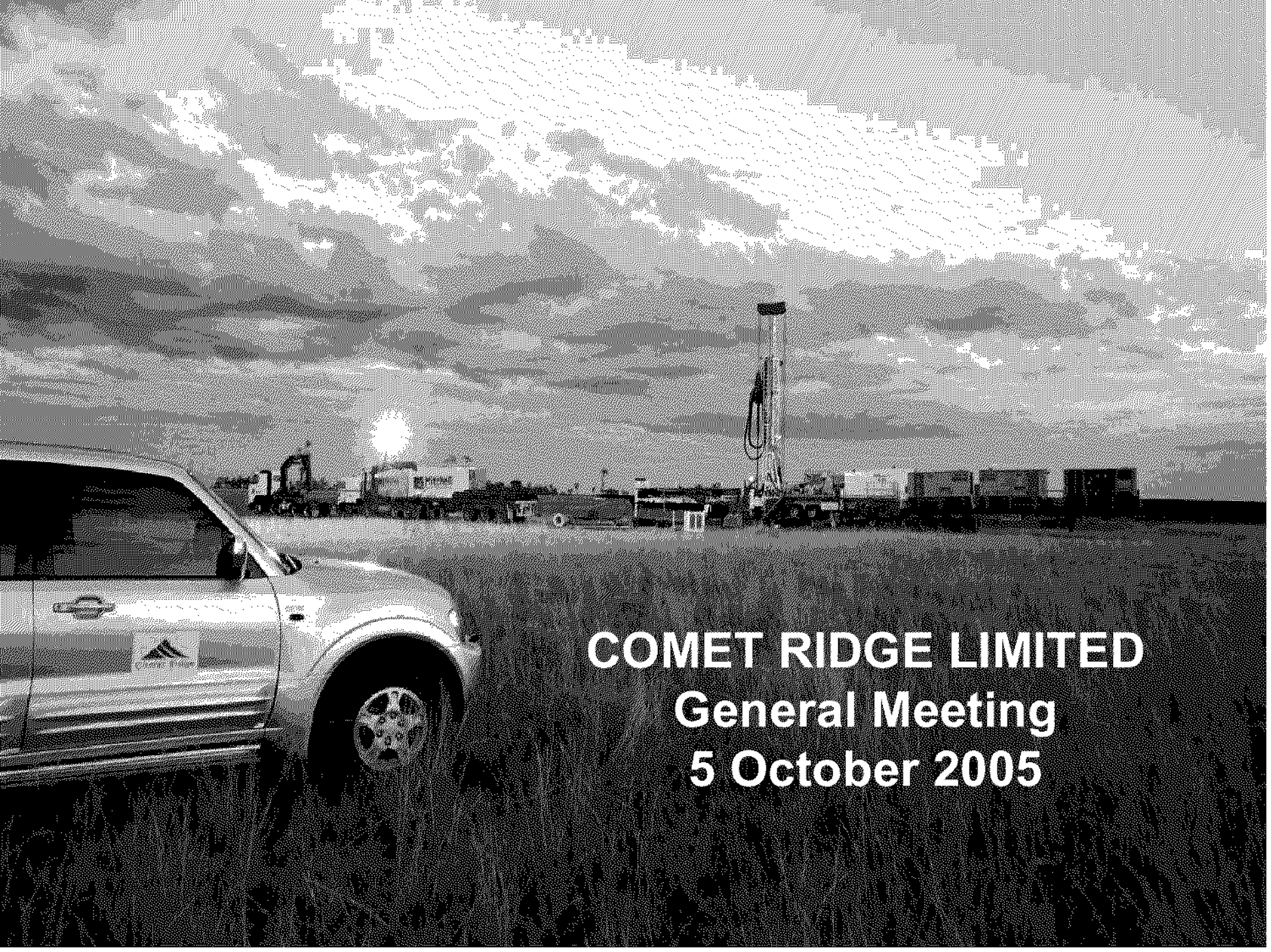




COMET RIDGE LIMITED
General Meeting
5 October 2005

Property Sale

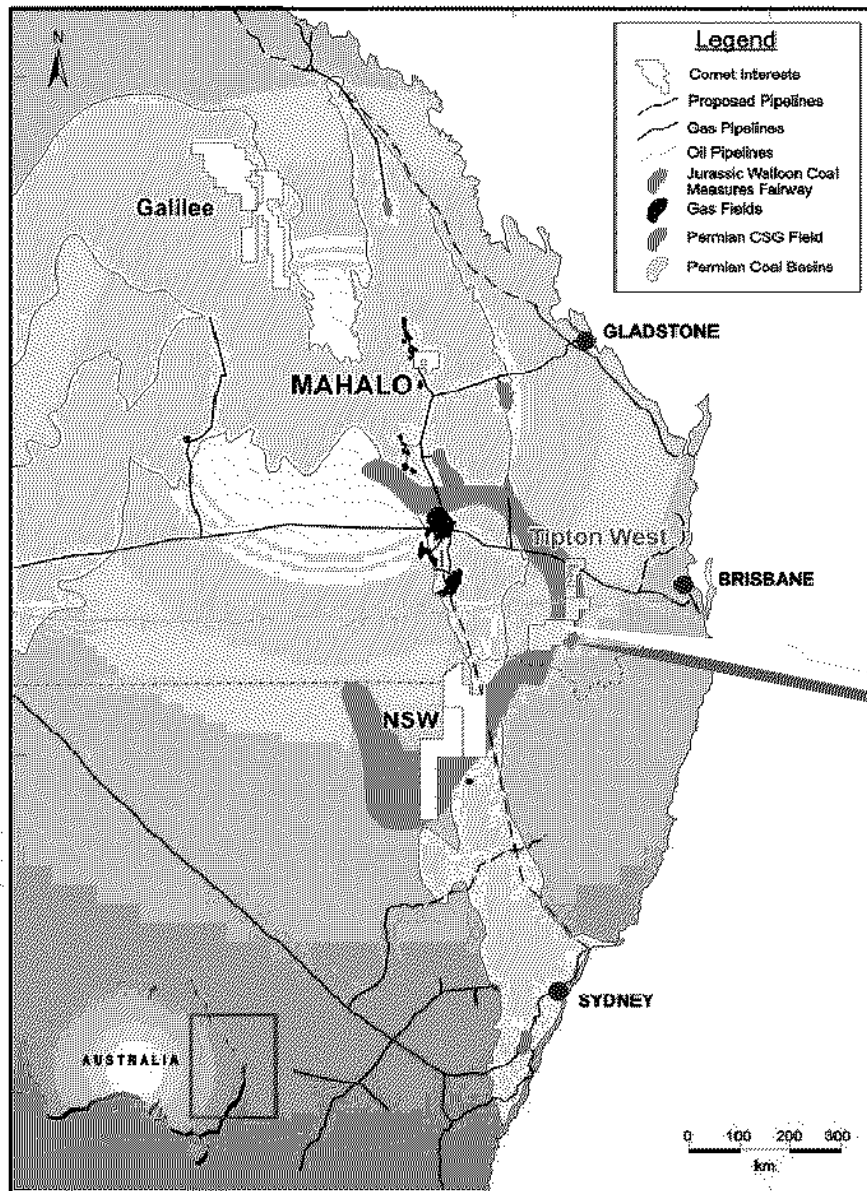
- Sale of minority, non-operated position in Tipton West, the Dalby South, Dalby and Millmerran farm-out blocks of ATP 683P and ATP 689P
- Consideration represents full risked value based on existing gas sales contracts
- Company will reinvest funds into higher leveraged opportunities in Australia and the USA

