

**COMET RIDGE LIMITED
ASX ANNOUNCEMENT
1 November 2006**

The Company Announcements Officer
Australian Stock Exchange Limited Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

**Strike Oil Limited and
AJ Lucas Group Limited elect to participate
in Florence Oilfield re-development project**

HIGHLIGHTS

- **Strike Oil Limited and AJ Lucas Group Limited exercise option to participate at their full entitlement in the Florence Oilfield re-development project in Fremont County, Colorado**
 - **Comet Ridge retains a 26% working interest and will operate the project**
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Introduction

The Board of Directors of Comet Ridge Limited (ASX Code: COI) is pleased to advise that its wholly owned subsidiary Comet Ridge USA Inc. (Comet Ridge or the Company), has been advised by Rocky Mountain Joint Venture (RMJV) partners, Strike Oil Limited (ASX Code: STX, Strike) and AJ Lucas Group Limited (ASX Code: AJL, Lucas), of their elections to participate in the 4,678 acre leasehold acquisition over part of the historic Florence Oilfield in Fremont County, southern Colorado.

Background

Comet Ridge announced on 3 October, 2006 that it had closed on the acquisition of a 78% interest and operatorship of the acreage that covers part of the old Florence Oilfield. Under the terms of the Rocky Mountain Joint Venture arrangement, Comet Ridge offered both parties the right to participate up to one third of the interest acquired.

The Florence oil field was the second oil field discovered in the United States of America with the discovery well drilled in 1862. The field is located approximately 87 miles (140 km) south of Denver and 25 miles (40 km) west of Pueblo. Since its discovery the field has produced approximately 15 million barrels of oil from fractured intervals within the Cretaceous Pierre Shale.

All of the production achieved to date has been from vertical wells drilled largely without the benefit of seismic data. There have been very few directionally drilled wells.

The underlying Niobrara Formation has proven productive but is very lightly explored. Comet's intention is to apply 3D seismic to identify fractured areas within both the Pierre Shale and the Niobrara and then use directional or horizontal drilling to maximize the number of fractures encountered in the well bore.

The potential of deeper reservoirs in the section remains largely untested.

Transaction Structure

Financial details of the transaction are confidential but the total consideration for the acquisition was approximately US\$650,000, comprising:

- an up-front cash payment;
- 100% of the costs of acquiring 4 sq miles of 3D seismic; and
- 100% of the costs of drilling one directional well to ~ 4,000 feet (~1,200 metres).

In the event of a successful initial well, the RMJV partners will share 100% of the revenues (after normal royalty deductions) until they have recovered 135% of the intangible drilling costs (rig rate, mud, bits, logging etc) and 100% of tangible drilling costs, completing and equipping the well as well as 100% of the operating costs. After the RMJV partners recover the above costs, the sellers will "back-in" for a 22% working interest in the well and the RMJV partner's share of the revenues and operating costs will reduce to 78% (26% each).

The RMJV partners and the seller will enter an Area of Mutual Interest that will protect all parties. All costs beyond the program outlined above will be borne by the RMJV partners and the sellers on a 78:22 percent basis.

Work Program and Timing

Comet Ridge, has initiated calls for bids on the proposed 4 sq mile 3D seismic program that is expected to commence in December.

Drilling of the initial well is required by 1 August 2007, however will occur as soon as possible.

Size of the Prize

The Florence Oilfield has produced approximately 15 MMBO in its 144 year history. As is typical of many fractured reservoir oil fields, there are a modest number of excellent producers with per well recoveries ranging from 100,000 barrels to in excess of 550,000 barrels of oil and a lot of lower recovery wells and dry holes where few or no fractures were penetrated.

The advent of 3D seismic and directional drilling techniques provides companies like Comet Ridge the opportunity of re-developing these old fields. Evidence that such opportunities exist is provided by a recently drilled vertical well on an adjacent lease to those that RMJV partners are acquiring. The well (located using 3D seismic) is consistently producing 100 barrels of oil per day from the Pierre Shale after producing 50,000 barrels already. It is anticipated that the well will produce in excess of 200,000 barrels from depths of less than 3,000 feet (~900 metres).

