

31 January 2023

## December 2022 Quarterly Activities Report

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### Highlights

- **Mahalo North (Comet Ridge 100%):**
  - **Initial Gas Reserves certification** completed, adding 43 Petajoules (28% increase) of 2P and 110 Petajoules (42% increase) of 3P Gas Reserves to the Company's Gas Reserves portfolio.
  - **Progressing infrastructure access via nearby Denison infrastructure** to facilitate early gas production of up to 10 Terajoules per day.
  - **Field development activities progressing** including environmental studies to support a Petroleum Lease application and engineering planning of gas processing requirements.
- **Mahalo East (Comet Ridge 100%):**
  - **Initial Contingent Gas Resource certification** completed, totaling 31 Petajoules of 2C and 122 Petajoules of 3C Gas Resources.
  - Combined with existing Gas Reserves, **Comet Ridge's share of Mahalo Gas Hub 2P Gas Reserves + 2C Gas Resources stands at 406 Petajoules.**
- **Mahalo Gas Project (Comet Ridge 57.14% in joint venture with Santos 42.86%):**
  - **FEED studies and pipeline surveys** to re-commence in 2023 to position the project for development sanction.
- **Gas Sales Agreement negotiations with CleanCo** have been extended to 31 March 2023 to allow the parties to consider the impact of the Federal Government gas market intervention.
- With recent **gas market intervention** by the Federal Government:
  - Comet Ridge believes the gas market supply crunch will worsen - particularly from winter 2024 - due to delays and cancellations of investment in new supply by the industry.
  - Comet Ridge is prioritising available cash on the development of already proven certified Gas Reserves (particularly at 100% held Mahalo North) over further appraisal spending whilst market uncertainty prevails.
- **\$16.3 million of cash** at end of December 2022 (unaudited).

A compelling east coast gas play

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## 1. Mahalo Gas Hub Area, Bowen Basin, QLD

Comet Ridge holds 100% equity in three project areas in the Mahalo Gas Hub area, and a 57.14% interest in the Mahalo Gas Project. The current net acreage area for Comet Ridge across the Mahalo Gas Hub is substantial at 1,450 km<sup>2</sup>, with a large portion of these blocks sitting over the Mahalo Gas Hub's high quality, shallow fairway.

This fairway has been extensively appraised and, importantly, has produced 1.4 MMcfd (million standard cubic feet of gas per day) from a lateral pilot well (Mira 6) drilled only 924 metres in coal (refer ASX announcement 26 June 2018). Further confirmation of the high productivity fairway has been demonstrated from the Mahalo North 1 pilot well (in ATP 2048, Comet Ridge 100% equity), which has achieved a world-class gas flow of 1.75 MMcfd from a single pilot production well intersected by a dual lateral.

Comet Ridge continues to focus on adding to its Mahalo Gas Hub reserves position, particularly the development of early gas sales at Mahalo North, where initial Gas Reserves have been certified and infrastructure access negotiations are well progressed.

A summary of each of the permits making up the Mahalo Gas Hub area and the current status of each is shown in Table 1 below.

Project name and opportunity	Permit	COI % interest	Area (km <sup>2</sup> )	Status
<b>Mahalo Gas Project</b> (CSG)	PL 1082, 1083; PCA 302, 303, 304	57.14%	989	FEED studies and pipeline route surveys for connection to LNG and domestic pipeline infrastructure re-commencing in 2023. Most of this gas is anticipated to be supplied to Gladstone LNG project(s).
<b>Mahalo North</b> (CSG & deeper conventional gas)	ATP 2048	100%	450	Initial reserves certified in November 2022 and development work and infrastructure access progressing.
<b>Mahalo East</b> (CSG & deeper conventional gas)	ATP 2061	100%	97	Contingent Resources certified in December 2022. Appraisal planning completed although expenditure will be deferred whilst gas market intervention and uncertainty prevails.
<b>Mahalo Far East</b> (CSG & deeper conventional gas)	ATP 2063	100%	338	Internal geological analysis continuing for a near term contingent and prospective resource certification.

**Table 1** – Comet Ridge permit and equity position in the large Mahalo Gas Hub area



Comet Ridge's share of 2P Gas Reserves and 2C Contingent Gas Resources at the Mahalo Gas hub is now a very material 406 Petajoules (see Figure 1 below). This is equivalent to supplying 18 months of Queensland's total domestic gas usage of 280 Petajoules per annum.

