



30 March 2010

**OPERATIONAL UPDATE - NEW ZEALAND PILOTS AND GALILEE BASIN DRILLING**

Comet Ridge Limited (ASX Code: COI) is pleased to report on the Company's current exploration activities in both its pilot well project in **PMP50100 Westcoast, New Zealand** and **the Galilee Basin in central Queensland**.

**PMP 50100 – Westcoast, New Zealand (Comet Ridge Group: 20% increasing to 50%)**

The Macdonald 6P pilot production well was spudded at 07:00 hrs (NZ time) on Tuesday 30 March near Greymouth in New Zealand with Horizon Drilling's Rig 11. Two pilot production wells, Macdonald 4P and Macdonald 6P, will be drilled to access Coal Seam Gas (CSG) from the Brunner Formation and also to evaluate the deeper Paparoa Formation for gas production potential.

Initially the surface hole for both wells will be drilled in turn, to approximately 150 metres and then, after casing is set, each well will be drilled to an estimated total depth of up to 1200 metres. The wells are to be completed with pumps installed to allow lifting of the water from the coals.

Work on installing gas and water flowlines and treatment facilities for produced water is well advanced. Field installation of these facilities and pipelines will follow the drilling and completion of the two pilot production wells. A map indicating the location of these wells is attached.

Comet Ridge Limited's Managing Director, Tor McCaul said commencement of the pilot wells was a significant milestone in the Company's development and the culmination of many months of work by the exploration team.

This drilling and pilot testing operation is being operated by Chartwell NZ Pty Limited, a wholly-owned Comet Ridge Limited subsidiary, as part of the Phase 2 Farm-in programme which will earn the Company a further 30 per cent equity interest in PMP 50100.

Chartwell NZ Pty Ltd is the operator of PMP 50100 and currently holds a 20 per cent equity stake in the permit with the remaining 80 per cent being held by Macdonald Investments Limited.

**ATP 743P & ATP 744P – Galilee Basin – Central Queensland (Comet Ridge: 100%)**

Since the two Galilee Basin exploration permits were awarded to Comet Ridge late last year, one exploration well has been drilled in each of ATP 743P and ATP 744P to increase the understanding of the significant CSG potential of these blocks.

The second of these wells, Shoemaker 1, was drilled in the central portion of ATP 744P, intersecting approximately 20 metres of coal and a significant section of carbonaceous mudstone. Two successful drillstem tests were run over coal intervals before the well was plugged and abandoned as planned and the rig released.

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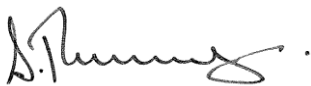
Due to the influence of cyclone Olga and the heavy rainfall in the central Queensland area, a resumption of drilling operations has not yet been possible. However, the area is now drying out and the Company expects to resume drilling operations shortly.

Although the next exploration well in the programme had been expected to be Tuttle 1, located approximately 17km to the south of Shoemaker 1, road conditions in that direction are poor. Subsequently it has been decided to drill the next well at Montani 1, approximately 20km northwest of Shoemaker 1 where road access is possible.

**COMET RIDGE LIMITED - OVERVIEW**

Comet Ridge Limited is a Brisbane based, ASX-listed (ASX Code: COI) coal seam gas (CSG) exploration and development company with a focus on Queensland, NSW and New Zealand. The Company also has exposure to prospective conventional oil and gas fields in the United States via a joint venture.

The Company has several projects in various stages of maturity. Comet Ridge Limited plans to grow shareholder value through the establishment and development of gas reserves from the significant resource potential of its projects.



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Map of Westcoast NZ drilling locations:

