



Period Ending
September 30, 2008

- **New Managing Director appointed**
- **Cash flow established by Comet Ridge Resources, LLC (COI 27.3% interest)**
- **Four wells drilled, three completed and production testing in Florence**
- **Seismic data acquisition underway in Grays Harbor**
- **Galilee Basin Native Title negotiations nearing completion**
- **Company reviewing its options for advancing Australian permits while preserving capital**

INTRODUCTION

Effective 1 September, Mr. David Bradshaw was appointed Managing Director and Mr. Andy Lydyard as Non-executive Director of the Company. Mr. Lydyard is Chief Executive Officer of Comet Ridge Resources, LLC in Denver, Colorado and was formerly Managing Director of Comet Ridge Limited. With Mr. Bradshaw's appointment, the Company begins to establish a presence as a Queensland coalseam gas company. He will now be responsible for organizing personnel and interacting with potential industry partners to advance the Company's interest in coalseam gas permits totalling over 3 million acres. Mr. Bradshaw has over 30 years of commercial experience, and was involved in the early establishment of the coalseam gas industry in Queensland as CEO of Tipperary Oil & Gas (Australia) Pty. Ltd. Tipperary was the majority owner in the Fairview Field in the Bowen Basin.

The Company has continued to aggressively pursue the advancement of its US projects since last quarter's major funding transaction with Pine Brook Road Partners, LLC. In September Pine Brook funded an additional \$US9.65 million and Comet Ridge Resources has drilled four wells in the Florence Project in Fremont County, Colorado, and commenced a seismic program in Grays Harbor in the Pacific Northwest.

PROJECT ACTIVITIES

ROCKIES, USA

Florence (Fremont County, Colorado – Pine Ridge Oil & Gas, LLC Operator with 97.25%)

Pine Ridge (a wholly owned subsidiary of Comet Ridge Resources, LLC) drilled four wells in the Florence Project during the quarter. Casing was set on all four, and three have been completed. The three completed wells are undergoing production testing and the fourth is temporarily abandoned. Pine Ridge will report the results of initial production testing to the state of Colorado in the near future, whereupon the Company will inform shareholders via the ASX.

Tow Creek (Routt County, Colorado – Pine Ridge Oil & Gas, LLC Operator with 75%)

There are currently no operations underway, or planned. Pine Ridge's financial and human resources are currently being focused on the higher priority Florence and Gray's Harbor projects.

Bear River (Routt County, Colorado – Pine Ridge Oil & Gas, LLC Operator with 77.5%)

There are currently no operations underway or planned. Pine Ridge's financial and human resources are currently being focused on the higher priority Florence and Gray's Harbor projects.

PACIFIC NORTHWEST, USA

Grays Harbor (Washington - St Helens Energy, LLC Operator with 100%)

St. Helens (also a wholly owned subsidiary of Comet Ridge Resources, LLC) recently commenced substantial 3-D and 2-D seismic surveys over two prospect areas on the Grays Harbor projects in the Pacific Northwest. These surveys will be used to assist in identifying structures in an underexplored basin known to contain hydrocarbons.

Vader/Cedar Creek (Chehalis Basin, Washington - St Helens Energy, LLC Non Operator with 10%)

Plans are ongoing for drilling of wells in the Chehalis Basin this year. These wells will be operated by Citrus Energy, the farminee on St. Helen's position.

AUSTRALIAN ACTIVITIES

The coalseam gas industry in Queensland has continued to attract attention as a future supplier of liquefied natural gas (LNG) to international destinations. There have been several public announcements of LNG plants to be constructed on Queensland's eastern coast around Gladstone.

The latest such announcement reported that ConocoPhillips had purchased a 50% interest in

Origin Energy's coalseam gas assets for \$9.5 billion. This includes plans to build a four train LNG plant.

A further indication of interest in coalseam gas was the Queensland Government's recent offering of 21 permits for tender, predominantly in the Galilee Basin near the Company's ATP's 743 and 744. There were a total of over 80 applications filed by interested parties. The Galilee Basin is known to contain large areas of coal deposits but has undergone very little exploration to date. Based on these recent permit awards, it is anticipated that there will be a significant amount of exploration activity in the near future.

The above mentioned activity is expected to enhance the value of the Company's permits as it pursues avenues of funding for their exploration. We are involved in discussions with industry companies about possible farmout structures which would bring exploration and development capital to the projects.

