



2 December 2015

Increase in 2P & 3P Reserves at Mahalo Gas Project

- Mahalo Gas Project Reserves increased to 30 PJ (2P) and 219 PJ (3P) for COI's 40% equity interest
- High deliverability of Mahalo 7 to date has allowed a 2P Reserve increase of 36% and 3P Reserve increase of 77%

Comet Ridge Limited (ASX:COI) is pleased to announce a material upgrade of Reserves for COI's 40% equity interest in the Mahalo Gas Project ("Mahalo") located in ATP 1191 (formerly ATP 337 – see Appendix 1). This latest reserves assessment has been independently certified by MHA Petroleum Consultants, LLC ("MHA") of Denver, Colorado.

Comet Ridge is the largest equity holder in the Mahalo Block, with other Joint Venture participants Australia Pacific LNG Pty Limited (APLNG) the Production Operator and Santos QNT Pty Limited (Santos) the Exploration Operator. The Mahalo Block lies approximately 240km west of Gladstone and proximal to a pipeline connection.

The initial independent certification of Reserves at Mahalo was announced on 28 August 2014. As a result of the success of the Mahalo 7 horizontal well in providing significant gas flows, and also additional open source well data, both 2P and 3P Reserves have been increased by converting part of the significant Contingent Resources in the block to the higher category of Reserves.

The most significant part of this Reserves upgrade has been the conversion from the 1C Contingent Resource category, into the 3P Reserves category, however some conversion of 3P to 2P Reserves has also been achieved. It is Comet Ridge's intention to continue conversion of 3P to 2P reserves over the coming months.

In accordance with the Society of Petroleum Engineers ("SPE") 2007 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 Guidelines for Application of the PRMS approved by the SPE, MHA have updated the Reserves and Resources to COI's net equity interest in Mahalo^{1,2} using the deterministic method of petroleum reserves estimation.

The table below summarises the changes to the Company's Reserves and Resources position for Mahalo as of 2 December 2015:

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ASX CODE: COI

Table 1: Mahalo Independent Reserve and Resource Upgrade (COI Net Interest ²)

Category	Gas Reserve (PJ) ³			Gas Contingent Resource (PJ)		
	1P ⁴	2P	3P	1C	2C	3C
30 November 2015 certification	-	30	219	112	232	372
27 August 2014 certification	-	22	124	208	328	468
<i>Increase (PJ)</i>	-	8	95	-96	-96	-96
<i>Increase (%)</i>	-	36%	77%	-46%	-29%	-21%

Note: Gas Reserve and Resource numbers have been rounded to the nearest whole number. Refer to Competent Persons Statement in Appendix 2 of this Announcement.

1) COI through its subsidiary is in joint venture with Santos and APLNG.

2) COI has a 40% net equity share of Mahalo.

3) 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).

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

Commenting on the announcement, Managing Director Tor McCaul said “This upgrade in Reserves continues to reinforce our earlier comments on the commerciality and value of the Mahalo Gas Project. The success of the Mahalo 7 horizontal well in producing significant flow rates from a relatively short horizontal well section, with gas flow rates still increasing, signals that there is significant gas production potential from this area. With the project located just 11 kilometres from an infrastructure connection to the Gladstone LNG market, the Mahalo Block is well positioned to capitalise on a very strained and rapidly expanding east coast gas market.

This upgrade in Reserves is an important step for Comet Ridge by converting Contingent Resources to the higher category of Reserves in the Mahalo area. Our plan is to continue building 2P reserves as further production data from Mahalo is collected and additional appraisal is undertaken.”

He added “We are pleased to have significantly increased the volume of 3P Reserves by 77% which we plan to further progress into the 2P category. In addition, we still have a very large Contingent Resource base to convert into Reserves for further value upside. The Company is highly confident that, based on the high deliverability shown at the Mahalo field to date and the continuous nature of the coals, that the Mahalo Block will quickly develop into a valuable resource for COI shareholders.”

Additional information in relation to the Gas Reserve estimates for ATP 1191 (Mahalo Gas Project), which is the subject of this announcement, and required to be disclosed pursuant to Chapter 5 of the ASX Listing Rules is set out in Appendix 1 of this announcement.

There is scope to add incremental 2P Reserves in the short term at the Mira Field Pilot, located 13 kilometres to the southeast of the Mahalo Field Pilot. While gas flow rates have been recorded at Mira, higher rates are required for a 2P Reserve category to be considered. Based on the recent success at Mahalo, COI is formulating plans for enhancement activities in 2016 which may include under-reaming or horizontal well technology, applied in a similar fashion to the very successful Mahalo horizontal well project.

