



25 January 2016

Mahalo 7 horizontal well production continues to increase

- **Single well gas rate passes 360,000 scf per day**
- **Well performance continues strong upward trend**
- **Other Mahalo vertical wells remain offline but will re-start soon**

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. The Mahalo 7 horizontal well is being produced in combination with the Mahalo 6 vertical intercept well, via the pump in Mahalo 6.

Since the time of the last operational update in mid-December, the pump speed has been held largely constant while the gas rate has continued to steadily increase over this time. The gas rate has now passed 361,000 scf/d (standard cubic feet per day) and continues to increase – see Figure 1. The Production Operator is now implementing a gradual decrease in separator pressure in several stages, before starting up the vertical wells, one at a time, which is likely to commence around the end of this month.

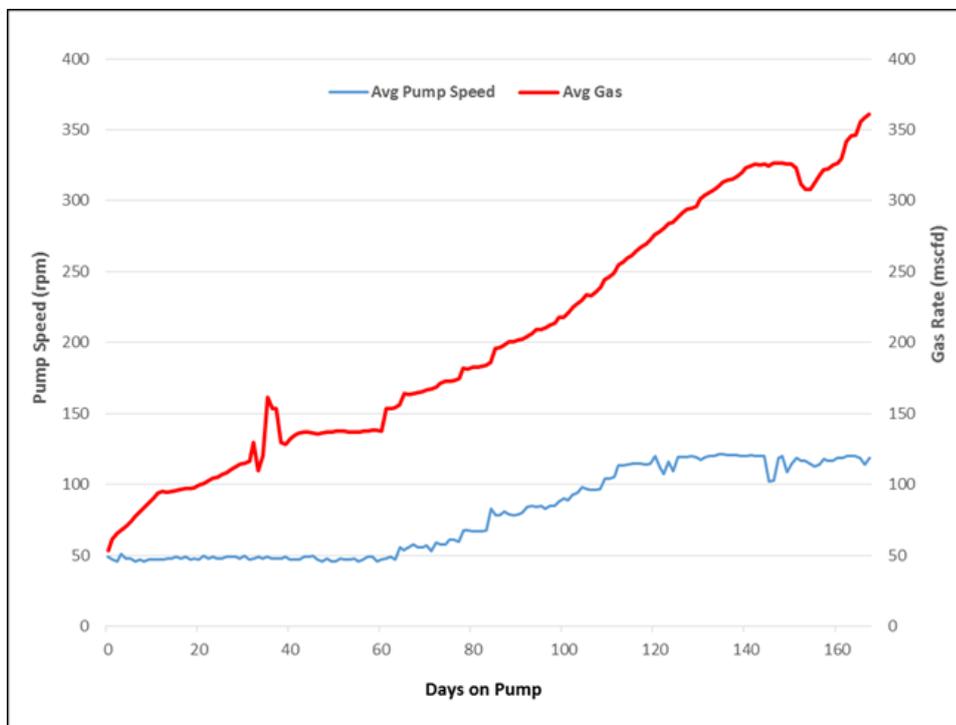


Figure 1 - Mahalo 6/7 gas flowrate and pump speed

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ASX CODE: COI

The Company is very pleased with the continuing build in gas rate from this short horizontal well, which is a proof of concept well and therefore is only contacting approximately 360 metres of coal. A development style well should be significantly longer, therefore development horizontal wells in this area would be expected to contact significantly more coal with proportionally higher gas rates.

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 which has significant gas supply requirements, with three LNG schemes now operating.

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%).

A handwritten signature in blue ink, appearing to read 'S. Rodgers', followed by a period.

Stephen Rodgers
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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 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 1191P 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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