



... Positioned for Growth

Comet Ridge Limited

29 May 2014

Mahalo Project (ATP337P) - Pilot Operations Update

- Mahalo gas production steadily increasing with expectation of continued improvement
- Initial gas flows achieved at Mira following recommencement of dewatering after pressure build-up testing completed in May

Comet Ridge Limited (ASX:COI) is pleased to provide an operational update for the Mahalo and Mira Pilot Schemes within the ATP 337P Mahalo Block, located approximately 240 km west of Gladstone in Central Queensland (refer Figure 1 below). Comet Ridge currently holds a 35% equity interest in the block, which will increase to 40% following completion of the conditions under the Deed of Option with Stanwell announced on 19 March 2014.

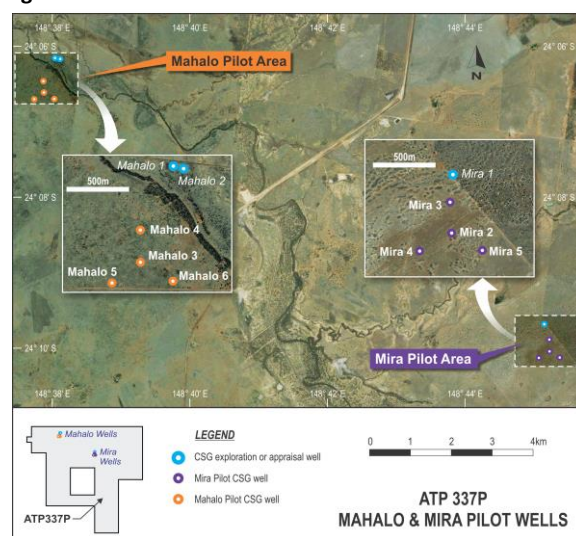
Mahalo Pilot Scheme

Following the completion of the under-reaming and jet wash stimulation on the Mahalo 3 and Mahalo 5 wells in January and February, the Mahalo Pilot wells have been continuously dewatering for most of the past three months. Mahalo 6 is being used as a pressure observation well, whilst the Mahalo 3, 4 and 5 wells are being pumped to produce water, allowing the reservoir pressure to be reduced which in turn allows gas to flow. The JV has adopted a strategy of intentionally dewatering slowly to protect the coal reservoirs. The location of the Mahalo Pilot wells within the Joint Venture area is set out in Figure 2 below.

Figure 1: Regional Location of Mahalo JV Area



Figure 2: Location of Mahalo and Mira Pilot Wells



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Since bringing the Mahalo pilot back on line in early March, gas production from the Mahalo production wells has been steadily increasing as dewatering has continued. The Mahalo Joint Venture is very encouraged by the current trend and will continue dewatering operations over the coming weeks with an expectation of continued improvement in gas flow rates.

Mira Pilot Scheme

At the Mira Pilot Scheme, approximately 13km southeast of the Mahalo Pilot, a series of pressure build up surveys were completed in the middle of May and the wells have now recommenced dewatering. Similar to the Mahalo Pilot Scheme, one well (Mira 2) is being used as a pressure observation well, whilst Mira 3, 4 and 5 are being produced to dewater the reservoir and allow gas to flow (refer Figure 2 above which sets out the location of these wells).

As the Mira Pilot Scheme has only just come back on line for dewatering, pump speeds are being closely controlled. Initial gas production (from Mira 5) has been achieved and this is expected to improve as the reservoir pressure is reduced from ongoing dewatering operations.

Comet Ridge Managing Director, Tor McCaul said “with the build-up and interference testing now completed, both fields will be continuously produced to allow reservoir pressure to drop and gas rates to continue to develop on the current positive trend.”



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

