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 Comet Ridge Limited

28 August 2014

Comet Ridge Achieves Initial Independent Reserve Certification at Mahalo Gas Project

- **Initial Independently certified Reserve Statement from Mahalo Gas Project and material upgrade to Contingent Resources**
- **Substantial upside to reserves as Mahalo Gas Project continues to mature**
- **2P and 3P Reserve areas represent less than 5% and 25% of the Mahalo Block tenement area respectively**

Coal seam gas explorer and developer Comet Ridge Limited (**ASX:COI**) is pleased to announce that it has received an initial Independent Reserve Certification from MHA Petroleum Consultants, LLC Inc (“**MHA**”) of Denver, Colorado for the Mahalo Gas Project (“**Mahalo**”) located in ATP 337P. In conjunction with the initial Independent Reserve Certification, MHA has also upgraded Contingent Resources for Mahalo.

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 attributed the following Reserves and Resources to COI’s net equity interest in Mahalo^{1,2} using the deterministic method of petroleum reserves estimation as at 27 August 2014:

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

COI Net Equity Share ²	Gas Reserve (PJ) ³			Gas Contingent Resource (PJ)		
	1P ⁴	2P	3P	1C	2C	3C
27 August 2014 certification	-	22	124	208	328	468
25 October 2010 certification	-	-	-	83	221	442
<i>Increase</i>	-	22	124	125	107	26

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 QNT and APLNG.

2) 40% net equity share subject to joint venture consent to the assignment of Stanwell Corporation’s 5% equity

Comet Ridge Limited T: +61 7 3221 3661 E: info@cometridge.com.au 283 Elizabeth St, Brisbane, Qld, 4000 Australia
 ABN 47 106 092 577 F: +61 7 3221 3668 W: www.cometridge.com.au GPO Box 798, Brisbane, Qld, 4001 Australia

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interest in Mahalo to COI in connection with the buy-back announced to ASX on 19 March 2014. COI's legal interest in Mahalo is currently 35%.

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

MHA has consented to the information in this announcement being released.

Commenting on the announcement, Managing Director Tor McCaul said "This initial reserve booking demonstrates the commerciality of the Mahalo Gas Project and is a major milestone for Comet Ridge. The project is located just 11 kilometres from an infrastructure connection to the Gladstone LNG market with significant gas supply requirements and rising prices.

While we are pleased to have achieved this significant milestone, we view this as an important first step. Our plan is to continue to build reserves and upgrade the category of these reserves as further production data from Mahalo is collected and additional appraisal is undertaken."

He added "Uncommitted gas reserves in eastern Australia are becoming increasingly scarce so we are pleased to have a material volume of 3P reserves to work into the 2P category and a very large contingent resource base to work into reserves. The Company remains confident that, based on the combined experience of the board and management, the Mahalo Block will continue to mature into a material field for COI shareholders.

The combination of the size of the resource; the measured deliverability in the initial pilot wells; proximity to market/infrastructure; and the state of the gas market makes this a very valuable resource."

Additional information in relation to the Gas Reserve estimates for ATP 337P (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.

An updated Gas Reserve and Resource statement for all of COI's tenements is shown in Table 2 below, in accordance with ASX Listing Rule 5.25.3.

The Mahalo Reserves Statement received from MHA represents an initial independent certification that is based on geological, drilling and production data obtained from Mahalo to date.

The assessment of Proven, Probable and Possible (3P) Reserves relates only to an area across the northern part of the block where appraisal activities have concentrated to date, representing slightly less than 25% of the total tenement area. As such, significant upside exists to add incremental reserves as the tenement area is further appraised and developed.

The assessment of Proven and Probable (2P) Reserves for Mahalo applies only to a small area near the Mahalo Pilot Scheme, which represents slightly less than 5% of the tenement area.

There is near term upside to add incremental 2P Reserves based on progress at the Mira Field Pilot, located 13 kilometres to the southeast of the Mahalo Field Pilot, at which three wells recommenced dewatering in mid-May 2014.

COI presents its net Gas Reserves and Resources for each of its tenements (updated for the current Mahalo Gas Reserve and Resource Certification by MHA) in the table below.

