

**COMET RIDGE LIMITED  
ASX ANNOUNCEMENT  
6 SEP 2006**

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

By Electronic Lodgement

**COMET RIDGE COMPLETES EARNING ON MAHALO PROJECT**

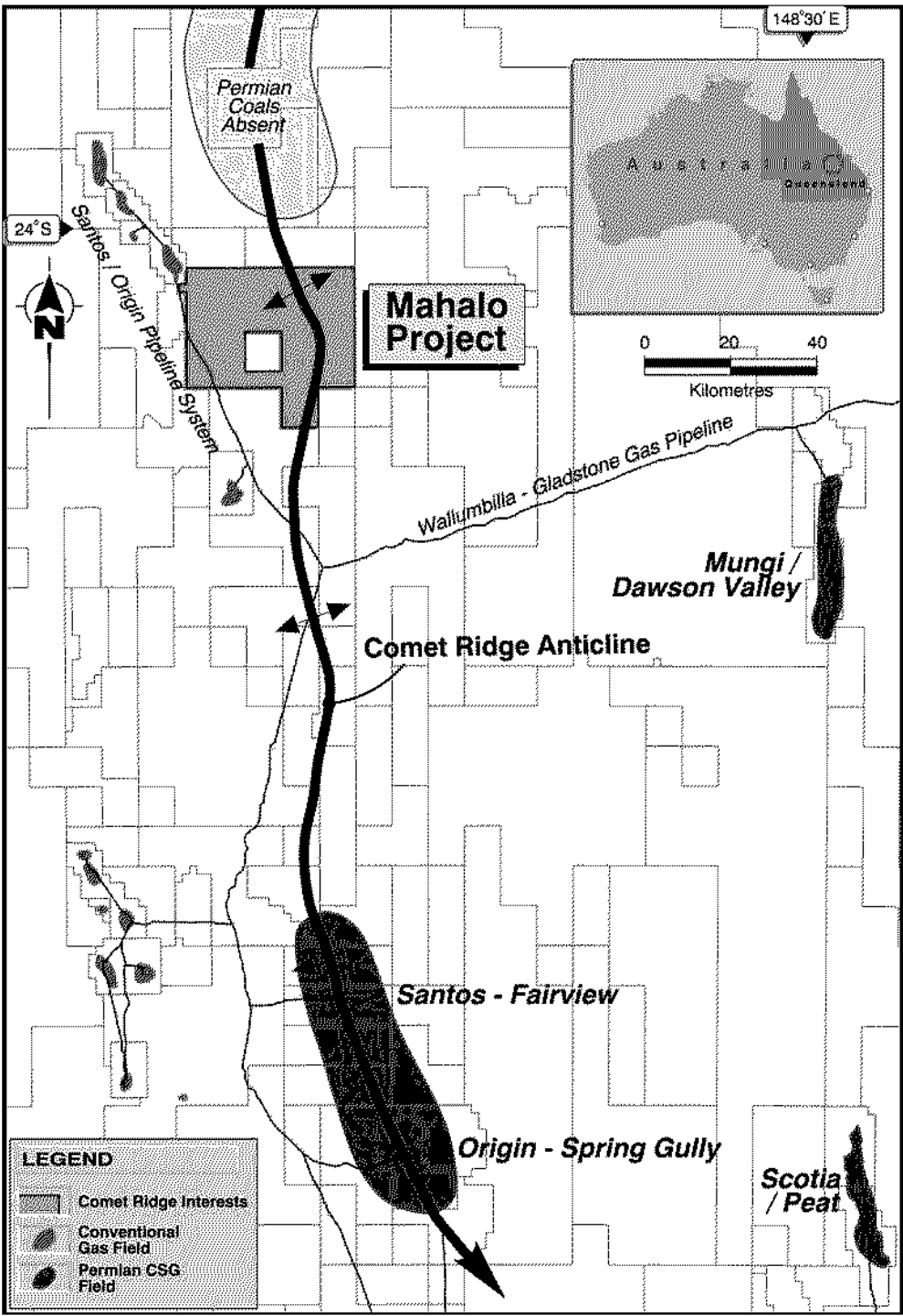
**MAHALO, ATP 337P, QUEENSLAND**

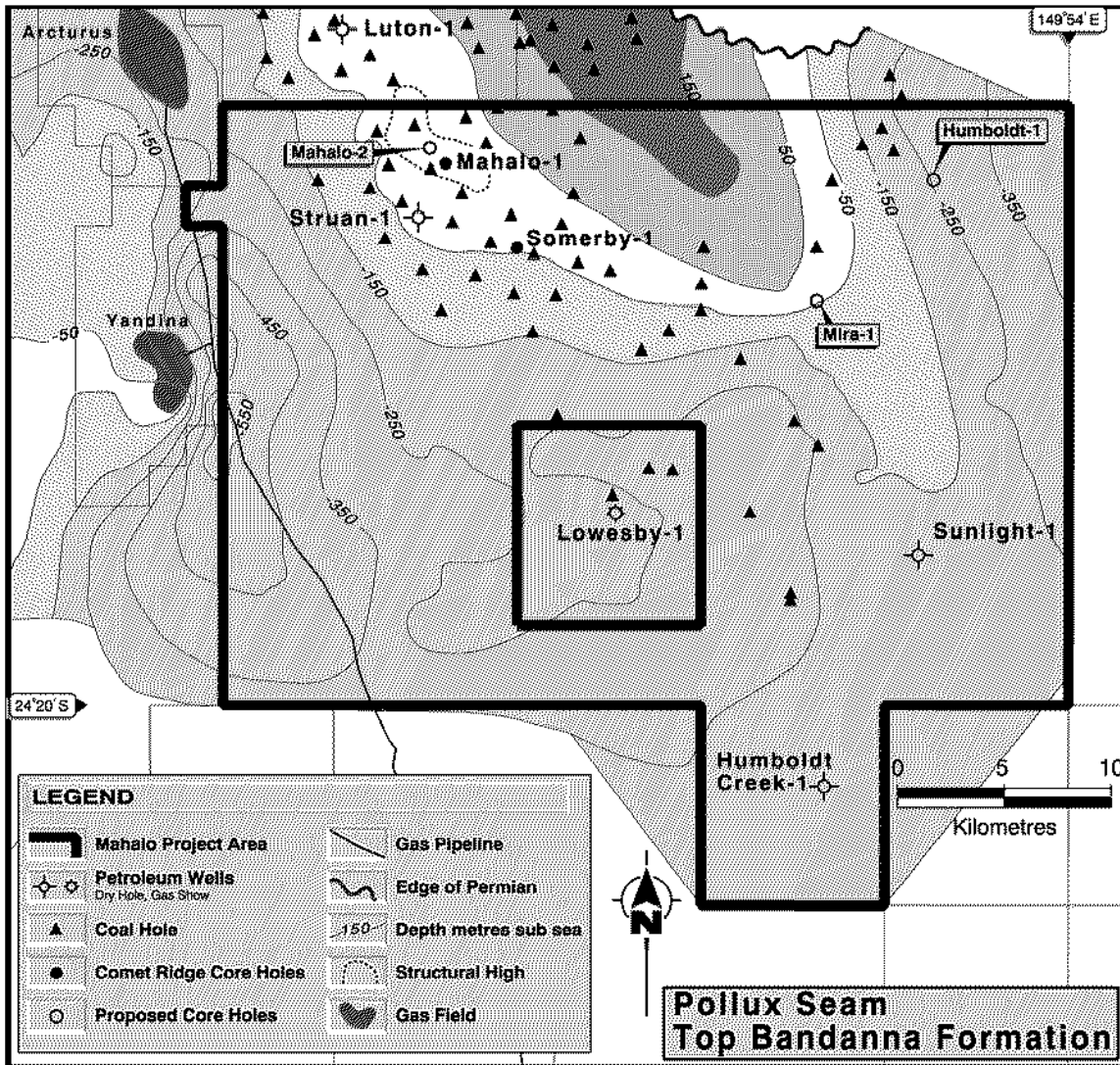
The directors of Comet Ridge Limited (ASX Code: COI) advise that drilling operations on the Mahalo 2 well commenced on 27 August 2006 and a total depth of 234m was reached on 31 August 2006. Seven inch casing was set above the target coals seams at 185m and the coals drilled with air. No measurable gas or water flows were observed on penetration of the coals. This result suggests that either the coals have low permeability or that they were damaged during drilling. The Operator Santos has completed the well with 2 7/8" tubing as per the program to permit the pressure in the wellbore to be monitored. Mitchell Drilling Contractors Rig 151 has been released and is off location.

The apparent poor permeability results observed from Mahalo 2 are inconsistent with the gas influx experienced in Mahalo 1 (drilled 100 meters from Mahalo 2) and the recent permeability results measured in the Humboldt 1 and Mira 1 core holes.

Comet Ridge will retain US based reservoir engineers, specialising in coal seam gas developments, to analyse the pressure data to determine whether the coals have low permeabilities or if they were damaged.

The drilling and completion of Mahalo 2 has resulted in Comet Ridge earning its 40% equity in the ATP 337P farmin block. Santos and Origin Energy now each hold 30% of the project.





Yours sincerely \_\_\_\_\_

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