



31 July 2015

June 2015 Quarterly Report

Highlights:

- Mahalo 6 routine pump workover commenced - Mahalo 7 horizontal well due back online in early August to continue dewatering.
- Dewatering of other Mahalo wells continues with gradually increasing gas rate.
- Reprocessing and reinterpretation of seismic over Carmichael prospect in the Galilee Basin results in a significantly larger structure than previously interpreted leading to a larger gas in place volume.
- Maiden Sandstone Gas Contingent Resource booking in Galilee Basin almost completed.
- R&D tax refund of \$0.572 million.

Australian Permits

ATP 337P Mahalo – Bowen Basin, Qld (Comet Ridge 40%)

Mahalo Pilot

The Mahalo project is located approximately 240km west of Gladstone in the southern Bowen Basin. The Project is located just 11 kilometres from an infrastructure connection to the Gladstone LNG market with significant gas supply requirements (see Figure 1).

Dewatering of the Mahalo 7 horizontal well was interrupted due to a continuing decline in pump efficiency in the intercept well, Mahalo 6. These wells work as a combined pilot pod with the Mahalo 7 horizontal well drilled to intercept the Mahalo 6 vertical well and the gas and water being lifted via the Mahalo 6 vertical well (see Figure 2). The Joint Venture formally approved a pump change and also agreed to re-position the pump intake deeper in the well (and below the point of gas entry) to avoid the issue of gas running through the pump in the future. This operation would then allow the gas and water production ramp up in Mahalo 6 to continue on an uninhibited basis.

The time taken to carry out this pump change has taken much longer than had been anticipated due to rig scheduling requirements of the exploration operator, Santos QNT Pty Ltd. While this extended delay has been disappointing, the Company is pleased that the work is now underway with the rig currently over the well. This workover will see the horizontal well back on line in early August. Once back on line, the

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pumping rate will be ramped over a number of weeks to allow water and gas inflow into Mahalo 6 without negatively impacting the coal reservoir.

During the quarter Mahalo 3, 4 and 5 wells remained on line with continued dewatering. There is evidence of a connected network of fractures and communication between wells. Gas rates continued to climb gradually through the quarter even with the Mahalo 7/Mahalo 6 combination not contributing to field dewatering.

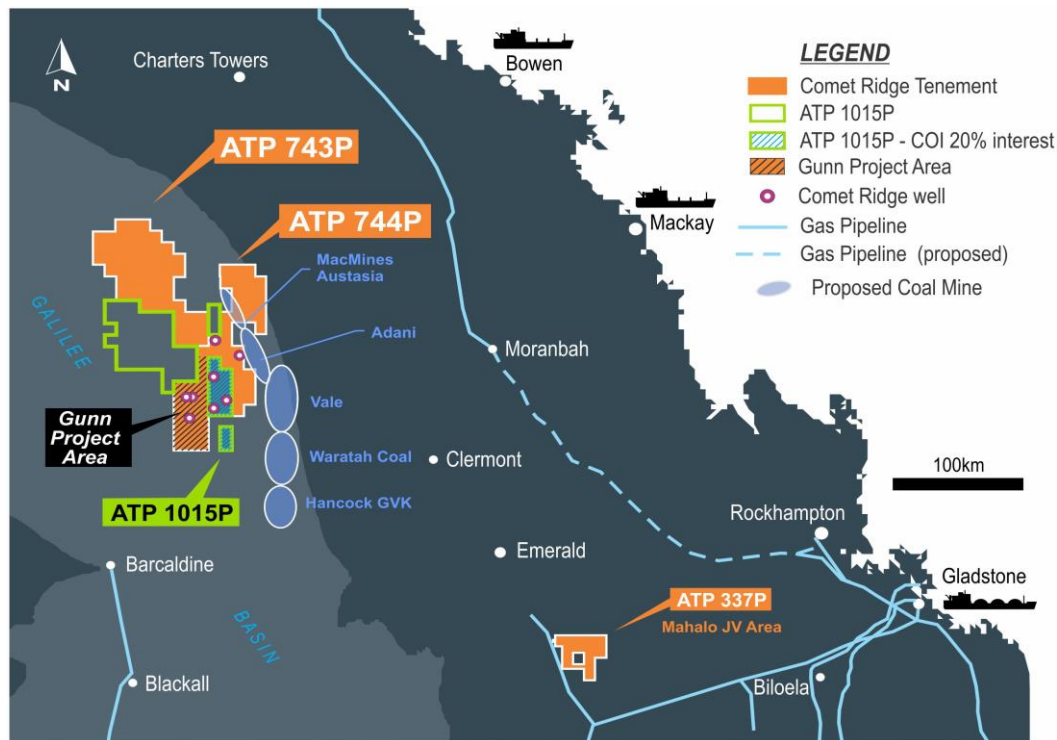


Figure 1 – Regional Location of Mahalo JV Area

Mira Pilot

At the Mira pilot, a series of shut-ins and pressure build ups were undertaken to analyse pressure response between wells. As a result of this, pumping operations and dewatering were intermittent during the quarter with gas flows being measured on two of the three producing wells.

