



28 December 2011

Comet Ridge completes sale of interest in ATP 337P Mahalo to Stanwell

- Sale of 5% interest in ATP 337P Mahalo to Stanwell has been completed
- Comet Ridge receives A\$7 million cash payment from Stanwell
- Stanwell to carry Comet Ridge expenditures through upcoming pilot programmes by funding up to A\$8 million of ATP 337P Mahalo expenditure commitments during 2012 and 2013
- Stanwell has been granted an option to purchase an additional 15% or 35% interest

Comet Ridge Limited (ASX:COI) is pleased to announce that it has completed the Sale and Purchase Option Agreement (SPOA) with the Queensland Government owned Stanwell Corporation Limited (Stanwell). The terms of this agreement were initially announced on 30 September 2011, and all outstanding conditions precedent have now been met. Stanwell is a major domestic gas consumer, and Queensland's largest electricity generator.

The interest being divested is in the Mahalo Farm-in Area (ATP 337P Mahalo), which is the northern part of permit ATP 337P in the Bowen Basin in Queensland. Prior to this transaction, Comet Ridge held a 40% interest in ATP 337P Mahalo, with Santos QNT Pty Ltd and Australia Pacific LNG (Origin / ConocoPhillips / Sinopec) both holding a 30% interest.

Comet Ridge has now sold a 5% interest in ATP 337P Mahalo to Stanwell in return for a cash payment of A\$7 million to Comet Ridge. Stanwell has also been granted an option to acquire either an additional 15% or 35% interest in this asset in exchange for carrying Comet Ridge's expenditure through the upcoming pilot programmes. Stanwell will fund up to A\$8 million of ATP 337P Mahalo expenditure commitments up until the option exercise date, expected to occur at the end of 2013.

Comet Ridge Managing Director Tor McCaul said that "We are extremely pleased with this transaction, which puts Comet Ridge in a strong position for growth in 2012 and beyond. We are now fully funded for the ATP 337P Mahalo permit for the 2012 pilot programme, while the A\$7 million cash injection funds activities in our other project areas such as the Galilee Basin, NSW and New Zealand. Success of the Mahalo pilot programme should also result in a further significant cash injection following the pilot testing in 2013, which is expected to coincide with an escalation of capital investment in our other project areas as they mature through their appraisal phases."

The key highlights of the transaction are as follows:

- The sale of an initial 5% interest in ATP 337P Mahalo for A\$7 million;
- The grant of an option to acquire either an additional 15% (Option A) or 35% (Option B) interest in ATP 337P Mahalo in exchange for funding up to A\$8 million of expenditure commitments associated with the 40% interest held by Comet Ridge and Stanwell in the upcoming ATP 337P Mahalo pilot programmes;

- In order to exercise the Option, Stanwell will be required to pay Comet Ridge consideration based on the ATP 337P Mahalo certified 2P reserves as at 31 December 2013, but this reserves date may be extended to as late as 31 December 2014;

If Stanwell elects to exercise Option A, Comet Ridge will retain a 20% interest in ATP 337P Mahalo and continue to be exposed to further upside re-rating potential. The exercising of either Option is subject to Stanwell’s shareholders’ approval.

Tor McCaul commented that “Comet Ridge has been fortunate to have had its financial advisor Gryphon