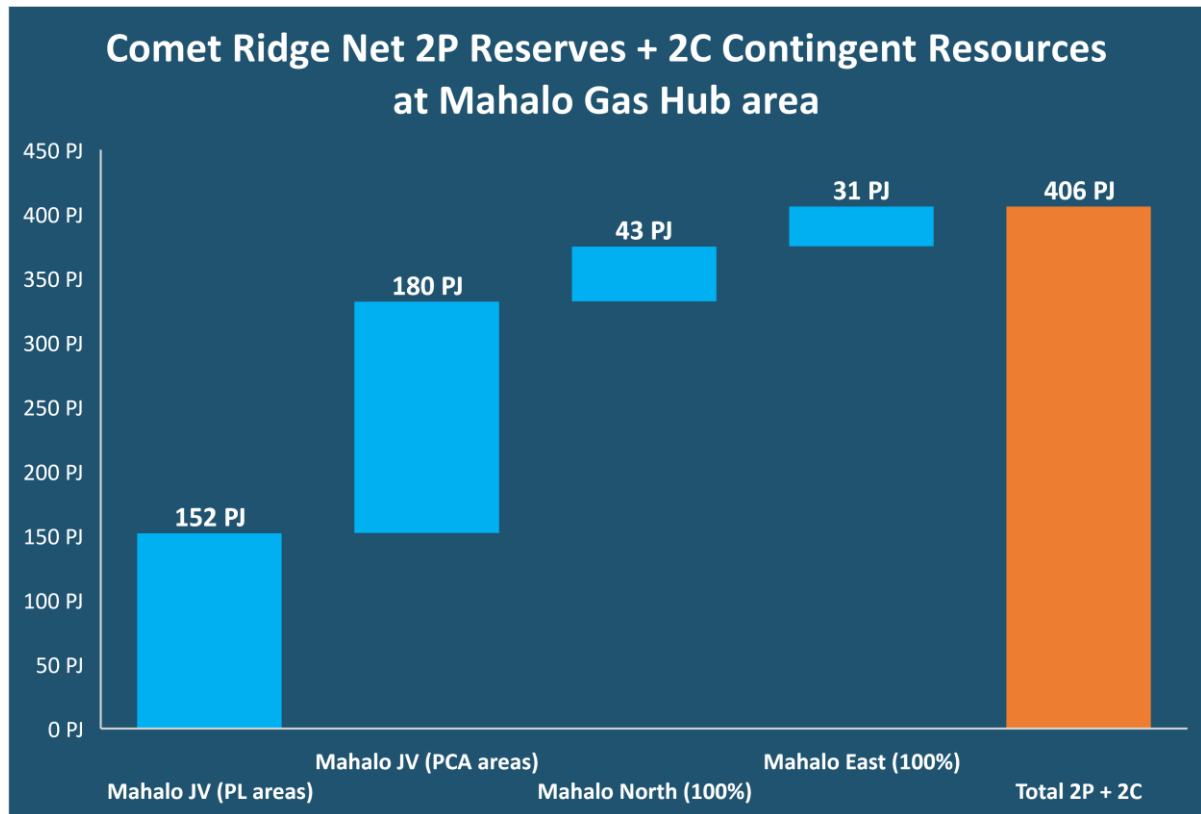


Figure 1 – Comet Ridge share of 2P Reserves + 2C Contingent Resources at Mahalo Gas Hub

Comet Ridge plans to transition its Mahalo Gas Hub assets into meaningful gas supply for the east coast gas market, commencing with initial production at Mahalo North of up to 10 Terajoules per day, in partnership with Denison Gas Limited (refer ASX Announcement dated 30 January 2023), followed by the larger Mahalo Gas Project, in joint venture with Santos QNT Pty Ltd (as the Development Operator). It is anticipated that most of the production from the Mahalo Gas Project will be sold to Gladstone LNG projects while gas from the 100% northern blocks will go to domestic gas customers.

The recent Federal Government gas market intervention has already resulted in announcements of reduced investment by gas producers for new east coast gas supply projects including:

- Senex Energy pulling about \$200 million of purchase orders for its paused Atlas project in Queensland;
- Cooper Energy putting Phase 3 development of its Otway Basin gas project off Victoria under review; and
- Bass Strait Joint Venture now budgeting on a six-monthly basis, recognising there is too much uncertainty to include capital for the back half of this year.

Comet Ridge believes this cancellation or delay in new supply investment will result in a worsening supply crunch, particularly around the winter months in 2024. Proposed LNG import projects are also likely to be negatively impacted. Therefore the Company is investing in engineering and environmental studies at Mahalo North to position this project (with a modest capital investment requirement) to be able to supply gas around the likely timing of this looming east coast supply deficit. This is subject to clarification of the Federal Government's "reasonable" pricing mechanism, allowing sufficient returns for our shareholders who have taken investment risk in the gas market. We remain engaged with Federal Government policy processes and are building flexibility into our planning to cope with possible further policy changes and uncertainty.



## Mahalo North (ATP 2048) – Comet Ridge 100%

### Initial Reserves Certification

Comet Ridge engaged Sproule Incorporated (Sproule), a global energy consulting and advisory firm (which acquired MHA Petroleum Consultants LLC in 2019), to complete an initial Gas Reserves certification for Mahalo North following the enormous volume of subsurface data captured into the Company’s geological model and provided to Sproule.

