For Immediate Release
1 November 2017

Vintage Energy acquires interest in Galilee Basin Sandstone gas potential

- **Vintage Energy Pty Ltd executes agreement with Comet Ridge Ltd for Galilee Basin Sandstone Farm-in**
- **Funding by Vintage of approx. $8.5 million will entitle it to 30% interest in the Sandstone targets**
- **Transaction is subject to Vintage funding and other conditions**
- **Presence of gas proven by previous drilling over 20 years ago, with no drilling since**
- **Vintage to earn proportional share of independently certified 417 PJ 3C Contingent Gas Resource**
- **Second significant transaction for Vintage Energy with more planned**

Vintage Energy Pty Limited has moved a major step closer to becoming a significant East coast gas supplier by agreeing to farm-in to the Sandstone reservoir sequence of the Galilee Basin permits ATP743, ATP744 and ATP1015 currently held by Comet Ridge Limited (COI).

The transaction relates only to the 'Deeps Area' (Deeps) within each of the Petroleum blocks, which is defined as including all strata commencing underneath the Permian coals (Betts Creek Beds or Aramac coals) with the main target being the Galilee Sandstone sequence.

The Galilee Sandstone sequence has previously flowed gas to surface from the Lake Galilee-1 (1964) and Carmichael-1 (1995) which were targeting oil.

Vintage Energy Pty Ltd:

Vintage Energy is a private South Australian based company led by Reg Nelson and Neil Gibbins, formerly the Managing Director and Chief Operating Officer of ASX listed Beach Energy Limited. Vintage has been established to acquire, explore and develop energy assets, principally within Australia. The Company has a highly experienced board and technical team with many decades of management, operational and technical experience in the oil and gas industry.

Vintage Energy Managing Director, Neil Gibbins, said, "Vintage is moving quickly to secure a suite of highly prospective gas assets with the potential for early production. The company was formed specifically to discover and develop assets with the potential for early production and supply into the eastern Australian gas market.

"The high quality technical and commercial work undertaken by Comet Ridge has strongly highlighted the potential of this previously overlooked Galilee Basin Sandstone conventional gas target. Gas has already been discovered in the Galilee asset and, with future appraisal success, the asset could quickly become a significant contributor to the East coast gas market. Given the Lake Galilee-1 and Carmichael-1 wells have previously flowed gas to the surface, the application of the latest technology and the utilisation of Nitrogen drilling could unlock significant upside. There are also additional targets beyond the two wells that have flowed gas in the past."

"Vintage is looking forward to working with Comet Ridge to help discover, appraise and develop commercial volumes of gas to help ease the stress within the East coast gas market."

"Vintage has also recently acquired an interest in gas exploration assets in the onshore South Australian Otway Basin and will shortly complete a series of other transactions ahead of a planned Initial Public Offering early in 2018."

Comet Ridge Managing Director, Tor McCaul, said he was extremely pleased to welcome the petroleum pedigree that Vintage brings to the Galilee Basin. He said their decades of onshore experience enabled Vintage to recognise the significant potential in the Sandstone sequence in the eastern Galilee Basin and the major part it could play in the supply story for the eastern Australian gas market. This transaction is a key step in unlocking significant value potential from the Galilee Basin.