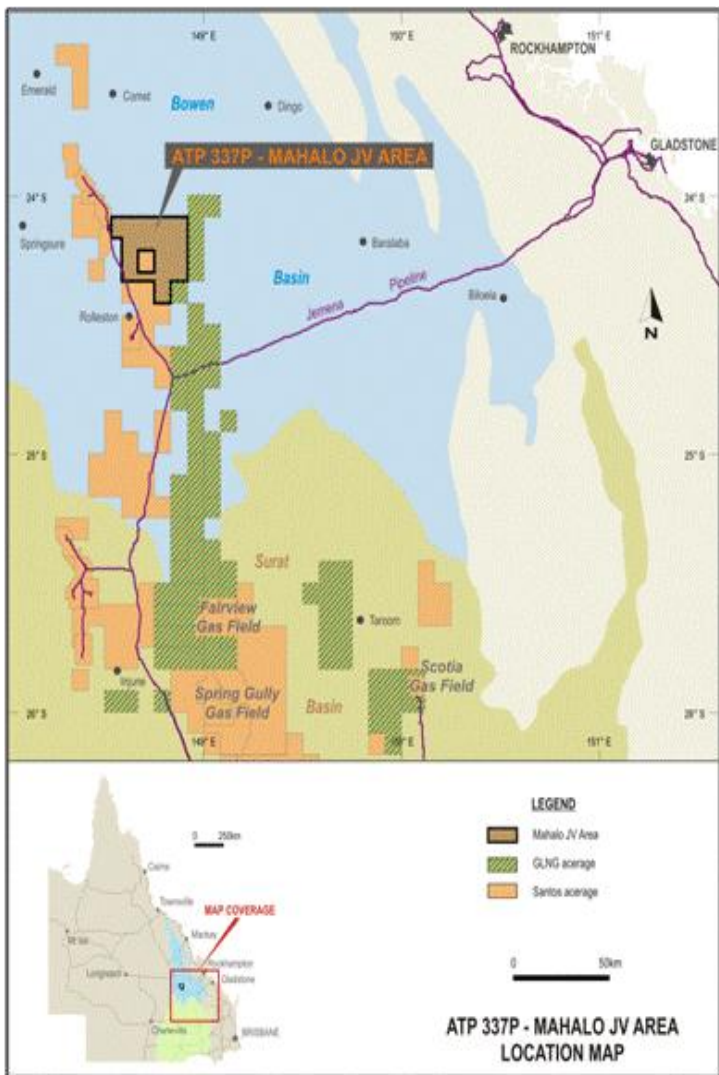
Partners on-board as an integral part of our team during the transaction process. We are also looking forward to working with Stanwell as the Mahalo project matures, as we are confident that the transaction achieves great alignment between the Buyer and Seller throughout the term of the agreement.”

Mr McCaul said that drilling of the first pilot well had been scheduled to start in December 2011 however due to the onset of the wet-season, the Operator had decided to delay drilling the first well until into the first quarter of 2012. This would reduce the risk of having drilling operations suspended due to local flooding or adverse weather and possibly reduce the Joint Venture well costs.

ATP 337P Mahalo Background and Overview

In October 2010, Comet Ridge announced that it had achieved a significant Contingent Resource Certification at ATP 337P Mahalo, with the independent resource certifier NSAI of Dallas, booking 83 PJ of 1C, 221 PJ of 2C and 442 PJ of 3C Resources (net to COI).

As a result of the divestment of the 5% interest in ATP 337P Mahalo to Stanwell, the Contingent Resources (recoverable), net to Comet Ridge are now as follows:



ATP 337P Mahalo Resources (PJ)	Interest	1C	2C	3C
Comet Ridge Contingent Resources	35%	73	193	387

The aim of the Pilot Project is to convert 2C and 3C Contingent Resources into 2P and 3P Reserves. It is anticipated that a second Pilot Project will be progressed in 2012 to expand the reserves base for ATP 337P Mahalo.



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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 independently certified 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 holds 25% and 40% equity respectively in PEL 427 and PEL 428 in NSW.

Certified Resources

In executing our strategy, Comet Ridge has successfully independently certified the following Prospective and Contingent Resources:

Comet Ridge Limited – Net Recoverable Resources			
Project	Location	Contingent Resource (PJ)	Prospective Resource (PJ)
Gunn Project Area (ATP 744P)	Galilee Basin, Qld	1,870	597*
Mahalo Block (ATP 337P)	Bowen Basin, Qld	387	-
PEL 427 and PEL 428	Northern NSW	231	1022
PMP 50100 and PEP 50279	West Coast, Sth Island, NZ	244	-
Total		2,732	1,619

*Where the auditor has detailed Prospective Resources in a range (low, middle and high) the mid-range case has been listed in the table.

Work Program

Comet Ridge has an active exploration and appraisal work program for CSG projects in Queensland, northern NSW and New Zealand. The first Pilot Project for ATP 337P Mahalo is planned for 2012, with additional exploration and appraisal work planned for the Galilee Basin, northern NSW and NZ.



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