

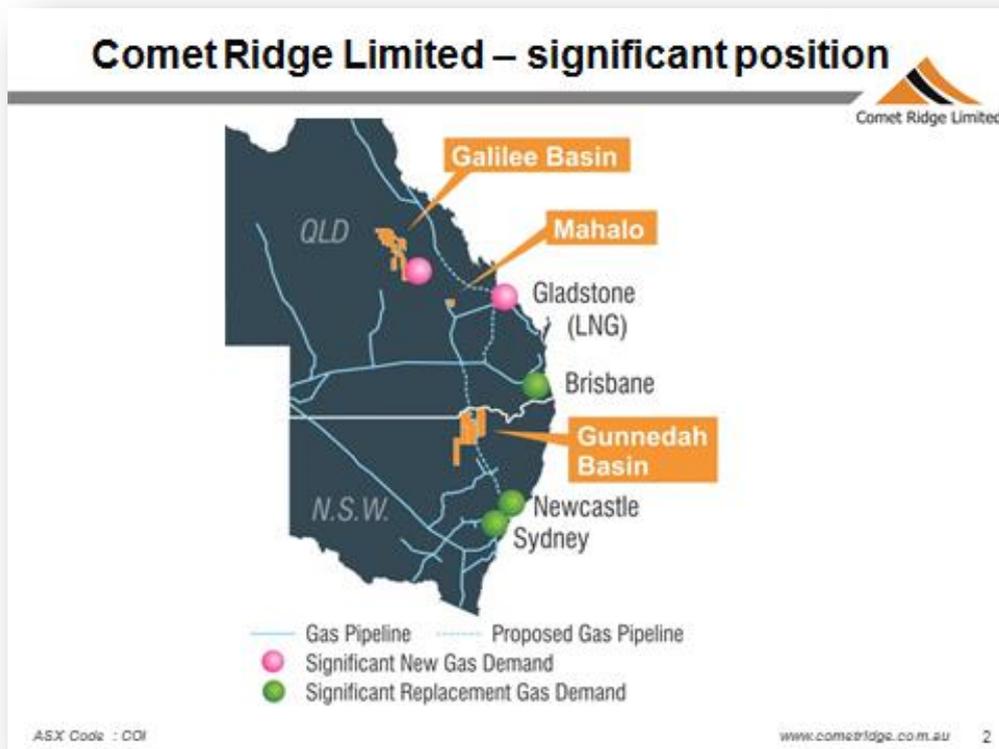


MANAGING DIRECTOR'S AGM ADDRESS 2013



It has been another busy year for the team at Comet Ridge where we have continued to work towards our first reserves booking. As mentioned by our Chairman, we have a very large gas resource base, particularly in Queensland (with Eastern Australia 3C Contingent Resource at 2,731 PJ), and our focus continues to be squarely on moving our gas resources to reserves. Indeed with the slow-down that has impacted the industry in NSW for about the past two years, our human and capital resources have been largely directed towards our Mahalo Block and Galilee Basin interests in Queensland, throughout that period.

Over the past year, we have had some excellent drilling and flow testing results in Queensland, in both the Mahalo Block and also in the Galilee Basin. But at the same time, as a joint venture participant at Mahalo, we have experienced some significant frustration in the implementation of the steps needed to get to reserves. A frustration that I am sure our shareholders have also felt.



Our Chairman spoke briefly about the eastern Australian gas market and how it continues to tighten, probably more so than most buyers, producers, or commentators could have possibly forecast. Next year will be a big year for the industry, with the first cargoes of LNG expected out of Gladstone. All of this means our three key eastern Australian assets, at Mahalo, Galilee and Gunnedah basins, each have a part to play in growing the value of the company.

During the year we also completed a very successful capital raising, already mentioned by our Chairman in his address.

