



Comet Ridge Limited

A.B.N. 47 106 092 577

**CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

COMET RIDGE LIMITED
CONSOLIDATED FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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COMET RIDGE LIMITED

DIRECTORS' REPORT

Your directors present their report on the consolidated group of Comet Ridge Limited ("Comet") for the half-year ended 31 December 2009.

Directors

The names of the directors who held office at any time during the half-year and up to the date of this Report are:

James McKay	Non-Executive Director	Appointed	16/04/2009
	Non-Executive Chairman	Appointed	11/11/2009
Tor McCaul	Managing Director	Appointed	16/04/2009
Jeffrey Schneider *	Non-Executive Director	Appointed	28/08/2003
Gillian Swaby	Non-Executive Director	Appointed	09/04/2004
Christopher Pieters	Non-Executive Director	Appointed	16/04/2009
Anthony Gilby	Non-Executive Director	Appointed	06/10/2009

* Mr. Jeffrey Schneider held the position of Chairman of Directors up until he resigned as Chairman on 11 November 2009.

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the group during the half-year were to carry out oil and gas exploration including coal seam gas. There were no significant changes in the nature of the group's principal activities during the half-year.

Review of Operations and Results

The loss for the half-year after providing for income tax amounted to \$1,185,826 (2008: \$642,880).

ATP 743P and ATP 744P, Queensland - Galilee Basin (Comet Ridge 100%):

The Galilee Basin CSG drilling programme commenced during the last quarter with the Skiff 1 well spudded on 22 November 2009, reaching a total depth of 1414m, and terminating within the mid Betts Creek Coal measure sequence. Due to deteriorating conditions, openhole logging and testing was not possible and the rig was released on 26 December 2009.

Due to rainfall in the central north Queensland area, access to the planned second well (Catalina 1) was restricted. Shoemaker 1 was therefore selected as the second exploration well in the programme and spudded on 15 January 2010. The well was successfully drilled and tested, reaching a total depth of 698m having intersected approximately 20m of coal in the Betts Creek Beds Formation. The rig was released on 30 January 2010. Additional rainfall has prevented further drilling to this point and the planned drilling sequence is now being considered in terms of wet weather access.

ATP 337 (Mahalo), Queensland – Bowen Basin (Comet Ridge 40%):

The main activity carried out in the non-operated Mahalo Block was the integration of the results from the Scrubber Gully 1 exploration well drilled in mid 2009. The operator of the block (Santos) is currently planning to undertake further studies during 2010 prior to the commencement of further drilling activity.

PEL 427 and PEL 428, NSW - Gunnedah Basin (Comet Ridge 25% & 20%):

Orion Petroleum Limited ("Orion") completed its obligations to Eastern Star Gas ("ESG") under the Deed of Assignment and in turn that satisfied ESG's obligations to Comet Ridge Limited under an arrangement whereby Orion had agreed to assume ESG's Farmin obligations to Comet. The Farmin work was completed at the expense of Orion and ESG with Comet being carried, for the cost of the same.

The transfers of the interests in the Licences that have been held in escrow, have now been released to ESG who in turn will transfer these interests to Orion.

Studies work continued following drilling of the Moree 4 and Kurrabooma 1 wells in 2009. Both joint ventures met in February where exploration priorities were discussed. The nature and timing of future seismic and drilling efforts are now being planned.

PMP 50100, Greymouth, West Coast NZ (Comet Ridge Group 20% increasing to 50%):

Drilling of the Macdonald-5C core well was undertaken during the last quarter with the well completed with a tubing string as a pressure observation well on 28 November 2009 and the rig released. Whilst permeable coals were intersected in the Brunner Coal Measures, technical issues prohibited the deeper Paparoa Coal Measures from being drilled and tested in this well. The success of the Macdonald-5C core well has enabled planning for the completion of two pilot wells in Q1, 2010 to reach an advanced stage with rig contract signed, major purchases completed and earthworks on the two well pads commenced.