Transaction

- An upfront cash payment of \$2,250,000 plus 2,000,000 unlisted options in Arrow exercisable within 3 years at 60 cents per option
- On or before 31 December, 2005, a further sum of \$2,250,000 in the form of (at Arrow's election) cash or by issuing fully paid shares in Arrow at a 10% discount to the volume weighted average trading price of its shares calculated over the 10 trading days immediately preceding 31 December, 2005.
- A gross royalty payment of 1.5% of the Wellhead Value of the gas until Comet Ridge has received cumulative cash payments of \$8,000,000.

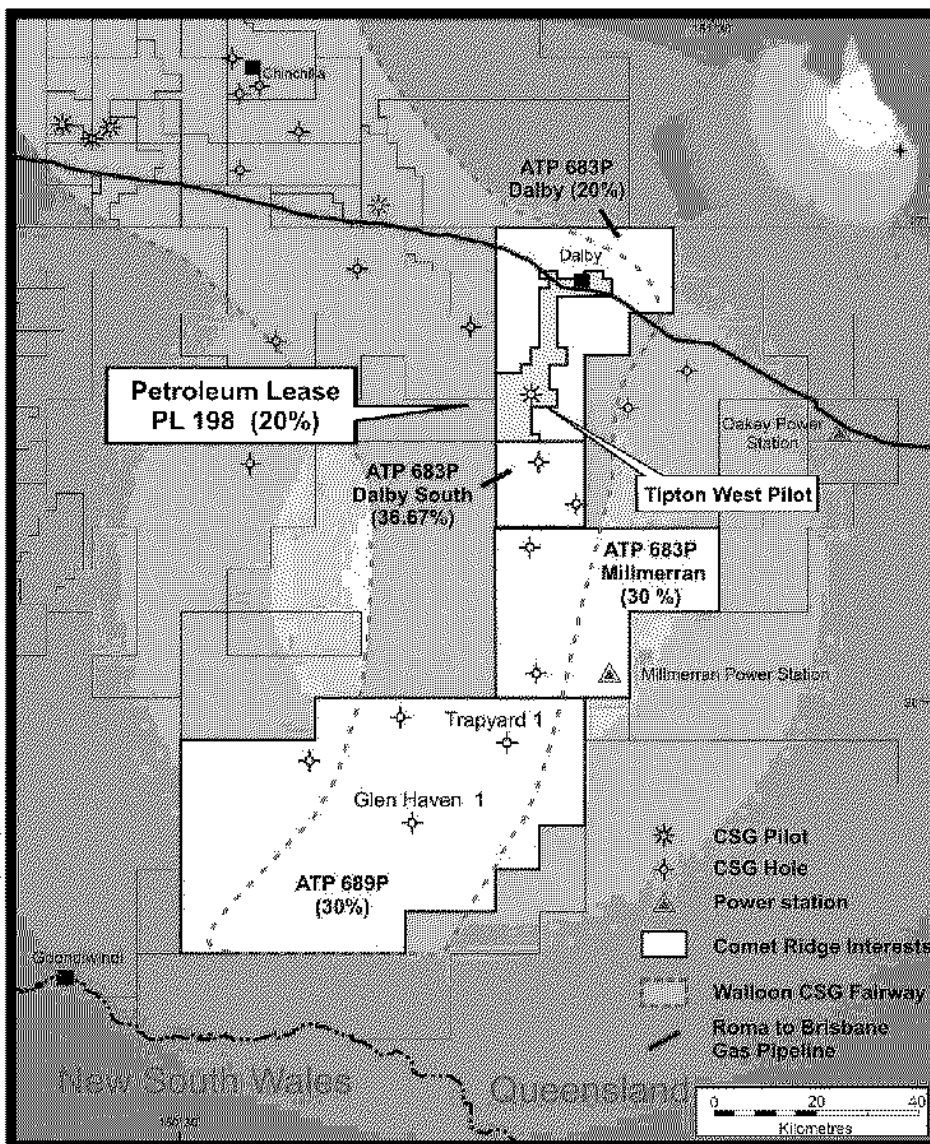
Total Transaction Value as of 4/10/2005 = \$12.82 million*

