Comet Ridge Limited

ASX listed - based in Brisbane
Focus on natural gas in eastern Australia
Multi-basin presence
- Southern Bowen (Mahalo) - Queensland
- Galilee - Queensland
- Gunnedah - NSW
Coal Seam Gas (CSG) Pilot schemes running at the Mahalo Gas Project with initial 2P and 3P reserves
- Comet Ridge now managing subsurface work
Significant resource base in the Galilee Basin northwest of Gladstone (over 2200 PJ 3C)
- CSG
- Sandstone Gas
Comet Ridge - Strategic East Coast Gas Portfolio

Galilee Basin

Mahalo

Gladstone (LNG)

Moomba

Bass Strait

LEGEND
- COI Tenement
- Gas basin
- Gas pipeline
- Major gas demand centre
- Gas producing centre
- Population centre

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2017 Company focus on moving significant Mahalo and Galilee 2C and 3C resources to reserves

+Refer to the Competent Persons Statement at end of this presentation and the ASX announcement dated 6 August 2015 for further information on COI's Reserves and Contingent Resources

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Substantial green activism and disruption applied to gas exploration and production across Australia despite the significant contribution gas makes to the national economy.

Moratoria on onshore gas exploration and development and other regulatory restrictions in several states and territories – LIMITING supply as demand INCREASES dramatically!

Queensland and South Australia have been blessed with gas common sense over the past several years.

Additional gas supply is the only effective response.

Galilee Basin (Queensland) has the scale and location to participate in the national gas solution.
Eastern Australia - Future Sources of Gas

New eastern gas reserves will come from:

1. Poorer quality areas in existing CSG basins moving away from sweet-spots (i.e. Surat Basin)
   - Gladstone LNG projects likely to focus here
   - But can they get their costs down?

2. Untapped CSG in new basins further from market (i.e. Galilee Basin)
   - Smaller cap companies likely to focus here
   - Lower costs with greater efficiency

3. Shale oil and gas
   - Current NT moratorium causing delay
   - High cost and long lead time?

4. Conventional gas moving into tighter sandstone reservoirs (i.e. Cooper and Galilee Basins)
   - LNG companies have tried very deep wells at extreme costs
   - Smaller cap companies to try mid range depths (at much more reasonable cost)
Mahalo – Comet Ridge Managing Subsurface Work

ATP 1191 Mahalo Block - COI 40% - APLNG 30% - Santos 30%

Executed agency agreement with Santos for Comet Ridge to manage next phase announced 3 April

Target on moving 3P reserves to 2P – COI 219 PJ (3P) & 112 PJ (1C)

Program focused in north of block

Proposing Mira under-reaming (x4) followed by horizontal well

Proposing one corehole to the northeast

Work Program and Budget meeting on 12 April

Focus on building reserves cost effectively – JV program spend this year no more than $5m gross

Funding for 2017 program targeted via gas pre-sales

Great opportunity for gas buyer(s) to lock in attractive prices in a sharply rising market
Mahalo Production Performance

- Overall performance of horizontal well and Mahalo Pilot has been very pleasing

- Water rate is low leading to expectation of lower development and operating costs

- Two of three vertical wells brought on line in 2016, with Mahalo 4 free flowing

- Scale up of short Mahalo 7 horizontal well to longer development wells is logical and achievable
  - 426 mcfd from horizontal with only 361 metres in coal

ATP 1191 Mahalo Block
COI 40%
APLNG 30%
Santos 30%

Mahalo Combined – Average Gas & Water Rate
Mahalo Development Concept

Significant analysis work to examine most efficient and effective way to move the northern pilot schemes into production via available export pipeline capacity and field infrastructure

Three Step Process:

1. Conversion of existing 3P to 2P reserve category, targeting 200+PJ (net COI)
   - Production enhancement at Mira Pilot
   - Single step-out corehole in north east

2. Initial production phase targeting 25 TJ/d from northern part of the block
   - Utilise existing facilities to minimise capex spend and construction time

3. Expand initial production phase to full field target of 100+TJ/d
   - Based around well production rates from initial production phase to guide field development
Galilee Basin
Galilee Basin - General