Table 2: COI Net Gas Reserves and Resources for all Tenements

COI Net Equity Share									
Location	Project	COI Interest	Gas Reserve (PJ) ¹			Gas Contingent Resource (PJ)			Gas Prospective Resource (PJ) ²
			1P	2P	3P	1C	2C	3C	
Bowen Basin, QLD	Mahalo Gas Project (ATP 337P)	40% ³	- ⁴	22	124	208	328	468	-
Galilee Basin, QLD	Gunn Project Area ⁵ (ATP 744P)	100%	-	-	-	-	67	1,870	597 ⁶
Gunnedah Basin, NSW	PEL 6	22.5%	-	-	-	-	-	-	-
	PEL 427	50%	-	-	-	-	-	474	2,101
	PEL 428	60%	-	-	-	-	-	-	-
West Coast, NZ ⁷	PMP 50100	100%	-	-	-	45	89	169	-
Total			-	22	124	253	484	2,981	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) 40% net equity share subject to joint venture consent to the assignment of Stanwell Corporation's 5% equity interest in Mahalo to COI in connection with the buy-back announced to ASX on 19 March 2014. COI's legal interest in Mahalo is currently 35%.

4) 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.

5) Sandstone gas prospectivity not considered in the Resource Table for ATP 744P to this point.

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

7) COI has applied to surrender PEP 50279 however this has not yet been approved. The resources presented above have been adjusted to remove previously announced resources for PEP 50279 assuming the surrender is approved.

Overview of MHA

MHA Petroleum Consultants LLC is a leading independent petroleum engineering and independent 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.



Stephen Rodgers
Company Secretary
Comet Ridge Limited

For further information please contact:

Tor McCaul
Managing Director
Comet Ridge Limited
tor.mccaul@cometridge.com.au
+61 7 3221 3661

APPENDIX 1 - ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 5 OF THE LISTING RULES

Description of Land Area, Tenure and Economic Interest *LR 5.25.5, 5.31.3 & 5.31.7*

Mahalo is located in the Mahalo Joint Venture Area (“**MJVA**”) which forms part of ATP 337P. ATP 337P is located in the Bowen Basin near Rolleston, Queensland, approximately 200km west of Gladstone. The MJVA is situated in the northern part of ATP 337P, 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 (35%), Stanwell Corporation Limited (5%), Santos QNT Pty Ltd (35%) and Australia Pacific LNG Pty Ltd (35%).

On 19 March 2014 COI announced that it had entered into an agreement with Stanwell to acquire back from Stanwell the 5% interest Stanwell had acquired from Comet Ridge Mahalo Pty Ltd in December 2011. This transaction only remains subject to the finalisation of the terms of the deed of assignment between Stanwell and the continuing parties of the joint venture. Upon finalisation of the transaction Comet Ridge Mahalo will hold a 40% interest in the MJVA. Based on the above, MHA evaluated the reserves and contingent resource volumes net to COI assuming a 40% ownership interest in Mahalo.

ATP 337P of which the MJVA forms part, was renewed for a further 4 year term on 1 October 2011. The next renewal date for the permit is due 1 October 2015.

Overview of Operatorship of Production *LR 5.31.2*

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.

Mahalo Gas Project *LR 5.31.4* and Mahalo Gas Project Contingent Resource Upgrade *LR 5.34*

A large range of technical data has been obtained over a wide area, particularly in the northern part of the Mahalo Block, in order to understand the commercial nature of this resource. The proximity to existing infrastructure has also been considered. Since the Contingent Resources were initially reported for this permit in October 2010 there have been an additional 11 wells drilled within the MJVA. Core laboratory analysis, with wireline log analysis has been undertaken with a range of both short and long term flow testing methods which include drill stem tests (DST), wireline conveyed flow testing tools (MDT) and wells completed with progressive cavity pumps put on long term pilot testing to achieve both water and gas flow rate measurements while a reservoir pressure drop around the general area of the pilot wells is being achieved.

The reserves and upgrade of the Contingent Resources have been prepared by MHA utilising a deterministic estimation method. The new technical data secured since October 2010 has resulted in an increase in the Contingent Resources (refer Table 1).

As stated in the notes to Tables 1 and 2, 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 initial 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 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.

Estimated Quantities (in aggregate) to be recovered LR 5.31.5

The existing wells and facilities at Mahalo are designed for evaluation purposes only (and include flaring of gas) and are not sufficient to allow for the recovery of any significant or commercial amount of the reported petroleum reserves. Only through the completion of the field development is it expected that reported 2P and 3P reserves will be recovered.

Statement in relation to Undeveloped Petroleum Reserves LR 5.31.6

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.

Mahalo reserves and resource volumes (net to COI) presented in this report reflect an update to the prior resource estimates released by Comet Ridge in October 2010. The resources estimated in that October 2010 report (net to COI) were 83 PJ 1C contingent resources, 221 PJ 2C contingent resources, and 442 PJ 3C contingent resources. The current volumes estimated by MHA demonstrate an increase in all categories of contingent resources, as well as the addition of 2P and 3P reserves. These increases and additions were justified based on new wells, new core data and new pilot production data collected and measured since the October 2010 resource estimate.

