

**11 November 2015**

Mahalo 7 horizontal well project operational update

- **Single well gas rate passes 200,000 scf per day after recent pump speed increases**
- **Rapid increase in gas rate indicates excellent well productivity**
- **Well shows significant remaining gas flow potential**

Comet Ridge Limited (ASX:COI) wishes to provide an operational update on the progress of the Mahalo 7 horizontal surface to in-seam well project. The Mahalo 7 horizontal well is being produced in combination with the Mahalo 6 vertical intercept well, via the pump in Mahalo 6.

Throughout August and September, following the pump change in late July, a very low and constant pump speed was applied to the downhole progressive cavity water pump in the Mahalo 6 vertical well, such that pressure drawdown could be applied very conservatively.

Over this time, whilst the water rate from the Mahalo 6 well remained constant, the gas rate from the well climbed steadily.

During October, three small successive pump speed increases have been applied to the Mahalo 6 well and a significant increase in gas rate has been achieved. The gas rate has now passed 200,000 scf/d (standard cubic feet per day) through the Separator and continues to increase.

This has occurred with only a slight decrease in bottomhole pressure indicating excellent horizontal well productivity to this point. Such evidence provides confidence and scope for significant further pump speed increases in the near future.

Comet Ridge Managing Director, Tor McCaul, said he continues to be extremely pleased with the performance of the well over the past three months.

Mr McCaul said a number of factors are evident here which indicate that significantly more gas production from this well, and the wider field, can be achieved:

- The bottomhole pressure to date remains relatively high with scope for additional pump speed increases;
- This horizontal well is short, only contacting approximately 360 metres of coal. A development style well is commonly 1200 metres or longer in the Bowen Basin; therefore development horizontal wells would be expected to contact significantly more coal with correspondingly higher water and gas rates;

- The flowrate result to date has been achieved relatively quickly – only three months since the well came on line following the pump change - confirming the fully saturated nature of the reservoir;
- With the other vertical wells shut-in, the Mahalo 6/7 combination has achieved this result in isolation, without any outer wells providing water production support to bring the reservoir pressure down, which would be provided from a multi-well pilot or field development (See Figure 1);
- Pressure responses measured to date in the three shut-in vertical wells suggest an interconnected system of fractures.

The Mahalo 6 well will continue to be pumped to evaluate its flow potential and the vertical wells will be successively brought on line to add to the pilot scheme production.

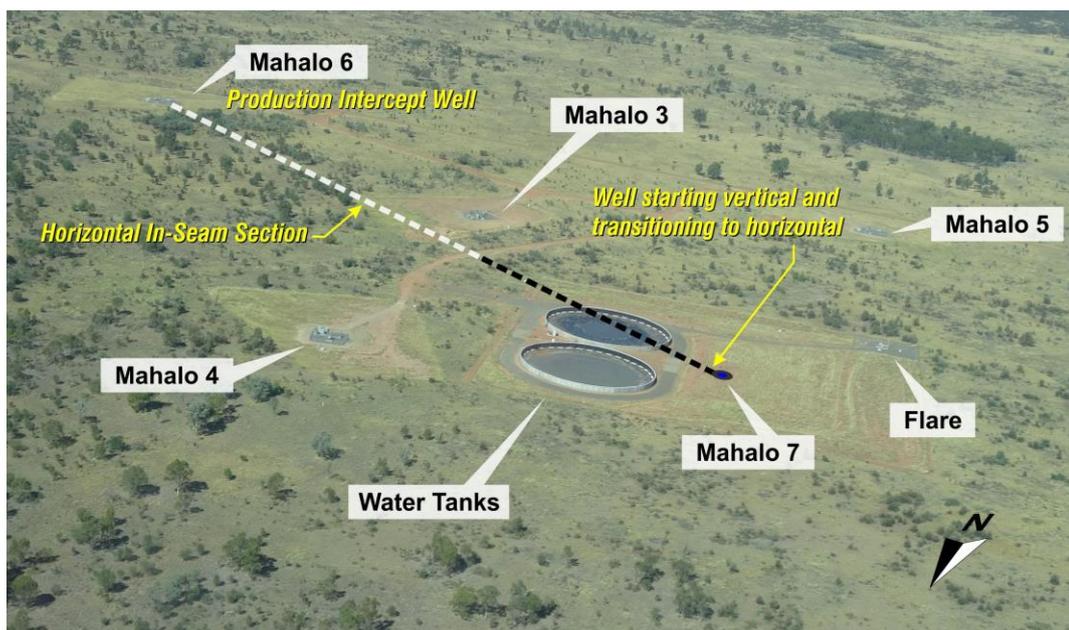


Figure 1: Mahalo Pilot Field ATP 337

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. The second Gladstone LNG scheme came on line at the end of September and the third scheme is expected on line this month, with 2015 clearly the most significant year for the upstream industry in Queensland since the Roma-Brisbane Pipeline (RBP) commenced operations in 1969.

Equity participants in ATP 337P Mahalo are Comet Ridge Mahalo Pty Ltd (40%), Australia Pacific LNG Pty Ltd (30%) and Santos QNT Pty Ltd (30%).

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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 initial 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.