- Large area (~250,000km²) covering a big part of central western Queensland
- Land use is grazing – cattle and sheep on large stations
- Historical exploration - oil recovered and gas flows from multiple wells
- Recent basin-wide focus on CSG
- Short term single-well production test by Comet Ridge
- Potential for further exploration and appraisal for conventional and unconventional resources
- Significant coal mine province evolving in the shallow coals in the east – 35km to Adani
Galilee Basin - Background

ATP 743, ATP 744 and ATP 1015 (CSG & Conventional)

- 100% interest in ~9,700 km² operated by COI

- Gaining 100% interest in ATP 1015 completed – large 100% eastern footprint

**CSG** - 1,870 PJ 3C+ Contingent Resource and considerable untested upside

**Sandstones** - significant prospectivity confirmed with independent certification of 417 PJ 3C+ Contingent Resource

- 9 wells and 252 km seismic to date leading to significant eastern basin experience and knowledge base

- East Galilee Basin position suitably located to connect to high demand east coast markets
  - LNG / Industrial / Power
  - MOU with APA Group for transport who bring balance sheet and experience
Galilee Basin – Sandstones

Conventional Exploration

- ~100 petroleum wells (intersecting Galilee sequence) over 70 years
- Targeting Late Carboniferous to Permian sandstones to depths of ~3000m
- 3 wells had significant hydrocarbon shows – Koburra Trough inside Comet Ridge’s current ATP 743 / 744
- No commercial flow of hydrocarbons to date
- 2015 – Basin’s first sandstone contingent resource 153PJ (2C)* over Albany structure in Koburra Trough

>20 years since last petroleum well drilled in Koburra Trough – time to revisit
**Koburra Trough**

3 historic petroleum wells within ATP 743 and ATP 744 recovered gas and/or oil from Lake Galilee Sandstone at base of Galilee Basin section

- Koburra 1, Carmichael 1 and Lake Galilee 1 flowed gas to surface at low rates

However early basin wells were targeting oil and not designed to evaluate gas potential (high mud overbalance / not tested immediately on penetration etc.)

- Lake Galilee 1 – oil recovered

- Evidence of active petroleum system over the Koburra Trough

- Potential for significant hydrocarbon volumes

- Potential for additional oil and gas resources

- GTS – flowed gas to surface
- OTS – recovered oil to surface
Earlier petroleum wells within COI area recovered oil and/or gas from Lake Galilee Sandstone

Carmichael 1 (1995) flowed gas to surface on three tests from deeper sandstone intervals (2,600m) – additional significant interval untested

Evidence of active petroleum system over the Koburra Trough

Potential for additional oil and gas traps and resources

Significant 3C contingent resources independently certified in August 2015

Contingent Resource volumes not yet considered for Lake Galilee structure – also flowed gas to surface (1964)

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*Refer to the Competent Persons Statement at page 23 of this presentation.
Galilee Basin – Sandstones

Carmichael 1

- Drilled by Maple Oil in 1995 - 27km NE of Lake Galilee 1
- Robust NW plunging anticlinal structure on eastern flank of Koburra Trough
- Targeting oil with high mud overbalance
- Three drill stem tests flowed gas to surface at low rates – two other tests over better reservoir quality, but did not flow
- 150m gross sandstone with >30m net pay showing hydrocarbon saturation and porosities up to 13%
- Discovered large gas accumulation deemed uneconomic then (1995)
- Productivity of reservoir not optimally tested or assessed
- Well confirmed sandstone prospectivity in Koburra Trough
Galilee Basin – Sandstones

Lake Galilee 1

- First deep petroleum well in Koburra Trough, drilled by Exoil NL in 1964
- Targeting 4-way dip closure (valid structural test?)
- Targeting oil with high mud overbalance
- >260m gross sandstone over Lake Galilee Sandstone
- Gas flow + oil recovered from DST#5
- 3m light green oil @ 43.1°API gravity (Source: Devonian marine)
- Untested upper sandstone section with hydrocarbon bearing zones
- Gas analysis indicates slightly wet gas composition
- Confirmed presence of active hydrocarbon system in Koburra Trough
Gunn Project Area

