



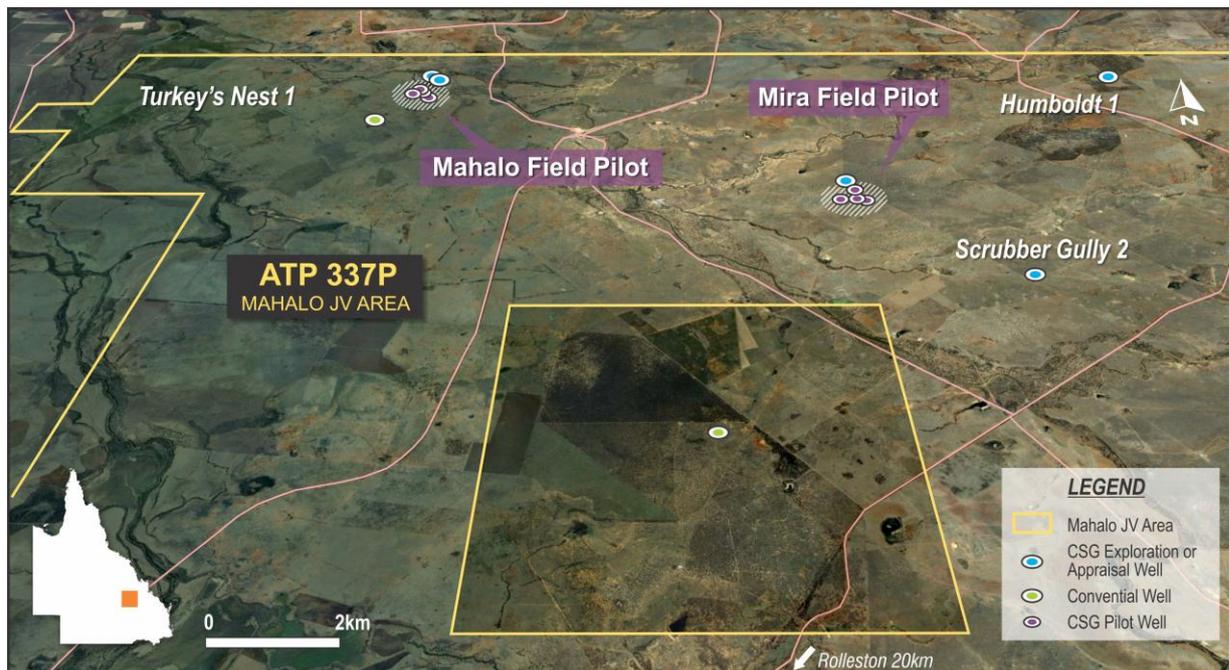
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18 July 2013

Mahalo Block Pilot Schemes - Operational Update

Comet Ridge Limited (ASX:COI) is pleased to provide an operational update for the Mahalo and Mira Pilot Schemes in the Mahalo Block, which is located approximately 240 km west of Gladstone in central Queensland. The Mahalo and Mira Pilot Schemes are part of a Joint Venture plan to book gas reserves across a large part of the Mahalo block.



The objective of the Mahalo and Mira pilot schemes is to lift water from the coal seams, which reduces the pressure in the area around the wells and allows gas to flow to the wells. Ultimately the aim for either of the pilots is that one or more of the wells will produce gas at commercial rates which will allow gas resources to be converted to gas reserves.

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A scheduled well shut-in for pressure build-up surveys has been recently conducted and is just concluding at both the Mahalo and Mira fields.

Preliminary analysis of this data from the Mahalo Pilot Scheme confirms that productivities seen in the pumping wells are lower than that measured when the wells were drilled in 2012 and hence remedial work involving a work-over rig will be required to restore the productivity of these wells. Notwithstanding this, dewatering at the Mahalo Field pilot has continued with two wells flowing gas to surface, which is encouraging despite the requirement for remediation. The Joint Venture is finalising plans for a work-over and assessing rig availability to undertake the stimulation work. It is likely this work may initially be undertaken on one or two wells to confirm an improvement in well productivity. In other areas of Queensland, Bowen Basin coals can be sensitive to drilling fluids and in these areas, stimulation such as cavitation, is routinely applied to restore well productivity.

Build-up data from the Mira field has confirmed the generally high productivities seen during testing when the wells were initially drilled in December 2012 to January 2013. The Mira 2, 4 and 5 wells will now be brought back on line to continue dewatering of the coal in the Mira Pilot area. One well, Mira 3, remains off-line due to a downhole pump failure experienced during start-up of pumping operations, which took a number of weeks to diagnose. This well will require a work-over to restore the bottomhole assembly before pumping operations can resume on Mira 3.

This work is currently being planned for execution in the near term, initially at the Mira 3 well so pumping at Mira 3 can resume as soon as possible, followed by the Mahalo stimulation. Santos will operate the work-over programme at Mahalo and Mira.

Equity participants in ATP 337P Mahalo are Comet Ridge Mahalo Pty Ltd 35%, Stanwell Corporation Limited 5%, 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, as well as oil and gas interests in the United States. Gas resources have been certified, by independent professional certifiers, at four projects. 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 two blocks in New Zealand. Comet Ridge has 35% 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 Queensland and northern New South Wales. Drilling for the first Pilot Project for ATP 337P Mahalo was undertaken in 2012, with additional exploration and appraisal work planned for the Galilee Basin and Mahalo in 2013.



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