Location of Assets



Location of
Tipton West, ATP 683P
& ATP 689P

Property Detail

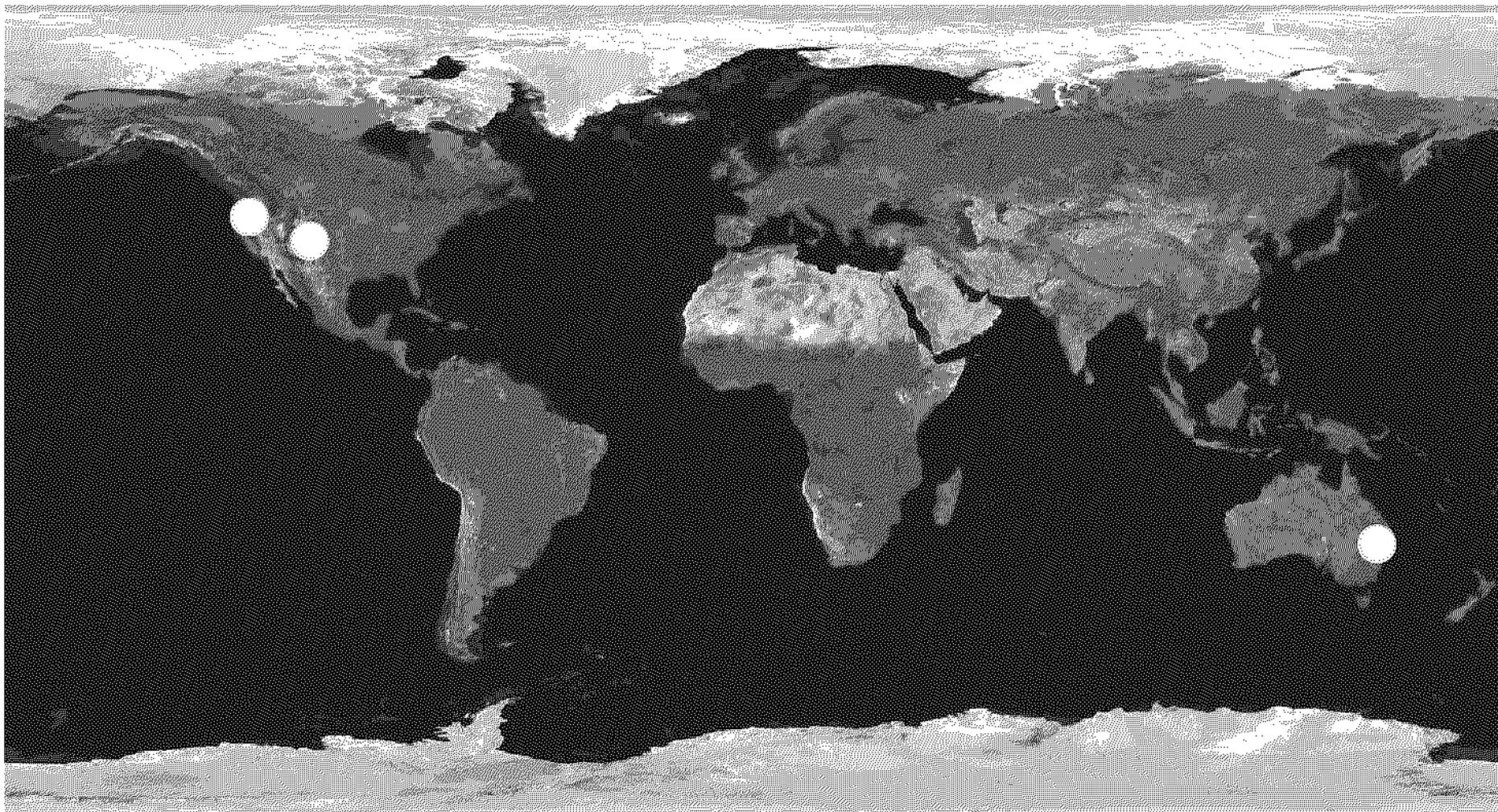


Benefits

- Excellent return on investment
- Strengthened balance sheet
- Proforma \$5 million plus on hand to fund expanded strategy
- Cash flow anticipated Nov '06 at no capital risk
- Near term capital raising avoided

- ✓ Large scale coal seam gas projects
- ✓ Low risk, close in exploration and rejuvenation of mature oil and gas fields utilizing under-balanced directional drilling technology

