



30 September 2011

Comet Ridge announces Agreement for Sale of interest in ATP 337P Mahalo

- Sale of 5% interest in ATP 337P Mahalo to Stanwell for A\$7 million
- Grant of Option to Stanwell to acquire additional 15% or 35% in exchange for funding up to A\$8 million of Comet Ridge's ATP 337P Mahalo expenditure commitments:
 - 15% interest may be acquired by paying A\$0.80 per GJ for those 2P Reserves
 - Additional 20% interest may be acquired by paying A\$1.15 per GJ for those additional 2P Reserves

Comet Ridge Limited (ASX:COI) is pleased to announce that it has agreed a binding Sale and Purchase Option Agreement (SPOA) for its 40% interest in the ATP 337P Mahalo Coal Seam Gas (CSG) asset in Queensland's Bowen Basin. The Agreement has been made with Stanwell Corporation Limited (Stanwell), a major domestic gas consumer.

Comet Ridge Managing Director Tor McCaul said that "This is the most significant transaction for Comet Ridge since the merger with Chartwell Energy in 2009. This transaction releases cash for Comet Ridge to fund its exploration and appraisal activities at its other highly prospective assets, while retaining exposure to the considerable upside associated with the upcoming ATP 337P Mahalo Pilot Projects. This transaction also achieves great alignment between Buyer and Seller, not just at the transaction date, but right through the duration of the Option Agreement."

Mr McCaul said "The SPOA provides a mechanism for the market to value the ATP 337P Mahalo asset, which the company believes is not fully reflected in Comet Ridge's current share price."

The interest being divested is in the Mahalo Farm-in Area (ATP 337P Mahalo), which is the northern part of permit ATP 337P. Comet Ridge holds a 40% interest in ATP 337P Mahalo, with Santos QNT Pty Ltd and Australia Pacific LNG (Origin / ConocoPhillips / Sinopec) each holding a 30% interest.

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 Comet Ridge 40% interest in the upcoming ATP 337P Mahalo pilot programs;
- 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;
- In order to exercise Option A, Stanwell will pay A\$0.80 per GJ multiplied by 15% of the 2P Reserves;
- In order to exercise purchase Option B, Stanwell will pay A\$0.80 per GJ multiplied by 15% of the 2P Reserves plus A\$1.15 per GJ multiplied by 20% of the 2P Reserves;
- The minimum payments for exercise of the options are A\$5 million for Option A and A\$10 million for Option B;

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

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.

It is important to note that the transaction is subject to a number of requirements (to be satisfied) including:

- The consent of the other joint venture participants under the Mahalo Joint Venture; and
- Any relevant government or regulatory approvals or consents.

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 83 PJ of 1C, 221 PJ of 2C and 442 PJ of 3C Resources (net to COI).

The Contingent Resources (recoverable) were certified by NSAI and are as follows:

ATP 337P Mahalo Resources (PJ)	Interest	1C	2C	3C
Comet Ridge Contingent Resources	40%	83	221	442



The ATP 337P Mahalo Joint Venture first Pilot Project is due to commence drilling in Q4 2011. 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.

Mr McCaul said that Comet Ridge is entering a new phase of activities, starting with the Galilee Basin seismic acquisition survey and the ATP 337P Mahalo Pilot Project. “The past twelve months has focussed on interpreting the results of the 2010 drilling programmes, acquiring additional data, improving our geological modelling, and certifying Contingent Resources.

We have also been heavily focussed on the planning required for the on ground activities that have now commenced or are soon to be commenced. Between now and the end of 2012, Comet Ridge expects to participate in CSG drilling programmes in its Galilee Basin permit ATP 744P, its Gunnedah Basin permits, ATP 337P Mahalo and all three New Zealand permits.”

“This transaction allows Comet Ridge to start accelerating its CSG activities across its portfolio, with the aim to migrate significant quantities of Contingent Resources into Reserves over the next 12 to 18 months.”



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 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 40% 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

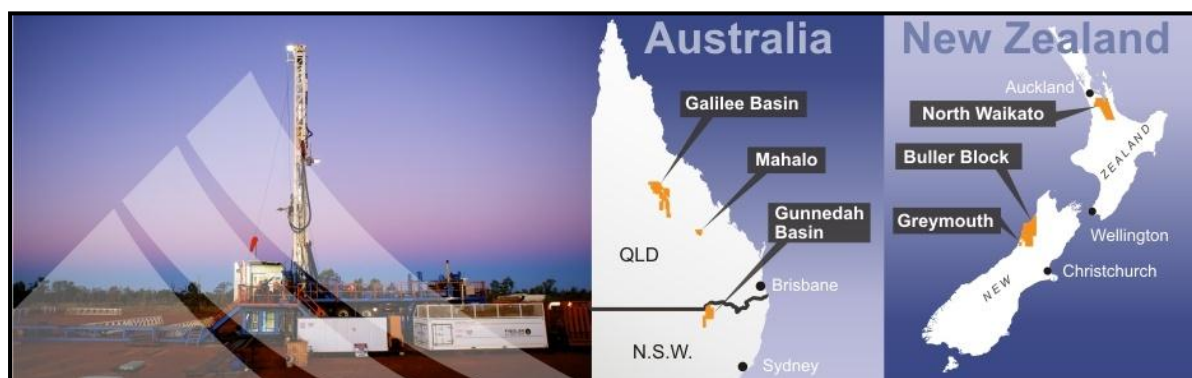
In executing our strategy, Comet Ridge has successfully independently certified the following Prospective and Contingent Resources:

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	442	-
PEL 427 and PEL 428	Northern NSW	231	1022
PMP 50100 and PEP 50279	West Coast, South Island, NZ	244	-
Total		2,787	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 2011, with additional exploration and appraisal work planned for the Galilee Basin, northern NSW and NZ.



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