



... Positioned for Growth

Comet Ridge Limited

24 January 2013

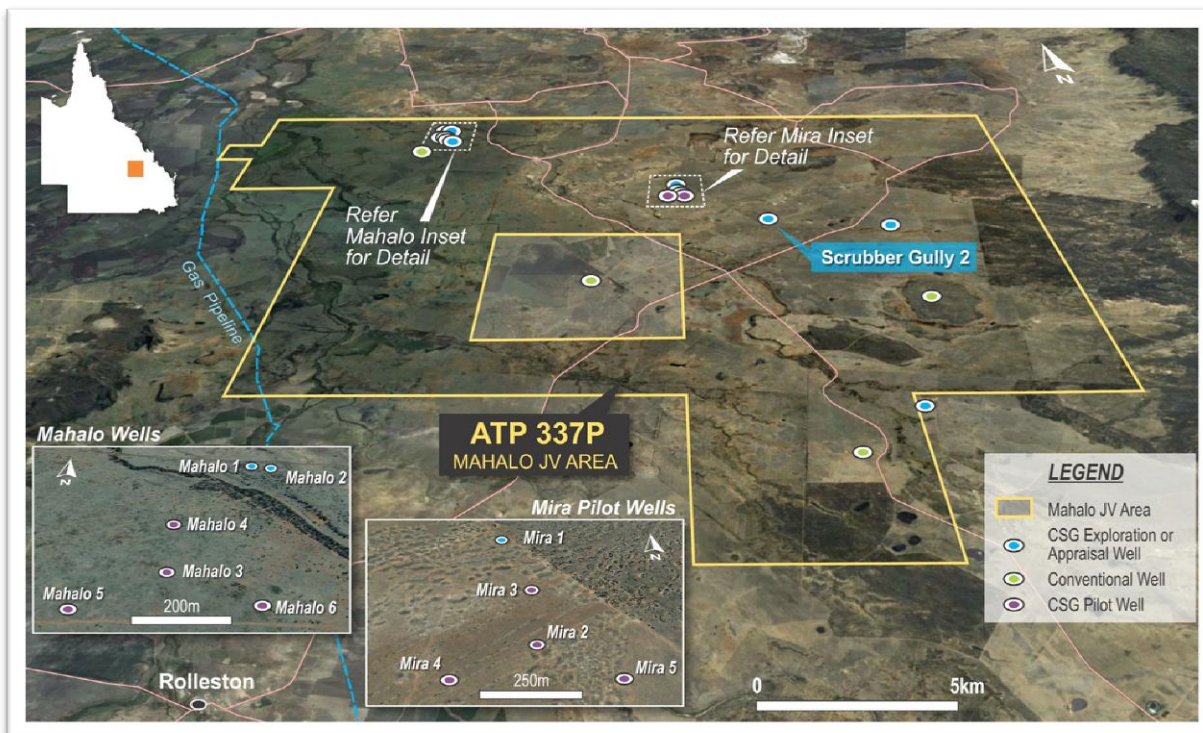
Mahalo Project Update: First Step-Out Core Hole Spuds

- **Scrubber Gully 2 well spuds in Mahalo block**
- **Scrubber Gully 2 is the first of four step-out core holes following the successful drilling in the Mira field**

Coal seam gas explorer Comet Ridge Limited (ASX:COI) is pleased to announce the spud of the Scrubber Gully 2 well earlier this morning, at its ATP 337P Mahalo asset in Queensland's Bowen Basin.

Scrubber Gully 2 is the first of four step-out core holes to be drilled following the recent drilling of pilot production wells in the Mira field. Scrubber Gully 2 is located approximately 5.2 km southeast of the Mira field pilot wells and is approximately 245 km west of Gladstone in central Queensland. The well is expected to reach a total depth of approximately 500 metres.

Scrubber Gully 2, and three further step-out core holes, will be cored through the reservoir section to further extend the area available for booking reserves in the Mahalo block.



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

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Comet Ridge currently has a 35% interest in ATP 337P Mahalo, having divested a 5% interest in the asset to Stanwell Corporation Limited in an agreement announced in September 2011. Under the terms of that agreement, Stanwell Corporation Limited will fund Comet Ridge's expenditure for the Mahalo field and Mira field pilot schemes and step-out drilling. The agreement also gives Stanwell Corporation an option to purchase half or all of Comet Ridge's equity in the Mahalo block, based on 2P reserves booked.

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 Pty Ltd 30% and Santos QNT Pty Ltd 30%.



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: COL) 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 consent to transfer.

Work Programme

Comet Ridge has an active exploration and appraisal work program for CSG projects in Queensland and northern New South Wales. 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 early 2013.



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ABN 47 106 092 577

T: +61 7 3221 3661
F: +61 7 3221 3668

E: comet@cometridge.com.au
W: www.cometridge.com.au

283 Elizabeth St, Brisbane, Qld, 4000
GPO Box 798, Brisbane, Qld, 4001