Focus Areas





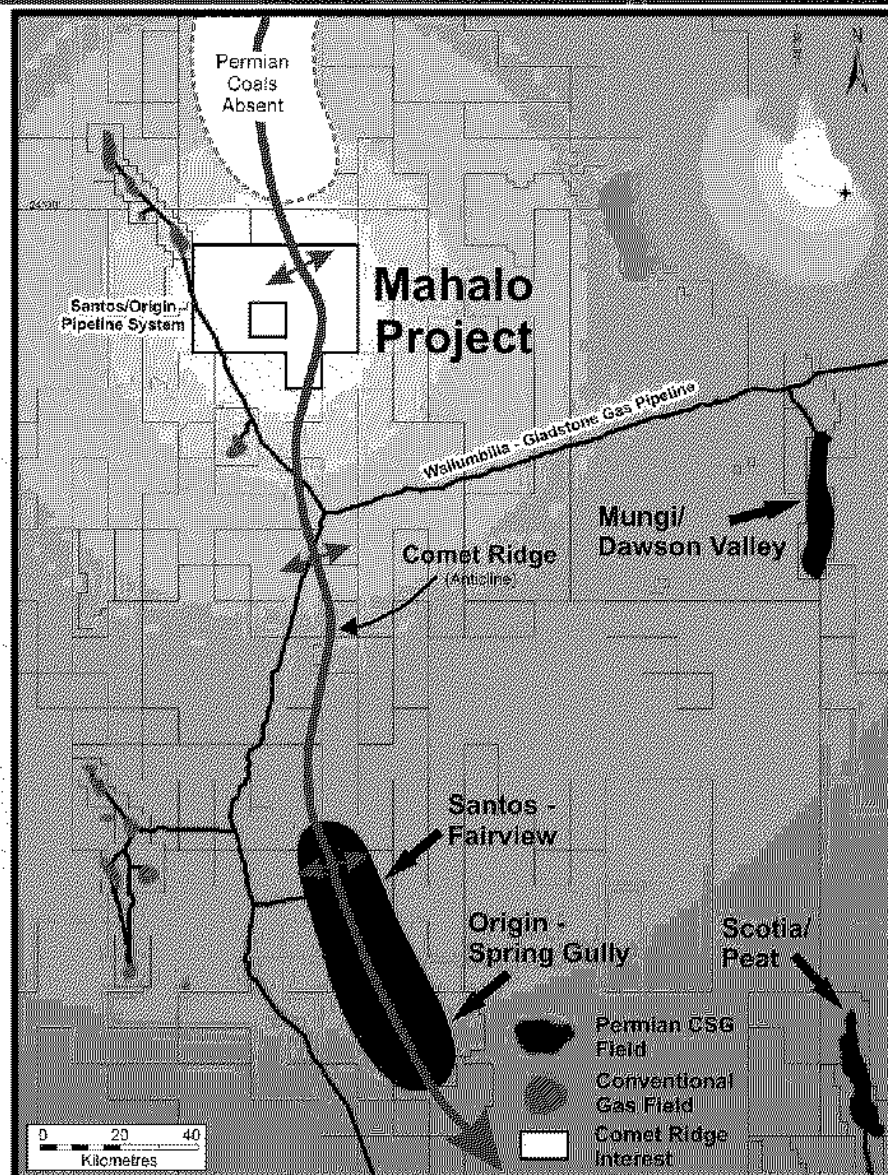
Mahalo Project



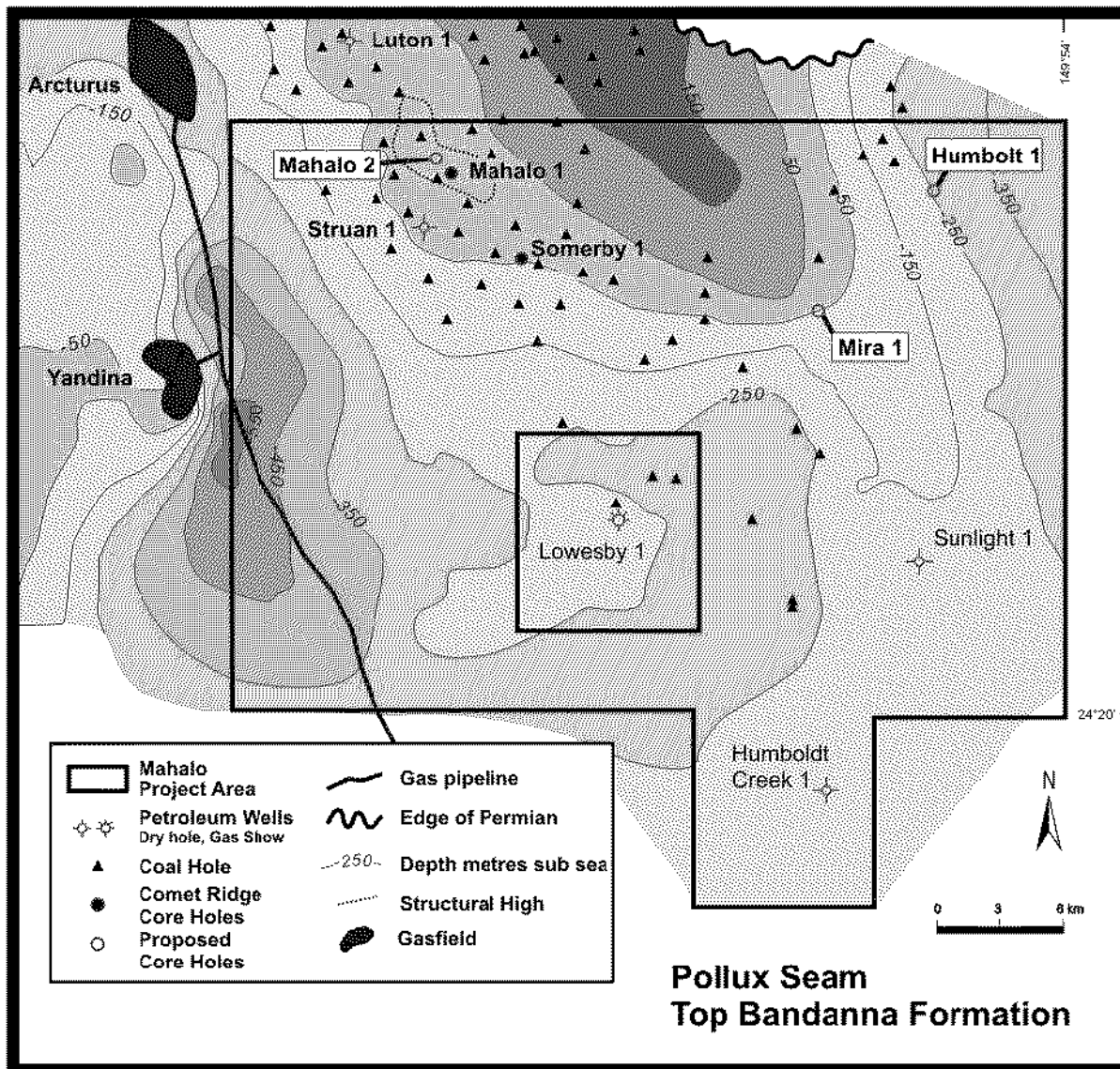
Santos



- ✓ Core Project
- ✓ Earning 40%
- ✓ Gas Resource ~ 1 TCF
- ✓ 3 wells Q4 2005
- ✓ Flow test inferred gas cap



