



. . . Positioned for Growth

 Comet Ridge Limited

28 January 2013

December 2013 Quarterly Report

Highlights:

- **Mahalo block pilot schemes continue to dewater during the quarter**
- **Stimulation operations undertaken on Mahalo 3**
- **Mira pilot began producing a small amount of measurable gas which has been increasing on a steady basis**
- **Galilee Basin gas potential continues to be evaluated whilst considering partnering options**
- **Gas industry drilling operations continue in NSW with a view to addressing the NSW gas supply shortage**

Australian Permits

ATP 337P Mahalo – Bowen Basin, Qld (Comet Ridge 35%)

The Joint Venture focus during the quarter continued with dewatering of the coals in the northern part of the Mahalo Block. These pilots are a key component of a Joint Venture plan to book gas reserves across a large part of the Mahalo project area. Having two independent pilot schemes operating concurrently significantly increases the likelihood of achieving a commercial gas rate for establishing reserves, and also allows the Joint Venture to gather valuable data on optimal well completion design for field development.

Stimulation operations at Mahalo commenced in November as planned, however soon after commencement, the Operator, Santos QNT Pty Ltd, advised the Joint Venture that during these stimulation operations, a safety incident occurred. This necessitated the halting of all operations on the Mahalo 3 well, while a detailed investigation was carried out. Recommendations from the investigation were implemented by the Operator and ultimately work re-commenced just after the end of the quarter.

This stimulation activity was completed on Mahalo 3 during January with the pump being reinstalled and the rig released. Mahalo 3 has been restarted to resume dewatering to establish the effectiveness of the

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

ASX CODE: COI

stimulation work carried out. A decision has been made to delay the Mahalo 5 stimulation to observe the performance of Mahalo 3. Planning is underway for a rig to return to the area and stimulate Mahalo 5 in the next one to two months, allowing sufficient time to evaluate the effectiveness of the work done at Mahalo 3.

At the Mira pilot project, approximately 13km southeast of the Mahalo pilot, dewatering of the wells is ongoing. In mid-January, the pilot began producing a small amount of measurable gas which has been increasing on a steady basis. All four wells in the Mira pilot project will continue pumping with further gas and water flows monitored.

