

Comet Ridge Limited
Shareholder Update 14 January 2009

The board of Comet Ridge Limited is pleased to provide shareholders with the following update on activities.

Funding: Discussions are progressing with a number of parties interested in working with Comet Ridge to assist in funding exploration of the company's Coal Seam Gas (CSG) acreage in Queensland. From the discussion held in recent weeks the upstream industry continues to regard Comet Ridge's acreage as prospective and the board anticipates being able, in the coming weeks, to reach agreement on an acceptable basis to fund future activities.

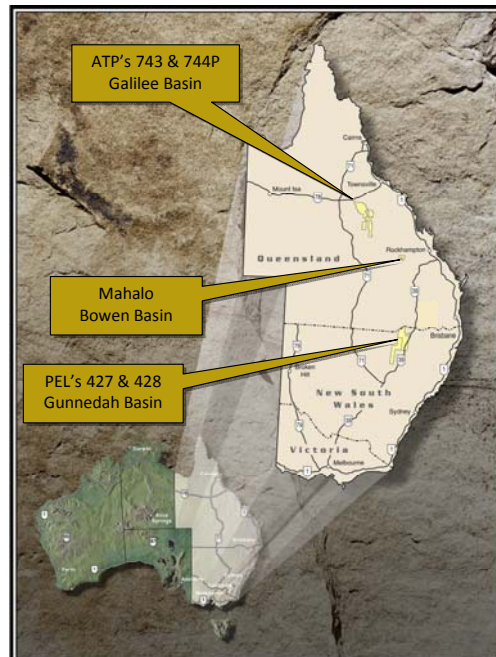
Project Status:

Australian Projects

**Comet Ridge holds significant
Coal Seam Gas Interests in QLD and NSW**

- **Mahalo (COI: 40%)**
 - Internal resource estimate exceeds 1 TCF of gas in place
 - Further drilling required
- **ATP's 743 & 744P (COI:100%)**
 - Comet Ridge operator
 - Potentially 35+ TCF gas in place
 - Native Title progressed
- **PEL's 427/428**
 - Comet Ridge 20 – 25% after carry through two holes (January 2009)

Assets provide exposure to
expanding gas market



PEL 427 and PEL 428; NSW - Gunnedah Basin; Comet Ridge 25-20%: The drilling of a core hole in each of PEL427 and PEL428 is expected to be commenced in early February 2009. The two core holes will be operated and paid for by Eastern Star Gas (Code:ESG) as part of their earning obligation when they farmed-in to these permits. The location and technical objectives of each of the wells will be announced shortly. After the completion of these farm-in wells, Comet Ridge will have a 25% interest in PEL427 and a 20% interest in PEL428.

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%

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ATP743 and ATP744; Queensland - Galilee Basin; Comet Ridge 100%: Comet Ridge has rights to two very extensive permits (ATP743 and ATP744) in the Galilee Basin south west of Townsville which have a total area of 13,000 sq km. Both permits are considered prospective for coal seam gas with extensive coals known to be present throughout the permit, with coals at depths conducive to CSG production and with gas shows in the coals evident from past conventional oil and gas exploration.

Both permits are subject to Native Title. These processes have been completed for ATP743 and formal award by the Queensland Government is expected in Q1/2009. Discussions with Native Title claimant groups in ATP744 have been progressed and finalisation is anticipated in the near future.

ATP337P; Queensland – Bowen Basin; Comet Ridge 40%: Santos as exploration Operator in the Mahalo Project area (ATP337P) is presently developing a recommendation for the Joint Venture on the 2009 exploration/appraisal program in the permit. This is expected to be resolved by the Joint Venture in Q1/2009.

Comet Ridge Resources; USA; Comet Ridge 27%:

Florence Oil Field Redevelopment; Colorado: Production testing of three wells drilled on the Florence project in the second half of 2008 continues. An average daily production rate of 140 BOPD is being maintained from the three wells.

The operator, Comet Ridge Resources, continues to expand its acreage position at Florence and is planning additional drilling in the second quarter to take advantage of anticipated lower rig and services costs. Five new drilling permits have been received and a further five are in processing. Additional drilling permit applications will be lodged in the first quarter.

Grays Harbour Basin; Washington State: Processing of the 2D and 3D seismic surveys shot in the fourth quarter of 2008 over prospective areas at Grays Harbor is well advanced. Mapping and prospect generation will commence shortly with drilling anticipated in the summer months subject to seismic interpretation.



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