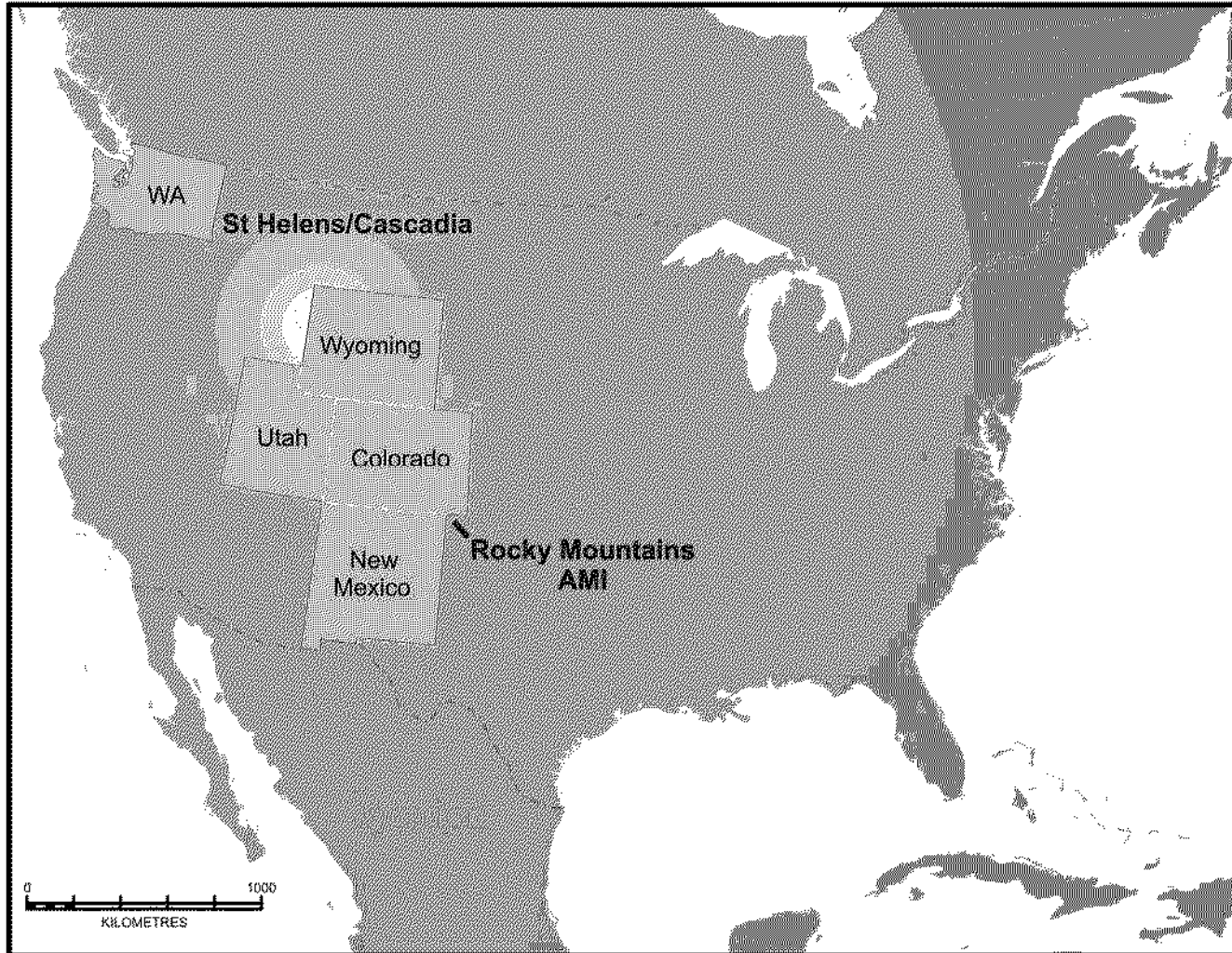
Mahalo Drilling



What the US Offers

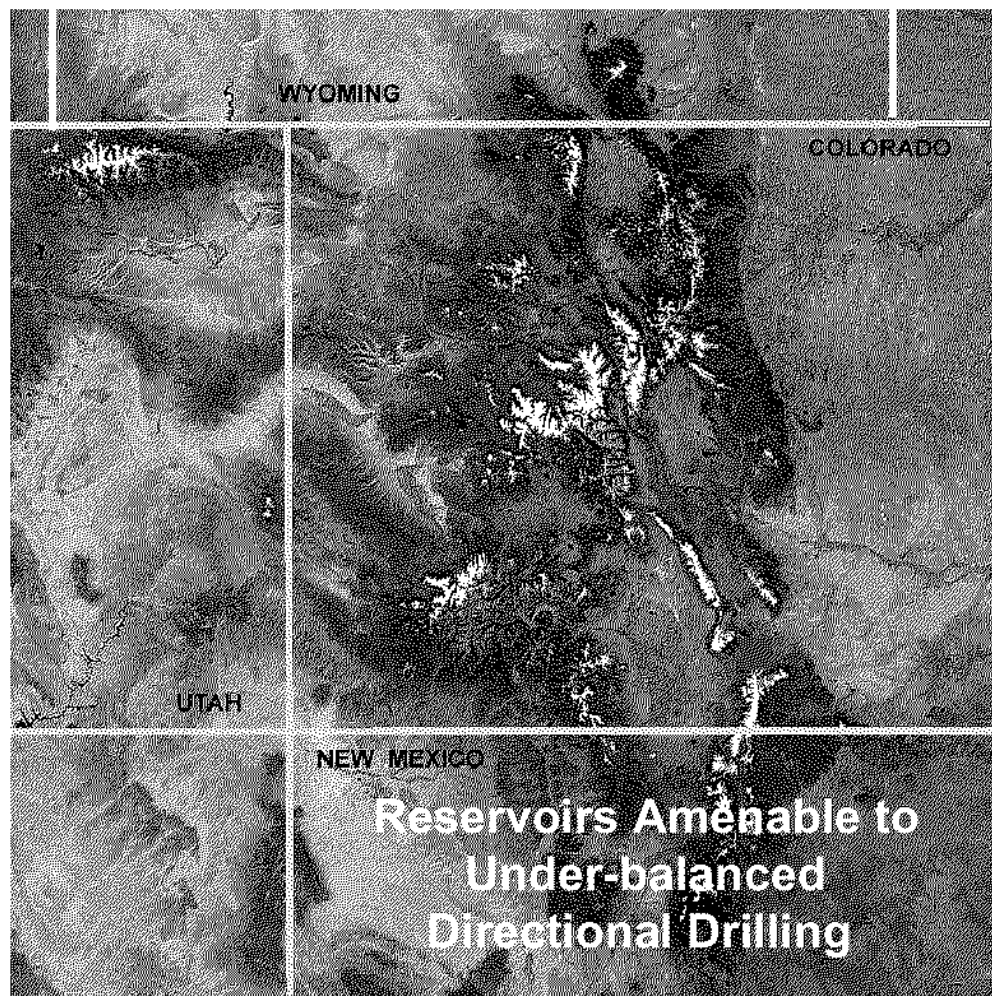
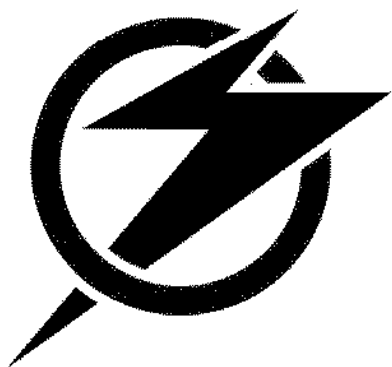
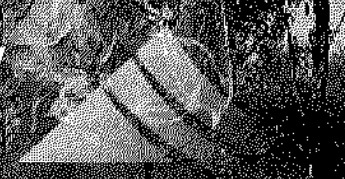
- ✓ Premium energy market
- ✓ Broad spectrum of opportunities
- ✓ Short time from discovery to cash flow
- ✓ Increased opportunity to apply competitive advantage
 - People & drilling technology

