

31 July 2023

June 2023 Quarterly Activities Report

Highlights

- The Australian Government's mandatory **Gas Code of Conduct** (Gas Code) commenced on 11 July 2023, beginning with a two-month transitional period ending on 10 September.
- **Comet Ridge is exempt from price caps** under the Gas Code if purely a domestic supplier.
- **Comet Ridge and CleanCo extended the negotiation period** to finalise a GSA to 31 August 2023. Release of the Gas Code provides clarity for the parties to finalise the GSA documentation for approval by the parties' respective Boards.
- **MOU and pre-FEED agreement executed with Jemena** to facilitate a Mahalo North pipeline connection into the domestic gas market.
- **MOU executed with Orica** for future Mahalo North gas supply.
- First **deferred consideration payment to APLNG** was made on 28 June 2023 by the Mahalo joint venture participants (Comet Ridge \$1.14 million and Santos \$0.86 million).
- **\$11.7 million of cash** at end of June 2023 (unaudited).

1. Federal Government Mandatory Gas Code of Conduct

The Australian Government released its mandatory **Gas Code of Conduct** (Gas Code) for the east coast gas market. Key elements of the Gas Code per the Government's fact sheet from 10 July 2023 include:

- A **\$12/GJ price cap**, introduced in December 2022, will continue until 1 July 2025. This is designed to anchor wholesale contract negotiations between suppliers and buyers.
- An **exemptions framework** to incentivise suppliers to commit more gas to the east coast gas market in the short term and facilitate new investment to meet ongoing demand in the medium term, to support buyers' access to gas at reasonable prices and on reasonable terms.
- **Transparency obligations** to increase visibility of the amount of uncontracted gas to be produced, and when suppliers will bring that gas to the domestic market.
- **Conduct provisions** aimed at reducing bargaining power imbalances between suppliers and buyers and establishing minimum conduct and process standards for commercial negotiations.

A compelling east coast gas play

Comet Ridge Limited | ABN 47 106 092 577 | ASX: COI

Level 3, 410 Queen Street
Brisbane Queensland 4000
GPO Box 798 Brisbane Qld 4001
Phone +61 7 3221 3661
Email: comet@cometridge.com.au
cometridge.com.au



Comet Ridge does not support the Federal Governments’ ongoing intervention in the east coast gas market. Price controls and other interventions have a history of creating uncertainty, disrupting markets and reducing investment, which in the long run further exacerbate supply problems with a resulting impact on prices. Given this starting point, we welcome the introduction of a strong exemptions framework that Comet Ridge (and many others) recommended during the consultation process.

Deemed exemptions from the gas price cap rules now automatically apply to small suppliers who produce less than 100 Petajoules (PJ) of gas per year and who supply all of that gas to the domestic market. **Comet Ridge qualifies for this deemed exemption.** Further **conditional exemptions** are also available to all producers upon application.

The Gas Code commenced on 11 July 2023, with a two-month transitional period.

With the Safeguard Mechanism also in place for many large businesses (which aims to reduce CO₂ emissions by 4.9% annually) the Company expects demand for natural gas in the commercial and industrial sector to increase, given that in many cases natural gas can be substituted for coal as an industrial fuel and heating source. Analysis by the International Energy Agency shows that, on average, coal-to-gas switching reduces emissions by 50% when producing electricity and by 33% when providing heat.

2. Mahalo Gas Hub Area, Bowen Basin, QLD

Overview

Comet Ridge holds 100% equity in three project areas in the Mahalo Gas Hub area, and a 57.14% interest in the Mahalo Joint Venture Project (with Santos QNT Pty Ltd (Santos) holding 42.86% as Operator). See Figure 1.

The current net acreage position for Comet Ridge across the Mahalo Gas Hub is substantial at 1,450 km², 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 m 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 very impressive gas flow of 1.75 MMcfd from a single vertical pilot production well intersected by a dual lateral well (refer ASX announcement of 26 August 2022).

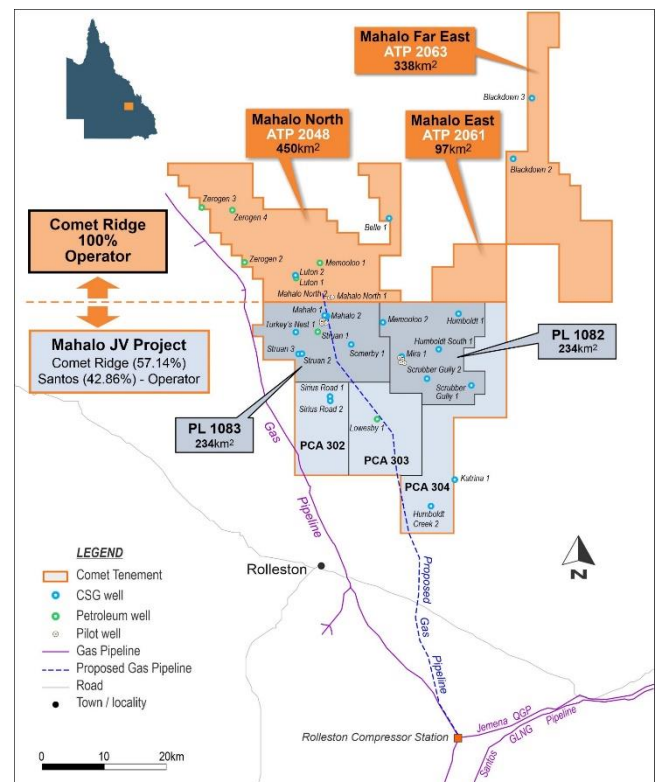


Figure 1 –Mahalo Gas Hub area.