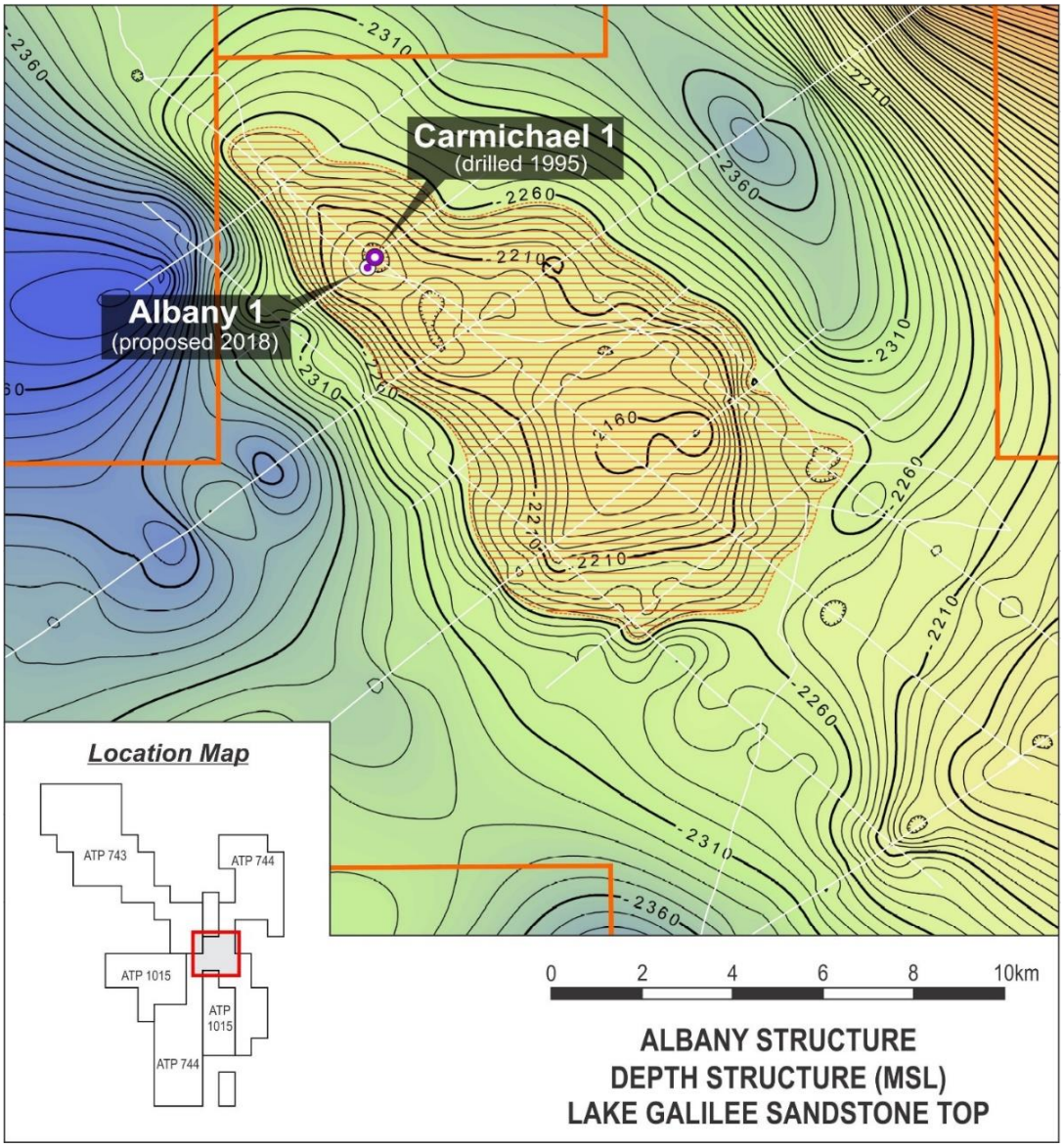

Figure 1 – Location of proposed Albany 1 well

Agreement to Farm-in:

Vintage, through this two-stage farm-in, may earn up to a 30% interest in the Deeps (sandstone targets) by committing to spend approximately $8.5 million as part of an up to $15 million work program, commencing with the drilling of one conventional gas appraisal well on the Albany sandstone structure, close to where the Carmichael-1 well flowed gas in 1995 (refer Figure 1). Comet Ridge continues to hold a 100% equity interest in the "Shallows" (the coal targets that generally range from approximately 600 metres down to 1,100 metres).

If Comet elects not to participate in Stage 2 and Vintage decides to do so, the cost of Stage 2 will be met by Vintage at 100% entitling it to increase its participating interest in the Deeps up to 48.5%.

By undertaking the farm-in, Vintage will also earn its proportional share of the 417 PJ 3C contingent resource* that is currently held by Comet Ridge over the Albany Structure alone. It is the intention of the Comet-Vintage Joint Venture to obtain significantly more resources and reserves, from a series of other sandstone targets.

The agreement to farm-in is subject to several conditions precedent that are due to be satisfied within 12 weeks. One of the principle conditions is the confirmation by Vintage that it has raised the funds for its Stage 1 farm-in obligation.

