The Company Announcements Officer
Australian Stock Exchange Limited Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

COMET RIDGE SUBSIDIARY CLOSES ON PRODUCING PROPERTY AT TOW CREEK PROJECT IN COLORADO

The Directors of Comet Ridge Limited (ASX Code: COI) are pleased to advise that the company's wholly owned subsidiary, Comet Ridge USA, Inc., based in Denver, Colorado, has completed the producing property transaction on the Tow Creek Project in Routt County, northern Colorado, as announced on 16 May, 2006.

Comet Ridge has acquired a producing oil well on a 640 acre lease offering further development opportunities for US$120,000. Acquisition of this leasehold position is important as the lease forms part of the Coal View Federal Exploration Unit for which the company is in the process of securing regulatory approval.

The acquired oil well currently produces around 2 BOPD from the Niobrara Formation, but has not been operated to its optimum. The Company is planning to do some long overdue maintenance and intends to enhance the productivity of the well in the coming weeks. The well bore is also being assessed as a potential re-entry candidate for directional drilling.

This transaction marks Comet Ridge's first operated production in the USA. The Company will own 37.5% working interest in the well and acreage after partners Colorado Strike Inc (a wholly owned subsidiary of ASX listed Strike Oil Limited (ASX Code: STX)) and Lynn Properties (a privately held Houston based oil & gas company) are assigned their 37.5% and 25% respective interests.

Yours faithfully

ANDREW LYDYARD
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