Comet Ridge

Comet Ridge Limited
Quarterly Report **Quarter ended 30 September 2009**

Highlights:

- **Both Galilee Basin permits formally awarded by Queensland Government**
- **Drilling contract for 8-well Galilee Basin Drilling campaign executed and planning completed for November drilling start**
- **Drilling contract signed for New Zealand deep core well with drilling commencing end October**
- **Service contract signed for large aeromagnetic exploration survey over New Zealand blocks**
- **Office move to larger premises in Brisbane CBD completed**
- **Scrubber Gully 1 well drilled in ATP 337 (Mahalo Block) in July with encouraging results – referred to in June quarterly report.**

Comet Ridge Limited (ASX Code: COI) is now focused on executing its initial Coal Seam Gas (CSG) exploration drilling campaign in Central Queensland's Galilee Basin after being awarded two key tenements in this prospective region.

The Company also secured new corporate premises in Brisbane's CBD on a longer term lease to accommodate an imminent increase in operational activity and future growth.

Managing Director Mr Tor McCaul said Comet Ridge was now looking forward to generating a steady flow of news on field activities in both Australia and New Zealand where the Macdonald-5C CSG appraisal core well was about to spud in PMP 50100 near Greymouth.

"This is an exciting time for Comet Ridge following a lot of hard work and planning to rejuvenate the Company with sufficient funds and people with the right skill sets to advance our key projects and grow shareholder value," he said.

Australian Permits:

ATP 743 and ATP 744, Queensland - Galilee Basin (Comet Ridge 100%):- ATP 743 and ATP 744 were formally awarded by the Queensland Government in early September and mid-October respectively.

Preparations for the upcoming 8-well drilling programme continued with a drilling contract executed with Atlas Drilling Co Pty Limited during September. Ancillary services have also been contracted and long lead items ordered. Field scouting of well locations has been completed for the first few wells in the programme with construction of well pads to commence by very early in November. It is expected that Atlas Rig 1 will move onto the first drilling location before mid-November.

ATP 337 (Mahalo), Queensland – Bowen Basin (Comet Ridge 40%):- During July Santos Limited, the permit's exploration operator, drilled the Scrubber Gully-1 exploration core hole in the eastern part of the Mahalo block, approximately 245km west of Gladstone. The well was drilled to a total depth of 486m and intersected approximately 4.5m of coal within the Bandanna Formation.

The Company considers the permit to have good CSG prospectivity in an area with gas transmission infrastructure in place and is keen to support an accelerated work programme. Comet Ridge expects a further appraisal core hole to be drilled in the northern part of the permit. However, the timing for this well has not been finalised.

PEL 427 and PEL 428, NSW - Gunnedah Basin (Comet Ridge 25% & 20%):- Technical laboratory analysis from the recent drilling of the Moree-4 and Kurrabooma-1 wells is continuing.

New Zealand Permits

PMP 50100, Westcoast Region (Comet Ridge Group 20% increasing to 50%):- During the quarter, a disagreement arose between the joint venture participants in PMP 50100 in relation to the operatorship. Negotiations successfully resolved this dispute. Construction of the well pad for the Macdonald-5C appraisal core well was completed during October with the rig now moved onto location and drilling to commence before the end of the month.

PEP 50279 & PEP 50280, West Coast & North Waikato Regions (Comet Ridge Group 100%):- These permits cover approx 12,300 sq km in total. Fugro Airborne Surveys have been awarded a contract to undertake regional aeromagnetic surveys across both permits. The surveying will commence by mid-November within PEP 50280 and then move south to PEP 50279. In addition to this work, Comet Ridge is evaluating contractors to undertake smaller, focused, airborne gravity surveys. The gravity surveying is planned for 2010.

As part of the detailed exploration programme discussions with Crown Minerals in New Zealand leading up to award of the airborne surveys, Comet Ridge Limited has proposed early relinquishment of approximately 4000 sq km of the PEP 50279 block, in order to focus the exploration effort over the portion of the block that is most prospective for CSG resources.

Comet Ridge Resources LLC, USA (Comet Ridge 20%)

Comet Ridge owns a 20 per cent interest in Comet Ridge Resources, LLC which has interests in conventional oil and gas properties in Colorado and Washington State in the United States.

During the quarter, the US based technical team continued work on the Florence oil project in Colorado with two new wells drilled. Evaluation of these wells is ongoing.

Prospect mapping on the Grays Harbor conventional gas project in Washington State is also nearing completion. A decision on future work at Grays Harbor will follow this mapping process.

Corporate

During the quarter Comet Ridge identified and leased a larger office space to support the upcoming drilling operations in Galilee Basin and New Zealand, and allow for anticipated growth in activities.

The move from our Alice Street premises to 283 Elizabeth Street in the Brisbane CBD was completed in mid-October.

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.

Tor McCaul
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