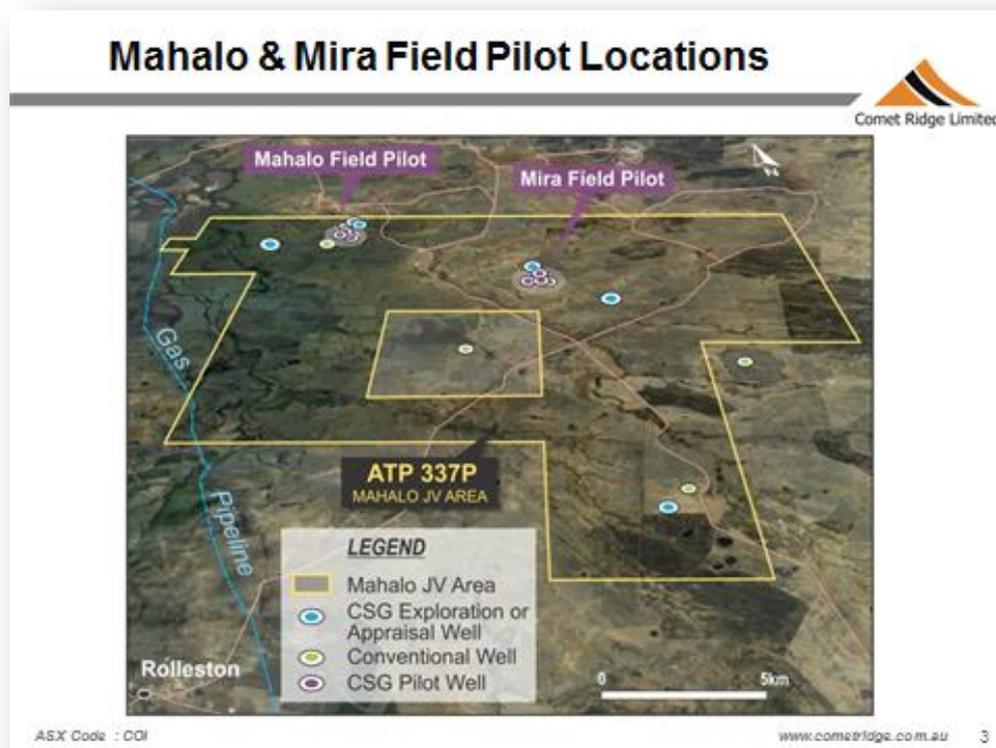
Let me run through each of our project areas briefly.

Mahalo

We have had a very busy year at the Mahalo Block – on both the Mahalo field pilot scheme and the Mira field pilot scheme. Both of the pilot schemes are in the northern part of the block, approximately 13km apart. The Mahalo block itself sits about 240km west of Gladstone and is well positioned with respect to pipeline infrastructure.

At the last AGM in November 2012, we were about to head into an exceptionally busy December and January period for the Mahalo block. At that time, we reported that we had drilled four Mahalo pilot wells and were very pleased with the coal continuity and excellent well productivity that we had measured in that location.

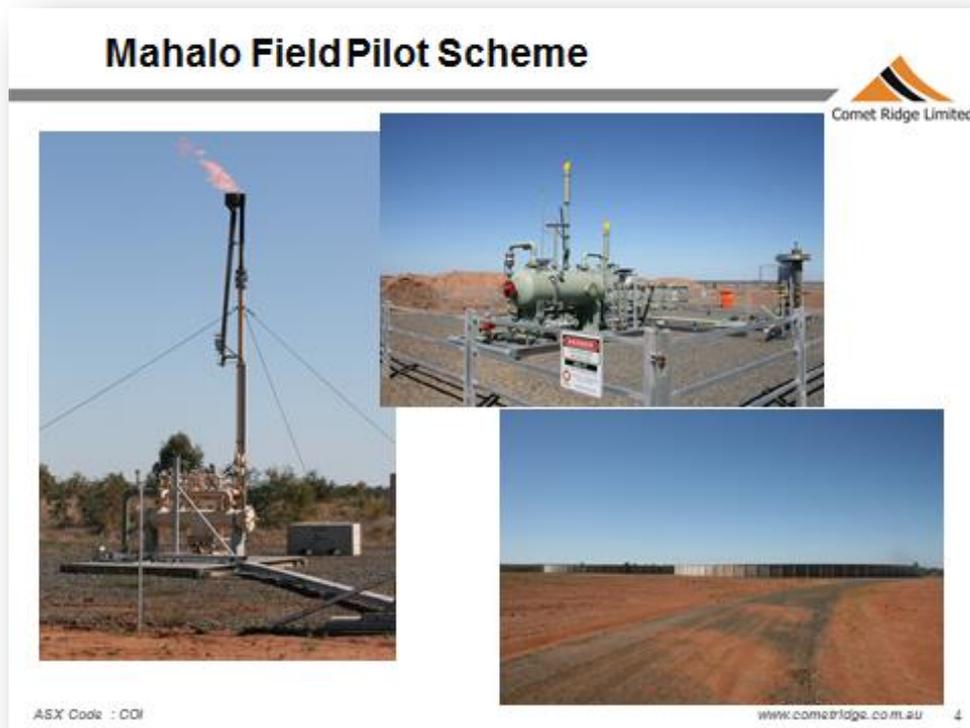
During December 2012 and January 2013, the Joint Venture was able to complete the Mahalo wells for production, drill the four Mira wells and also commence construction on the Mahalo field pilot and Mira field pilot facilities. Like Mahalo to the northwest, Mira continued to demonstrate excellent coal productivity leading to confidence in the reserves booking plan that was underway.