COMET RIDGE LIMITED

DIRECTORS' REPORT

DIRECTORS' REPORT Continued

PEP 50279 & PEP 50280, West Coast & North Waikato Regions (Comet Ridge Group 100%):

Acquisition of aeromagnetic data was undertaken within PEP 50280, North Waikato. After completing the surveying in PEP50280, the aircraft moved to the south island and has now completed the surveys over PEP 50279 and PMP 50100.

Forward modelling of Airborne Gravity Gradiometry (AGG) systems has been completed, and tenders for this round of surveying are being evaluated. It is estimated the AGG surveying will commence soon after interpretation and integration of the current aeromagnetic surveys.

Part of the area covered by the permit on PEP 50279 was relinquished in October 2009, retaining that part of the area that was considered to be the most prospective.

Auditor's Independence Declaration

The lead auditor's independence declaration for the half-year ended 31 December 2009 has been received and is attached to this report.

Signed in accordance with a resolution of the Board of Directors.



Tor McCaul
Managing Director

Brisbane, Queensland
1 March 2010

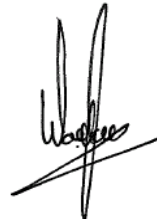
The Directors
Comet Ridge Limited
283 Elizabeth Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In accordance with the requirements of Section 307C of the Corporations Act 2001, as lead auditor for the review of the financial statements of Comet Ridge Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

JOHNSTON RORKE
Chartered Accountants



W. R. FACE
Partner

Brisbane, Queensland
1 March 2010

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated Group	
	Dec 09	Dec 08
	\$	\$
Revenue		
- Interest	479,159	335,084
- Other	306,439	80,853
Employee benefits expense	(915,789)	(673,212)
Consultancy costs	(46,881)	(229,118)
Depreciation and amortisation expense	(18,252)	(3,819)
Finance costs	(1,617)	(3,246)
Impairment		
- available for sale financial assets	(486,447)	-
Legal expenses	(368,706)	(15,215)
Corporate	(176,573)	-
Occupancy costs	(71,955)	(37,172)
Other expenses	(98,481)	(97,035)
	<hr/>	<hr/>
LOSS BEFORE INCOME TAX	(1,399,103)	(642,880)
Income tax credit	213,277	-
	<hr/>	<hr/>
LOSS FOR THE PERIOD	(1,185,826)	(642,880)
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME		
Exchange differences arising on translation of foreign operations	(473,212)	409,396
	<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	(473,212)	409,396
	<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,659,038)	(233,484)
	<hr/>	<hr/>
Loss attributable to:		
Owners of the parent	(1,185,826)	(642,880)
Non controlling interests	-	-
	<hr/>	<hr/>
	(1,185,826)	(642,880)
	<hr/>	<hr/>
Total comprehensive income attributable to:		
Owners of the parent	(1,659,038)	(233,484)
Non controlling interests	-	-
	<hr/>	<hr/>
	(1,659,038)	(233,484)
	<hr/>	<hr/>
EARNINGS PER SHARE		
Basic (cents per share)	(0.39)	(0.50)
	<hr/>	<hr/>
Diluted (cents per share)	(0.39)	(0.50)
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Notes to the consolidated financial statements are attached.

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		Consolidated Group	
	NOTE	Dec 09	Jun 09
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		18,390,501	22,078,774
Trade and other receivables		1,016,438	1,134,667
Inventories		46,157	108,877
Other assets		2,690,662	3,726,434
TOTAL CURRENT ASSETS		22,143,758	27,048,752
NON-CURRENT ASSETS			
Available-for-sale financial assets		4,244,622	4,402,177
Property, plant and equipment		113,823	60,432
Exploration and evaluation expenditure	3	22,328,060	17,728,470
TOTAL NON-CURRENT ASSETS		26,686,505	22,191,079
TOTAL ASSETS		48,830,263	49,239,831
CURRENT LIABILITIES			
Trade and other payables		3,775,199	1,779,104
Short term provisions		20,823	31,687
TOTAL CURRENT LIABILITIES		3,796,022	1,810,791
NON-CURRENT LIABILITIES			
Trade and other payables		326,123	869,217
Deferred tax liabilities		2,644,629	2,857,906
TOTAL NON-CURRENT LIABILITIES		2,970,752	3,727,123
TOTAL LIABILITIES		6,766,774	5,537,914
NET ASSETS		42,063,489	43,701,917
EQUITY			
Contributed equity		65,265,125	65,265,125
Reserves		876,070	1,328,672
Accumulated losses		(24,077,706)	(22,891,880)
TOTAL EQUITY		42,063,489	43,701,917

Notes to the consolidated financial statements are attached.

