



Comet Ridge Limited

30 April 2015

March 2015 Quarterly Report

Highlights:

- Mahalo 6 (vertical) and Mahalo 7 (horizontal) well pair produced small and sustained gas flows during February and March; routine pump workover required to restore pump efficiency
- COI targeting a significant increase in gas flow following the Mahalo 6 pump workover

Australian Permits

ATP 337P Mahalo – Bowen Basin, Qld (Comet Ridge 40%)

Mahalo Pilot

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 with significant gas supply requirements (see Figure 1).

Whilst the Mahalo 3, 4 and 5 wells remained on line during the quarter, the main focus for the joint venture has been the gradual downhole pump speed increase on the Mahalo 6 vertical well, which is taking production from the Mahalo 7 horizontal well which has intersected it.

The Mahalo 7 surface to in-seam horizontal well was positioned inside the existing vertical pilot wells. It was drilled past the Mahalo 3 vertical well, on a path to intersect the down dip Mahalo 6 vertical well. Mahalo 6 is currently being utilised as the production well to lift the water and gas from the Mahalo 7 horizontal well (see Figure 2).

In this way, the Mahalo 6 and 7 wells operate in combination as they are connected at the reservoir level. The coal reservoir is at a depth of approximately 230 metres with a coal seam thickness of approximately 8 metres.

Pumping operations in the Mahalo 6 well commenced just before the start of the quarter, initially with the pump being run at very low speed to achieve gradual pressure drawdown. The Joint Venture's operating plan was to progressively increase pressure drawdown over time. Through the first part of the quarter, Comet Ridge was pleased with the progress of the drawdown.

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During February, as the pump speed was gradually increased, small flows of gas were observed for short durations which led to more sustained gas flows being continuously observed in the period leading up to the Company's Mahalo operational update announced on 6 March 2015. The company was very pleased at that point to see sustained gas commencing from the well from the very modest drawdown of approximately 12 psi.

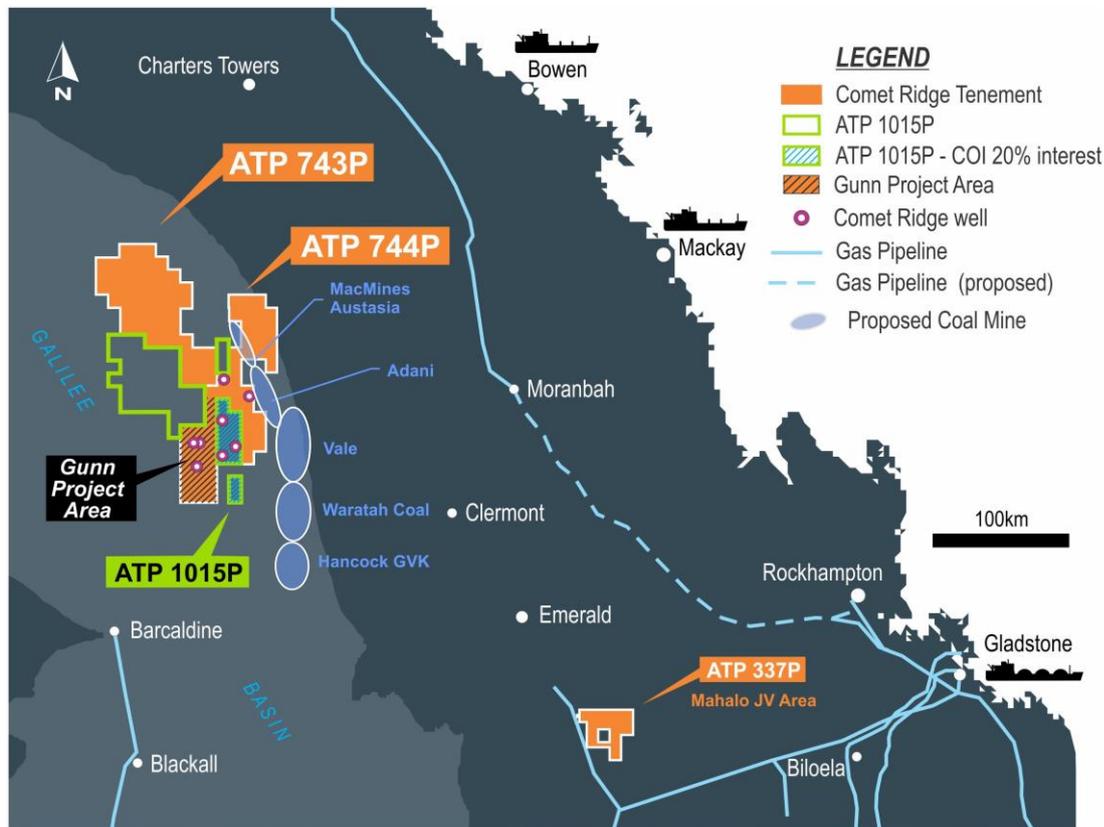


Figure 1 – Regional Location of Mahalo JV Area

Pumping efficiency however declined through the period with evidence of produced gas running through the downhole pump. As pump speed was gradually increased, pump efficiency gradually decreased leading to the conclusion that the downhole pump would need to be changed, via a routine workover.