COI presents its net Gas Reserves and Resources for each of its tenements (updated for the Mahalo Gas Reserve and Resource Certification update by MHA) in accordance with ASX Listing Rule 5.25.3 in Table 2 below.

Table 2: COI Net Gas Reserves and Resources for all Tenements as at 2 December 2015

Comet Ridge Limited – Net Recoverable Reserves and Resources									
Location	Project	COI Interest	Reserve (PJ) ¹			Contingent Resource			Prospective Resource (PJ) ²
			1P ³	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 ⁵ (ATP 744P)	100%	-	-	-	-	67	1,870	597 ⁵
Galilee Basin, QLD	Albany Structure (ATP 744P)	100%	-	-	-	56	153	417	-
Gunnedah Basin, NSW	PEL 6 PEL 427 PEL 428	22 ^{1/2} % 50% 60%	-	-	-	-	-	474	2,101
West Coast, NZ ⁴	PMP 50100	100%	-	-	-	45	89	169	-
Total			-	30	219	213	541	3,302	2,698

Note: Gas Reserve and Resource numbers have been rounded to the nearest whole number. Refer to Competent Persons Statement in Appendix 2 of this announcement.

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 Mahalo under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan. Further detail is provided in Appendix 1.

4) As detailed in the September Quarterly Activities Report, Comet Ridge has lodged an application to surrender PMP 50100.

5) Where the auditor has detailed Prospective Resources in a range in the Galilee Basin, the best estimate case has been reported in the table above.

Overview of MHA

MHA Petroleum Consultants LLC is a leading independent petroleum engineering and certification firm based in Denver, Colorado which has experience working in most of the significant petroleum provinces throughout the world. MHA has completed reserve and resource assessments for a number of clients in Australia and internationally including Adelaide Energy, Arrow Energy, Conoco Phillips, CS Energy, Metgasco, Molopo Energy Australia, Pure Energy, Santos, Sunbird Energy and Sunshine Gas.



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APPENDIX 1 - ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 5 OF THE LISTING RULES**Statement in compliance with ASX Listing Rule 5.32.3**

Listing Rule 5.30: ATP 337 of which the Mahalo Joint Venture Area (“MJVA”) formed part, has, since the initial booking of reserves, been converted from a 1923 Petroleum Act permit to a Petroleum and Gas (Production and Safety) Act 2004 permit with effect on 25 September 2015 for a term of four years. As a consequence the permit has been allocated a different number and as of 25 September 2015 the permit number has been changed to ATP 1191. The change of permit number has had no impact on the area of the permit.

The Mahalo Pilot Scheme is located in the Mahalo Joint Venture Area (“MJVA”) which forms part of ATP 1191. ATP 1191 is located in the Bowen Basin near Rolleston, Queensland, approximately 240 km west of Gladstone. The MJVA is situated in the northern part of ATP 1191, where Comet Ridge has farmed-in. The MJVA is an area made up of 291 sub-blocks and is currently operated as a joint venture between Comet Ridge Mahalo Pty Ltd (40%), Santos QNT Pty Ltd (30%) and Australia Pacific LNG Pty Ltd (30%).

Any changes or additions to the information provided under ASX Listing Rules 5.31.1 – 5.31.7 in the announcement 28 August 2014 reporting the initial reserves for Mahalo are detailed as follows:

LR 5.31.1 Material Economic Assumptions:

There have been no other changes to the material economic assumptions detailed in the Company’s announcement 28 August 2014.

LR 5.31.2 Overview of Operatorship of Production:

As previously advised, Comet Ridge Mahalo Pty Ltd is not the operator of the MJVA. The MJVA is governed by the Denison Trough Joint Operating Agreement (“JOA”) the parties to which are the joint venture participants named above. The JOA provides for the appointment of an Exploration Operator and a Production Operator. The Exploration Operator is Santos QNT Pty Ltd while Australia Pacific LNG Pty Ltd is the Production Operator.

LR 5.31.3 Types of permits held by Comet Ridge in respect of the reported petroleum reserves:

Apart from the conversion of the Permit ATP 337 from a 1923 Petroleum Act permit to an Petroleum and Gas (Production and Safety) Act 2004 permit and the change of its permit number to ATP 1191 the permit remains an Authority to Prospect.