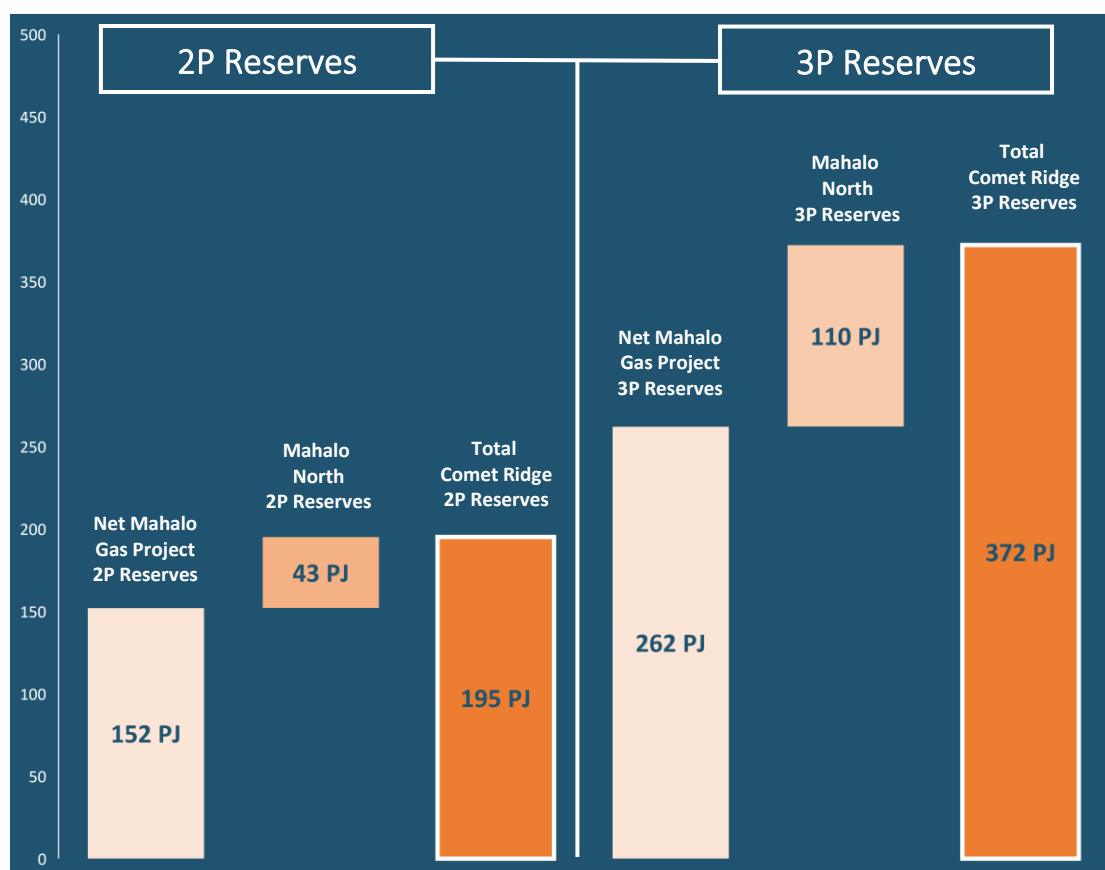
The independent certification of Gas Reserves for the Mahalo North Project (ATP 2048) is summarised in Table 2 below. Refer to Comet Ridge’s ASX Announcement dated 2 November 2022 for further details.

Comet Ridge Limited	Independently Certified Gas Reserves (PJ)		
31 October 2022	1P	2P	3P
Mahalo North (ATP 2048)	11.9	42.9	110.2

**Table 2** – Mahalo North initial Gas Reserves booking, independently certified by Sproule Incorporated

These initial Gas Reserves at Mahalo North have added 28% of additional 2P and 42% of additional 3P Reserves to Comet Ridge’s net Gas Reserves portfolio (see Figure 2 below).

