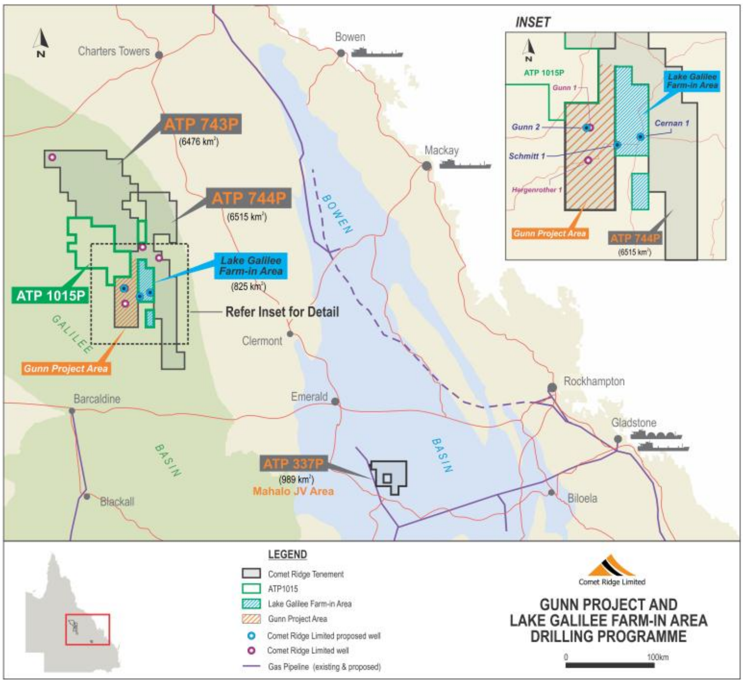
26 October 2012

Second Galilee Basin Well Spuds at Schmitt 1

- **Second well spuds in Galilee Basin Programme**
- **Schmitt 1 well is part of first phase of Farm-in into ATP 1015P**
- **Well will be cored to determine key coal properties**

Brisbane-based coal seam gas explorer Comet Ridge Limited (ASX:COI) is pleased to announce that the second well in its current three-well Galilee Basin drilling campaign spudded at the Schmitt 1 location yesterday morning at 1120 hrs. This well is being drilled in ATP 1015P in central Queensland.

Queensland Energy Resources Limited (QER) currently holds 100 per cent equity in the permit. Under a farm-in agreement executed between QER and Comet Ridge in July this year, Comet Ridge can earn up to 75 per cent equity in the Farm-in Area (FIA) through a three-stage farm-in process. Schmitt 1 is the first of two wells that will meet the requirements of Phase 1 of the Farm-in, which will earn Comet Ridge 20 per cent equity in the FIA. Comet Ridge is also the Operator of the FIA which covers an area of 825 km^2 and is part of ATP 1015P (see included map).



The Schmitt 1 well is located 17 km SE of the recently drilled Gunn 2 well and 560 km WNW of Gladstone. The well is expected to reach a total depth of approximately 955 metres and will be cored to obtain key coal properties from the Permian aged Betts Creek Beds.

Following the drilling of Schmitt 1, the rig will move east to Cernan 1, which is the final well in the current programme and also completes the requirements of Phase 1 of the farm-in.

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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 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, with the intention of 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 and joint venture consent to transfer.

Work Programme

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 and 2013.