Due to a later start of the Mahalo field pilot construction activities in 2012 than originally planned, and also some poor weather during February and March 2013 at the peak of construction activity, the Mahalo field pilot scheme came on line in April 2013, unfortunately about four to five months behind the original Joint Venture schedule. The Mira pilot scheme then came on line soon after Mahalo, in June 2013.

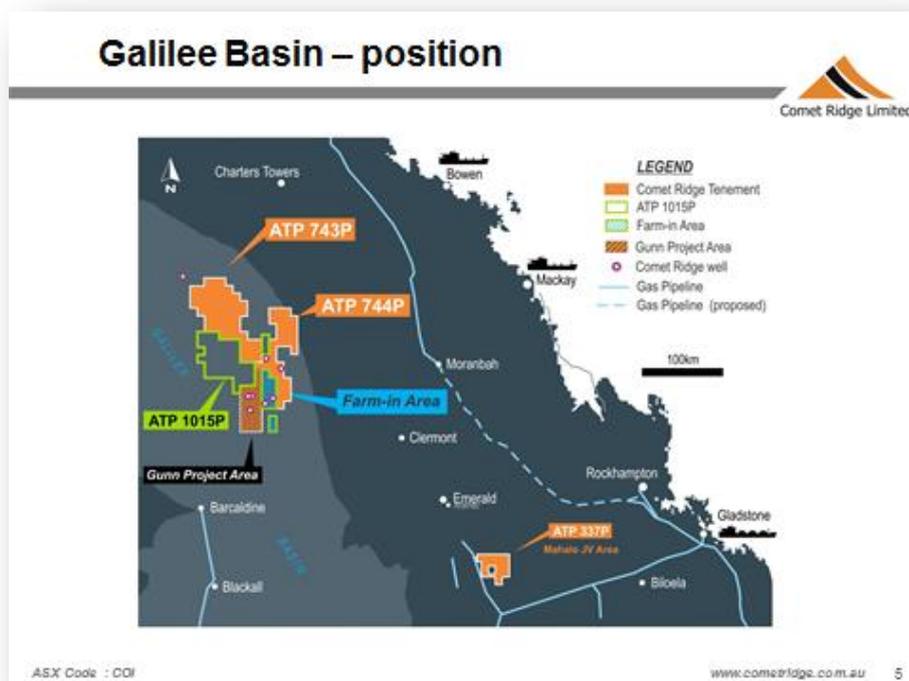
The initial water rates observed from Mira in June 2013, were in line with the high productivity measured when the Mira wells were drilled in January 2013. However the Mahalo field measured productivity following completion of those wells, was lower than measured when the wells were drilled in mid-2012. Our technical assessment at Mahalo is that the Castor Pollux coals are sensitive to some drilling muds, particularly when left in the well for an extended period of time. Subsequently the Joint Venture decided to commence a stimulation programme at the Mahalo field pilot scheme. This work had actually recently commenced, however was halted due to a safety incident on the work-over rig. A safety investigation has been carried out and we were advised by the Operator yesterday, Santos QNT Pty Ltd, that they expect to re-start the work next week.

To date the Joint Venture has seen gas production at both the Mahalo field pilot scheme and Mira field pilot scheme since the pilots have come on line. We expect the next few months at both schemes to see continued dewatering and de-pressuring of the coals, to enable gas rates to build which is an important requirement for conversion of resources to reserves. Over the past few years, the Joint Venture has drilled a dozen wells in the Mahalo block, with most of these in the past 18 months. This data, coupled with data from earlier wells, shows continuous coals over a wide part of the block and subsequently we feel that the Mahalo block has significant reserves and production potential.