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED GROUP	Contributed Equity \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2008	11,922,794	(326,543)	-	(1,203,811)	10,392,440
Loss for the period	-	-	-	(642,880)	(642,880)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	409,396	-	-	409,396
Total comprehensive income for the period	-	409,396	-	(642,880)	(233,484)
Transactions with owners in their capacity as owners					
Share based payments	-	-	447,557	-	447,557
Balance at 31 December 2008	11,922,794	82,853	447,557	(1,846,691)	10,606,513
Balance at 1 July 2009	65,265,125	82,456	1,246,216	(22,891,880)	43,701,917
Loss for the period	-	-	-	(1,185,826)	(1,185,826)
Other comprehensive income					
Exchange differences on translation of foreign operations	-	(473,212)	-	-	(473,212)
Total comprehensive income for the period	-	(473,212)	-	(1,185,826)	(1,659,038)
Transactions with owners in their capacity as owners					
Share based payments	-	-	20,610	-	20,610
Balance at 31 December 2009	65,265,125	(390,756)	1,266,826	(24,077,706)	42,063,489

Notes to the consolidated financial statements are attached.

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated Group	
	Dec 09	Dec 08
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	328,858	335,084
Other receipts	58,401	26,738
Payments to suppliers and employees	(1,937,297)	(760,187)
Interest paid	(1,617)	(3,246)
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES	(1,551,655)	(401,611)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	100	-
Acquisition of property, plant and equipment	(75,582)	(31,236)
Payments for exploration and evaluation assets	(2,258,971)	(354,537)
Movement in restricted cash	1,049,427	-
Payments for available for sale financial assets	(857,722)	-
	<hr/>	<hr/>
NET CASH USED IN INVESTING ACTIVITIES	(2,142,748)	(385,773)
Net increase/(decrease) in cash held	(3,694,403)	(787,384)
Cash at the beginning of the period	22,078,774	8,950,892
Effects of exchange rate changes on cash	6,130	328,598
	<hr/>	<hr/>
CASH AT THE END OF THE PERIOD	18,390,501	8,492,106

Notes to the consolidated financial statements are attached.

COMET RIDGE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Statement of Compliance

These general purpose financial statements for the interim half-year reporting period ended 31 December 2009 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The interim financial report is intended to provide users with an update of the latest annual financial statements of Comet Ridge Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2009, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period.

Presentation of financial statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement with a Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity; and
- other financial statements are renamed in accordance with the Standard.

Operating segments

The Group has early adopted AASB 8 Operating Segments (revised) which is applicable for annual reporting periods beginning on or after 1 January 2010, from 1 July 2009. Under AASB 8 from 1 July 2009 operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the board of directors.

Business combinations and consolidation procedures

Revised AASB 3 is applicable prospectively from 1 July 2009. Changes introduced by this Standard, or as a consequence of amendments to other Standards relating to business combinations which are expected to affect the Group, include the following:

- All business combinations, except those involving entities under common control, are accounted for by applying the acquisition method which prohibits the recognition of contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability. Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation. Changes in the fair value of contingent consideration payable are not regarded as an adjustment to the cost of the business combination, but rather recognised through profit or loss, where applicable.
- Unrecognised deferred tax assets of the acquiree may be subsequently realised within 12 months of acquisition date on the basis of facts and circumstances existing at acquisition date with a consequential reduction in goodwill. All other deferred tax assets subsequently recognised are accounted for through profit or loss.
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity.
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be measured to fair value at the date that control is lost.