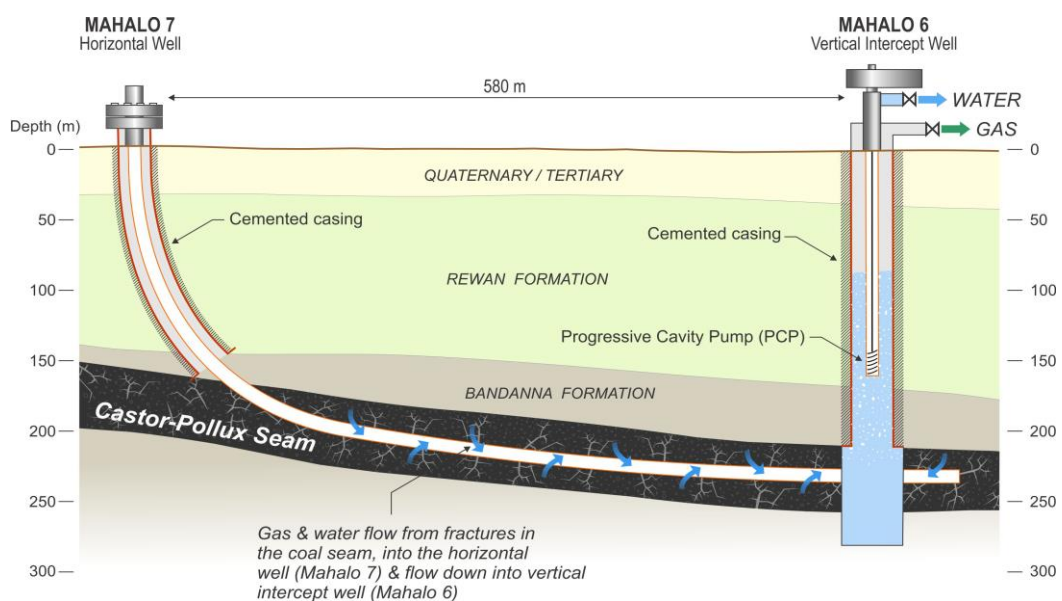


Figure 2 – Mahalo 7 horizontal well path to intercept the Mahalo 6 vertical production well

ATP 743P and ATP 744P – Galilee Basin, Qld (Comet Ridge 100%)
ATP 1015P – Galilee Basin, Qld (Comet Ridge 20%)

Comet Ridge continues to evaluate several commercial opportunities for eastern Galilee Basin gas. Potential opportunities exist and with the recently elected Queensland government indicating their continued support of the Galilee Basin Coal mines, we view this as positive and continue to see this mine corridor as a potential user of significant volumes of gas.

Sandstone Petroleum Potential

A significant amount of work has been undertaken during the quarter on the Sandstone petroleum potential within the Galilee permits. Significant gas potential outside of coal seams exists within the deeper section yet to be drilled and tested by Comet Ridge. Carmichael 1, drilled in 1995 flowed gas to surface on three tests from deeper sandstone intervals (2600m+) using high mud weight overbalance which can often be damaging to sandstone reservoirs. The well was designed to test oil potential and when gas was flowed an additional thick section of potential sandstone reservoir was not tested and the well abandoned.

Carmichael 1 is situated just north of the Gunn Project Area (See Figure 3) and demonstrates further prospectivity in the eastern part of the Galilee Basin. Vintage 2D seismic lines acquired over the Carmichael Prospect during the 1980's were reprocessed during the quarter using latest reprocessing parameters including advanced filtering techniques. The reprocessed seismic was re-interpreted during the quarter with encouraging results, indicating a significantly larger structural closure than had been previously mapped (see Figure 3). In addition, petrology studies of core plugs and cuttings was undertaken along with porosity/permeability analysis of core plugs taken from the nearby Lake Galilee 1 well which recovered oil from the Lake Galilee sandstone.