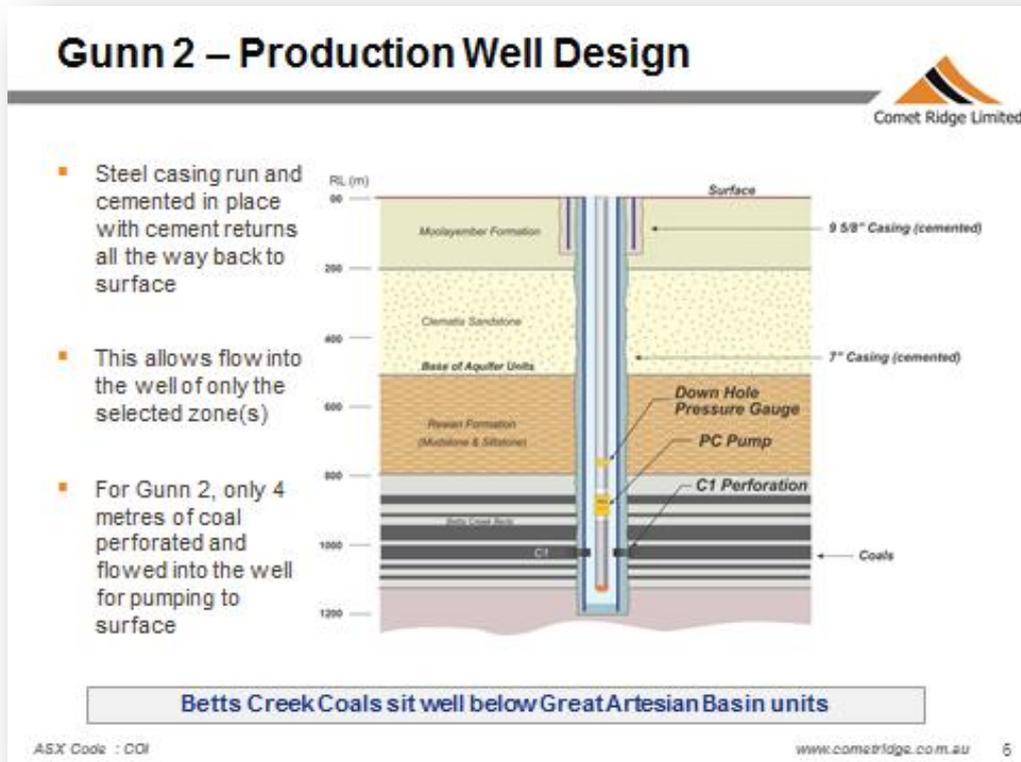


Galilee Basin

Moving to the Galilee Basin, at the last AGM we were still drilling the third well in a three well programme – the Cernan 1 well in the Farm-in area in ATP 1015P. We had just finished drilling the Schmitt 1 well in the same block – which extended the Gunn Project Area to the east, a 17km easterly step-out from the Gunn 1 & 2 wells.



We then moved to complete the Gunn 2 well with tubing and a pump for production and moved into the construction phase for our Extended Production Test (EPT) at Gunn 2. Gunn 2 was a significant milestone for the Company as our first production well in the Galilee Basin.



The EPT was designed around obtaining water samples from the Betts Creek coal measures and also to confirm the very simple and cost effective completion methodology that we had selected for the Galilee Basin – case and cement the well over the entire length and then perforate and produce water across a single coal interval only. We perforated the well in one coal over a four meter interval at 952.5 metres.

Once the well was completed for production we moved ahead on construction of the simple surface facilities that were required – power, flowlines, metering, water storage and telemetry.

The EPT project was executed over a very short period of time – Gunn 2 was drilled in October 2012, completed for production with a smaller workover rig in November 2012, construction of surface facilities and tanks was undertaken in December 2012 and then the scheme commissioned in the early part of January 2013 and was brought on line on 11 January 2013.

Over a period of several weeks during the first quarter this year, the Gunn 2 water production rate was brought up to 400 barrels of water per day (bwpd) – confirming excellent coal productivity. This is the limit of the pumping system under the current configuration and pressure analysis showed that the four meter coal interval, which was the subject of the test, has an even greater flow capacity.

The company has been evaluating different methods of water treatment which would form the basis of design for a pilot scheme.

Gunn 2 – Extended Production Test



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The next logical step for the company in the Gunn Project Area is a pilot scheme. The data obtained and lessons learned from the Gunn 2 Extended Production Test, can now be upscaled to design and build an effective pilot scheme that would likely contain an additional four wells to sit around Gunn 2.