Comet Ridge is targeting recoverable oil reserves potential of between 1 and 2 million barrels with substantial exploration opportunity existing in the Niobrara and deeper targets.

Oil produced from the Florence Field typically sells at a US\$2.45 per barrel discount to the West Texas Intermediate (WTI) posting. As of 26 September 2006, the WTI posting for delivery in November '06 closed at US\$61.01 per barrel.

Comet Ridge is pleased that both parties have elected to join it in this project. Both partners provide strong technical input and Lucas brings considerable under-balanced, directional drilling expertise and possibly, depending on the commercial viability, drilling equipment to the Joint Venture.

Yours sincerely



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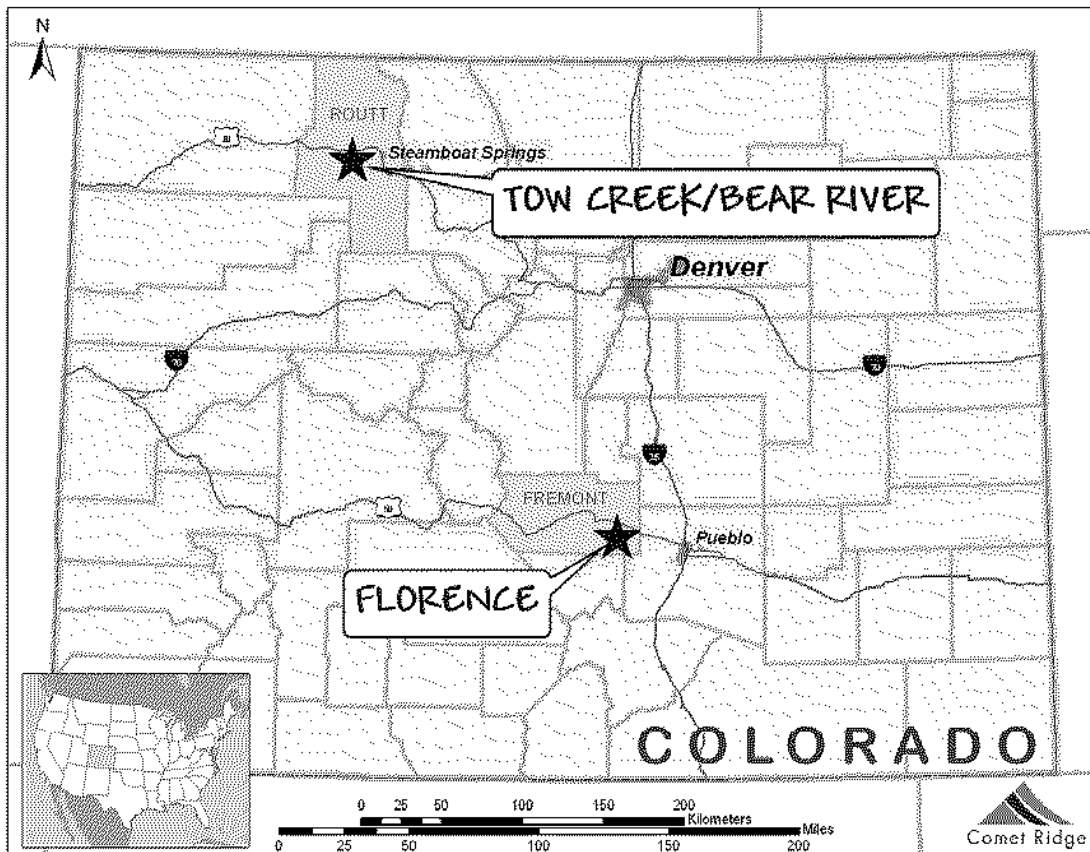


FIGURE 1. LOCATION OF FLORENCE AND TOW CREEK/BEAR RIVER PROJECTS