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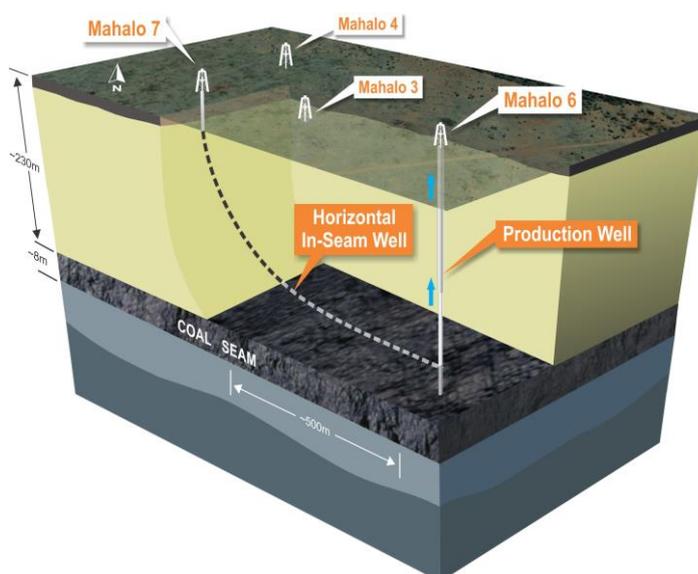
9 December 2014

## Mahalo 7 horizontal well project operational update

- Neighbouring pilot well production data positively supports field connectivity
- Mahalo 6 vertical production well pump installation planned by Santos for 14 December

Coal seam gas explorer and developer Comet Ridge Limited (ASX:COI) is pleased to provide an operational update on the progress of the Mahalo 7 horizontal surface to in-seam well project. This well was drilled during the first half of November 2014 in the ATP 337P Mahalo Block in Queensland's Bowen Basin and is being operated by Santos QNT Pty Ltd.

The Mahalo 7 surface to in-seam horizontal well was designed to maximise the use of current reservoir data and has been positioned inside the current pilot wells. It was drilled past the Mahalo 3 vertical well, on the path to intersect the Mahalo 6 vertical well. The Mahalo 6 well will be utilised as the production well to lift the water and gas from the Mahalo 7 horizontal well (see Figure 1). This coal is at a depth of approximately 230 metres with a coal seam thickness of approximately 8 metres.



The Mahalo 3, 4 and 5 vertical pilot wells continued to produce gas and water while the Mahalo 7 horizontal well passed by, in between Mahalo 3 and Mahalo 4, on the way to make the Mahalo 6 intercept.

Detailed analysis of production data from both Mahalo 3 and Mahalo 4 showed significant changes in gas and water rates very soon after the Mahalo 7 horizontal well entered the coal seam, showing positive signs of connectivity between the horizontal well and its vertical well neighbours. Comet Ridge Managing Director, Tor McCaul said he was very pleased that a response was observed in Mahalo 3 and 4 due to the Mahalo 7 drilling in such a short period.

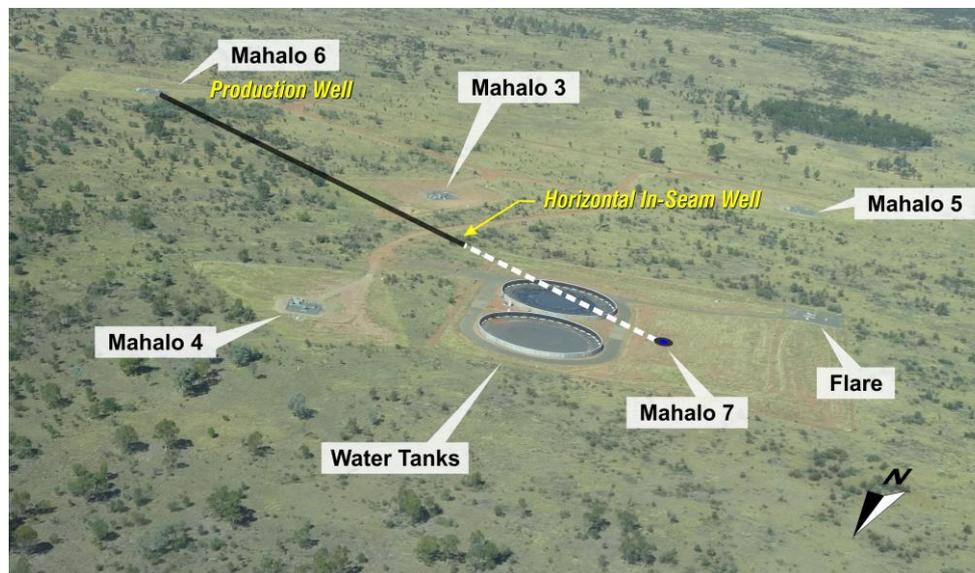
*Figure 1 – Mahalo 7 horizontal in-seam well path*

Comet Ridge Limited T: +61 7 3221 3661 E: [info@cometridge.com.au](mailto: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](http://www.cometridge.com.au) GPO Box 798, Brisbane, Qld, 4001 Australia

ASX CODE: COI

Comet Ridge has been advised by the Operator, Santos QNT Pty Ltd, that the small workover rig to install the pump will be on the Mahalo 6 location on Sunday 14 December.

Figure 2 details the positioning of the horizontal well in relation to the Mahalo pilot scheme. Mahalo 6 is currently set up as a production well, with flowlines, metering and separation facilities at surface, and use of this well as the intersect well is therefore cost effective for the Joint Venture.



*Figure 2 - Mahalo pilot layout and path of Mahalo 7*

The Mahalo block sits approximately 240km west of Gladstone in central Queensland and the Joint Venture has been operating two production pilot schemes at the Mahalo Field Pilot and Mira Field Pilot, since the first half of 2013. Comet Ridge has recently received its first independent reserves certification for the Mahalo Block, which was detailed in a release to the ASX on 29 August 2014.

Equity participants in ATP 337P Mahalo are Comet Ridge Mahalo Pty Ltd (40%), Australia Pacific LNG Pty Ltd (30%) and Santos QNT Pty Ltd (30%).

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

## 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 recently certified 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.



Comet Ridge Limited  
ABN 47 106 092 577

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

E: [comet@cometridge.com.au](mailto:comet@cometridge.com.au)  
W: [www.cometridge.com.au](http://www.cometridge.com.au)

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