



30 October 2017

September 2017 Quarterly Activities Report

Highlights:

- **Mira 3, 4 and 5 wells successfully under-reamed and re-completed**
- **Under-reaming highly effective in removing near-wellbore damage**
- **Humboldt South 1 corehole successfully drilled**
- **Mira 6 horizontal well due to spud on 2 November**
- **Galilee Basin as a gas source for East Coast gains traction**

ATP 1191 Mahalo – Southern Bowen Basin, Qld (Comet Ridge 40%), Santos (30%), APLNG (30%)

It has been a busy third quarter at the Mahalo Gas Project in the Southern Bowen Basin. Comet Ridge, as agent for Santos as Exploration Operator, began implementation of the work programme in early August 2017. This included the under-reaming of three Mira wells and the drilling of a new core hole, Humboldt South 1 (See Figure 1 below).

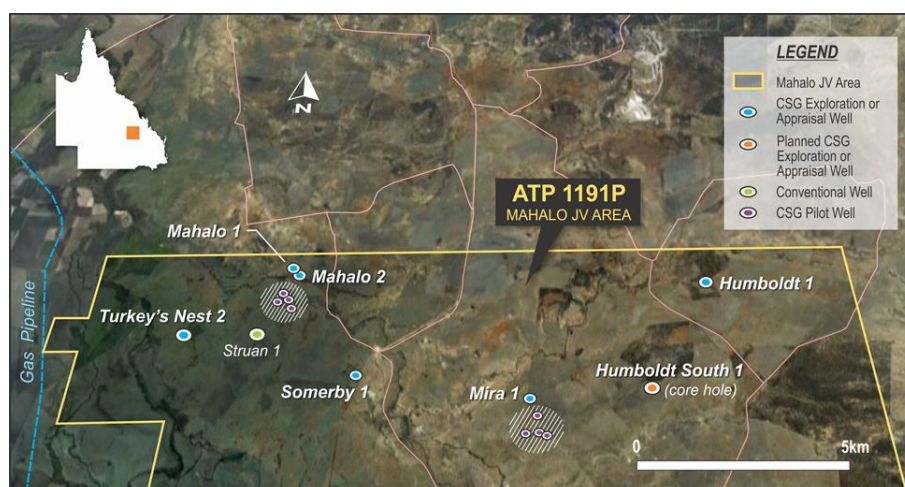


Figure 1 – northern Mahalo Block surface image looking north –2017 Work Program Focus

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The Mahalo Block sits approximately 240km west of Gladstone, 14km east of a Santos-APLNG owned pipeline and approximately 40km north of both Jemena's Queensland Gas Pipeline and the GLNG main line to Gladstone.

The Company currently has 219 PJ of 3P Reserves and 112 PJ of 1C Contingent Resources at Mahalo. Comet Ridge expects that the 2017 Exploration Work Programme can add significant additional Reserves to each of the Joint Venture participant's portfolio.

Comet Ridge commenced the workover programme on 2 August 2017 at Mira 5. Following this well, successful workover operations to under-ream the main coal sections on Mira 4 and Mira 3 were conducted between 8 August and 15 August. Up to 48" (diameter) of coal was removed in the under-reaming process on these wells in order to repair any near well bore damage. New downhole pumps were installed in each of these wells to equip them for production. Restart of the three wells occurred in late August.

Pumps in all wells were brought on initially at a low speed and have been progressively ramped up and are now all operating at approximately 100rpm. Combined water rate is over 60 barrels per day. Mira 5 is demonstrating continuous and steadily increasing gas rates.

Well	Skin Value Prior To Under-reaming	Skin Value After Under-reaming
Mira 3	74	2.5
Mira 4	56	7.7
Mira 5	41	3.0

Table 1 – comparison of skin damage value for the Mira wells pre-and post-under-reaming showing great success from the programme in August.

Late in September, pressure build up (PBU) surveys were completed on all three wells to quantify how successful the under-reaming was in removing damage near the well. The results of the PBU's indicated that the under-reaming had been very successful in reducing damage (skin) when compared to measurements prior to commencement of the programme. Table 1 above provides a comparison of skin values prior and post under-reaming.