LR 5.31.4 Mahalo Gas Project:

Since the initial reserves booking there has been one (1) additional well drilled (being the Mahalo 7 Horizontal well). This along with open file well test data becoming available has enabled the increase in the 2P reserves volumes by allowing certain contingent resources to be converted into the 3P reserves category. There has been no other data or processes utilised other than those previously announced.

The upgrade of the estimate of Petroleum Reserves and the changes to the Contingent Resources have been prepared by MHA utilising a deterministic estimation method. The new technical data secured since 28 August 2014 has resulted in an increase in the Reserves and the changes to the Contingent Resources (refer Table 1).

LR 5.31.4 Estimated Quantities (in aggregate) to be recovered:

There have been no other changes to the assumptions detailed in the Company’s announcement 28 August 2014 as regards to estimated quantities to be recovered.

LR 5.31.6 Statement in relation to Undeveloped Petroleum Reserves:

Mahalo continues in the appraisal phase with two working pilots in the northern part of the block. It is likely that further wells will be required to continue to obtain data on coal parameters, in particular in the southwest and more eastern parts of the block, before a development decision can be made. Therefore at this point, it is not possible to detail when development is anticipated. It is likely that further conversion of Contingent Resource to 2P and 3P Reserve, and migration of 3P Reserve to 2P Reserve will be required before a development decision will be finalised.

Under a commercial agreement announced to ASX on 19 March 2014, Stanwell Corporation has the right to purchase between 20PJ and 40PJ of COI's share of the Mahalo gas over a 10 year period, should development be undertaken. Marketing arrangements for the remainder of COI's share of gas production from Mahalo have not been agreed. Each party in the Mahalo Joint Venture has the right to take and market its own share of gas.

The Mahalo Joint Venture currently has no transportation infrastructure for gas in place. Third party infrastructure (owned by other parties in the Mahalo Joint Venture) exists approximately 11km to the west of the Mahalo Field Pilot, on the western edge of the Mahalo Block. Depending on the scale of any Mahalo development, this infrastructure may not be sufficient, or may not be available, for Mahalo, and additional export infrastructure may be required and would be considered under any Mahalo development plan.

Environmental assessment and approvals for any Mahalo development would need to be obtained via the Petroleum Lease application process which is managed through the Queensland Government.

LR 5.31.8 Basis for no 1P Reserves:

As previously announced, MHA did not assign 1P Reserves volumes in this estimate as the field is not yet at development stage with an approved field development plan. However, due to the large amount of technical data, the performance of the Mahalo pilot program, and the close proximity of Mahalo to the Gladstone LNG market, MHA is of the opinion that 2P and 3P Reserves volumes are justified and warranted.

For the purposes of **Listing Rule 5.34.3**: It is confirmed that there has not been any change in the type of permit held in which the Reserves and Contingent Resources are recorded. There has been no change to the basis for confirming the existence of the potentially moveable hydrocarbons and the determination of the discovery. The same analytical procedures have been used to estimate the Contingent Resources as had previously been used and there have been no changes to the key contingencies that prevent the Contingent Resources from being classified as petroleum reserves save that percentage of the Contingent Resources that have been reclassified as petroleum reserves. The reported Contingent Resources do not remain contingent on technology under development.

APPENDIX 2 - COMPETENT PERSON STATEMENT

The estimate of Reserves and Contingent Resources for Mahalo, as part of ATP 1191 provided in this announcement, is based on, and fairly represents, information and supporting documentation determined by and under the supervision of 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 is a Licensed Professional Engineer in the States of Colorado and Wyoming as well as being a member of The Society of Petroleum Engineers. Mr Hower has consented to the publication of the Reserve and Contingent Resource estimates for Mahalo in the form and context in which they appear in this announcement.

The Contingent Resource for the Albany Structure (ATP 744) contained in Table 2 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 Contingent Resource estimates for ATP 744 and PMP 50100 in Table 2 are based on and fairly represent, information and supporting documentation determined by Mr John Hattner of Netherland, Sewell and Associates Inc.

The Contingent Resource estimates for ATP 744 in Table 2 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 Resource estimates for PMP 50100 in Table 2 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 any of the announcements referred to 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 in Table 2 were determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC. 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 the table is only a restatement of the information contained in the ESG announcement.

Comet Ridge Limited 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 – 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 three 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 1191 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.