### Buiding a large 2P and 3P Net Gas Reserve Portfolio (28% ↑ in 2P and 42% ↑ in 3P Reserves)



**Figure 2** – Additions to Comet Ridge’s Net Gas Reserves Portfolio



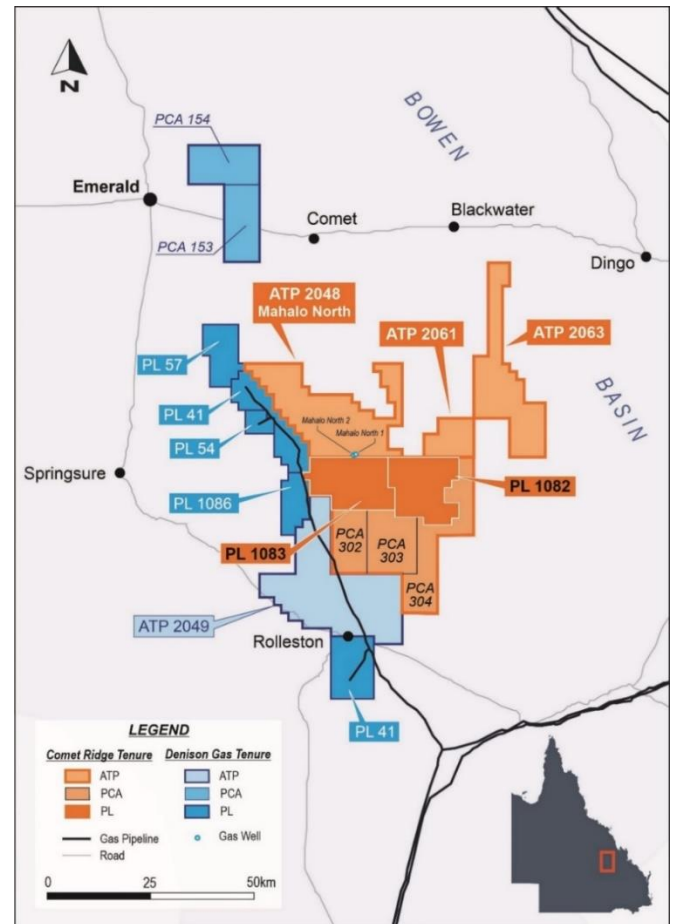
## Mahalo North Development Activities

Comet Ridge has progressed the following two development streams to enable Mahalo North to commence supply of up to 10 Terajoules per day of new gas supply into the east coast market from 2024. These development activities comprise:

- **Field development activities** including environmental field work, Petroleum Lease (PL) application, drilling planning activities and engineering studies to confirm gas and water handling facilities required to commence production; and
- **Infrastructure access arrangements** whereby Comet Ridge is undertaking a joint FEED study with Denison Gas Limited (Denison) for Comet Ridge to transport gas from Mahalo North via the nearby Denison compression and dehydration plant and pipeline infrastructure (Infrastructure).

Commenting on the arrangements with Denison, **Comet Ridge Managing Director, Tor McCaul**, said “We are very pleased with the considerable progress we have made with the team at Denison, our near neighbours in the Denison/Mahalo gas province. Whilst Comet Ridge will have a path to market for Mahalo North gas, there are other potential opportunities for this partnership to benefit both parties, such as the sharing of technical resources and data, operating efficiencies, and reducing drilling and other field related costs by rig sharing and gas blending arrangements.”

The map in Figure 3 below shows the proximity of the Comet Ridge 100% held Mahalo North project in relation to the Denison permits and Infrastructure.



**Figure 3 – Location of Comet Ridge Permits (orange) and Denison Permits (blue) and Infrastructure**

## Mahalo East (ATP 2061) – Comet Ridge 100%

Comet Ridge announced an independent Contingent Resource certification undertaken by Sproule for its 100% held Mahalo East Project on 19 December 2022 (refer ASX Announcement on that date). Consistent with the Mahalo North Gas Reserves certification, the Contingent Gas Resource certification for Mahalo East was underpinned by the Company’s extensive geological model for the Mahalo Gas Hub area.