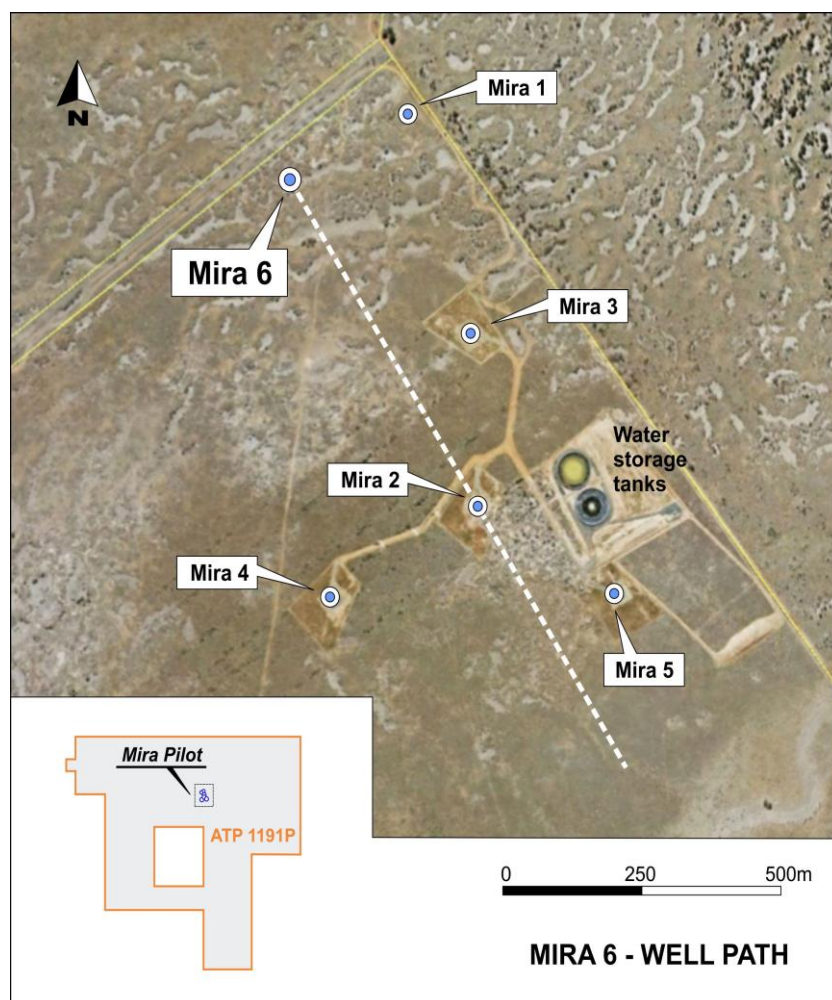


Following the Mira under-reaming project, the Company mobilised a drilling rig to drill the Humboldt South 1 core hole, approximately 6km north east of the Mira pilot (see Figure 2 below). The well was spudded on 26 August and was released on 6 September, achieving all objectives safely and within the approved Joint Venture budget.

The well was cored extensively through the main coal intervals and reached a total depth of 326 metres. Approximately 8.4 metres of net coal was intersected from the well which is consistent with the net coal thickness intersected further to the west - southwest at Mira.

Figure 2- Drilling at Humboldt South 1 corehole

Coal recovered from the well showed gas bubbling from the core. A total of nine coal samples were placed in desorption canisters for further laboratory analysis relating to gas content and other properties. Analysis is ongoing but to date, the gas content is on trend with that at Mira to the south west. Flow tests were conducted across a number of coals in the well which indicated permeability across the main target reservoir seam and also across two shallower seams in the top of the section.



Comet Ridge is in the final stages of preparation for drilling the Mira 6 horizontal well, which will be positioned to intersect the Mira 2 vertical well running down through the centre of the Mira pilot scheme. (see Figure 3 below) from NW to SE.

The objective of this horizontal well is to produce alongside the Mira vertical wells to accelerate water and gas production from the Mira field and to assess the optimal production well design for the first phase of development at Mira.

Due to rainfall, which delayed the rig move slightly, the well is expected to spud on 2 November.

Comet Ridge will utilise the data gathered from the Exploration Work Programme to finalise its prefeasibility study of the first stage development at Mahalo. The Company will continue to progress development discussions with its Joint Venture partners.

Figure 3 – Mira 6 well path showing intersection with Mira 2

ATP 743, ATP 744 & ATP 1015 – Galilee Basin, Qld (Comet Ridge 100%)

Comet Ridge has a very large acreage position of 9685 km² in the eastern part of the Galilee Basin. This acreage contains 2,287 PJ of 3C contingent resources independently certified for both sandstone gas and CSG. With such a large volume of gas, multiple market requirements may be able to be met concurrently. Recently announced plans by Jemena, to fast track the extension of the Northern Gas Pipeline from Mount Isa to Roma could see the proposed pipeline route travel close to Comet Ridge's permits.

There are a range of connection points and supply options available within the basin and the Company continues to evaluate these and other options (see Figure 4 below). This includes the south-easterly route proposed by APA, under the MOU in place with Comet Ridge, which could connect into the extensive APA network.

Comet Ridge is making progress towards drilling the Albany sandstone structure. The Company continues to have meaningful discussions with various parties and is exploring funding options for the first well.

