



17 February 2009

Convertible Note Issue

The Directors of Comet Ridge Limited (“Comet Ridge” - COI.ASX) are please to confirm that they have drawn on a Convertible Note Deed in favour of Chartwell Energy Limited executed recently and as a consequence confirm the issue of 1,000,000 convertible notes for AUD\$1 each to raise \$1,000,000.

As previously advised the number of Comet Ridge shares issued to Chartwell Shareholders on the completion of the proposed merger between the two companies will take into account any shares issued on any conversion of the Convertible Note, so that no more than approximately 128 million Comet Ridge shares are issued pursuant to the proposed merger.

The Convertible Notes have a face value of \$1,000,000 (“Principal Sum”); an interest rate of 6% per annum; and mature on 9 February 2010 (if not converted beforehand).

Upon conversion, the note would convert to fully paid ordinary shares in the Company calculated as follows:

$$N = \frac{A}{B}$$

where:

- N = the number of Shares following the conversion;
- A = the Principal Sum; and
- B = the Conversion Price, being the VWAP in respect of the 5 consecutive trading days before the date of the Conversion Notice, provided that such conversion price will not be greater than \$0.085.

Jeff Schneider
Executive Chairman
Comet Ridge Limited

*For further information concerning the merger or an update on activities please contact
Jeff Schneider (Executive Chairman)*

Comet Ridge Limited

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ASX CODE: COI

ASX Listed: 19 April 04
Shares on Issue: 105 million
Unlisted Options: 8.275 million

Top 20: 44%
Directors: 12%

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Comet Ridge Limited

ABN

47 106 092 577

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Convertible Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Issue 1,000,000 convertible notes at \$1.00 each

The Convertible Notes have a face value of \$1,000,000, carry an interest rate of 6% and mature on 9 February 2010 (if not converted beforehand). |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No, but on conversion the shares will rank equally with all other ordinary shares on issue</p>				
<p>5 Issue price or consideration</p>	<p>\$1,000,000</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The Company has entered into a Merger Implementation Agreement with Chartwell Energy Ltd, (ASX 9 February 2009). Coincident with this Agreement the Company has sought a loan from Chartwell in the form of a Convertible Note.</p> <p>The Funds will be used to</p> <ul style="list-style-type: none"> (a) fund costs of the Company and the costs of the Note holder in connection with the Merger Implementation Agreement and the transactions contemplated by it; and (b) provide working capital as agreed between the parties. 				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>17 February 2009</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="721 1493 997 1520">Number</th> <th data-bbox="1002 1493 1265 1520">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="721 1526 997 1719">105,375,950</td> <td data-bbox="1002 1526 1265 1719">Ordinary</td> </tr> </tbody> </table>	Number	+Class	105,375,950	Ordinary
Number	+Class				
105,375,950	Ordinary				

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all	
	+securities not quoted on ASX	
	(including the securities in clause 2	
	if applicable)	
	<i>Options</i>	
	450,000	Options exercisable at 40 cents expiry 11/5/09
	75,000	Options exercisable at 45 cents expiry 26/6/09
	1,000,000	Options exercisable at 45 cents expiry 31/7/09
	955,000	Options exercisable at 45 cents expiry 10/11/09
	3,500,000	Options exercisable at 45 cents expiry 31/12/09
1,900,000	Options exercisable at 45 cents expiry 01/08/2011	
30,000	Options exercisable at 45 cents expiry 04/09/2011	
65,000	Options exercisable at 45 cents expiry 03/12/2011	
300,000	Options exercisable at 45 cents expiry 06/12/2011	
	<i>Convertible Note</i>	
	1,000,000	See note below

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Convertible Notes – The Convertible Notes have a face value of \$1,000,000, carry an interest rate of 6% and mature on 9 February 2010 (if not converted beforehand). Upon conversion, the note would convert to fully paid ordinary shares in the Company calculated as follows:

Each Note, subject of a Conversion Notice is, converted into that number of Shares calculated as follows:

$$N = \frac{A}{B}$$

where:

- N = the number of Shares following the conversion;
- A = the Principal Sum; and
- B = the Conversion Price, being the VWAP in respect of the 5 consecutive trading days before the date of the Conversion Notice, provided that such conversion price will not be greater than \$0.085.

For further information on the merger, refer to the ASX release on 9 February 2009.

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?

- 12 Is the issue renounceable or non-renounceable?

- 13 Ratio in which the +securities will be offered

- 14 +Class of +securities to which the offer relates

- 15 +Record date to determine entitlements

- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

- 17 Policy for deciding entitlements in relation to fractions

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	
19	Closing date for receipt of acceptances or renunciations	
20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in all
respects from the date of allotment
with an existing +class of quoted
+securities?

If the additional securities do not
rank equally, please state:

- the date from which they do
- the extent to which they
participate for the next dividend,
(in the case of a trust,
distribution) or interest payment
- the extent to which they do not
rank equally, other than in
relation to the next dividend,
distribution or interest payment

41 Reason for request for quotation
now

Example: In the case of restricted securities, end of
restriction period

(if issued upon conversion of
another security, clearly identify that
other security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)		

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Director/Company secretary)

Date: 17 February 2009

Print name: GILLIAN SWABY

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