



Comet Ridge Limited
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3 October 2016

Dear Shareholder

RE: COMET RIDGE LIMITED
RE: NON-RENOUNCEABLE RIGHTS ISSUE

On Friday 30 September 2016, Comet Ridge Limited ABN 47 106 092 577 ("**Comet Ridge**" or the "**Company**") announced that it would undertake a non-renounceable entitlement rights issue on a 1 for 25 basis ("**Entitlement Offer**") to holders of ordinary shares ("**Shares**") in the Company ("**Shareholders**") held at 7.00pm (AEST) on Friday, 7 October 2016 ("**Record Date**").

In addition the Company also announced that it had entered into placement subscription agreements with a small number of sophisticated investors for the issue of 20 million ordinary shares at the issue price of \$0.05 per share ("**Placement**"). The Placement shares will be issued within the Company's existing placement capacity and, as such, shareholder approval will not be required.

The Entitlement Offer will be offered to those shareholders who are registered as a holder of shares in Comet Ridge as at the Record Date and who have an address on the share register in Australia or New Zealand or are a Shareholder that Comet Ridge has otherwise determined (in its absolute discretion) is eligible to participate ("**Eligible Shareholders**") and are not in the United States.

Eligible shareholders will receive an Entitlement Offer booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer. A copy of the Offer Booklet was lodged with the ASX on 30 September 2016 and is available on the ASX website and on the Company's website at, www.cometridge.com.au

The Entitlement Offer booklet will be dispatched to Eligible Shareholders in Australia, New Zealand and to certain Shareholders in Hong Kong, Singapore, United Kingdom, France and the Bahamas as determined by the Company (and subject to investment criteria in these jurisdictions).

Treatment of Ineligible Shareholders

Generally, the company has determined that it would be unreasonable to extend the Entitlement Offer to Shareholders with a registered address outside of Australia and New Zealand ("**Ineligible Shareholders**") having regard to:

- The small number of shareholders with addresses in such other countries;
- The number and value of the shares that they hold; and
- The cost to the Company of complying with the applicable legal and regulatory requirements in such other countries.

Accordingly, Eligible Shareholders are those shareholders who:

- Will be on the Company's register of shareholders as at the Record Date; and
- Have a registered address in Australia or New Zealand or are a Shareholder that Comet Ridge has otherwise determined (in its absolute discretion) is eligible to participate in the Entitlement Offer including, certain Shareholders in Hong Kong, Singapore, United Kingdom, France and the Bahamas as determined by the Company (and subject to investment criteria in these jurisdictions).

Details of the Entitlement Offer

Pursuant to the Entitlement Offer the Company will issue up to 21,050,022 new shares ("**New Shares**") (representing up to approximately 4.0% of the current issued capital) to raise up to A\$1,052,501 (before costs of raising).

New Shares including those issued under the Placement will rank equally with existing ordinary shares in Comet Ridge.

Under the Entitlement Offer, Eligible Shareholders will be invited to subscribe for 1 New Share at \$0.05 (Issue Price) for every 25 ordinary shares held at Record Date. Fractional Entitlements are being rounded up to the next whole New Share.

The Company will make application to the ASX for the official quotation of the New Shares. After allowing for the demand of Eligible Shareholders under the Offer, the Directors reserve the right to place any shortfall under the Offer within 3 months at a price no lower than the Issue Price.

The Entitlement Offer is being conducted under section 708AA of the Corporations Act as notionally modified by *ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84* and does not require a Prospectus.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. The Entitlement Offer is not underwritten.

The Entitlement Offer will also include a top up facility under which eligible shareholders who take up their full entitlement may apply for additional New Shares ("**Additional Shares**") from a pool of entitlement shares not taken up by other eligible shareholders. There is no guarantee that applicants under this top up facility will receive all or any of the additional shares they apply for under the facility.

