



Comet Ridge Limited
Quarterly Report

Quarter ended 31 March 2009

Highlights:

- **Merger of Comet Ridge Limited and Chartwell Energy Limited approved by shareholders on 16 April 2009 and implementation well advanced.**
- **Mr. Tor McCaul appointed as Comet Ridge Limited Managing Director, with Mr. Jeff Schneider moving to role of non-executive Chairman and Mr. James McKay and Mr. Chris Pieters joining the Board as non-executive Directors.**
- **Farm-in drilling by Eastern Star Gas in PEL 427 and 428 in NSW concluded.**
- **Native Title process well advanced in Queensland, Galilee Basin permits – ATP 743P and ATP744P. Environmental approval process commencing.**
- **Comet Ridge subsidiary Chartwell NZ Pty Limited concluded drilling at Matata-1C and Painkiller Creek-1C in New Zealand.**

Merger of Comet Ridge Limited and Chartwell Energy Limited:

On 9 February, 2009 the boards of Comet Ridge Limited (Comet Ridge) and Chartwell Energy Limited (Chartwell) announced the terms of a merger between the two companies. Due diligence by both companies was completed by 23 February. On 16 April shareholders of Comet Ridge voted overwhelmingly in favor of the merger, fulfilling the final condition for the completion of the merger.

Implementation of the merger is now underway following the transfer of the Company's head office functions from Perth to Brisbane. The next step will be completion of a strategic review process over the next three-to-six months to maximise the new merged entity's potential to grow shareholder value.

The merged entity has a portfolio of high-potential, upstream Coal Seam Gas (CSG) projects in Australia and New Zealand; investments in US upstream oil and gas through a 23 per cent interest in Comet Ridge Resources LLC; the cash resources required to meet exploration commitments (see below); a highly experienced Brisbane-based management team; and a restructured and strengthened Board involving several new directors with a track record of success at Sunshine Gas Limited.

Shareholder support has also been translated into strong stock appreciation of Comet Ridge's share price from approximately 9.5 cents prior to the announcement of the merger to approximately 40 cents near the end of April. Once existing Chartwell shareholders have been issued Comet Ridge shares (expected by end April) the Company will have 234 million shares on issue.

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ASX CODE: COI

ASX Listed: 19 April 04
Shares on Issue: 234 million
Unlisted Options: 33.3 million

Board and Management Changes:

Effective 16 April, 2009 Mr Tor McCaul was appointed Managing Director. Mr McCaul, previously Chartwell Energy's Chief Executive Officer, has more than 20 years' upstream oil and gas industry experience in both technical and commercial roles including in the international LNG industry.

Also on 16 April, 2009 Mr James McKay and Mr Chris Pieters (both ex-Sunshine Gas) were appointed to the Board while Mr Gary Drobnack and Mr Andy Lydyard resigned (as per the Merger Implementation Agreement). Ms Gillian Swaby and Mr Schneider remain on the Board with Mr Schneider appointed as non-executive Chairman. It is planned that Mr Anthony Gilby (the former Managing Director of Sunshine Gas) will join the Board as a non-executive director after end May 2009.

Chartwell Energy Limited's company secretary, Mr Stephen Rodgers, has been appointed as Comet Ridge's Company Secretary.

Cash Balance and Forward Commitments:

At the time of the completion of the merger the merged entity's cash balance was \$6.8 Million. As outlined in the project description below it is expected that prior to the end of calendar 2009 the merged entity will continue its farm-in obligations in New Zealand through the drilling of two core holes and commencement of a pilot well scheme. Comet Ridge will also participate in at least one core hole in the Mahalo project area in Queensland. Funding obligations in other project areas are discretionary for the remainder of this calendar year, so the merged entity's current cash balance should be more than sufficient to meet exploration and development commitments, at least through to end of 2009.

In November 2009 payment of Directors' fees was suspended pending a re-capitalisation of the Company. Following completion of the merger payment of these fees was re-instated and unpaid fees totaling approximately \$75,000 are to be paid retrospectively. To further preserve cash balances shareholders have approved the award of 2 million, 30 cent options to Mr. Schneider, who acted as Executive Chairman for the period 14 November, 2008 to 16 April, 2009. These options are being issued in lieu of any additional cash payment to Mr. Schneider.

Australian Permits:

PEL 427 and PEL 428, NSW - Gunnedah Basin (Comet Ridge 25 & 20%):- Eastern Star Gas as operator in PEL 427 (COI 25%) and PEL 428 (COI 20%) drilled two CSG exploration wells during the period; one in each permit, to complete the earning phase of a farm-in into each permit. The first well, Moree-4 in PEL 427 encountered approximately 5 metres of net coal. The second well, Kurrabooma-1 in PEL 428 encountered approximately 4 metres of net coal. The permit areas are large and immediately north of the Eastern Star Gas Narrabri CSG Production area.