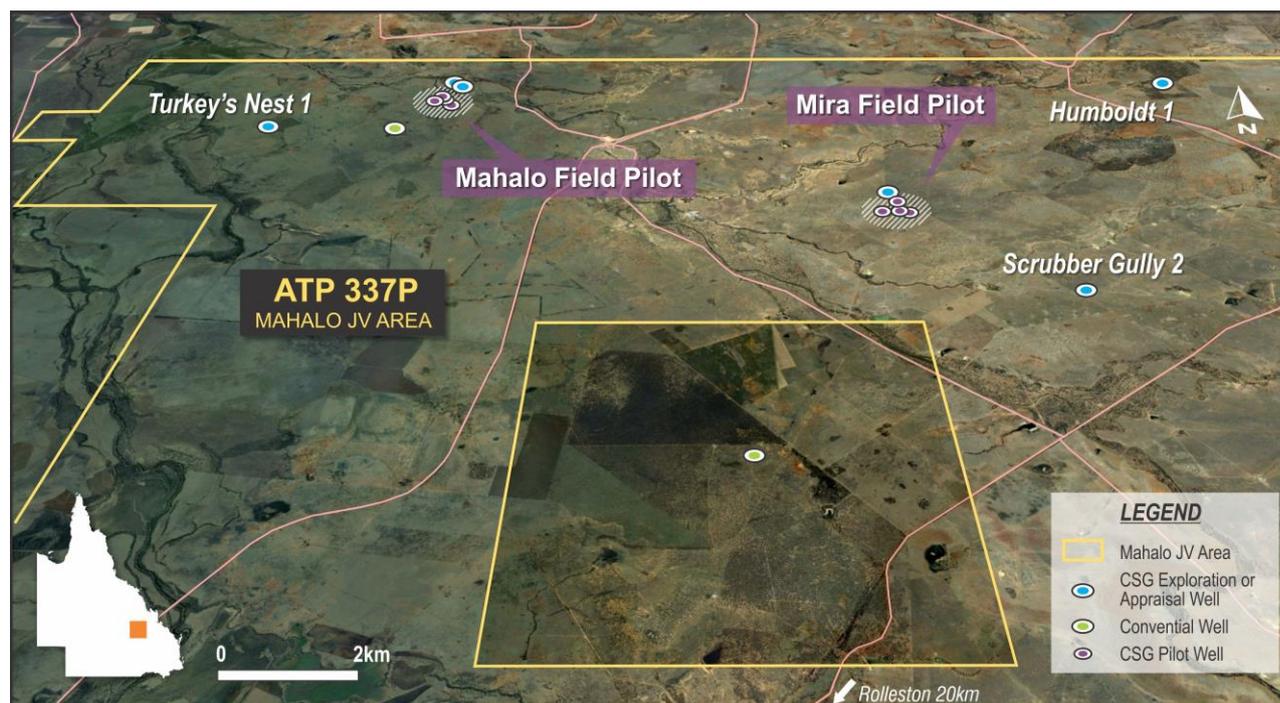


Figure 1 – ATP 337P Mahalo

ATP 743P and ATP 744P – Galilee Basin, Qld (Comet Ridge 100%)
ATP 1015P Farm-in Area – Galilee Basin, Qld (Comet Ridge 20%)

Equity Partner for a Gunn Project Area Pilot or Pre-Sale of Gas

Several commercial options exist for development of gas from the eastern Galilee Basin. With the market for gas in eastern Australia tightening significantly, several parties have informally expressed an interest in participating in Comet Ridge's Gunn Project. This is largely driven by the project's significant 3C Contingent Resource base and the positive results from the Gunn 2 Extended Production Test. A full scale pilot programme is required to move the project's large Contingent Resource base to commercial reserves. Comet Ridge is continuing to examine various options for funding during the current quarter, including an equity partner or pre-sales of gas.

Gunn 2 well Extended Production Test

The Gunn 2 well produced water for part of the quarter in order to re-fill the storage tanks following hot weather and significant evaporation. An Underground Water Impact Report (UWIR), as required by Queensland legislation, was concluded during the quarter and released for public review and comment in early January 2014 and is available on the Comet Ridge website at www.cometridge.com.au. Submissions are due by 21 February 2014.

Shale Gas and Deeper Conventional Gas Potential

Further technical work continued during the quarter to evaluate both shale gas and conventional gas potential in the Company's Galilee Basin blocks. Significant gas potential outside of coal seams exists with the deeper section yet to be drilled and tested. Natural gas flared from a conventional well drilled by a previous tenure holder, in the area around the Gunn Project Area, has also been evaluated technically and demonstrates further prospectivity in the eastern part of the Galilee Basin.

Tenure Management

ATP 744P, the most southern and eastern block in Comet Ridge's Galilee Basin portfolio, reached the end of the first four years of the 12 year permit term during the quarter. Consistent with normal exploration practice, the least prospective one-third of the block area was relinquished back to the Queensland Government. This leaves a remaining permit area of 4,296 km² for the next four year term of the licence.