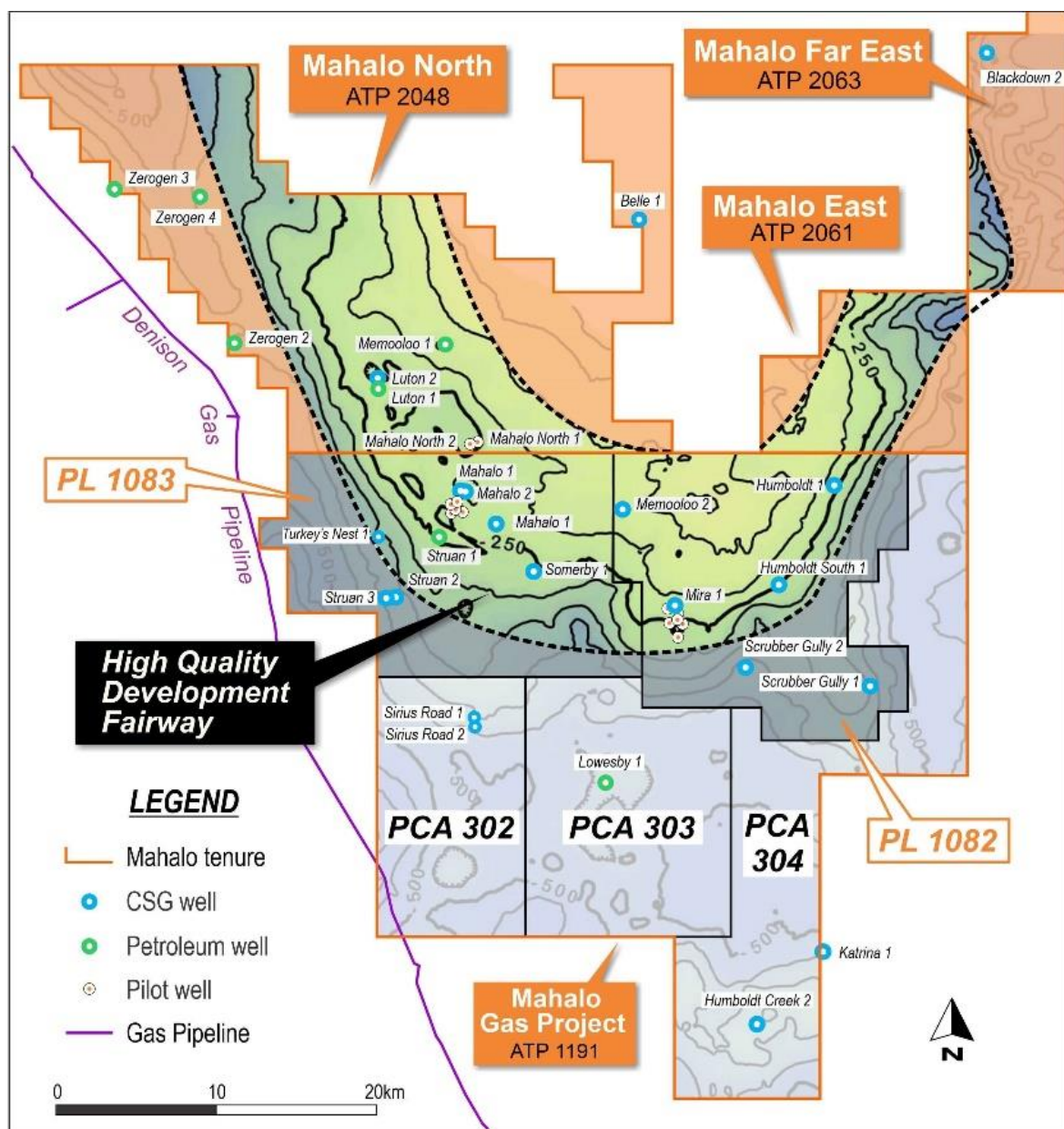


Sproule provided an independent certification of Contingent Gas Resources for the Mahalo East Project (ATP 2061) as set out in Table 3 below.

Comet Ridge Limited	Independently Certified Contingent Gas Resources (PJ)		
30 November 2022	1C	2C	3C
Mahalo East (ATP 2061) – 100% equity interest	8.4	30.9	122.3

**Table 3 – Mahalo East Project (ATP 2061) Contingent Gas Resources**

Figure 4 below shows the location of Mahalo East (ATP 2061) directly to the north of the certified Gas Reserves contained in PL 1082 within the Mahalo Gas Project and east of the certified Gas Reserves contained in ATP 2048 for the Mahalo North Project.