JV Areas





Rocky Mountain JV

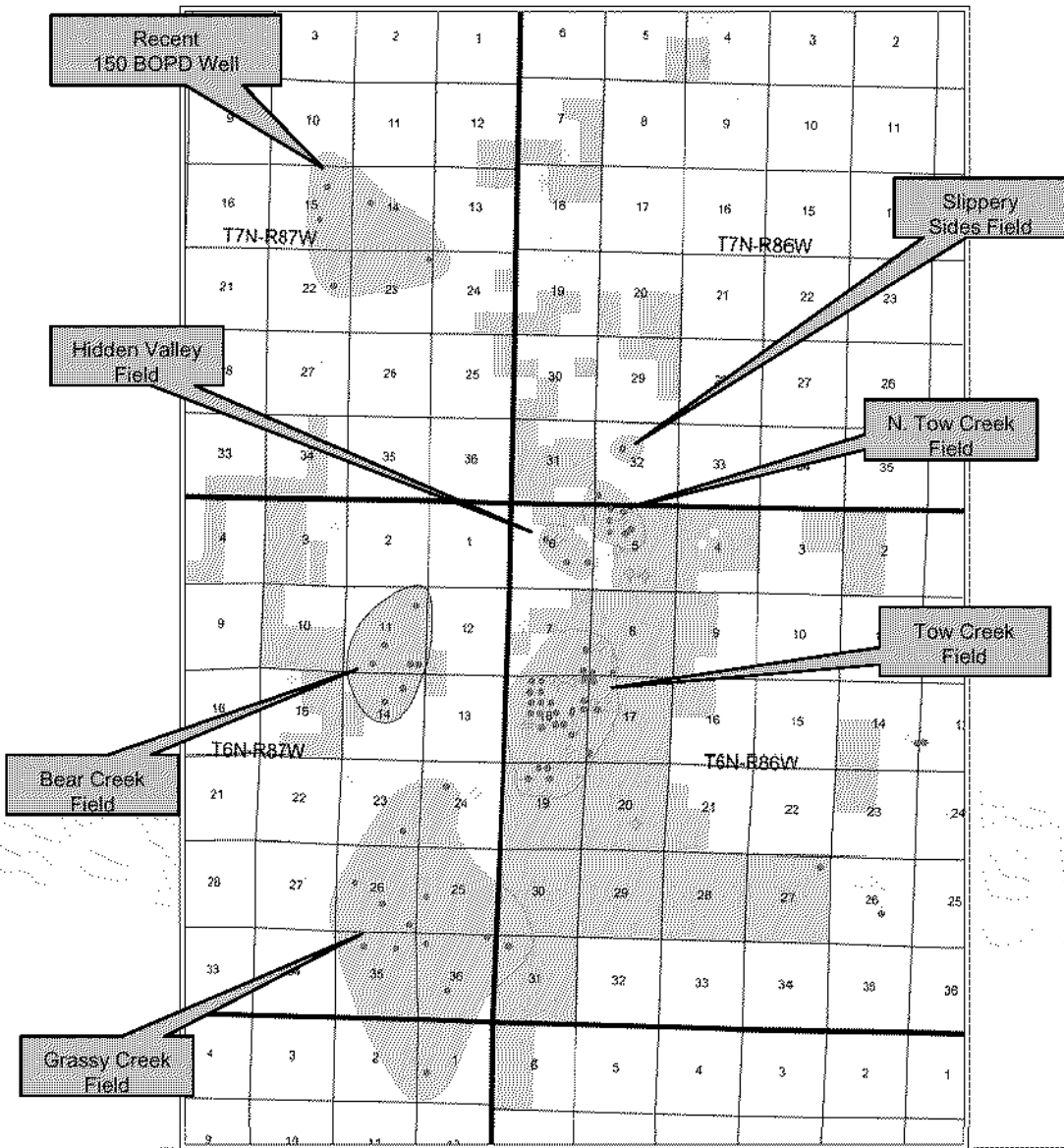


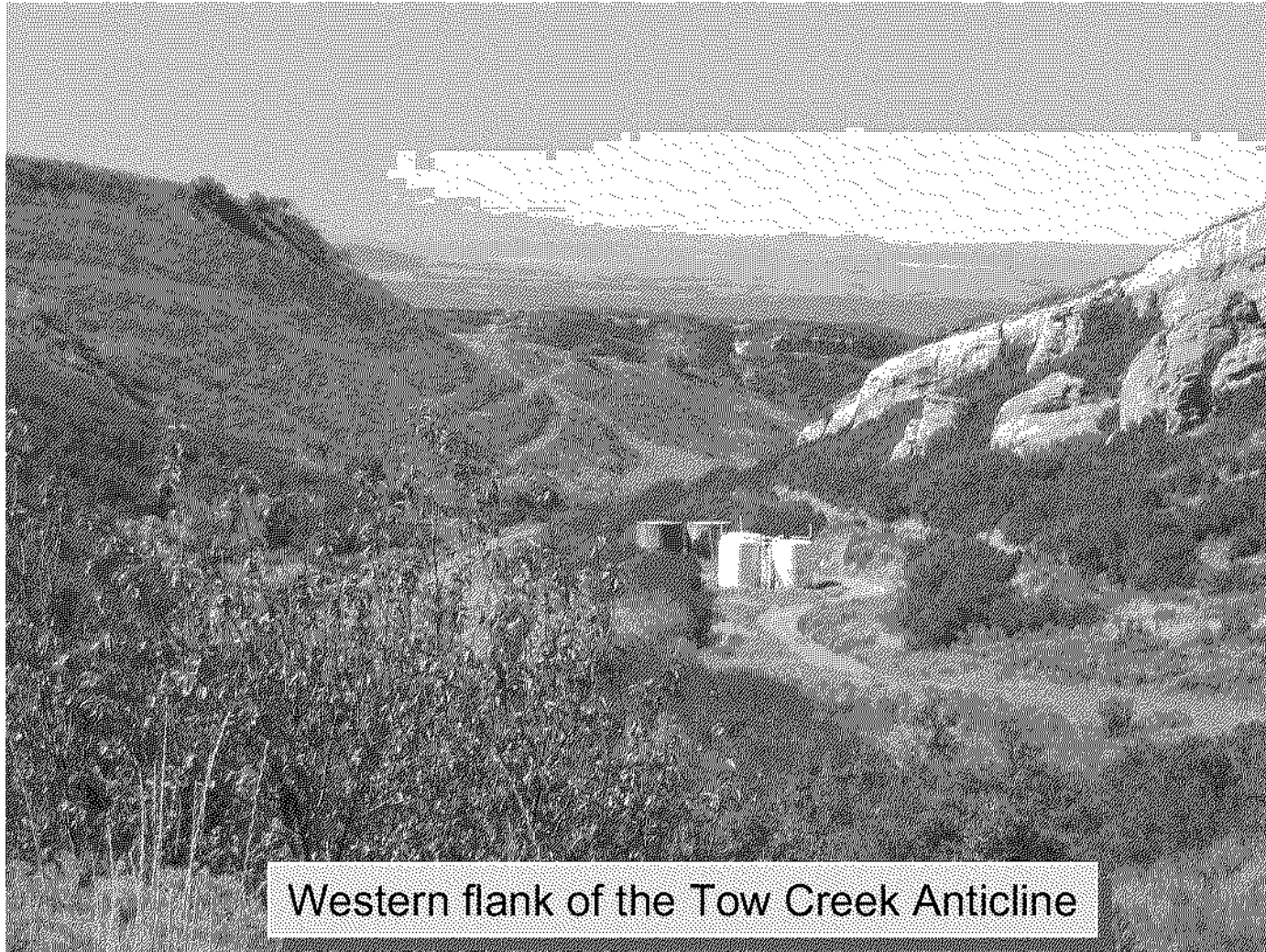


Tow Creek

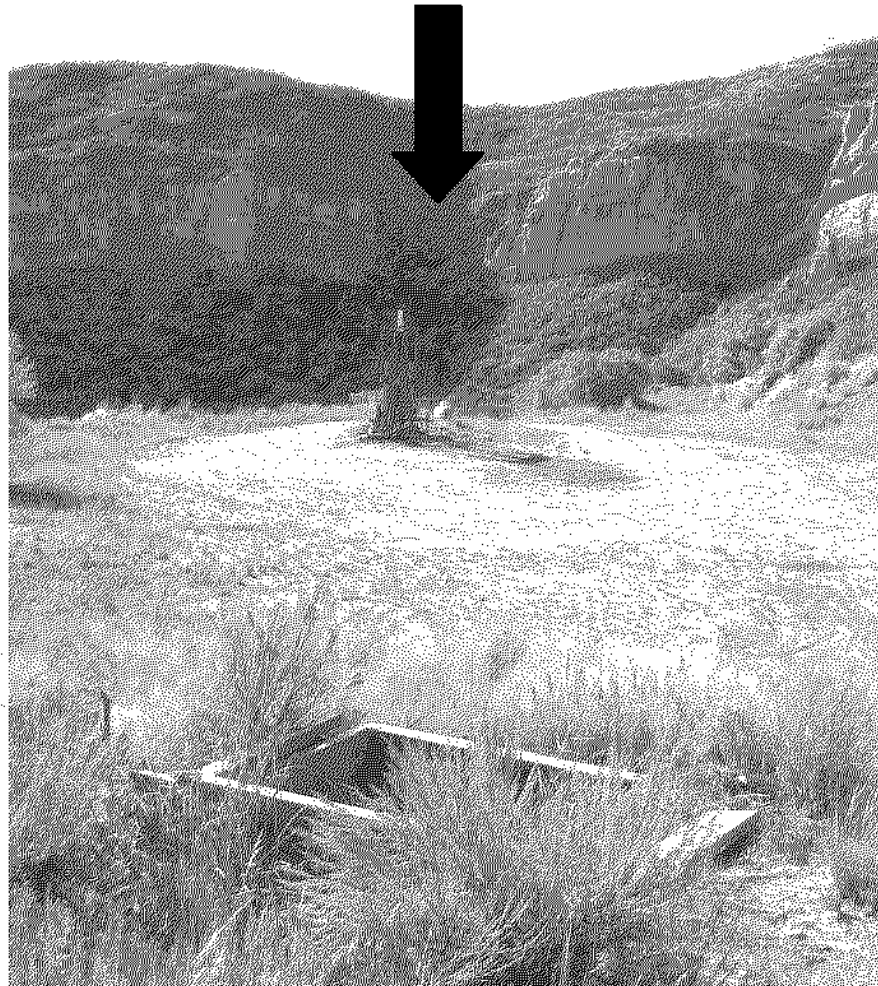


