Comet Ridge Limited

14 October 2010

Comet Ridge Lifts Stake in Key Northern NSW Coal Seam Gas Basin

Comet Ridge Limited (ASX:COI) will increase its stake in a key NSW Coal Seam Gas (CSG) basin with the announcement today that it has signed a Binding Heads of Agreement (HOA) to acquire Greenpower Energy Limited's (ASX:GPP) 20% interest in the prospective Gunnedah Basin permit PEL 428.

The transaction lifts to 40% Comet Ridge's stake in the Joint Venture which is exploring for both coal seam and conventional gas in the northern NSW basin. The CSG exploration is operated by Eastern Star Gas.

Comet Ridge's Managing Director, Tor McCaul, said the transaction was consistent with the Company's strategy of obtaining significant positions in key CSG basins. Comet Ridge also has CSG projects in Queensland and New Zealand.

"PEL 428 is located in the Gunnedah Basin immediately north and west of Eastern Star Gas' permit PEL 238, which contains the Narrabri Gas Project and Wilga Park Power Station," Mr McCaul said. "The permit covers an area of 6,021 km^2 but has had only limited exploration activity undertaken, compared with other permits in the area".

Comet Ridge also holds a stake in adjoining permit PEL 427 (Comet Ridge share 25%). Mr McCaul said exploration activity was progressing in both permit areas.

Transaction Highlights:-

- Under the binding HOA, Comet Ridge will acquire Greenpower's wholly-owned subsidiary, Davidson Prospecting Pty Ltd, whose sole asset is the 20% interest in the permit PEL 428 (the Transaction).

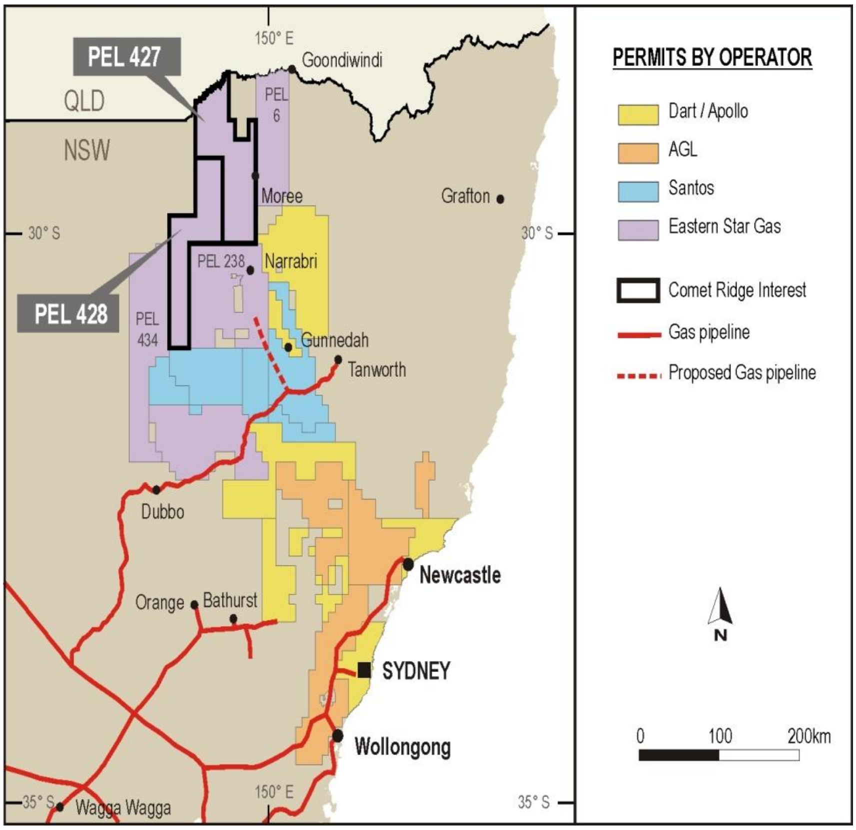
- The Transaction remains subject to Comet Ridge completing a satisfactory due diligence of Davidson Prospecting Pty Ltd, including the underlying permit interest it holds in PEL 428.

- The Transaction is to be effected via a Share Sale Agreement which will contain all of the usual warranties and indemnities customary for a transaction of this size and nature, including those addressing title, financial matters and compliance with laws and regulations in connection with the Company and the interest in the underlying permit.

- The Transaction is expected to be completed within sixty (60) days of the execution of the Share Sale Agreement, the time table for the execution of which is the 29th of October 2010.

The PEL 428 Joint Venture is planning a 2D seismic acquisition programme for early 2011, and has a commitment to drill at least one well before September 2012.

AUSTRALIA **ASX CODE: COI**
Level 1
283 Elizabeth Street
Brisbane Qld 4000
GPO Box 798
Brisbane Qld 4001
Phone: +61 7 3221 3661
Facsimile: +61 7 3221 3668



Exploration activities in the adjacent PEL 427 are set to increase significantly over the next 6 months. A seismic reprocessing project is under way, a seismic acquisition programme is scheduled for the first quarter in 2011, and a core hole is scheduled to be drilled in the Bellata Trough by May 2011.

The seismic reprocessing and seismic acquisition programmes in PEL 427 are designed to finalise the well location in the south east corner of PEL 427. This well will better delineate the extent of Permian coals identified in the Bellata 1 well in PEL 427, which are believed to be the northern extension of the coal formations seen in the Edgeroi and Blue Hills wells in PEL 238.

The purchase price is not material and is subject to a confidentiality agreement.

COMET RIDGE LIMITED - OVERVIEW

Comet Ridge Limited is a Brisbane based, ASX-listed (ASX Code: COI) coal seam gas (CSG) exploration and development company with a focus on Queensland, NSW and New Zealand. The Company also has exposure to prospective conventional oil and gas fields in the United States via a joint venture.

The Company has several projects in various stages of maturity. Comet Ridge Limited plans to grow shareholder value through the establishment and development of gas reserves from the significant resource potential of its projects.

Stephen Rodgers
Company Secretary
Comet Ridge Limited

For further information please contact:-

Tor McCaul
Managing Director
Comet Ridge Limited
tor.mccaul@cometridge.com.au
+61 7 3221 3661

Media:
Rhyll Cronin
Associate
Three Plus
rhyll@threeplus.com.au
+61 7 3503 5700