Eligible shareholders who do not take up their entitlements will not receive any value in respect of those entitlements that they do not take up (and their shareholding in Comet Ridge will be diluted). Shareholders who are not eligible to receive entitlements will not receive any value in respect of the entitlements they would have received had they been eligible.

Eligible Shareholders will receive an Entitlement Offer booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer. A copy of the Offer Booklet has been lodged with the ASX and is available on the ASX website (ASX:COI) and on the Company's website at www.cometridge.com.au.

No Shareholder approval for the Entitlement Offer is required.

Capital structure implications

The principal effect of the Entitlement Offer will be to increase the total number of Shares.

The following table shows the capital structure of the Company on completion of the Placement and Entitlement Offer if all of the entitlements are taken up by Shareholders.

Shares	Number
Shares on issue at the date of this Offer Booklet	526,250,547
Maximum number of New Shares to be issued under the Offer	21,050,022
Number of Shares to be issued under the Placement	20,000,000
Maximum number of shares on issue following the Offer Placement	567,300,569

Purpose of the Entitlement Offer and use of funds

Completion of the Entitlement Offer will result in an increase in cash at hand of up to approximately A\$1,052,501 (before the payment of the costs associated with the Offer).

The Company intends to apply the funds raised under the Offer, along with existing cash and the proceeds of the Placement, to fund the ongoing working capital requirements of the Company.

The above is a statement of the Board's current intentions as at the date of this Offer Booklet. However, Shareholders should note that, as with any budget, the allocation of funds set out above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

Indicative Timetable for Entitlement Offer

Activity	Date
Announcement of the Offer and lodgement of offer booklet, Appendix 3B and 708AA cleansing notice with the ASX	Friday, 30 September 2016
Send notice to shareholders information required by App 3B	Monday, 3 October 2016
Trading on Ex basis	Thursday, 6 October 2016
Record Date (7.00pm AEST)	Friday, 7 October 2016
Offer Booklet and Entitlement and Acceptance Form sent to Eligible Shareholders	Wednesday, 12 October 2016
Offer opens	Wednesday, 12 October 2016
Last day to extend the Offer Closing Date	Wednesday, 26 October 2016
Closing date for acceptances under the Offer (5.00pm AEST)	Monday, 31 October 2016
Trading on deferred settlement basis	Wednesday, 2 November 2016
ASX notified of shortfall	Friday, 4 November 2016
Allotment of New Shares issued under the Offer and last day for the entity to confirm to ASX all information required by Appendix 3B	Tuesday, 8 November 2016
Normal ASX trading for New Shares issued under the Offer commences	Wednesday, 9 November 2016

The timetable above is indicative only and may be subject to change. Subject to the Corporations Act, the Listing Rules and other applicable laws, the Directors reserve the right to vary the dates of the Offer.

The Directors reserve the right not to proceed with the whole or part of the Offer at any time prior to issue of the New Shares. In that event, Application Monies (without interest) will be returned in full to the Applicants.

Dealing with Entitlements

Before taking any action in relation to the Entitlement Offer, you should read the Offer Booklet in its entirety, and seek professional advice from your professional adviser. Eligible Shareholders have the following alternatives available in relation to the Entitlement Offer.

- take up all of your entitlement to New Shares;
- take up all of your entitlement to New Shares and apply for Additional Shares in excess of your entitlement;
- take up part of your entitlement to New Shares and allow the balance to lapse; or
- do nothing and allow all of your entitlement to New Shares to lapse.

Eligible Shareholders who do not participate in the Offer, or participate for an amount less than their entitlement will have their percentage holding in Comet Ridge reduced or diluted.

Please note that the allocation and issue of Additional Shares is at the sole discretion of Comet Ridge and any scale back may be applied in its discretion, having regard to the circumstances as at the time of the close of the Offer.

Full details of the terms and conditions of the Entitlement Offer are contained in the Offer Booklet lodged with the ASX and to be despatched to Eligible Shareholders in accordance with the timetable set out above.

Yours faithfully

Comet Ridge Limited



Stephen Rodgers
Company Secretary