The Joint Venture formally approved the pump change and also agreed to re-position the pump intake deeper in the well (and below the point of gas entry) to avoid the issue of gas running through the pump in the future. This operation would then allow the gas and water production ramp up in Mahalo 6 to continue on an uninhibited basis.

The Mahalo Joint Venture participants approved the Exploration Operator to undertake this work on 31 March 2015. Since the date of the approval to undertake the pump workover, Comet Ridge is awaiting advice from the Exploration Operator on the timing of completion of this work.

Mira Pilot

At the Mira pilot during the quarter, Mira 2 continued to be utilised as a pressure observation well whilst the Mira 3, 4 and 5 wells were utilised as production wells. Pumping operations continued during the quarter.

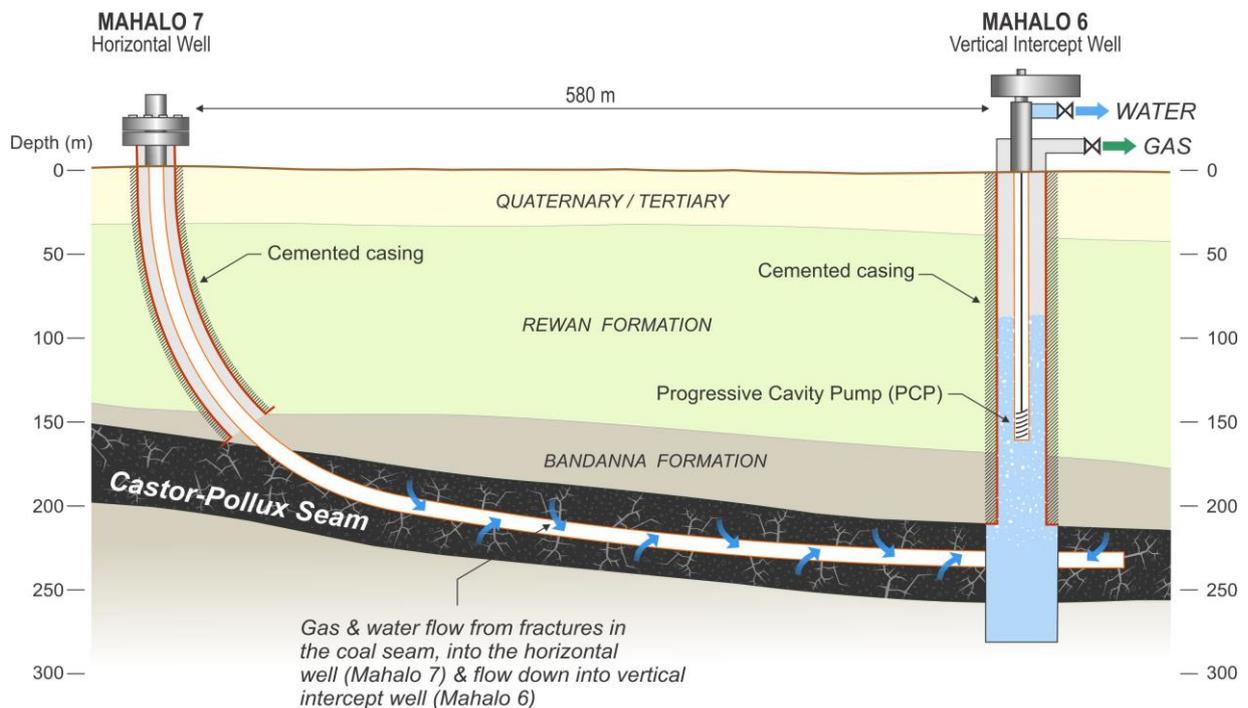


Figure 2 – Mahalo 7 horizontal well path to intercept the Mahalo 6 vertical production well

ATP 743P and ATP 744P – Galilee Basin, Qld (Comet Ridge 100%)

ATP 1015P – Galilee Basin, Qld (Comet Ridge 20%)

Harrington-1

Laboratory testing of the Harrington-1 core recovered when the well was drilled in 2014 was completed during the quarter. In the area of the well the lower most seams of the Betts Creek beds are high volatile bituminous in nature.