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.

Material Economic Assumptions LR 5.31.1

The material economic assumptions used to calculate the estimates of Gas Reserves for Mahalo referred to in this announcement are as follows:

- The 2P Reserves estimates have been based on technical data predominantly from the four (4) pilot wells in the Mahalo Field Pilot (Mahalo #3, Mahalo #4, Mahalo #5 and Mahalo #6), the Mahalo #2 and Somerby #1 wells which have been drill stem tested, and the Mahalo #1 well;
- The 3P Reserves estimates have been based on:

- the seven (7) wells mentioned above and used in the 2P Reserves estimates; and
 - a further seven (7) wells drilled by the Mahalo Joint Venture (including the four (4) pilot wells in the Mira Field Pilot, three (3) of which are currently being production tested and are in the de-watering phase);
- A number of coal exploration wells drilled within the mapped 3P area by the operator of the South Blackwater Mine and the Queensland Government have been used to increase the confidence in the continuity and consistency of net coal within the area;
 - Development well spacing is assumed to be 800 metres;
 - Capital expenditure per well has been derived from the most recent drilling and completion of the four (4) Mahalo Field Pilot wells and four (4) Mira Field Pilot wells with some savings assumed for a larger long term production drilling campaign;
 - It is assumed that the average life per well is approximately 20 years;
 - Economic considerations in confirming commerciality of the relevant reserves include deducting from estimated revenues the estimated operating costs, royalties and taxes, and future capital expenditure investment; and
 - Net gas pricing assumptions used to estimate COI's net share of future revenues have been derived from the gas sales agreement option for Mahalo exercisable by Stanwell Corporation (for that proportion of the gas produced), details of which are commercial in confidence, however summary information is contained in COI's announcement to ASX dated 19 March 2014. Net gas pricing assumptions for the remainder of gas produced have been based on an LNG netback price method, which is consistent with currently available market data in Queensland.

APPENDIX 2 - COMPETENT PERSON STATEMENT AND ASX LISTING RULES CHAPTER 5 - REPORTING ON OIL AND GAS ACTIVITIES

The estimate of Reserves and Contingent Resources for Mahalo, as part of ATP 337P provided in this announcement, (refer certification in Table 1 and Table 2) is based on, and fairly represents, information and supporting documentation determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC Inc 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 estimates for ATP 744P and PMP 50100 provided in this statement (refer to Table 2) are based on and fairly represent, information and supporting documentation determined by Mr John Hattner of Netherland, Sewell and Associates Inc, Dallas, Texas, USA, in accordance with Petroleum Resource Management System guidelines. Mr Hattner is a full-time employee of NSAI, a member of The Society of Petroleum Engineers and is a Licensed Professional Geoscientist in the State of Texas. He is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the resource figures in the form and context in which they appear in this presentation.

The contingent gas resource estimates for ATP 744 provided in this statement 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 744 not having been adjusted for commercial risk.

The contingent gas resource estimates for PMP 50100 provided in this statement 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 the two announcements referred to above 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 ATP 337P referred to in Table 1 as the 25 October 2010 certification, are based on and fairly represent, information and supporting documentation determined by Mr John Hattner of Netherland, Sewell and Associates Inc, Dallas, Texas, USA, in accordance with Petroleum Resource Management System guidelines. Mr Hattner is a full-time employee of NSAI, a member of The Society of Petroleum Engineers and is a Licensed Professional Geoscientist in the State of Texas. He is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the resource figures in the form and context in which they appear in this presentation.

The contingent gas resource estimates for ATP 337P provided in this statement were originally released to the Market in the Company's announcement of 25 October 2010 and were estimated using the deterministic method with the estimate of contingent resources for ATP 337P not having been adjusted for commercial risk.

The contingent resource estimates for PEL 6, PEL 427 and PEL 428 referred to in this presentation were determined by 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 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 this presentation is only a restatement of the information contained in the ESG announcement.

The contingent resource estimates for PEL 6, PEL 427 and PEL 428 were estimated using the deterministic method with the estimate of contingent resources for PEL 6, PEL 427 and PEL 428 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 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, 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 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.

** Subject to joint venture consent to the assignment of Stanwell Corporation's 5% equity interest in Mahalo to COI in connection with the recently announced buy-back. COI's current legal interest Mahalo is currently 35%.*