The other conditions relate to regulatory approvals and the conclusion of the terms of the agreements between the parties including the Joint Operating Agreement and a Co-operation Agreement between the Deeps and the Shallows interest holders.

Farm-in Stages:

Stage 1 of the agreement to farm-in is divided into steps.

- Stage 1a requires the drilling and post well production testing of one conventional gas appraisal well on the Albany sandstone structure, close to where the Carmichael 1 well flowed gas in 1995.
- Vintage will fund the first $3.35 million of the Stage 1a expenditure to earn a 15% interest in the Deeps across the three Galilee Permits.
- The total cost of Albany 1 and the associated production testing has been estimated to be approximately $3.5 to $3.8 million and each party will pay its proportional share (15%/85%) of the difference between the $3.35 million cap and the actual well drilling and testing costs.
- Stage 1b is the provision for well stimulation and subsequent production testing of the Albany 1 well. The decision to proceed with this stage will be determined by the gas flow rate of the Albany well once completed. The cost of this stage has been estimated at $1.2 million. If Vintage and Comet both agree to proceed with Stage 1b the cost will be shared on a 25% (Vintage) and 75% (Comet) basis.
- If Comet elects not to participate in this stage, but Vintage decides to do so, it may carry out the stage at its sole cost which will entitle it to a further 3.5% interest in the Deeps bringing its total interest to 18.5%.

Stage 2 of the agreement to farm-in requires each party to spend up to $5 million each (for a $10 million total programme) for Vintage to earn a further 15% equity to go to 30%.

- **Stage 2** of the Farm-in work programme includes further drilling on the Albany structure, focussing on increasing resources and reserves beyond what was achieved on the first well.

- Approximately half the Stage 2 funding would also be allocated towards 2D and 3D seismic acquisition to define further drilling targets in the many other sandstone targets across the Galilee permits.
- Participation in Stage 2 by each party to the agreement to farm-in will be at the election of each party and most likely dependent upon each of the parties' assessment of the results of the Stage 1 drilling programme.
- If both parties elect to proceed and contribute the expected $5 million each, Vintage will earn another 15% in the Deeps increasing its total holding to 30% (or 33.5% if it carried out Stage 1b itself).
- The total cost of Stage 2 is expected to be $10 million. Each party will contribute equally to this cost. Any expenditure over the estimated cost will be borne by the respective parties in the interests that they would otherwise hold at the end of Stage 2.
- If Comet elects not to participate in Stage 2, Vintage may elect to proceed and fund 100% of the Stage 2 work program. In exchange for funding the whole of the $10 million, Vintage will be entitled to an extra 15% interest in the permits meaning, that subject to it having completed Stage 1b on its own, shall earn up to 48.5% in the Galilee Permits.

