



12 June 2015

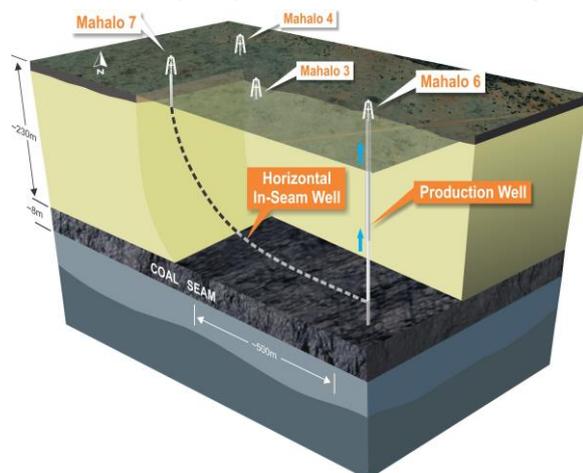
Mahalo 7 horizontal well project operational update

- **Joint Venture approved workover to replace pump scheduled for 18 July**
- **Dewatering has continued with Mahalo vertical wells**

Coal seam gas explorer and developer Comet Ridge Limited (ASX:COI) is pleased to provide an operational update on the progress of the Mahalo 7 horizontal surface to in-seam well project. This well was drilled during the fourth quarter of 2014 in the ATP 337P Mahalo Block in Queensland's Bowen Basin.

The Mahalo 7 surface to in-seam horizontal well was positioned inside the existing vertical pilot wells. It was drilled past the Mahalo 3 vertical well, on a path to intersect the down dip Mahalo 6 vertical well. Mahalo 6 is the production well to lift the water and gas from the Mahalo 7 horizontal well bore (see Figure 1). The coal reservoir is at a depth of approximately 230 metres with a coal seam thickness of approximately 8 metres.

During the first quarter of 2015, pumping of water from the Mahalo 6 well was undertaken very conservatively in order to protect the coal reservoir and bring the well on line in a gradual manner. While small flows of gas were initially observed for short durations during pumping operations on Mahalo 6, more sustained gas flows were observed during March. However during April, the Company advised that pumping efficiency had declined with evidence of produced gas running through the downhole pump. As pump speed was gradually increased, pump efficiency gradually decreased leading to the conclusion that the downhole pump would need to be changed, via a routine workover.



Comet Ridge has now been advised by the block Exploration Operator, Santos QNT Pty Limited, that the workover to replace the downhole pump, and return the well to production, is scheduled to commence on Saturday 18 July.

This piece of work has also been formally approved through the joint venture. Whilst Comet Ridge has been disappointed with the time taken to design and schedule this pump-change workover, the Company is now pleased that the work has been formally scheduled and the well is now expected to be back on line next month.

Figure 1 – Mahalo 7 horizontal in-seam well path

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ASX CODE: COI

Figure 2 details the positioning of the horizontal Mahalo 7 well in relation to the other vertical wells within the Mahalo pilot scheme.

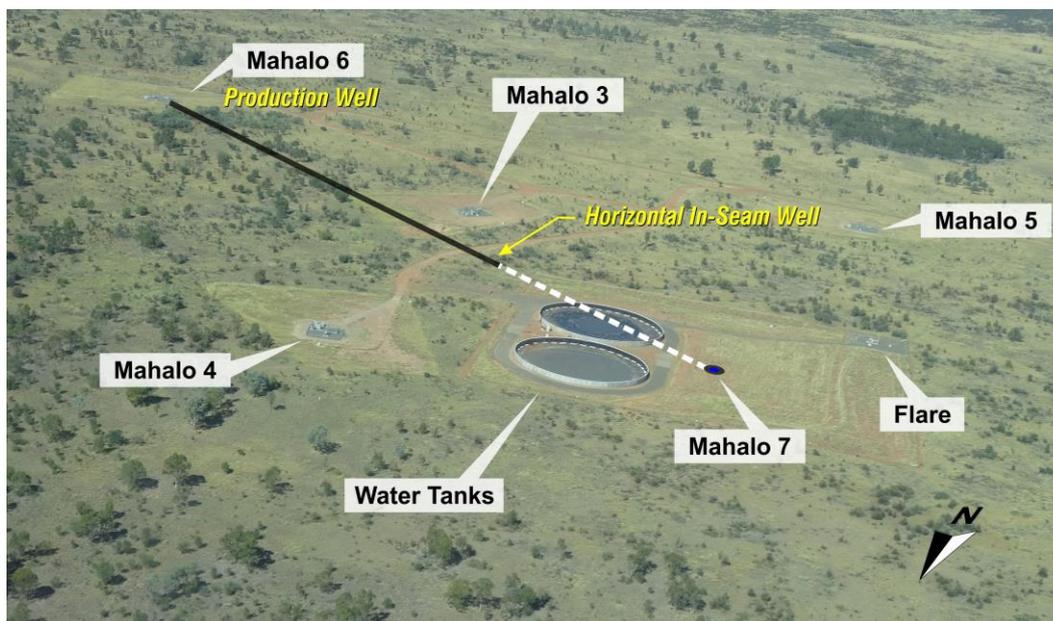


Figure 2 - Mahalo pilot layout and path of Mahalo 7

The Mahalo block sits approximately 240km west of Gladstone in central Queensland and the Joint Venture has been operating two production pilot schemes at the Mahalo Field Pilot and Mira Field Pilot, since the first half of 2013. Comet Ridge received its first independent reserves certification for the Mahalo Block, which was detailed in a release to the ASX on 29 August 2014.

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, northern New South Wales and New Zealand. Gas resources have been certified, by independent professional certifiers, at four 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 and a block in New Zealand. 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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