**ATP's 743 and 744P
(Galilee Basin, QLD - Comet Ridge 100%)**

Comet Ridge owns 100% of two large permit applications in the eastern part of the Galilee Basin in central Queensland. Negotiations with our Native Title claimants on commercial agreements have progressed to the point that we expect them to be signed during the next quarter. Upon the consummation of these agreements the Company will immediately apply to have the permits granted.

**Mahalo, Northern ATP 337P
(QLD - Comet Ridge 40%, Non Operator)**

The Operator has not proposed any activity in the short term. Comet Ridge is committed to advancing this project and is reviewing its options including potential sole risk operations.

**PEL 427 & PEL 428
(Gunnedah Basin, NSW - Comet Ridge 70% & 60%)**

As previously reported, these permits have been farmed out to Orion Petroleum which has in turn farmed out to Eastern Star Gas. The Company has been advised that Eastern Star is intends to drill a core hole on each permit to assess the potential for coal seam gas development early in the New Year.

CORPORATE

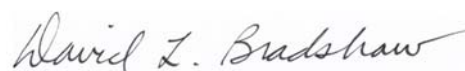
Financial Conditions

Since our last report, the securities and financial markets in the US have suffered their most severe collapse since the stock market crash of 1929 and ensuing "great depression". At the date of this report, the liquidity crisis and destruction of securities values has begun to spread through the world.

The markets in Australia have now begun to show many of the same indications as those in the US. In addition to the financial markets, commodity prices are substantially off recent highs.

While there are many different views on the expected duration of these problems, we believe that every company and every individual will be affected in some way. The Board of Directors of Comet Ridge Limited has acknowledged the change in world economics, and is planning its business under the assumption that accessing both equity and debt capital will be more difficult for some time to come.

We will examine all alternatives for managing our cash while advancing projects currently under ownership.



David Bradshaw
Managing Director, Comet Ridge Limited

ABOUT COMET RIDGE LIMITED

Comet Ridge is an Australian-listed oil and gas explorer transitioning to producer with projects in Australia and the USA.

The Company's strategy in the USA is to control large acreage positions covering oil and gas opportunities in mature fields and in proven, but overlooked basins. As much as possible, it operates these projects in order to directly control desired outcomes. In Australia the Company's strategy is to explore large acreage positions for coalseam gas opportunities.

AUSTRALIA

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ASX CODE: COI

ASX Listed: 19 April 04
Shares on Issue: 105 million
Unlisted Options: 10.25 million
Top 20: 44%
Directors: 12%

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Comet Ridge Ltd

ABN

47 106 092 577

Quarter ended ("current quarter")

30 September 2008

Consolidated statement of cash flows

		Current quarter US\$'000	Year to date 3 months US\$'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a)exploration and evaluation	(35)	(35)
	(b) development	-	-
	(c) production	(1)	(1)
	(d) administration	(220)	(220)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	5
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Net cash inflows (outflows) attributable to joint venture partners on operated projects	190	190
Net Operating Cash Flows		(61)	(61)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (sale of oil and gas interests)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(61)	(61)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(61)	(61)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(61)	(61)
1.20	Cash at beginning of quarter/year	765	765
1.21	Exchange rate adjustments to item 1.20	(40)	(40)
1.22	Cash at end of quarter	664	664

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter US\$'000
1.2 Aggregate amount of payments to the parties included in item 1.2	33
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	US\$'000
4.1 Exploration and evaluation	100
4.2 Development	-
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Curent quarter US\$'000	Previous quarter US\$'000
5.1 Cash on hand and at bank	664	765
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	664	765

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

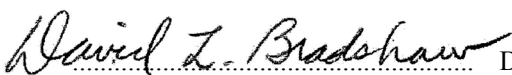
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	105,375,950	105,375,950		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	1,500,000 450,000 75,000 1,000,000 955,000 3,500,000 1,900,000 30,000 65,000 300,000		<i>Exercise price</i> AU\$ 20 cents AU\$ 40 cents AU\$ 45 cents AU\$ 45 cents AU\$ 45 cents AU\$ 45 cents AU\$ 45 cents AU\$ 45 cents AU\$ 45 cents AU\$ 45 cents	<i>Expiry date</i> 31 December 2008 11 May 2009 26 June 2009 31 July 2009 10 November 2009 31 December 2009 31 July 2011 4 September 2011 2 December 2011 6 December 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 21 October 2008
(Managing Director)

Print name: David Bradshaw

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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