



25 May 2004

AUSTRALIAN STOCK EXCHANGE
Via Electronic Lodgment

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Dear Sir

**COMET RIDGE ACCELERATES EARNING ON ATP 337P, CENTRAL
QUEENSLAND**

Encouraged by the positive results of two recently drilled core holes, the Board of Comet Ridge Limited (ASX code **COI**) has exercised an option to increase its interest on the Mahalo coal seam gas (CSG) project in Queensland's Bowen Basin. The Mahalo project has been renamed (from Comet Ridge) to avoid confusion with Tipperary's world class CSG development at Fairview, which is also known as Comet Ridge.

Under an agreement with Santos Limited (Operator) and Oil Company of Australia (now Origin Energy CSG Limited), the Company has the right to earn 40% of the Mahalo project, by drilling a third test hole. The third test hole is likely to be drilled as a follow up to the Mahalo-1 hole that encountered interpreted free gas in a coal seam in the Bandanna Formation.

The coals of the Bandanna Formation are the focus of development at the world class Fairview and Spring Gully coal seam gas projects, less than 150 kilometers south and on the same geological structure.

The test hole will be drilled and completed to enable extended production testing to be conducted.

Managing Director Andy Lydyard said, "We are very pleased with the results of the first two holes, as they have confirmed the presence of significant gas in the coals and provide a strong indication as to whether the coals will produce gas at economic rates. The third hole, which subject to rig availability could be drilled as early as late July early August, will be specifically designed to limit the damaging effects of the drilling process (coals are very susceptible to damage by drilling fluids) and to permit flow testing of the coal interval."

Santos Limited (Operator) and Origin Energy CSG Limited will each own 30% in the Comet Ridge CSG project, after the Company has earned its 40% interest.

On behalf of Comet Ridge Limited

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Managing Director

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