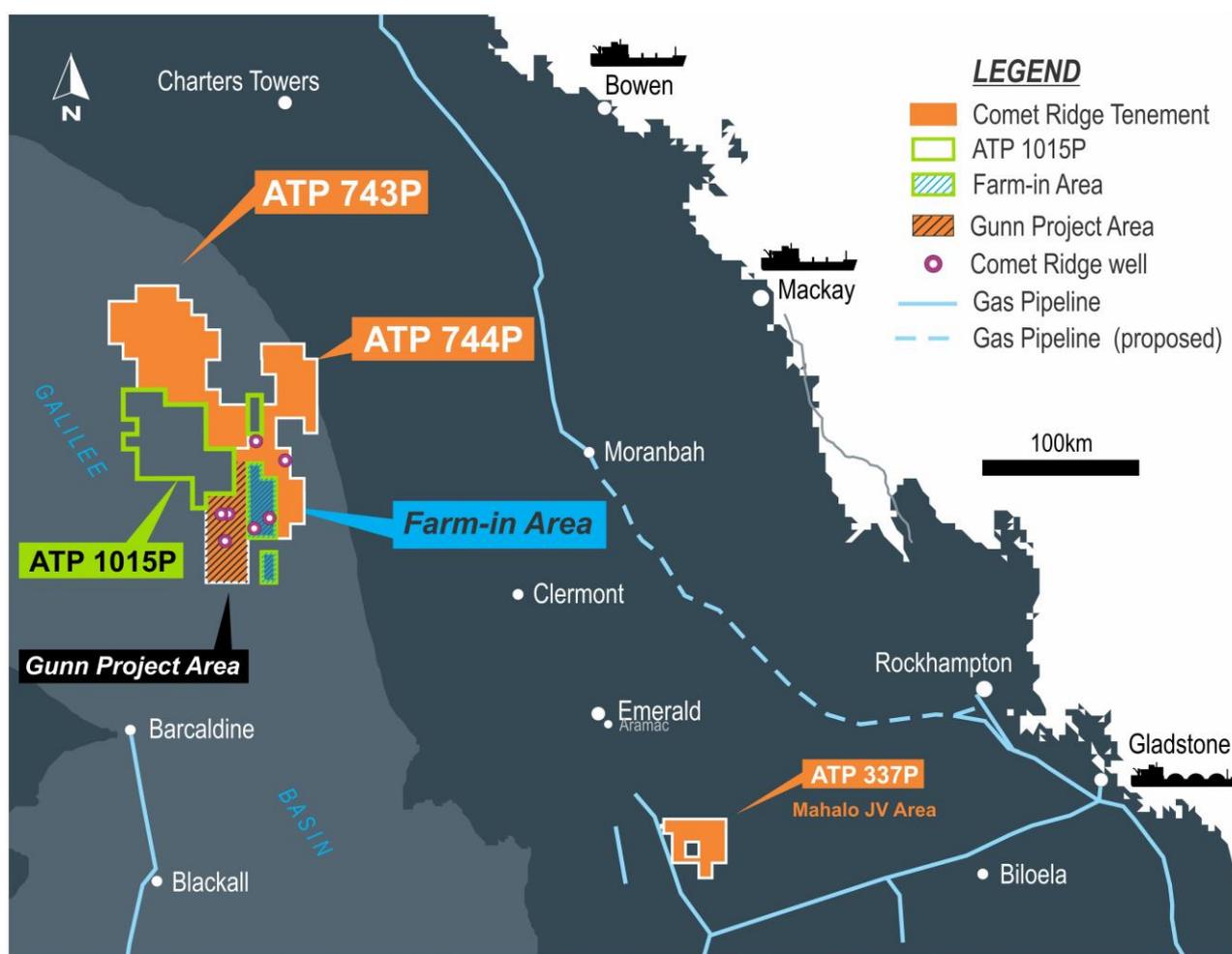


Figure 2 – ATP 744P Gunn Project Area and Farm-in Area

Gunnedah Basin, NSW (Comet Ridge CSG equity: PEL 427: 50%, PEL 428: 60%, PEL 6: 22.5%)

Comet Ridge continues to work with Joint Venture partner and CSG Operator Santos, to renew the Joint Venture's Gunnedah Basin permits and plan the future work programme to evaluate a number of Permian-aged troughs that have been identified through the acreage position. Several of these troughs may contain large volumes of recoverable gas, in similar fashion to the Bohena Trough just to the south of PEL 427. To date, PEL 427 has been extended for a period of three years and extensions continue to be processed for PEL 428 and PEL 6.

The Company believes that there is now a renewed focus in NSW, at both state and federal government levels, to attempt to mitigate some of the gas supply crunch that is unfolding on the east coast of Australia; a crunch that will impact many businesses and retail consumers, particularly in NSW.

The Gunnedah Basin has a large volume of existing proven and probable gas reserves in the Santos and Energy Australia's Narrabri Gas Project, and also large potential for future gas reserves further north and west in Comet Ridge and Santos held acreage. Industry participants agree that a focus on accessing these reserves, and also exploring and appraising further to the north, could go a long way to closing the gas self-sufficiency gap that NSW currently suffers. Comet Ridge has been pleased that exploration and appraisal drilling has successfully re-commenced during the quarter in NSW, and has been ongoing in PEL 238, just south of PEL 427.