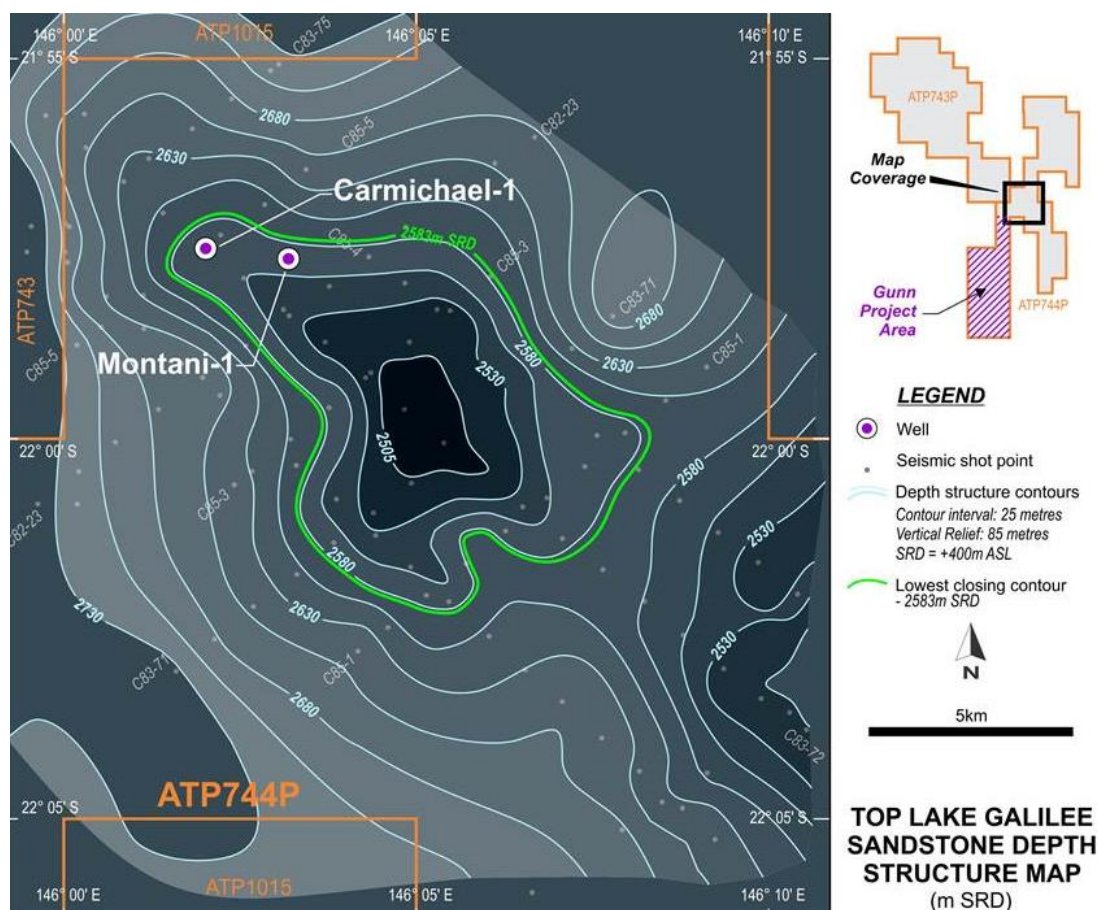


Figure 3 – Carmichael Structure Map

Based on the results of the remapping and petrology analysis, Comet Ridge has engaged an independent expert to undertake a Contingent Resource booking of the Carmichael prospect and this study is expected to be concluded in early August.

With this independent evaluation, Comet Ridge plans to drill and test the Carmichael structure with current drilling technology and practices, with a farm-in partner, to specifically test the potential to flow commercial volumes of natural gas.

Gunnedah Basin, NSW (Comet Ridge CSG equity: PEL 427: 50%, PEL 428: 60%, PEL 6: 22.5%)
(Comet Ridge Conventional equity: PEL 427: 100%, PEL 428: 100%, PEL 6: 99.7%)

During the quarter, The NSW government implemented the NSW Gas Plan that was announced in the latter part of 2014 and which came into effect on 1 July 2015. Included in this has been a Minimum Standards and Merit Assessment Procedure which applies to work programmes. With this in mind, Comet Ridge is working with Joint Venture partner and CSG Operator Santos, to renew the Joint Venture's Gunnedah Basin permits and plan the future work programme to evaluate a number of Permian-aged troughs that have been identified through the acreage position. To date, PEL 427 has been extended through to May 2016 and extensions continue to be processed for PEL 428 and PEL 6. Updated applications of renewal for PEL 428 and PEL 6, complying with the newly implemented procedure, will be submitted in early August.

