Comet Ridge Limited

ASX ANNOUNCEMENT

ASX : COI

21 June 2012

COMET RIDGE ADDS TO GUNNEDAH BASIN ACREAGE POSITION

- **Comet Ridge is paying A$750,000 for Petrel Energy's interests in PEL 6, PEL 427 and PEL 428**
- **Existing CSG interests in PEL 427 and PEL 428 increased to 50% and 60% respectively**
- **Prospective PEL 6 block added to Comet Ridge portfolio**
- **Santos holds remaining interests, as a result of its acquisition of Eastern Star Gas in 2011**

Coal seam gas explorer Comet Ridge Limited (ASX:COI) is pleased to announce that it has signed an Asset Sale Agreement for the acquisition of Petrel Energy Limited's interests in PEL 6, PEL 427 and PEL 428 in the Gunnedah Basin in northern New South Wales. Comet Ridge will acquire these petroleum licences from Petrel Energy for A$750,000 cash.

These three contiguous licences are located in the northern Gunnedah Basin, immediately north and west of Santos' Narrabri CSG Project, and cover a total area of approximately 18,000 km^2. Prior to this transaction Comet Ridge held a 25% interest in PEL 427 and a 40% interest in PEL 428. This transaction further consolidates Comet Ridge's position in the northern Gunnedah Basin.

These permits have both a Coal Seam Gas interest and a Conventional Oil and Gas interest, with the interests acquired from Petrel Energy as follows:

Petroleum Licence	CSG Interest Acquired	Conventional Interest Acquired	CSG Interest After Transaction	Conventional Interest After Transaction
PEL 6	22.5%	97.5%	22.5%	97.5%
PEL 427	25%	75%	50%	100%
PEL 428	20%	60%	60%	100%

Comet Ridge Managing Director, Tor McCaul commented that "This transaction further builds on Comet Ridge's acquisition of Davidson Prospecting in October 2010, which increased Comet Ridge's interest in PEL 428 from 20% to 40%."

"This latest consolidation has reduced the number of parties across this portion of the Gunnedah Basin down to two - Comet Ridge and Santos. We believe that the Gunnedah Basin will emerge as a major CSG province, and this latest acquisition is consistent with Comet Ridge's strategy of building material interests in prospective CSG basins. This acquisition also adds to the Comet Ridge resources base in eastern Australia, adding 243 PJ of contingent resource and 1079 PJ of prospective resource and taking the company to over 5400 PJ of total resources in Queensland and NSW."

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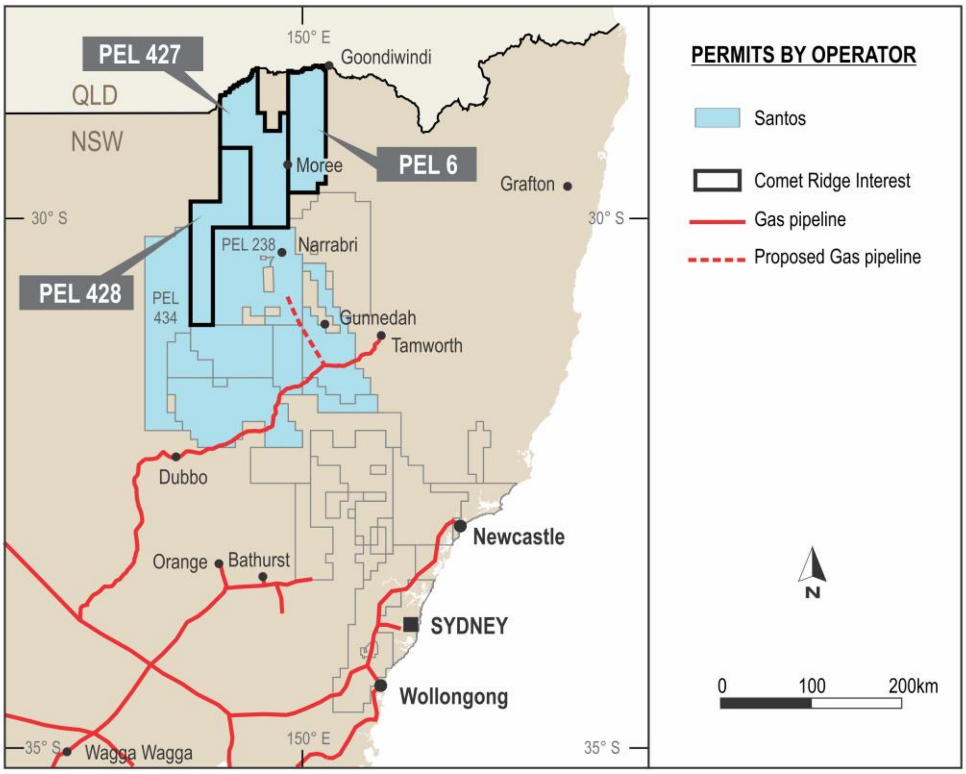
The transaction is subject to the completion of due diligence, and gaining joint venture and NSW Government consents.