**Figure 4 – Mahalo East Project (ATP 2061) on the high-quality fairway of the Mahalo Gas Hub area**

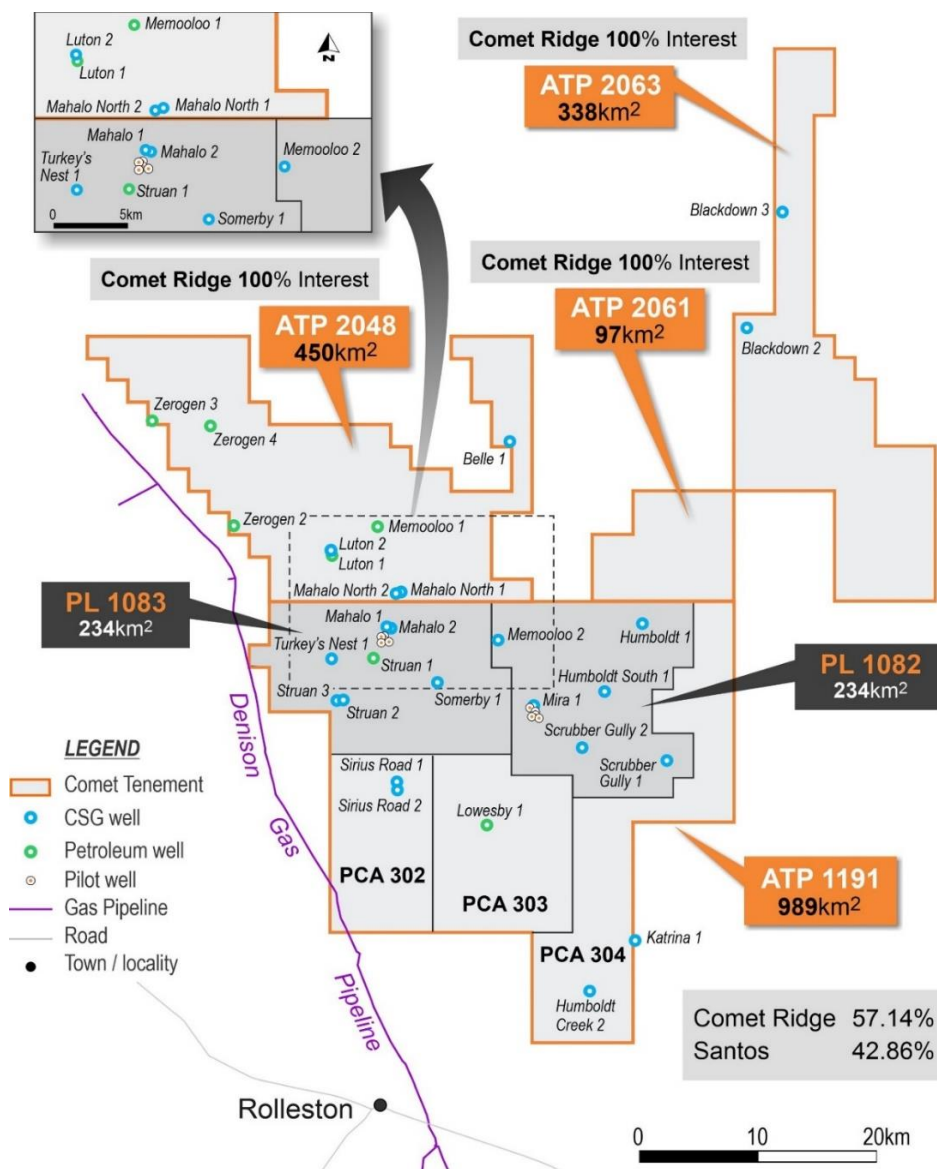




## Mahalo Gas Project (PL 1082 & 1083, PCA 302 to 304) (Comet Ridge 57.14%; Santos 42.86% and Operator)

### Background

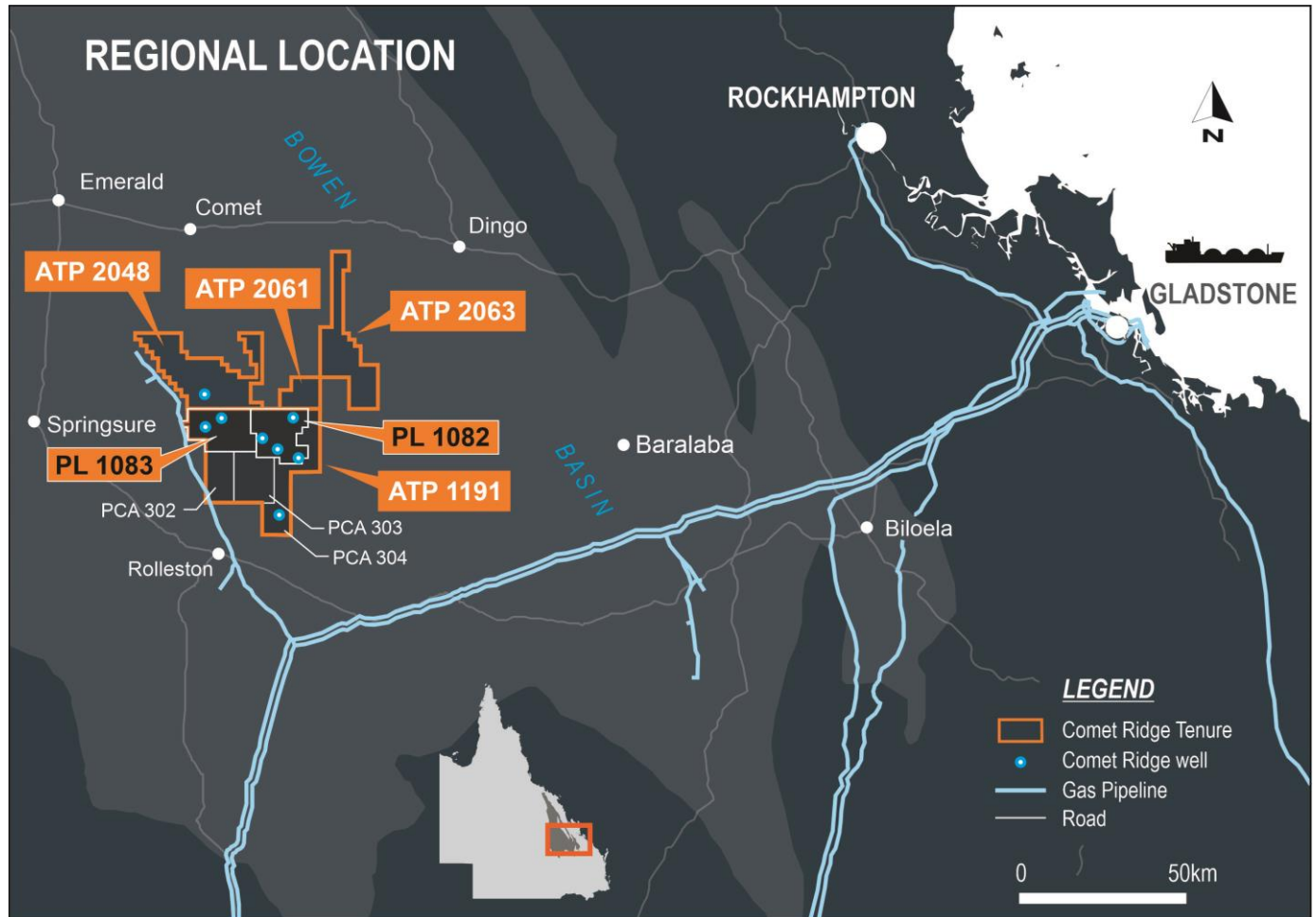
The Mahalo Gas Project, with two Petroleum Leases (PLs) awarded is well placed to feed the strong east coast gas market, although we note the uncertain pricing environment as the Federal Government makes changes to domestic gas policy. The project will initially focus on the shallow fairway in PLs 1082 and 1083 (see *Figure 5* below) where a material volume of Gas Reserves (gross 2P Reserves of 266 PJ and gross 3P Reserves of 458 PJ) have been previously certified by Sproule for Comet Ridge. These 2P Gas Reserves alone would sustain a gross production rate of 70 Terajoules per day for over 10 years.