- 6 individual coal seams
- Depth to coal 700-1,000m
- >16m net coal deposited over large area
- Average gas content 4.3 m$^3$/t (high 7.3 m$^3$/t)
- Good to excellent permeability within target coals

Gunn-2 EPT
- Perforated single 4m coal interval
- Seam isolated above and below by impermeable mudstone
- Established connectivity to coals (i.e. completion methodology)
- Evaluated methods of formation water treatment
- Completed for long term production

Gunn Project area and ATP 1015 area coals contain recoverable gas over an estimated 1,865km$^2$
Galilee Basin – Positive Relationships

Environment and Community

CSG operators to map underground water resources in the Galilee Basin

Coal seam gas operators in the Galilee Basin have committed to understanding water resources in the basin before widespread commercial availability, and provide a regional perspective on the location of those for bore water.
A structurally short east coast market will need to look to the Galilee Basin for gas volume

Comet Ridge’s eastern position with both large sandstone gas and large CSG resources will have increasing significance

Sandstone Gas at Albany (3C – 417 PJ 100% COI) is the logical first step due to size and position on the basin eastern edge

Sandstone Gas at Lake Galilee is the logical second step due to size and proximity to Albany (23km)

CSG in the Gunn Project Area (3C – 1870 PJ 100% COI) with expansion into ATP 1015 (100% COI) to the east is the logical third step due to the large volume and continuous nature of the coals

Each of these three areas can be supported in the field as the one project with corresponding scale economies
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Competent Person Statement and ASX Listing Rules Chapter 5 - Reporting on Oil and Gas Activities

The Contingent Resource for the Albany Structure ATP 744 are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, an independent petroleum reserve and resource evaluation company. The Contingent Resources information has been issued with the prior written consent of Dr McConachie in the form and context in which they appear in this Annual Reserves Statement for 2016. His qualifications and experience meet the requirements to act as a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42 to report petroleum reserves in accordance with the Society of Petroleum Engineers (“SPE”) 2007 Petroleum Resource Management System (“PRMS”) Guidelines as well as the 2011 Guidelines for Application.

The estimate of Reserves and Contingent Resources for the Mahalo Project as part of ATP 1191P provided in this presentation, is based on, and fairly represents, information and supporting documentation determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC Inc in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA, and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Hower has consented to the publication of the Reserve and Contingent Resource estimates for Mahalo in the form and context in which they appear in this presentation.

The reserve and contingent gas resource estimates for ATP 1191P provided in this presentation were originally released to the Market in the Company’s announcement of 28 August 2014 and subsequently updated in an announcement date 2 December 2015, and were estimated using the deterministic method with the estimate of contingent resources for ATP 337P not having been adjusted for commercial risk.

The contingent resource estimates for ATP 744P provided in this presentation are based on and fairly represent, information and supporting documentation determined by Mr John Hattner of Netherland, Sewell and Associates Inc, Dallas, Texas, USA, in accordance with Petroleum Resource Management System guidelines. Mr Hattner is a full-time employee of NSAI, and is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the resource figures in the form and context in which they appear in this presentation.

The contingent gas resource estimates for ATP 744P provided in this statement were originally released to the Market in the Company's announcement of 25 November 2010, and were estimated using the deterministic method with the estimate of contingent resources for ATP 744P not having been adjusted for commercial risk.

COI confirms that it is not aware of any new information or data that materially affects the information included in any of the announcements relating to either AYP 1191P or ATP 744P referred to above and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

The contingent resource estimates for PEL 6, PEL 427 and PEL 428 referred to in this presentation were determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA, and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Hower consented to the publication of the resource figures which appeared in the announcement of 7 March 2011 made by Eastern Star Gas Limited (ASX:ESG) and any reference and reliance on the resource figures for PEL 6, PEL 427 & PEL 428 in this presentation is only a restatement of the information contained in the ESG announcement.

The contingent resource estimates for PEL 6, PEL 427 and PEL 428 were estimated using the deterministic method with the estimate of contingent resources for PEL 6, PEL 427 and PEL 428 not having been adjusted for commercial risk.

COI confirms that it is not aware of any new information or data that materially affects the information included in the ESG announcement of 7 March 2011 and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.