



3 April 2017



## Comet Ridge to Manage Exploration Program at Mahalo – Significant 2P Reserves Growth Targeted by the Company

- **Comet Ridge appointed agent by Santos to manage Mahalo Block subsurface work in respect of the Mahalo 2017 Joint Venture Exploration Work Program and Budget**

Comet Ridge Limited (**ASX:COI**) is pleased to advise that it has executed an agency agreement with Santos such that, effective immediately, Comet Ridge has been appointed to assume responsibility to manage the field subsurface work in respect of the Mahalo 2017 Joint Venture Exploration Work Program and Budget in its capacity as agent for and on behalf of Santos as Exploration Operator, until 31 December 2018.

Pursuant to this appointment, Comet Ridge has proposed an Amended Mahalo 2017 Joint Venture Exploration Work Program and Budget which is subject to approval by the Mahalo Joint Venture (Comet Ridge-40%, Santos-30%, and APLNG-30%) at a Management Committee meeting, scheduled for 12 April 2017.

Comet Ridge Chairman, James McKay, said he was very pleased that Santos and Comet Ridge have been able to come together in this way to put in place the agency agreement for the Mahalo Block with the intention of moving 3P Reserves over into the 2P Reserves category in a cost effective way. He added that the 2017 Work Program proposed by Comet Ridge could also move 1C Contingent Resources into Reserves.

The Company currently has 219 PJ of 3P Reserves and 112 PJ of 1C Contingent Resources (see table below). Comet Ridge expects that the Amended 2017 Exploration Work Program can add significant economic Reserves to each of the Joint Venture participant's portfolio.

Comet Ridge believes that the initial focus of the Amended 2017 Exploration Work Program should be across the northern part of the block where the Mahalo JV has two operating pilot projects. The very positive production performance from the 2014 Mahalo horizontal well led to a Reserves upgrade for Comet Ridge in December 2015. However, since that time, Comet Ridge had been unable to gain approval by the JV to progress further subsurface work around the Mira pilot or further to the northeast to lock in additional Reserve upgrades. Finalising this agency agreement is a significant step in moving Mahalo forward by enabling Comet Ridge to manage the proposed 2017 subsurface work in a timely and cost effective manner.

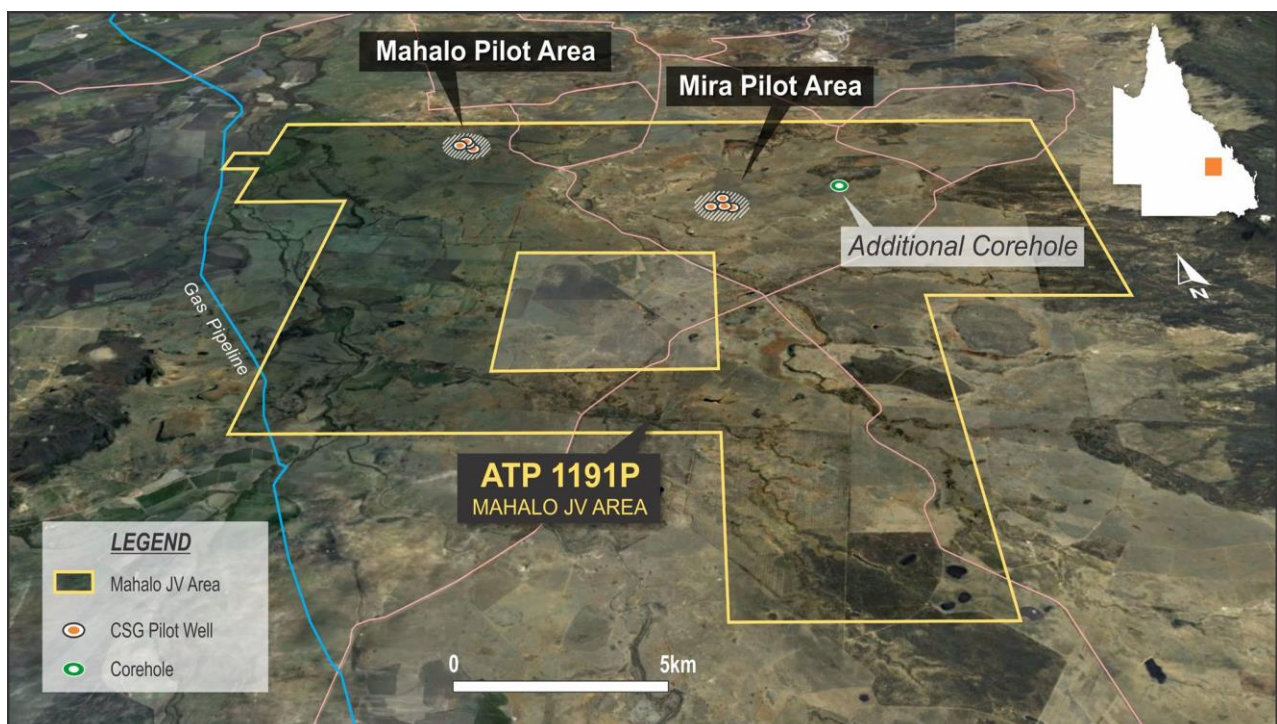
This positive progress for the Mahalo block is particularly well timed given the significant amount of media commentary recently regarding the gas shortages being experienced in the east coast markets. Comet Ridge plans to maximise the growth of 2P Reserves from this work program to add supply to this growing demand.