Comet Ridge's three contiguous licences are located in the northern Gunnedah Basin, immediately north and west of Santos' Narrabri CSG Project in the Bohena Trough, and cover a total area of approximately 18,000 km². Comet Ridge currently holds between 22.5% and 60% CSG interest across these licences and between 97.5% and 100% conventional oil and gas equity across these permits and is the conventional operator. (See Figure 4)

During the quarter Comet Ridge completed a geotechnical review of the conventional prospectivity of its three Gunnedah Basin permits. The aim of the assessment was to formulate a series of plays, leads and prospect maps and, where possible, estimate potential geological risks and upside. While more work is being planned, it has led to the conclusion that the permit areas studied have a large number of potential conventional and unconventional hydrocarbon trap opportunities.

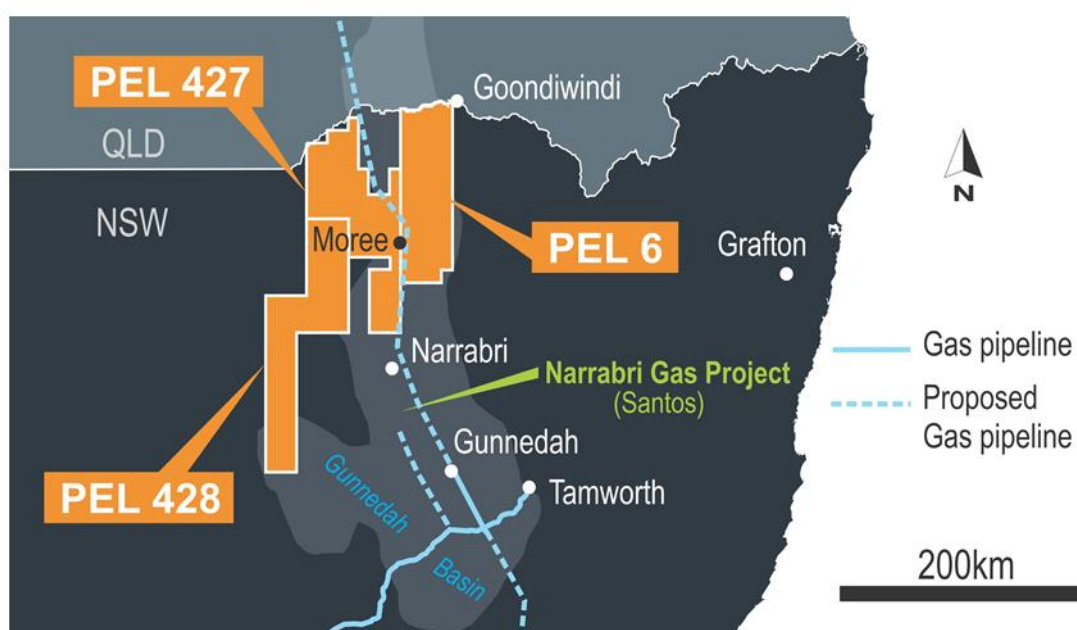


Figure 4 – Comet Ridge's Gunnedah Basin position

New Zealand

PMP50100 – West Coast (Comet Ridge 100%)

Comet Ridge submitted an application to New Zealand Petroleum and Minerals (NZPAM) with a request to amend the current work programme of two wells. The request was premised on a change of exploration focus towards the conventional prospectivity of the permit where potential oil targets were identified. NZPAM has recently advised that the application is not likely to be successful. Comet Ridge is currently reviewing its options in light of this and will work with NZPAM to determine the way forward.

Corporate

A Research & Development tax refund of \$0.572 million was received during the quarter.



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COMET RIDGE LIMITED – OVERVIEW

Comet Ridge Limited has significant Coal Seam Gas (CSG) projects in key regions of Queensland and northern New South Wales. Gas resources have been certified, by independent professional certifiers, at several projects and gas reserves were certified in 2014 at the Mahalo project in Queensland. 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 has gained early entry into well-located exploration areas, allowing shareholders to gain substantial leverage into the upside value potential associated with exploration success.

Comet Ridge conducts CSG 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 two blocks in the Galilee Basin. Comet Ridge has 40% equity in the ATP 337P Mahalo Block in the Bowen Basin, and CSG equity of 22.5%, 50% and 60% respectively in PEL 6, PEL 427 and PEL 428 in the Gunnedah Basin in New South Wales.

Work Programme

Comet Ridge has an active exploration and appraisal work plan for CSG projects in eastern Australia, focused on the conversion of contingent resources to reserves.



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