

7 August 2012

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Equity Raising to fund ongoing exploration and appraisal activities and to provide for additional working capital

- **1 for 4 accelerated non-renounceable entitlement offer to raise up to $7.7 million**
- **Proceeds will primarily fund ongoing exploration and appraisal in key coal seam gas basins**
- **Offer price of $0.10 per share, a 16.7% discount to the Theoretical Ex-Rights Price**

Coal seam gas explorer Comet Ridge Limited (ASX:COI) ("Comet Ridge" or the "Company") is pleased to announce an equity raising of up to $7.7 million ("Equity Raising"), comprising a 1 for 4 accelerated non-renounceable entitlement offer ("Entitlement Offer") at an issue price of $0.10 per share ("Issue Price"). The Entitlement Offer comprises an institutional component ("Institutional Entitlement Offer") and a retail component ("Retail Entitlement Offer").

The proceeds of the Equity Raising will be used to fund the Company's exploration and appraisal activities for 2012/13 and provide for additional working capital. The Company has recently announced a number of important milestones across its coal seam gas ("CSG") portfolio, including:

- The successful drilling of the first pilot project in ATP 337P Mahalo (Qld);
- The Lake Galilee Farm-in, adjacent to Comet Ridge's Gunn Project Area in ATP 744P in the Galilee Basin (Qld); and
- The acquisition of additional acreage and equity interests in the Gunnedah Basin (NSW).

Managing Director, Tor McCaul, commented "The next twelve months will see increased exploration and appraisal activity across all of Comet Ridge's permit areas, as the focus shifts to crystallising the value from our large gas resource base. The 2012/13 Queensland drilling programme is aimed at converting resources to reserves at Mahalo by first quarter 2013, and preparing the way for additional reserves certification across Mahalo and the Gunn Project Area in the Galilee Basin in 2013.

"The recently concluded Mahalo pilot drilling program has been very positive, and facilities will now be constructed to develop the first production pilot in the Mahalo area, with the aim of achieving an early initial reserves certification".

The Directors of Comet Ridge intend to subscribe for all or part of their Entitlements as an indication of their support for the Equity Raising.

Up to approximately 77.1 million new COI shares ("New Shares") will be issued as part of the Equity Raising (representing 25% of the current issued capital). As the Entitlement Offer is non-renounceable, there will be no rights trading.

Comet Ridge Limited T: +61 7 3221 3661 E: info@cometridge.com.au 283 Elizabeth St, Brisbane, Qld, 4000 Australia
ABN 47 106 092 577 F: +61 7 3221 3668 W: www.cometridge.com.au GPO Box 798, Brisbane, Qld, 4001 Australia

ASX CODE: COI

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for 1 New Share at the Issue Price for every 4 existing COI ordinary shares held at 7.00pm (AEST) on Friday, 10 August 2012 ("Record Date").

Under the Institutional Entitlement Offer, entitlements not taken up by existing institutional shareholders will be offered to other eligible institutional investors by way of an institutional bookbuild at the same price as the Entitlement Offer.

The Retail Entitlement Offer will include a top up facility under which eligible shareholders who take up their full entitlement may apply for additional New Shares from a pool of entitlement shares not taken up by other eligible retail shareholders. There is no guarantee that applicants under this top up facility will receive all or any of the additional shares they apply for under the facility.

The Issue Price of $0.10 per New Share represents a discount of:

- 16.7% to the Theoretical Ex-Rights Price ("TERP[1]");
- 23.3% to the 5-day volume weighted average price ("VWAP") prior to the date of this announcement; and
- 20.0% to the last traded price of COI shares prior to the date of this announcement being $0.125 per share.

[1] TERP is the theoretical price at which COI shares should trade after the ex-date for the Entitlement Offer. TERP is calculated by reference to COI's closing price on 6 August 2012 of $0.125 per share, being the last trading day prior to this announcement.

Details of the Equity Raising are also contained in an investor presentation which COI has provided to the ASX today ("Investor Presentation"). The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to COI and the Equity Raising, and applies to this announcement as if set out in full in this announcement.

COI expects to announce the outcome of the Institutional Entitlement Offer to ASX prior to market open on Thursday, 9 August 2012 with trading of COI shares to recommence on that day.

Eligible retail shareholders will receive a Retail Entitlement Offer booklet including a personalised entitlement and acceptance form which will provide further details of how to participate in the Retail Entitlement Offer.

The key dates for the Equity Raising are:

Entitlement Offer	Date
Announcement and trading halt	7 August 2012
Institutional Entitlement Offer opens	7 August 2012
Institutional Entitlement Offer closes	8 August 2012
Announce completion of the Institutional Entitlement Offer	9 August 2012
COI shares resume trading on an ex-entitlement basis	9 August 2012
Record Date for the Entitlement Offer (7.00pm AEST)	10 August 2012
Retail Entitlement Offer opens	15 August 2012
Settlement of the Institutional Entitlement Offer	16 August 2012
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer	17 August 2012
Retail Entitlement Offer closes	29 August 2012
Allotment of New Shares issued under the Retail Entitlement Offer	5 September 2012
Normal trading of New Shares issued under the Retail Entitlement Offer	6 September 2012

All dates are indicative and subject to change. COI reserves the right to withdraw or vary the timetable without notice. All references to time are to Australian Eastern Standard Time (AEST). The commencement of quotation of New Shares is subject to confirmation from ASX.

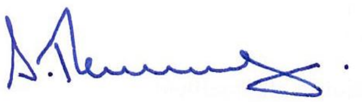
Wilson HTM Corporate Finance Limited is the Lead Manager of the Equity Raising.

Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any jurisdiction in which such an offer would be illegal. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"), or under the securities laws of any state or jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available.

This document may not be distributed or released in the United States.

This announcement contains certain "forward-looking statements" within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "should", "expect", "anticipate", "estimate", "scheduled" or "continue" or the negative thereof of comparable terminology. Any forecasts or other forward looking statements contained in the announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future event which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. COI does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.



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:
Dianne Monopoli
Principal Consultant
Three Plus
dianne@threeplus.com.au
+61 7 3503 5700

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 certified, by independent professional certifiers, 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 announced on 21 June 2012 that it has signed an agreement to increase its equity to 22.5%, 50% and 60% respectively in PEL 6, PEL 427 and PEL 428 in the Gunnedah Basin in New South Wales. This transaction is subject to government consent to transfer.

Work Program

Comet Ridge has an active exploration and appraisal work program for CSG projects in Queensland, northern New South Wales and New Zealand. Drilling for the first Pilot Project for ATP 337P Mahalo was undertaken in July 2012, with additional exploration and appraisal work planned for the Galilee Basin and Mahalo in 2012/13.