Harrington 1 is a 24km step out well to the NE of the Gunn 1 and Gunn 2 wells in ATP 744P. The Harrington 1 well reached a total depth (TD) of 1042 metres and was cored through the entire Betts Creek section, intersecting approximately 19 metres of net coal across the targeted coal seams. Harrington 1 well continues to demonstrate that coals containing gas extend with some consistency over a wide part of the eastern Galilee Basin.

The Harrington-1 data has been integrated with the wells dataset for the area and used to generate “sweet-spot” attribute maps for the Betts Creek beds over the Gunn Project Area for optimal positioning of future exploration and appraisal wells. Detailed mapping of individual coal seams will also be undertaken. In addition, with the new data, internal assessments on GIIP have been updated.

Comet Ridge continues to evaluate power and other opportunities for eastern Galilee Basin gas. Several potential opportunities exist and with the recently elected Queensland government indicating their continued support of the Galilee Basin Coal mines, we view this as positive and continue to see this mine corridor as a potential user of significant volumes of gas.

Conventional Petroleum Potential

Significant gas potential outside of coal seams exists within the deeper section yet to be drilled and tested. Carmichael 1, drilled in 1995 flowed gas to surface on three tests from deeper sandstone intervals (2600m) using sub-optimal drilling practices and an additional thick section was not tested.

This well is close to the area around the Gunn Project Area (See Figure 3) and demonstrates further prospectivity in the eastern part of the Galilee Basin. 1980's vintage 2D seismic lines acquired over the Carmichael Prospect were reprocessed during the quarter. A total of 133 line kilometres have been reprocessed using present day reprocessing methodology including advanced filtering techniques. The aim of this project is to further define the Carmichael structure. The results will determine the optimal location for a well to test the structure and reservoir quality. The data was received in early March and is currently being reviewed. In addition, Petrology work will be undertaken in the next quarter which is designed to better understand the reservoir at depth.

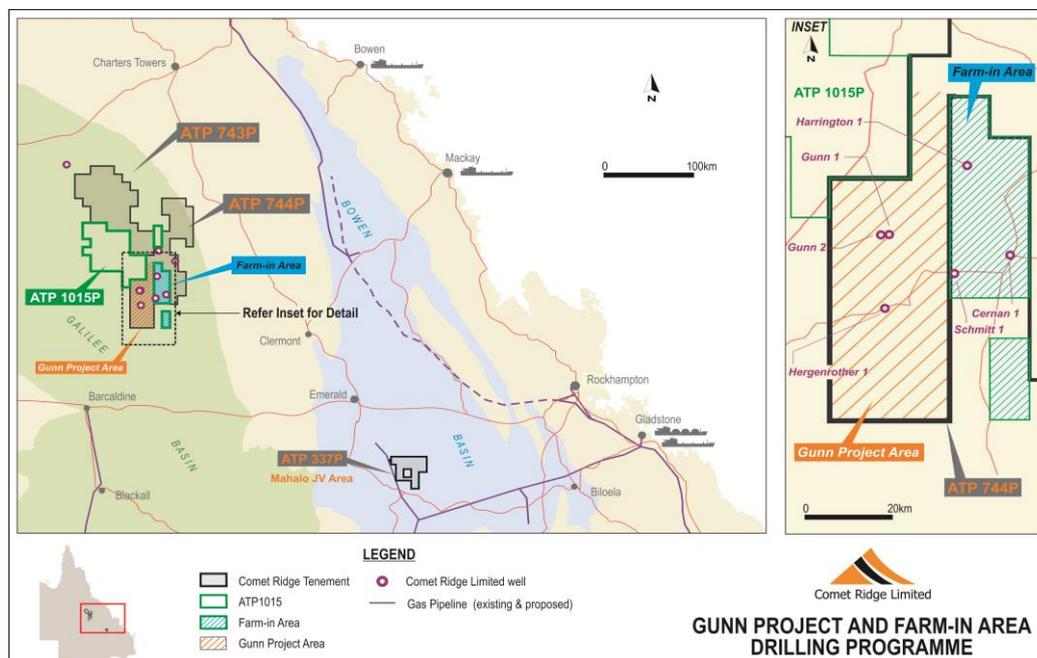


Figure 3 – Gunn Project Area

**Gunnedah Basin, NSW (Comet Ridge CSG equity: PEL 427: 50%, PEL 428: 60%, PEL 6: 22.5%)
(Comet Ridge Conventional equity: PEL 427: 100%, PEL 428: 100%, PEL 6: 99.7%)**

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. (See Figure 4) Santos operates the CSG interest.