Revenue recognition

Dividends received from a subsidiary, joint venture or associate shall be recognised as dividend revenue in profit or loss irrespective of whether such dividends may have been paid out of pre-acquisition profits. Previously, such dividends were treated as a return of capital invested. Such dividends may be an indicator of impairment where the carrying amount of the investment exceeds the consolidated net assets relating to that investment or where the dividend exceeds the total comprehensive income of the respective investee in the period the dividend is declared.

COMET RIDGE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Basis and Conventions

The financial report is presented in Australian dollars.

Reverse Acquisition

In April 2009 Comet Ridge Limited acquired Chartwell Energy Limited resulting in Chartwell Energy Limited legally becoming a wholly owned subsidiary. Pursuant to Australian Accounting Standard AASB 3 Business Combinations this transaction represented a reverse acquisition with the result that Chartwell Energy Limited was identified as the accounting acquirer of Comet Ridge Limited (the "acquiree" and "legal parent").

Further to the reverse acquisition described above, the consolidated financial statements reflect the consolidated assets, liabilities and results of operations of Chartwell Energy Limited, the legal subsidiary, prior to the reverse acquisition and the consolidated assets, liabilities and results of operations of Comet Ridge Limited and Chartwell Energy Limited subsequent to the reverse acquisition.

The consolidated financial statements are issued under the name of the legal parent (Comet Ridge Limited) but are deemed to be a continuation of the financial statements of the legal subsidiary (Chartwell Energy Limited).

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current half-year.

As noted above, the consolidated financial statements are a continuation of the financial statements of the legal subsidiary, Chartwell Energy Limited. As such, the consolidated financial statement comparatives are those of Chartwell Energy Limited for the half-year ended 31 December 2008.

NOTE 2 - OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on a geographic basis, that is the location of the respective areas of interest (tenements). Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

Activity by segment

Management currently identifies the Group as having only one reportable segment, being oil and gas exploration including coal seam gas. There have been no changes in the operating segments during the period.

The operating result presented in the Statement of Comprehensive Income represents the same segment information as reported to the Group's Chief Operating Decision Maker.

COMET RIDGE LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Dec 09 \$	Jun 09 \$
NOTE 3 - EXPLORATION AND EVALUATION EXPENDITURE		
Exploration and evaluation expenditure	<u>22,328,060</u>	<u>17,728,470</u>
	Dec 09	Dec 08
	\$	\$
Exploration and evaluation phase		
Balance at the beginning of period	17,728,470	1,704,950
Additions	4,571,264	354,537
Foreign currency translation	28,326	84,255
Balance at the end of period	<u>22,328,060</u>	<u>2,143,742</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTE 4 - CONTINGENT LIABILITIES

There have been no material changes in contingent liabilities since the last annual report.

NOTE 5 - COMMITMENTS

Exploration expenditure

In order to maintain an interest in the exploration tenements in which the Group is involved, the Group is committed to meet the conditions under the agreements. The timing and amount of exploration expenditure and obligations of the Group are subject to the minimum work or expenditure requirements of the permit conditions or farm-in agreements (where applicable) and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. The obligations are not provided for in the financial statements.

	Dec 09 \$	Jun 09 \$
Minimum expenditure requirements		
- not later than 12 months	4,111,000	6,996,000
- between 12 months and 5 years	<u>2,960,000</u>	<u>3,820,000</u>
	<u>7,071,000</u>	<u>10,816,000</u>

NOTE 6 - EVENTS OCCURRING AFTER BALANCE DATE

Other than the matters discussed in this report, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

COMET RIDGE LIMITED

DIRECTORS' DECLARATION

The directors declare that:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
 - (ii) giving a true and fair view of the group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date;
- (b) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Tor McCaul
Managing Director

Brisbane, Queensland
1 March 2010

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF COMET RIDGE LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Comet Ridge Limited, which comprises the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Comet Ridge Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Comet Ridge Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Comet Ridge Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants



W. R. FACE
Partner

Brisbane, Queensland
1 March 2010