Comet Ridge's three contiguous licences are located in the northern Gunnedah Basin, immediately north and west of Santos' Narrabri CSG Project in the Bohena Trough, and cover a total area of approximately 18,000 km². Comet Ridge currently holds between 22.5% and 60% CSG interest across these licences and between 97.5% and 100% conventional oil and gas equity across these permits and is the conventional operator. Santos operates the CSG interest.

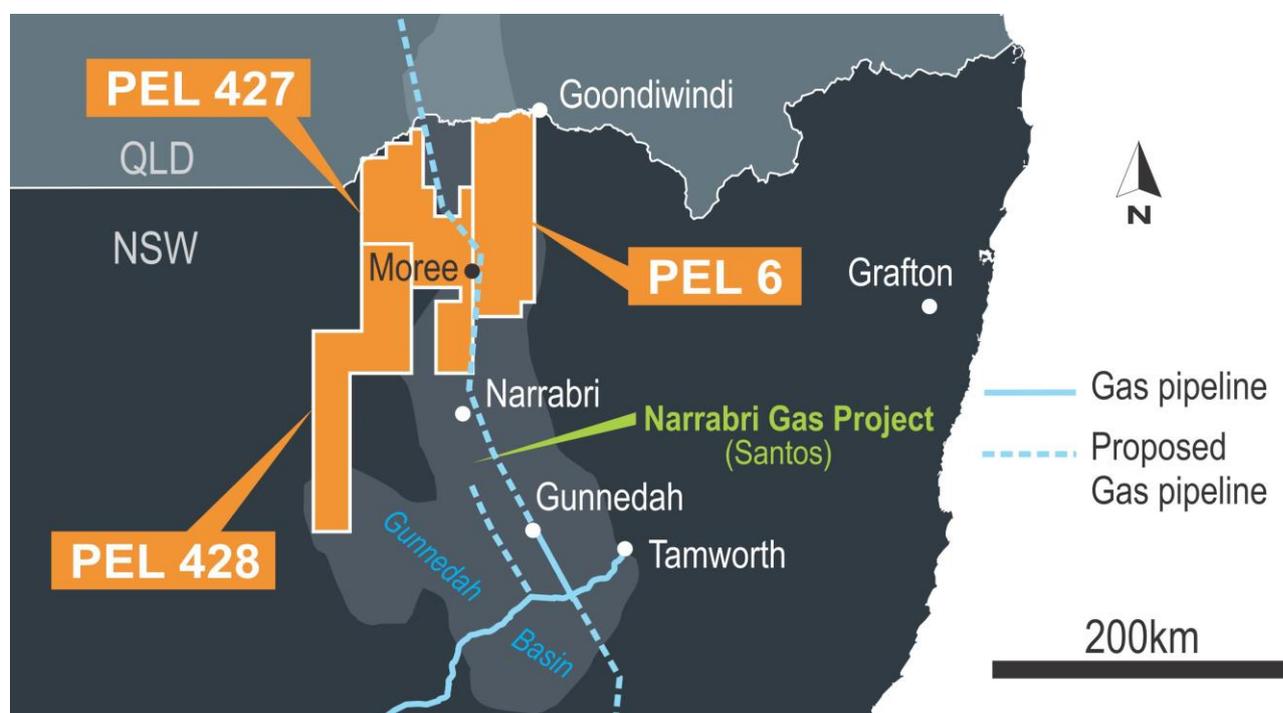


Figure 3 – Gunnedah Basin position

USA Interest

Comet Ridge Resources LLC (Comet Ridge 10.2%)

Comet Ridge Montana LLC (subsidiary of Comet Ridge Resources LLC) drilled three exploration wells on its new oil play in the Northern Rockies. Full cores were acquired across the target reservoirs and oil shows were encountered in all three wells. Two of the wells warranted production testing. Data from the testing is currently being evaluated ahead of a resumption of operations in the coming months.

Activity in the company's oil play in SE Colorado has been placed on hold until a partner is secured.



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

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 eastern Australia, focused on the conversion of contingent resources to reserves.



Comet Ridge Limited
ABN 47 106 092 577

T: +61 7 3221 3661
F: +61 7 3221 3668

E: comet@cometridge.com.au
W: www.cometridge.com.au

283 Elizabeth St, Brisbane, Qld, 4000
GPO Box 798, Brisbane, Qld, 4001