Comet Ridge expects its commercialisation options for gas from its northern Gunnedah Basin assets to be aligned with Santos' plans to fully develop the gas potential of this area, whether the gas flows north to the GLNG project in Gladstone, and / or south to Newcastle and Sydney, providing power generation and domestic supply in NSW.



Comet Ridge has recently completed an extensive review of the magnetic and gravity data sets available over the northern Gunnedah Basin. The subsequent geophysical modelling of this data has significantly advanced Comet Ridge's view of the geology and prospectivity of the region.

"This work has identified some very promising new prospects, and these now need to be tested through a combination of seismic and exploration drilling" said Mr McCaul.

Comet Ridge supports the recent policy measures taken by the NSW Government, including the draft regional land-use policy, an aquifer policy and a new draft code of practice for the CSG industry. Application of Comet Ridge practices from the Galilee Basin will ensure a responsible approach to exploration and appraisal of CSG in the Gunnedah Basin.

"Comet Ridge believes that a vibrant gas industry can bring many benefits to NSW, including the supply of electricity" said Tor McCaul. "The new policies should enable the CSG industry to move forward in NSW, resolving the current period of uncertainty."

Comet Ridge is anticipating CSG exploration activities to resume in the Gunnedah Basin during 2012, commencing with small and targeted seismic surveys over identified prospects in PEL 427 and PEL 428.

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COMET RIDGE LIMITED - OVERVIEW

Comet Ridge Limited has significant Coal Seam Gas (CSG) projects in key regions of Queensland, northern New South Wales and New Zealand, as well as oil and gas interests in the United States. Gas resources have been independently certified at four projects. The company is listed on the Australian Securities Exchange (ASX Code: COI) and is based in Brisbane. The Board and Management are experienced in establishing and developing energy projects.

Corporate Strategy

Comet Ridge has gained early entry into well-located exploration areas, allowing shareholders to gain substantial leverage into the upside value potential associated with exploration success.

Comet Ridge conducts CSG exploration and appraisal, with the aim of maturing exploration acreage from Gas Resources into Proven and Probable Gas Reserves. This process initially involves drilling wells in order to certify Prospective and Contingent Resources and then through further appraisal via Pilot Projects, progressing into certified Reserves.

Where possible, Comet Ridge takes high equity positions in its large exploration permits, including a 100% interest in both its Galilee Basin and New Zealand assets. Comet Ridge has 35% equity in the ATP 337P Mahalo block in the Bowen Basin, and holds 25% and 40% equity respectively in PEL 427 and PEL 428 in NSW.

Certified Resources

In executing our strategy, Comet Ridge has successfully independently certified the following Prospective and Contingent Resources:

Comet Ridge Limited – Net Recoverable Resources			
Project	**Location**	**Contingent Resource (PJ)**	**Prospective Resource (PJ)**
Gunn Project Area (ATP 744P)	Galilee Basin, Qld	1,870	597*
Mahalo Block (ATP 337P)	Bowen Basin, Qld	387	-
PEL 6, PEL 427 and PEL 428	Northern NSW	231	1,022
PMP 50100 and PEP 50279	West Coast, Sth Island, NZ	244	-
Total		**2,732**	**1,619**

*Where the auditor has detailed Prospective Resources in a range (low, middle and high) the mid-range case has been listed in the table.

Work Program

Comet Ridge has an active exploration and appraisal work program for CSG projects in Queensland, northern NSW and New Zealand. The first Pilot Project for ATP 337P Mahalo is planned for 2012, with additional exploration and appraisal work planned for the Galilee Basin and northern NSW.