The Mahalo field work for 2017, as recommended by Comet Ridge, has several components. Current planning indicates this could commence in the second quarter and is expected to include at this stage:

- Initial stimulation (under-reaming) of the four Mira vertical pilot wells to improve both water and gas offtake rates and the potential of drilling a horizontal well in the Mira pilot area to establish production performance consistent with that already achieved in the Mahalo pilot, which lies 13km northwest of Mira;
- drilling of a single step-out corehole to the northeast of Mira for reserves confirmation purposes; and
- studies work as required.

The total gross cost to the Joint Venture, of this subsurface program, is budgeted to be no greater than \$5m. Comet Ridge has agreed to not cash call Santos for its share of costs until after a gross 2P Reserves upgrade of at least 334PJ is achieved for the block. Comet Ridge is confident that the Amended 2017 Exploration Work Program has the potential to fulfil or even exceed this reserves requirement through the conversion of the existing 3P Reserves to 2P.

Comet Ridge is currently investigating a number of alternatives to fund its share of this relatively low cost work program including the potential use of gas pre-payments. In this regard the Company is in advanced commercial discussions with a number of end users to provide cash funding as consideration for future gas from the Company's Galilee Basin CSG and sandstone assets. The Galilee Basin assets (located approximately 35km west of the Adani Mine site) are the focus of a 2016 MOU between Comet Ridge and APA to address gas transportation options.



*Figure 1 – Mahalo Block surface image looking north – proposed 2017 Work Program Focus*

The Company will update the market on field work scope and timing after JV work program approval and finalisation of services contracts.

The table below details Comet Ridge's current Queensland gas reserves and resources position.

Comet Ridge Limited – Queensland Net Recoverable Reserves and Resources									
Location	Project	COI Interest	Reserve (PJ) <sup>1</sup>			Contingent Resource (PJ)			Prospective Resource (PJ) <sup>2</sup>
			1P <sup>3</sup>	2P	3P	1C	2C	3C	
Bowen Basin, QLD	Mahalo Gas Project (ATP 1191)	40%	-	30	219	112	232	372	-
Galilee Basin, QLD	Gunn Project Area <sup>5</sup> (ATP 744)	100%	-	-	-	-	67	1,870	597 <sup>5</sup>
Galilee Basin, QLD	Albany Structure (ATP 744)	100%	-	-	-	56	153	417	-
<b>Total</b>			<b>-</b>	<b>30</b>	<b>219</b>	<b>168</b>	<b>452</b>	<b>2659</b>	<b>597</b>

Notes to Table:

- 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) 1P Reserves have not been attributed to the Mahalo Gas Project under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan.
- 4) Gas Reserve and Resource numbers have been rounded to the nearest whole number.
- 5) Where the auditor has detailed Prospective Resources in a range, the mid-range case has been listed in the table.

#### ASX Listing Rule 5.42 - Reporting on Oil and Gas Activities

The Contingent Resource for the Albany Structure referred to in the Table are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, originally released to the Market in the Company's announcement of 6 August 2015.

The estimate of Reserves and Contingent Resources for the Mahalo Gas Project as part of ATP 1191 provided in the Table 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. The reserve and contingent gas resource estimates for ATP 1191 provided in this presentation were originally released to the Market in the Company's announcement of 28 August 2014 and subsequently upgraded as announced 2 December 2015.

The contingent gas resource estimates for ATP 744 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 Company confirms that it is not aware of any new information or data that materially affects the information in this announcement to the market of the Net Recoverable Reserves and Resources announced as detailed above and that all of the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.



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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 and expanded in 2015, 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'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 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 1191 Mahalo Block in the Bowen Basin, and 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.

### 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.