Tow Creek



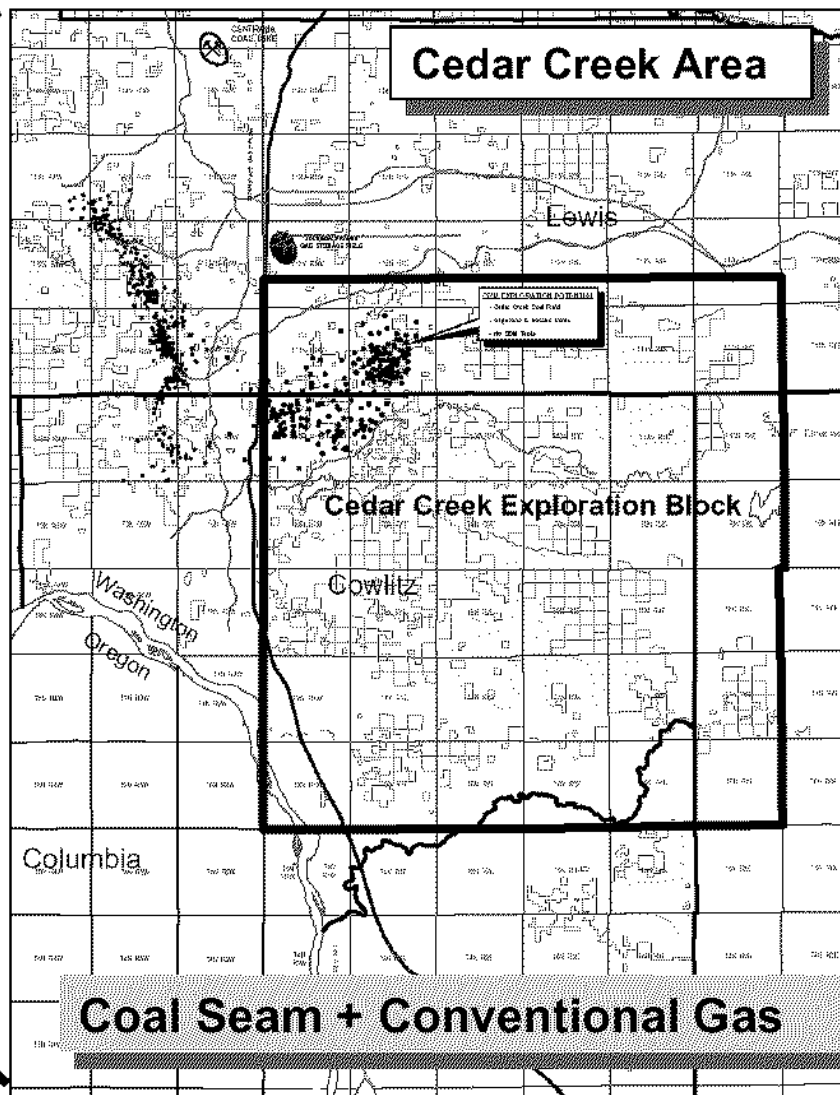
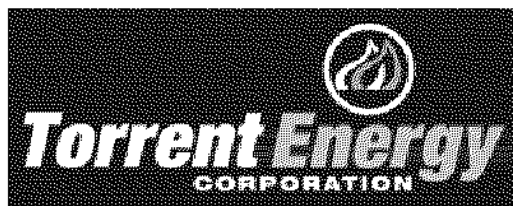
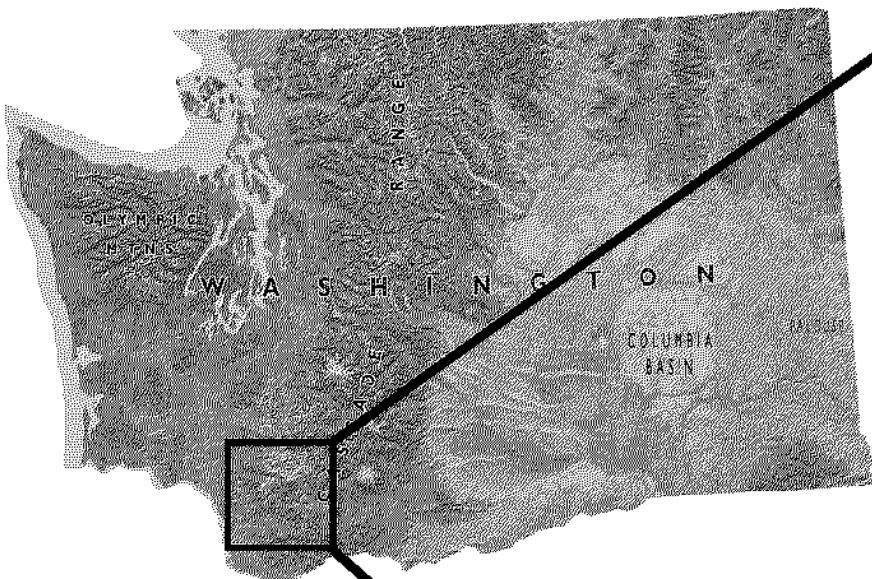