**Figure 5** – Mahalo Gas Project, showing the initial development focus area of PLs 1082 and 1083 and the wider Mahalo Gas Hub area (including Comet Ridge's 100% held ATPs 2048, 2061 and 2063)



The Mahalo Gas Project is located 65 km to the north of pipeline infrastructure connecting to the east coast gas market and Gladstone LNG export terminals (see *Figure 6* below).



**Figure 6** – Regional location of the large Mahalo Gas Hub area showing proximity to pipeline infrastructure and domestic and LNG markets

During the December 2022 quarter, following Santos exercising its option to increase its equity interest to 42.86% on 26 September 2022, Comet Ridge and Santos progressed technical and commercial discussions to plan the FEED and pipeline survey activities to be re-commenced in 2023.

## **2. Galilee Basin, Qld - ATP 743, 744 & 1015 (Comet Ridge 100% in “Shallows”, 70% in “Deeps”)**

Comet Ridge holds a large acreage position over three permits in the Galilee Basin. This acreage contains (gross) 2,287 PJ of 3C Contingent Resources (refer Table 4 on the following page), which has been independently certified at two stratigraphic levels. These comprise the sandstones or “Deeps” (from below the Betts Creek coals) and CSG or “Shallows” in the Gunn Project Area (from a depth down to approximately 1,000 metres).





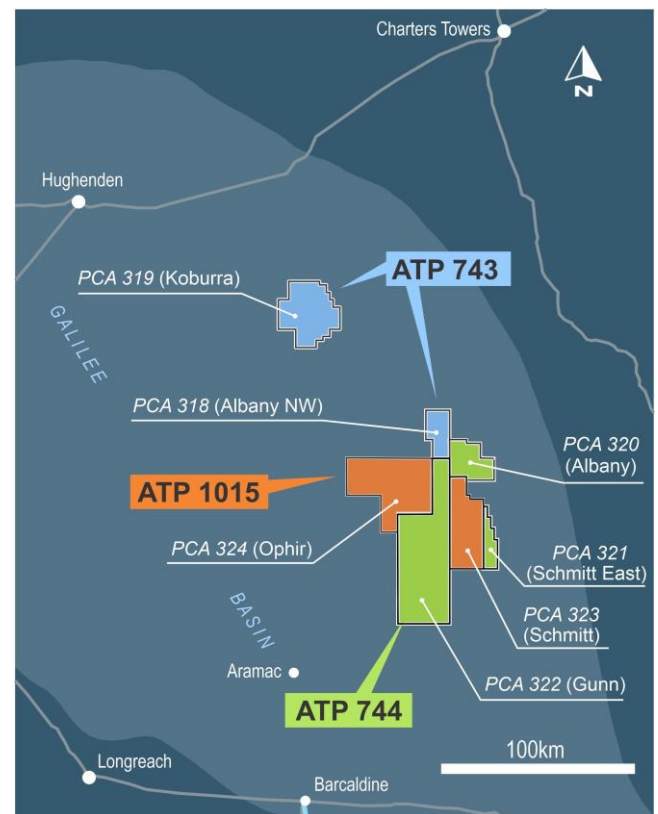
Comet Ridge Limited	Contingent Gas Resources (PJ)		
Galilee Basin Permits (COI net interests)	1C	2C	3C
CSG, Gunn Project Area (COI 100%)	0	67	1,870
Conventional, Albany Structure (COI 70%)	39	107	292
<b>Total</b>	<b>39</b>	<b>174</b>	<b>2,162</b>

**Table 4 – Comet Ridge’s share of Galilee Basin permits Contingent Gas Resources at 30 June 2022**

The joint venture participants, Comet Ridge and Vintage Energy Ltd, were awarded six Potential Commercial Areas (PCA), numbered PCA 319 to 324 (see Figure 7), by the Queensland Department of Resources (Department) for a term of 15 years ending September 2037. The underlying permits, ATPs 743 and 744, have also been renewed for a further term of 12 years, ending September 2033 and October 2033 respectively.

The tenure on ATP 1015 expired in November 2022 and an application for tenure renewal was lodged with the Department during the December quarter. Two PCAs (PCA 323 and 324) have already been awarded in this permit area as noted above. The ATP 1015 tenure renewal application is currently being progressed.

The Gunn CSG Project Area sits across ATPs 744 and 1015. This area is in excess of 2,100 km<sup>2</sup> with an initial CSG focus area of approximately 950 km<sup>2</sup>.



**Figure 7 – Galilee permits showing the recently awarded PCAs within permit blocks ATP 743 (renewed), ATP 744 (renewed) and ATP 1015 (subject to renewal)**



### 3. Corporate Activities

#### Cash position and debt facilities

At 31 December 2022, Comet Ridge had \$16.3 million cash on hand (unaudited).