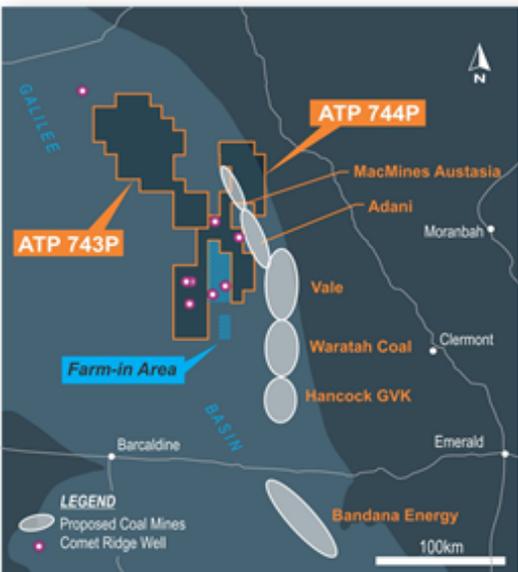
Galilee Basin – Commercial Options



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Galilee Basin market opportunities

- Different market segments emerging for commercial development: coal, power, LNG
- Development option 1: Power for coal mines / local generation
- Development option 2: Gas supply to LNG projects at Gladstone
- Development option 3: Domestic gas supply via Barcaldine



LEGEND
 ○ Proposed Coal Mines
 ● Comet Ridge Well

100km

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Comet Ridge has had some discussions with several potential gas users or customers based around our large Contingent Resource base in the Galilee Basin of 1870 PJ (3C) but nothing yet has been concluded.

Our intention over the next several months is to finalise the design for a Gunn Project Area pilot scheme and move this project into the implementation phase with three possible market segments under consideration (power generation for local use, LNG manufacture or domestic gas).

And the final key piece of our discussion on the Galilee Basin, is how we as a company, and as individuals, interact with and relate to, the local community.

Gas exploration and production in Queensland is by no means a new phenomenon – with over four decades of gas production from the Roma area already, and coal seam gas being produced in the state for nearly 20 years.

Our interaction with the Galilee Basin community continued this year when we participated in a water forum with the Gas Commissioner and Agforce in Barcaldine in June. The Galilee Basin Operators Forum (GBOF) of which Comet Ridge is a member, delivered a two year piece of work in the form of a water study to local councils and communities in February of this year.

We have been very fortunate in having developed excellent relationships with landowners in the Galilee Basin and it is our objective to do this in every community in which we operate. We strongly believe that it is only through open and constructive communication that myths are separated from the science and the real facts and the long term benefits to the community – which may include CSG water being available for agriculture, are shown.

Gunnedah Basin - NSW

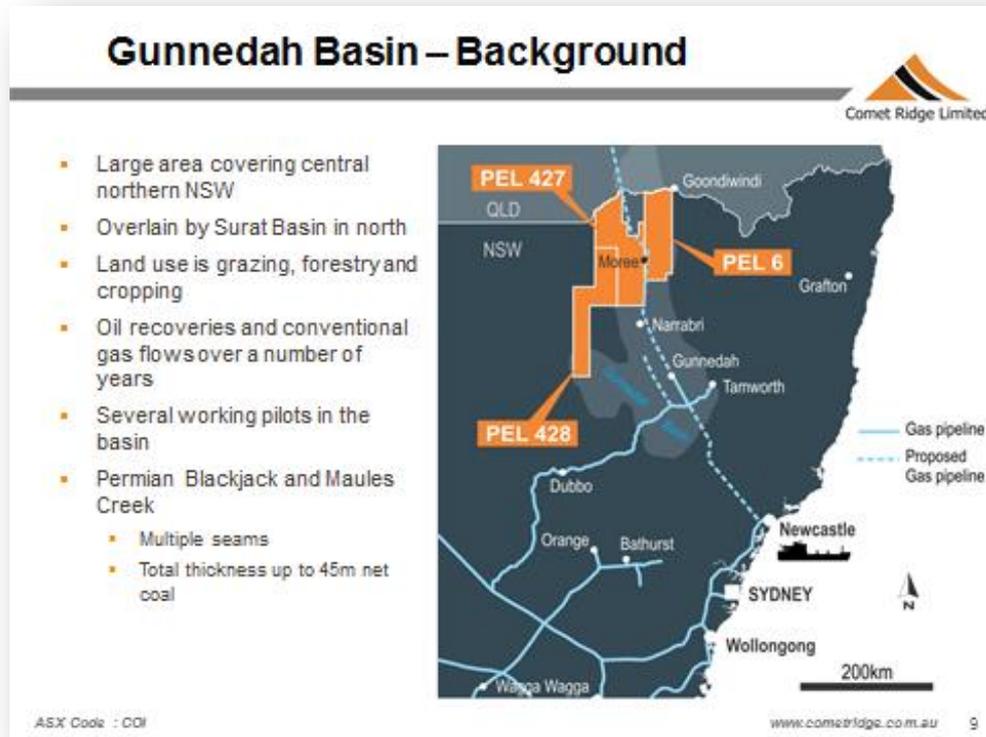
As I did last year, I won't spend a lot of time talking about Gunnedah Basin and NSW today, as our Chairman has already provided an update on NSW. But then given the importance of NSW to the eastern Australian gas story, with 1.1 million retail and 450 industrial gas customers, who are scratching their heads wondering where the gas is going to come from, it is hard for me not to at least touch on NSW.