Western flank of the Tow Creek Anticline





Cedar Creek



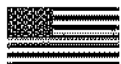
Planned Activity



Tipton

Mahalo

NSW



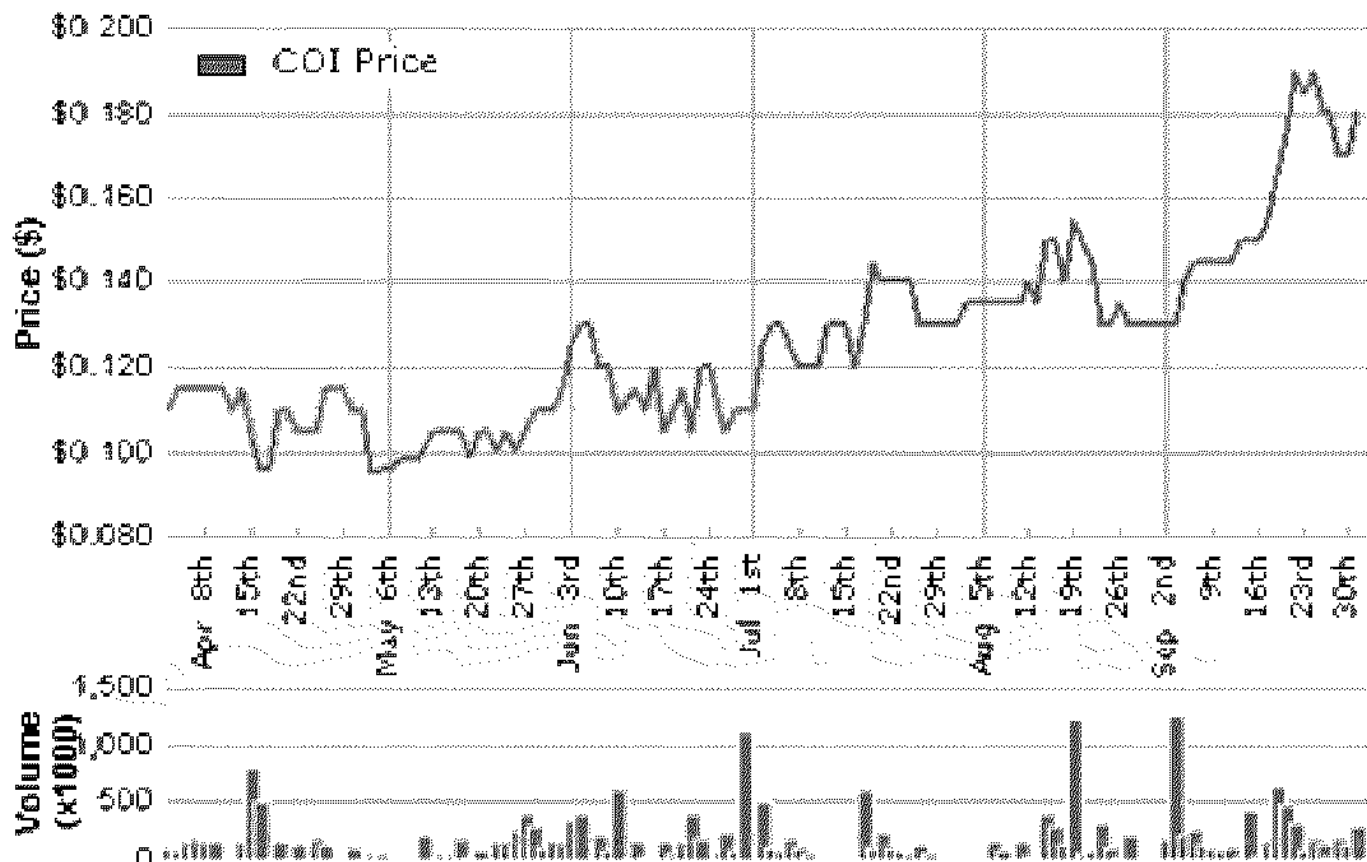
Rocky
Mtn JV

Cedar Ck

2005		2006			
Q3	Q4	Q1	Q2	Q3	Q4
	\$ \$				\$ \$ →
					
					
 	 				
					

Market Approval?

Comet Ridge Limited Share Price



Recommendation

- Shareholders approve the sale of the Company's 20% minority interest in the Tipton West Coal Seam Gas project along with interests in associated permits in southeastern Queensland to Arrow Energy NL