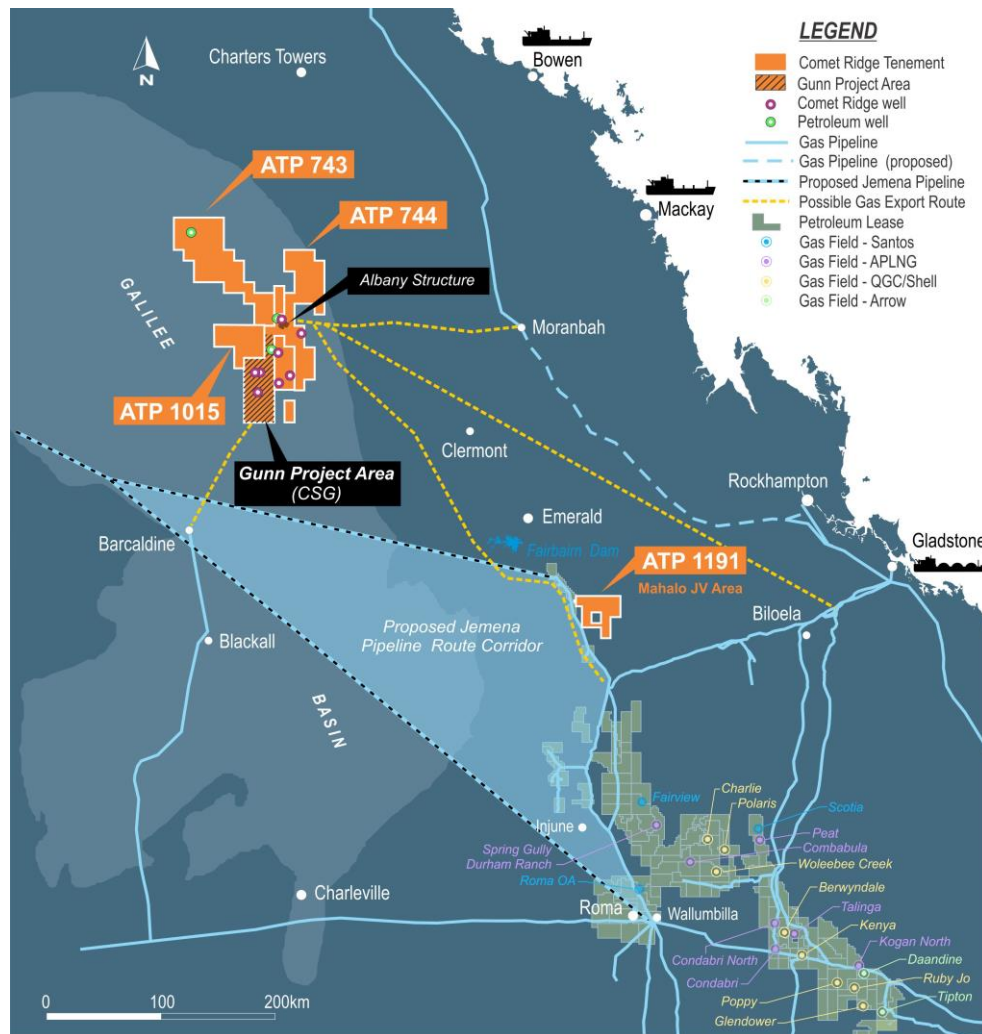
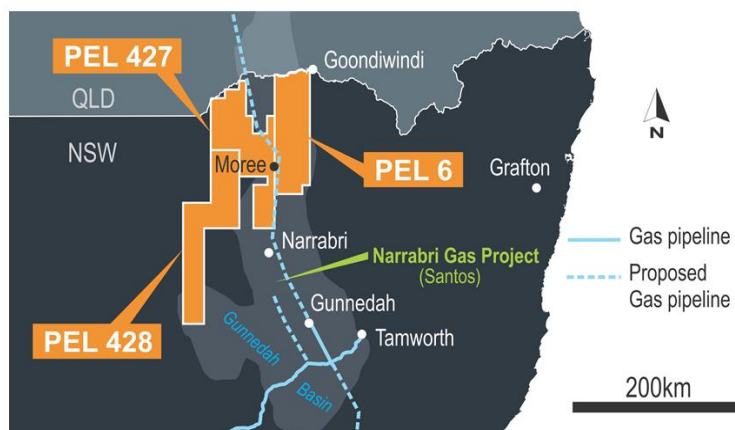


Figure 4 – Regional Location of Mahalo JV Area and Eastern Galilee Basin Blocks, with the main Bowen & Surat basin CSG development areas supplying Gladstone and the domestic market

Gunnedah Basin, NSW



(Comet Ridge CSG equity: PEL 427: 59.09%, PEL 428: 68.42%, PEL 6: 29.55%)

(Comet Ridge Conventional equity: PEL 427: 100%, PEL 428: 100%, PEL 6: 99.7%)

The Company continues to await approval of the renewals for PEL 6, PEL 427 and PEL 428.

Figure 5 – Comet Ridge's Gunnedah Basin position



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COMET RIDGE LIMITED – OVERVIEW

Comet Ridge Limited has significant Coal Seam Gas (CSG) projects in key regions of Queensland and northern New South Wales. Gas resources have been certified, by independent professional certifiers, at several projects and gas reserves were certified in 2014 and expanded in 2015, 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's early entry into well-located exploration areas, has allowed shareholders to gain substantial leverage into the considerable 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 three blocks in the Galilee Basin. Comet Ridge has 40% equity in the ATP 1191 Mahalo Block in the Bowen Basin and is now acting as agent for the Exploration Operator in order to manage work on the block. The Company also has CSG equity of 29.55%, 59.09% and 68.42% 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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