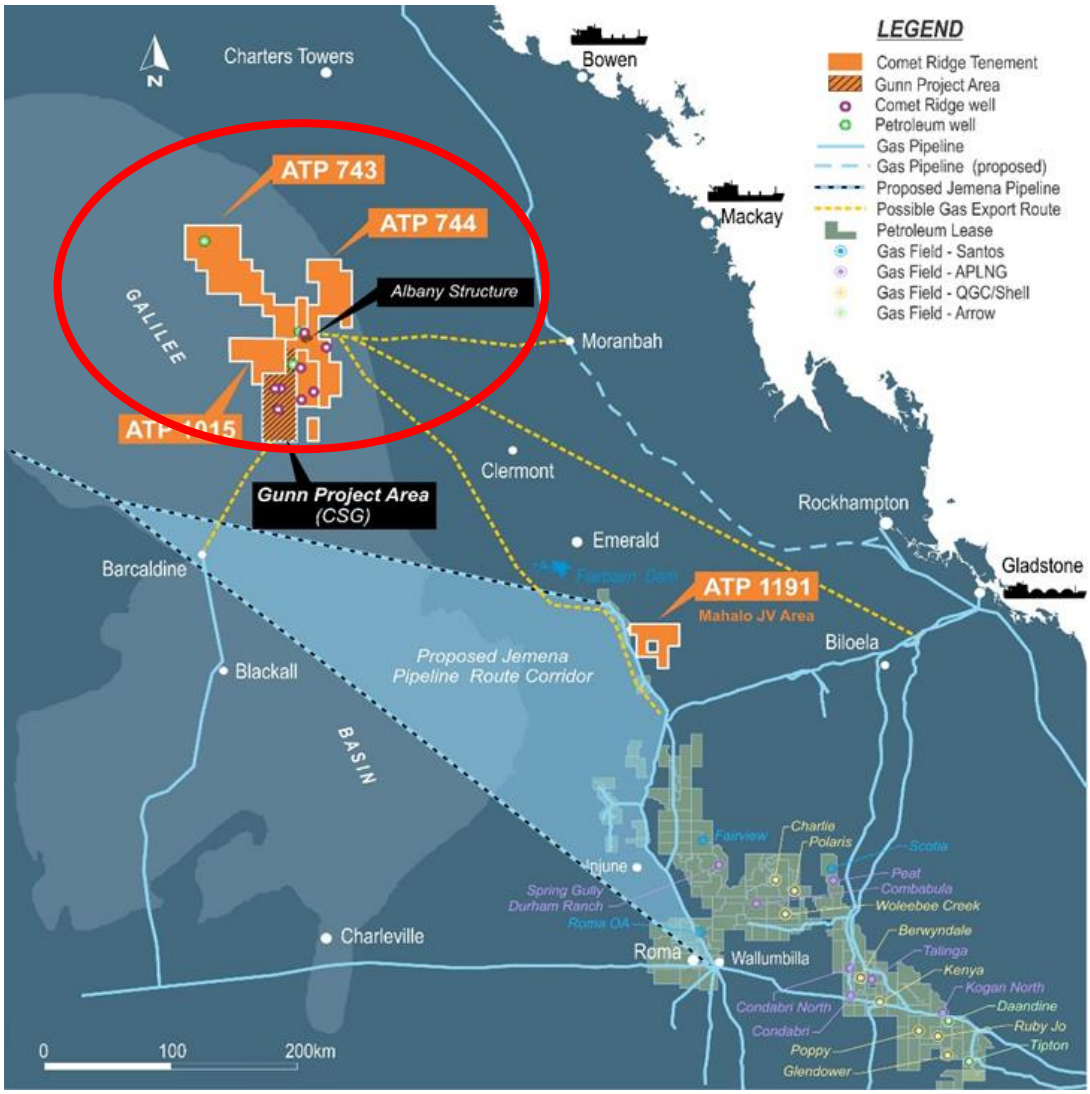

Figure 2 – Regional Location Eastern Galilee Basin Blocks, with the main Bowen & Surat basin CSG development areas supplying Gladstone and the domestic market

Contingent Resource:

Vintage Energy, through completion of the farm-in, will acquire an interest in the Galilee Sandstone target within the 3 permits over an area of 9,685 km^2 (see Figure 2), in the eastern part of the Galilee basin. The area is lightly explored, but the presence of gas was proven by previous drilling over 20 years ago, with no further drilling since. It has recently been assessed by independent experts to a contain a conventional gas Contingent Resource as shown in Table 1. Via the farm-in process, Vintage will earn its proportional share of this Contingent Resource for the Albany structure, currently held 100% by Comet Ridge.

OGIP (PJ)			Conventional Gas Contingent Resource (Gross)* (PJ)		
1C	2C	3C	1C	2C	3C
130	334	861	56	153	417

Table 1 - ATP 744 Independent Resource Certification for the Albany Structure

***ASX Listing Rule 5.42 - Reporting on Oil and Gas Activities**
The Contingent Resource for the Albany (Carmichael) Structure referred to in this announcement are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, originally released to the Market in the Comet Ridge''s announcement of 6 August 2015. The contingent gas resource estimates for ATP 744 provided in this statement were originally released to the Market in Comet Ridge'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. Vintage confirms that it is not aware of any new information or data that materially affects the information in this announcement as detailed above and that all of the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.

Vintage Energy looks forward to providing shareholders and prospective investors further information in the near future on both the exciting projects it is in the process of acquiring and additional asset farm-ins currently under negotiation.

Neil Gibbins
Managing Director

For further information please contact:
Neil Gibbins
Managing Director
Vintage Energy Pty Ltd
neil.gibbins@vintageenergy.com.au
0412 543 065