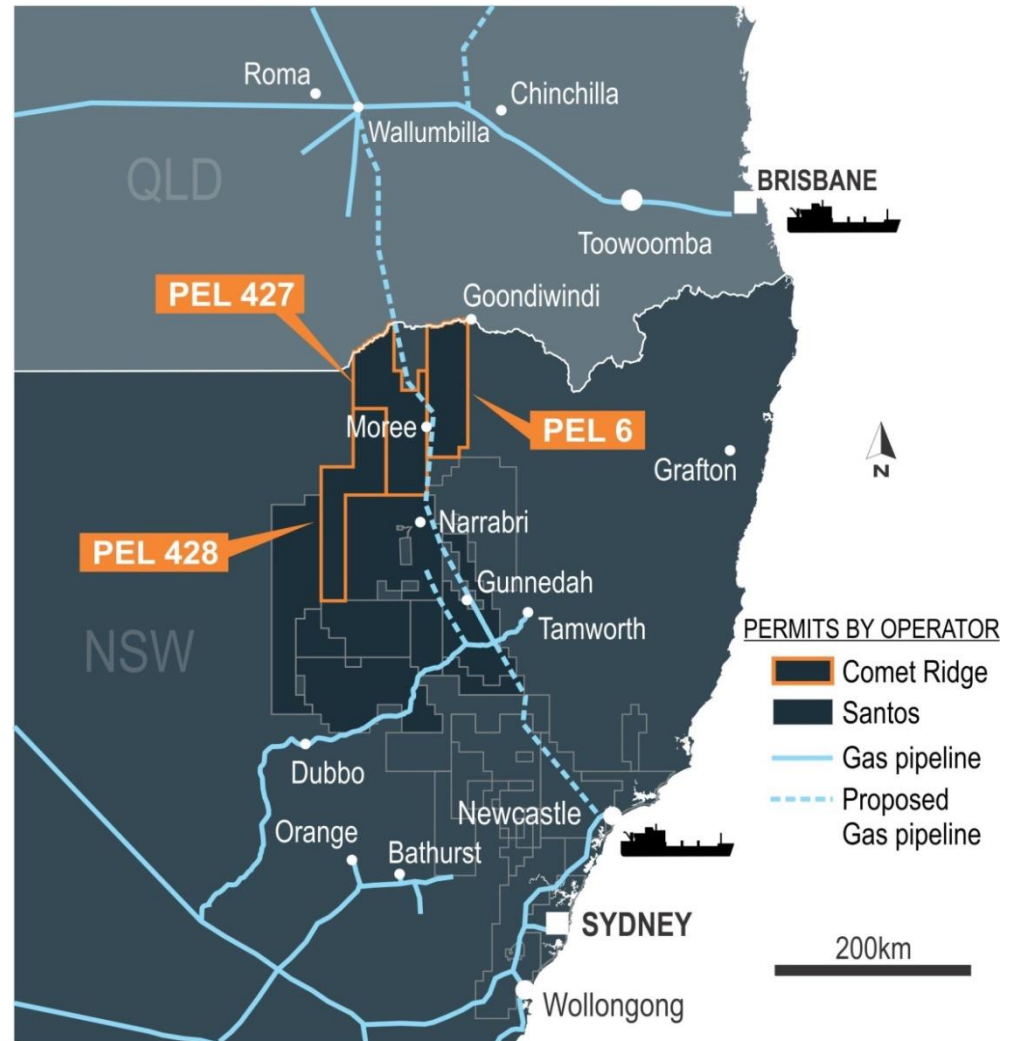
# Gunnedah Basin – Regional Activity



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- Significant investment has been made in the basin (ESG, Santos, EnergyAustralia) and material Reserves delineated ~ 1,600 PJ 2P
- Santos holds 55,000 km<sup>2</sup> in NSW – COI in JV over 18,000 km<sup>2</sup> at 22.5%, 50% and 60% equity in CSG and COI holds almost 100% conventional equity
- Significant gas supply crunch coming in NSW, which will require Gunnedah Basin production to mitigate consumer and manufacturing industry impact

## PEL 6, PEL 427, PEL 428 (CSG & Conventional)



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## Competent Person Statement and ASX Listing Rules Chapter 5 - Reporting on Oil and Gas Activities

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.





# Comet Ridge Limited

## Contact

Level 3  
283 Elizabeth Street  
Brisbane 4000

GPO Box 798  
Brisbane 4001

Telephone: +61 7 3221 3661  
Facsimile: +61 7 3221 3668  
Email: [info@cometridge.com.au](mailto:info@cometridge.com.au)

[www.cometridge.com.au](http://www.cometridge.com.au)