ATP 743P and ATP 744P, Queensland - Galilee Basin (Comet Ridge 100%):- Native Title processes have been completed on ATP 743P and formal award of the permit is expected shortly. Native Title processes are near completion on ATP 744P. In anticipation of the imminent award of the permits, environmental authorities for exploration and development activities are being progressed and will be submitted in early May. Completion of these processes will enable field exploration activities in these permits to commence

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in Q3 to Q4/2009, subject to weather and availability of services. The Company believes the permits to be highly prospective for CSG with potential for up to 35 TCF of gas in place within them.

ATP 337P, Queensland – Bowen Basin (Comet Ridge 40%):- Santos Limited, the exploration operator for the permit, has proposed a field exploration programme commencing in Q3/2009. It is envisaged that the programme will initially comprise one CSG exploration core hole, but it may be extended subject to further consideration with the Joint Venture (Santos 30%, Origin Energy Limited 30%). 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.

New Zealand Permits

PMP 50100, Westcoast Region (Comet Ridge Group 20% increasing to 50%):- Planning has commenced for the drilling of two CSG appraisal core holes in the Dobson near Greymouth during late Q2 to Q3/2009. Interpretation of various vintages of seismic data indicates a possible increased areal extent of target coals. If the core holes confirm the productivity and nature of the target coals at this location they will be used as observation wells for a three-well pilot scheme that is expected to be drilled late in Q4 2009 to early Q1 2010.

PEP 50279 & PEP 50280, West Coast & North Waikato Regions (Comet Ridge Group 60%):- During February and March 2009, Chartwell NZ Pty Ltd (now a 100% Comet Ridge subsidiary) undertook the drilling of a single core hole in each of two large onshore exploration permits which are considered to be prospective for CSG. These permits cover approx 12,300 sq km in total. The core holes Matata-1C in PEP50280 and Painkiller Creek -1C in PEP50279 found a lack of coal development at both locations. Given the size of the permits and the number of exploration targets and play types, further exploration will be undertaken in 2010 following completion of more desk-top studies. These core holes fulfilled Year 1 exploration commitments on the permits.

Comet Ridge Resources LLC, USA (Comet Ridge 23%)

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 130 BOPD is being maintained.

The operator, Comet Ridge Resources LLC, continues to expand its acreage position at Florence. The company is planning additional drilling later in the second quarter to early third quarter to take advantage of anticipated lower rig and services costs.

Grays Harbor Basin, Washington State:- Processing of the 2D and 3D seismic surveys shot in the fourth quarter of 2008 over prospective areas at Grays Harbor has been completed. Mapping and prospect generation has commenced with drilling anticipated later in the year subject to further seismic interpretation.

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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 in Queensland, NSW and New Zealand.

Comet Ridge also has exposure to prospective conventional oil and gas fields via ownership of a joint venture company based in the United States.

The Company has several projects in various stages of maturity. These projects are expected to build shareholder value and lead to strong earnings in the future.



Tor McCaul
Managing Director

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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 Limited

ABN

47 106 092 577

Quarter ended ("current quarter")

31 March 09

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(114)	(456)
(b) development	-	-
(c) production	-	(1)
(d) administration	(140)	(562)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	18
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	-	229
Net Operating Cash Flows	(247)	(772)
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 (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(247)	(772)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(247)	(772)
	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 convertible note	1,000	1,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	1,000	1,000
	Net increase (decrease) in cash held	(753)	(228)
1.20	Cash at beginning of quarter/year to date	437	798
1.21	Exchange rate adjustments to item 1.20	4	168
1.22	Cash at end of quarter	1,194	1,194

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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	215
4.2 Development	-
Total	215

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.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,194	437
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,194	437

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	PEL 427	Farm out (Interest earned March Qtr)	70%	25%
	PEL 428	Farm out (Interest earned after Qtr end)	60%	20%
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 securities released from escrow				
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>	450,000 112,500 1,250,000 1,432,500 3,500,000 3,800,000 30,000 130,000 300,000		<i>Exercise price</i> 40 cents each 45 cents each 45 cents each 45 cents each 45 cents each 45 cents each 45 cents each 45 cents each	<i>Expiry date</i> 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

+ See chapter 19 for defined terms.

7.8	Issued during quarter	37,500 250,000 477,500 1,900,000 65,000	-	45 cents each 45 cents each 45 cents each 45 cents each 45 cents each	26 June 2009 31 July 2009 10 November 2009 31 July 2011 2 December 2011
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:

(Director/Company secretary)

Date: 29 April 2009

Print name: Stephen Rodgers

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.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

- 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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