This year, Comet Ridge did complete our acquisition of additional equity and acreage in the northern Gunnedah Basin, giving us a position of approximately 18,000 km² and a CSG equity position in those big three northern blocks ranging from 22.5% up to 60%. We hold virtually 100% of the conventional equity now in those blocks also and are the conventional Operator.

The paradox of what is happening with natural gas in Queensland and New South Wales seems to get more evident by the month. Whilst Queensland now has about 4,000 agreements signed by various companies with landowners and is moving ahead with a vibrant industry that is reinvigorating many rural communities, the NSW Government has applied arbitrary restrictions and rules (like the 2km exclusion zone) to our industry that have no scientific basis but appear to be designed to appease a vocal anti-fossil fuel lobby.

Gradually, we are hearing that more and more New South Welsh men and women are making the trip to western Queensland and are speaking to people from the towns and off the land in Roma, Injune, Chinchilla and Dalby, to get a first-hand understanding of the benefit gas developments can bring to rural communities, not only in economic development for the whole community, but also in water and additional income for people on the land. Farms are

being drought proofed in these communities and we are doing a poor job as an industry, in getting this message out to people in the coastal cities, as they can't see this for themselves.



I was fortunate to be at the NSW Energy Security Forum in late September, and was pleased to see Federal Government Ministers (both past and present) becoming involved in the NSW gas debate and advocating for a common sense approach to get exploration and production moving again. Our Chairman touched upon, and we were pleased to hear, that after about two years with only a couple of wells drilled in NSW by the entire industry, that our Joint Venture partner, Santos, is drilling now in their PEL 238, the block immediately south of Comet Ridge's position.

We are hopeful that our own exploration programme in our three northern blocks in NSW may be able to restart in the short to medium term.

Assets Outside Australia

In New Zealand, we were unable to agree an appropriate work programme with the NZ Government for our Waikato Block (PEP 50280) and subsequently elected to surrender this block. For our West Coast exploration block (PEP 50279) we relinquished a large part, focussing only on the area where we had booked Contingent Resources. We were also able to agree a further work programme for the Greymouth Block (PMP 50100).

In the USA, Comet Ridge Limited elected not to pay two US cash calls given our strong focus on booking gas reserves for the eastern Australian gas market. Consequently our interest in

Comet Ridge Resources LLC has been reduced to approximately 10.2%. Denver based Comet Ridge Resources LLC remains an active explorer in the Rockies with a number of wells being drilled and detailed seismic mapping continuing on a number of geological plays.

Conclusions

Comet Ridge has a very large eastern Australian gas resource base spread over three key areas in Queensland and NSW.

1. The Mahalo Block remains our number one priority and a significant driver of value for the Company, centred around building reserves which in turn relies on effective operation of the two pilot schemes there.
2. The Galilee Basin also has significant upside for the company as we evaluate the most effective means of commencing pilot production there.
3. Whilst Queensland has benefited greatly from the natural gas story over the past several years, and NSW has been bogged down by green-led misinformation, we believe that clean burning gas will become a priority for energy users and industry in NSW. As misinformation is replaced with science and facts, and Queensland is viewed more closely from the south, we believe that gas exploration and production will occur more widely across the Gunnedah Basin than is simply occurring in PEL 238 at the moment.

Comet Ridge Limited is positioned to participate in the evolving eastern Australian gas story via our large resource base and we will keep our focus squarely on conversion to reserves.



Tor McCaul
Managing Director