With the March election result in New South Wales, Comet Ridge looks forward to the industry being able to get back to work as the government moves to implement the NSW Gas Plan and the recommendations from the Chief Scientist, generated in late 2014. This is progressing with numerous government led reviews currently underway with a plan to have them completed within the next few months.

The recent decision by the Supreme Court awarding Metgasco costs and lifting the drilling suspension of their well near Bentley is welcome news and helps provide some confidence in relation to rule of law to the gas industry in the state.

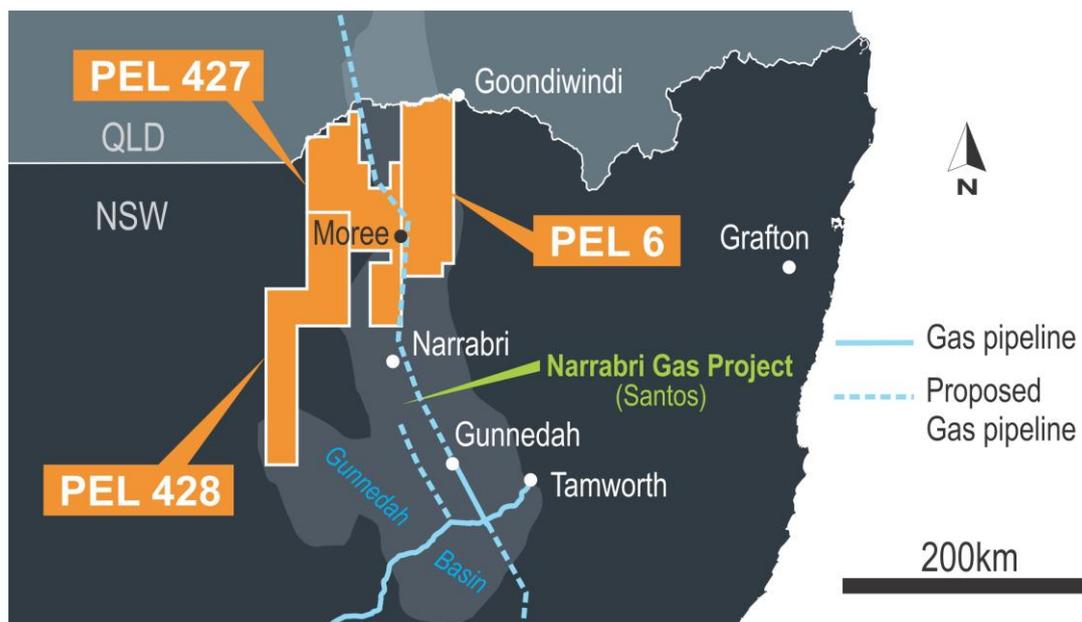


Figure 6 – Comet Ridge’s Gunnedah Basin position

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 through to May 2016 and extensions continue to be processed for PEL 428 and PEL 6. With the momentum building around implementation of the NSW Gas Plan, and pressure on industrial and domestic gas supplies, the Company remains confident that NSW will be able to produce much of the state’s own gas requirement from within its own exploration permits.

New Zealand

PMP50100 – West Coast (Comet Ridge 100%)

Results from drilling operations within PMP50100, on the West Coast of the south island in late 2009 and early 2010, along with previous exploration wells drilled within the area, indicate an active conventional petroleum system is present over the permit. Oil shows and gas indications were recorded over sandstone intervals in the Island Sandstone, Brunner Coal Measures and Paparoa Coal Measures in seven of the wells drilled in the block to date.

Recent success in exploration for conventional oil resources in neighboring permits has renewed the Company’s interest in the conventional prospectivity of the permit. A desktop conventional prospectivity review has been undertaken over the permit and some potential oil targets have been identified. Subsequently, an amendment application to the current work programme has been submitted to the New Zealand Government in late April to seek an extension period that would allow for additional time to appraise these potential targets.

USA Interest

Comet Ridge Resources LLC (Comet Ridge 10.2%)

During the quarter, Comet Ridge Resources LLC (CRR) continued to work towards farm-out opportunities in both SE Colorado and Montana. The level of overhead continues to be reduced. Two oil exploration wells have been funded and drilled by an external party – one of these has been completed and put on production as a low-rate oil well.



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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 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 and a block 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.



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