ASX ANNOUNCEMENT

ASX : COI

Comet Ridge Limited

10 December 2012

Mahalo Field Work Recommenced

- **Four previously drilled Mahalo wells currently being completed for production**
- **Mahalo JV (COI 35%) moving to construct pilot production scheme with focus on proving reserves**
- **Drilling at Mira expected to start shortly with rig move into field area commencing this week**

Coal seam gas explorer Comet Ridge Limited (ASX:COI) is pleased to announce that completion operations have commenced at the Mahalo block in ATP 337P, north of Rolleston in the Bowen Basin, central Queensland. This work follows the successful drilling of four Mahalo pilot wells in July this year.

The Mahalo field is located approximately 260 km west of Gladstone.

A workover rig is conducting completion operations at the previously drilled Mahalo four-well pilot scheme. Work commenced with the Mahalo 3 well late last week and then moved to Mahalo 4.

The workover rig is now moving to complete the Mahalo 5 and then the Mahalo 6 wells by running tubing and pumps in these wells, with the intention of setting all four wells up for production.

On a short flow test on Mahalo 3, before the rig was released, the well flowed water and also gas to surface. Mahalo 4 also flowed water and gas on a short test with the rig.

Comet Ridge Managing Director, Tor McCaul, said that the reported water and gas production from the first two wells was encouraging, but testing during the full pilot scheme will better define longer term productivity.

Construction of surface facilities at the Mahalo pilot scheme, which includes tanks and flowlines, will commence this month.

A drilling rig is expected to start moving into the field area later this week to spud the Mira 3 well. The joint venture is planning an eight-well programme for this drilling rig, including drilling four pilot wells at Mira and an additional four step-out core wells to further define the extent and quality of coal in the Mahalo block.

The objective of these pilot production projects is to demonstrate commercial gas flows in ATP 337P Mahalo, with the intention of achieving an early initial reserves certification.

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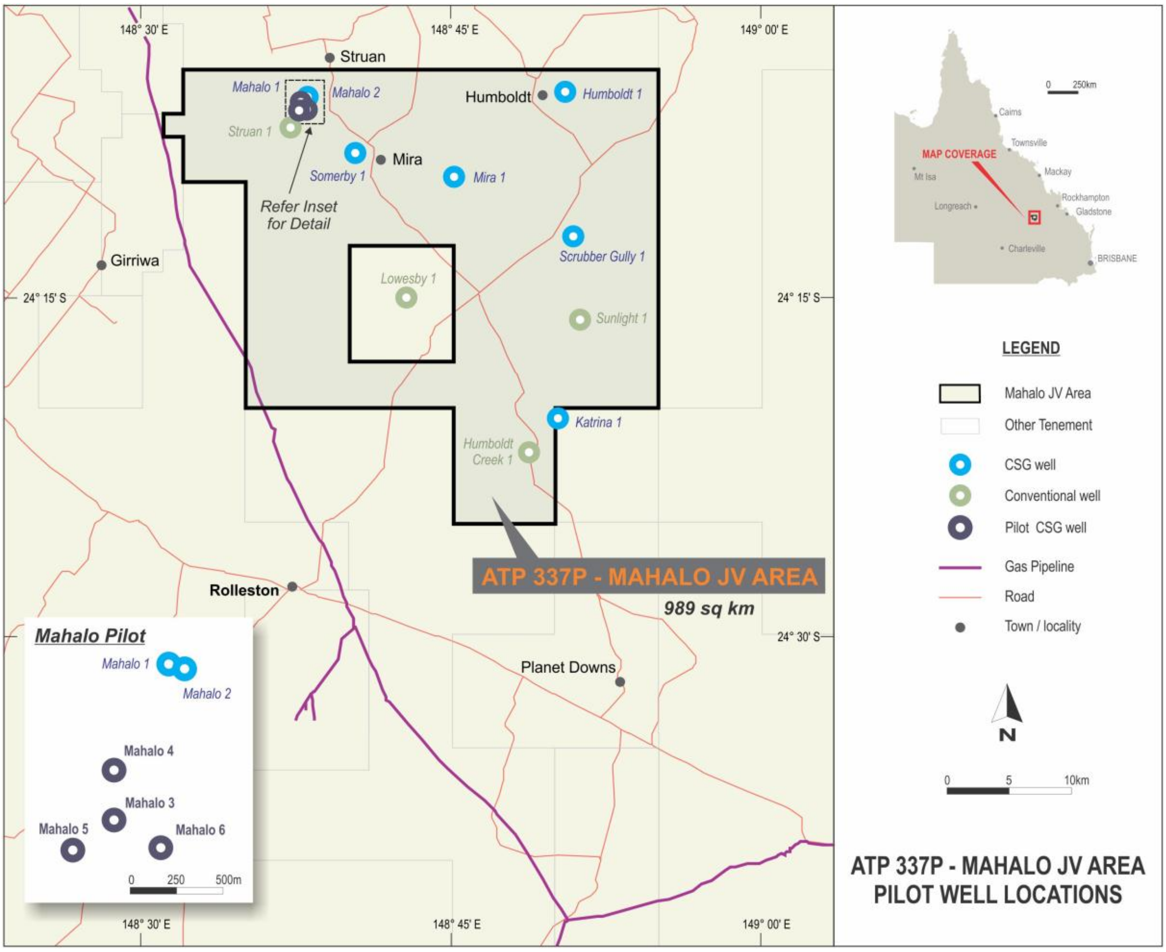

Comet Ridge has a 35% interest in ATP 337P Mahalo, having divested a 5% interest in the asset in late 2011. Under the terms of that divestment, Stanwell Corporation Limited will fund Comet Ridge's future expenditure at ATP 337P Mahalo up to $8 million. Stanwell Corporation has an option to purchase Comet Ridge's equity in the Mahalo block, based on 2P reserves booked, under an agreement initially announced in September 2011.

Equity participants in ATP 337P Mahalo are Comet Ridge Mahalo Pty Ltd 35%, Stanwell Corporation Limited 5% (with an option to increase), Australia Pacific LNG 30% and Santos QNT Pty Ltd 30%.

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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.