Comet Ridge has the following secured debt facilities at 31 December 2022.

Lender	Amount Drawn	Maturity date	Comments
PURE Asset Management Pty Ltd (secured loan)	\$10.0m	17 Sep 2025	PURE has 65.9m warrant shares exercisable at an average price of \$0.152 per share. Upon exercise, Comet Ridge will receive \$10.0 million of cash which can be used to repay the loan amount.

Table 5 – Comet Ridge debt facilities

#### CleanCo GSA negotiations

During the December 2022 quarter, Comet Ridge and CleanCo Queensland Limited finalised the key commercial terms of a gas sales agreement (GSA) and materially progressed the GSA contract. The parties agreed to extend the GSA negotiation period to 31 March 2023 to provide time to consider the impact of the Federal Government's new gas market policies.

#### Payments to Related Parties

The aggregate value of payments to related parties and their associates of \$248k for the December 2022 quarter (shown in item 6.1 of the attached Quarterly Cashflow Report) relates to the salary of the Managing Director and fees paid to Directors (including PAYG and superannuation payments made on their behalf).

#### Shares and Performance Rights

At 31 December 2022, the total number of ordinary shares and warrant shares on issue was unchanged at 1,010,373,085 and 65,909,091 respectively. The total number of performance rights on issue at 31 December 2022 was 10,768,750 following the issue in December 2022 of 7,600,000 new performance rights to employees and contractors of the Company. This new issue of performance rights included 1,320,000 issued to the Managing Director following approval by shareholders at the Annual General Meeting held on 25 November 2022.



By Authority of Board per: Tor McCaul, Managing Director

For more information or photos:

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### About Comet Ridge

*Comet Ridge Limited (ASX: COI) is a publicly listed Australian energy company focused on the development of natural gas resources for the strained east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland. Our flagship Mahalo Gas Hub project consists of low cost, sales spec natural gas blocks, close to Gladstone. Our exploration assets offer further upside amid increasing domestic and international demand for natural gas as a source for cleaner energy and as a key manufacturing feedstock that makes thousands of products, used daily.*

*Comet Ridge plans to transition its Mahalo Gas Hub assets into meaningful gas supply into the east coast gas market, commencing with Mahalo North, in partnership with Denison, followed by the larger Mahalo Gas Project, in joint venture with Santos QNT Pty Ltd (as the Development Operator).*

*More information regarding Comet Ridge is available at [www.cometridge.com.au](http://www.cometridge.com.au).*

# Appendix 5B

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

**COMET RIDGE LIMITED**

ABN

**47 106 092 577**

Quarter ended ("current quarter")

**31 December 2022**

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		-	-
1.2 Payments for:			
(a) exploration & evaluation		(5)	(6)
(b) development		-	-
(c) production		-	-
(d) staff costs		(320)	(703)
(e) administration and corporate costs		(368)	(991)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		42	54
1.5 Interest and other costs of finance paid		-	(413)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other - JV recoveries		(12)	(1)
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(663)</b>	<b>(2,060)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) tenements		-	-
(c) property, plant and equipment		(11)	(11)
(d) exploration & evaluation (see note 6)		(1,020)	(3,665)
(e) investments		-	-
(f) other non-current assets		-	-
2.2 Proceeds from the disposal of:			
(a) entities		-	-
(b) tenements		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-
(e) other non-current assets		-	-
2.3 Cash flows from loans to other entities		-	-
2.4 Dividends received (see note 3)		-	-
2.5 Other (Security deposits)		(20)	(90)
<b>2.6 Net cash from / (used in) investing activities</b>		<b>(1,051)</b>	<b>(3,766)</b>

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	24,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(54)	(1,254)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(8,006)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(54)	14,740
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	18,105	7,423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(663)	(2,060)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,051)	(3,766)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(54)	14,740
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period - refer to end note regarding post quarter cash	16,337	16,337
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	16,337	18,105
5.2	Call Deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above) - refer to end note regarding post quarter cash	16,337	18,105
6. Payments to related parties of the entity and their associates		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	248	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.			
7. Financing facilities  Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the source of finance available to the entity.		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	10,000	10,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	10,000	10,000
7.5	Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have not been entered into or are proposed to be entered into after the quarter end, include a note providing details of those facilities as well.			
Lender: Pure Asset Management Pty Ltd Loan facility: \$10,000,000 Interest Rate: 12% p.a. Maturity Date: 17 September 2025 Secured loan			




8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(663)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,020)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,683)
8.4 Cash and cash equivalents at quarter end (item 4.6)	16,337
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	16,337
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>9.7</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows from the time being and, if not, why not?	
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8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
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8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
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<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

### Compliance statement

1. This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
2. This statement gives a true and fair view of the matters disclosed.

Date: 31/01/2023

Authorised by: \_\_\_\_\_



By the Authority of the Board

Print Name: Stephen Rodgers  
Company Secretary

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. Year-to-date exploration and evaluation expenditure includes a one-off payment of stamp duty relating to the acquisition of a 30% interest in Mahalo Gas Project.