A summary of the permit areas making up the total Mahalo Gas Hub is shown in Table 1 below.

Project name	Tenure Held	COI %	Area (km ²)	Status
Mahalo Joint Venture Project (CSG)	PL 1082, 1083; PCA 302, 303, 304	57.14%	989	Santos is Operator. Comet Ridge to market and sell its own share of gas.
Mahalo North (CSG & deeper conventional gas)	ATP 2048	100%	450	Initial reserves certified in November 2022. Petroleum Lease (PL) application, development and infrastructure access progressing. Development plans and both federal and state environmental approvals to be lodged in 2H 2023.
Mahalo East (CSG & deeper conventional gas)	ATP 2061	100%	97	Contingent Resources certified in December 2022. Appraisal planning completed with activity planned in conjunction with commencement of Mahalo North production.
Mahalo Far East (CSG & deeper conventional gas)	ATP 2063	100%	338	Internal geological analysis continuing for resource certification and further appraisal.

Table 1 – Comet Ridge permit and equity position in the large Mahalo Gas Hub area. Note PL is Petroleum Lease, PCA is Potential Commercial Area and ATP is Authority to Prospect. All are awarded by the Queensland Department of Resources.

Certified Gas Reserves and Contingent Resources

Comet Ridge's share of 2P Gas Reserves and 2C Contingent Gas Resources at the Mahalo Gas Hub is a very material 406 Petajoules (see Figure 2 below).

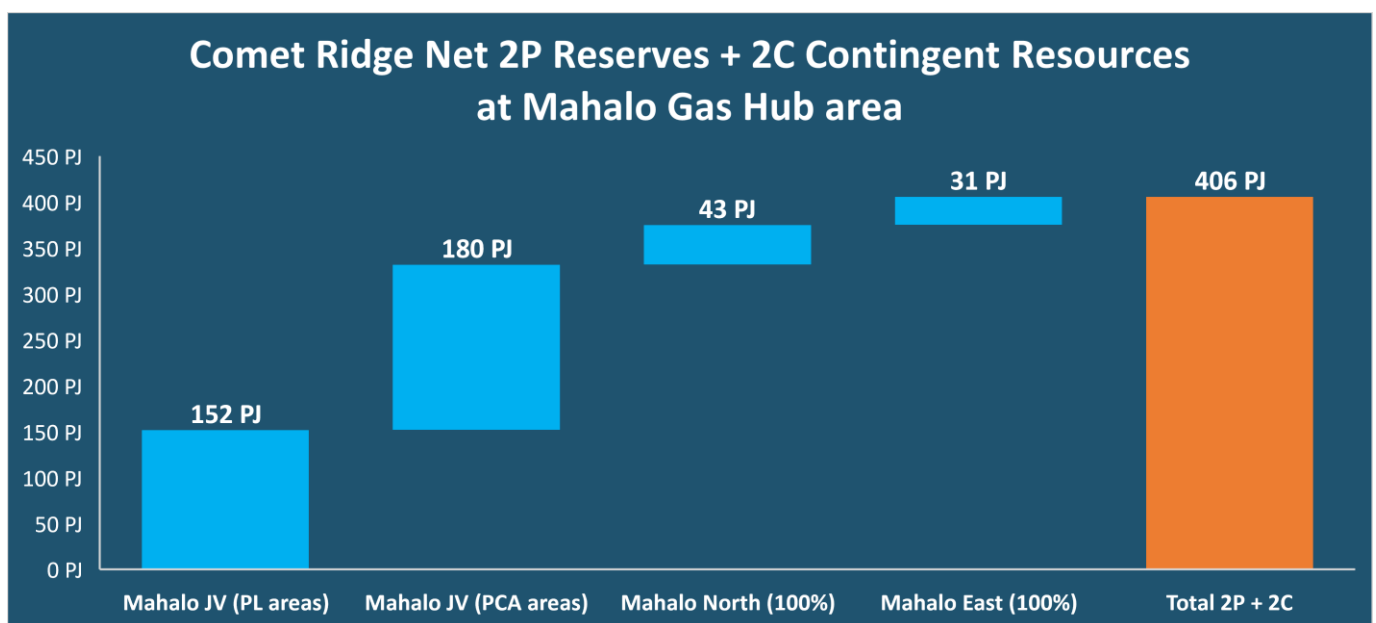


Figure 2 – Comet Ridge share of 2P* Reserves + 2C* Contingent Resources at Mahalo Gas Hub.

* Refer to Listing Rule 5.42 disclosure on page 7 of this report.



Project Development Activities- June 2023 Quarter

Mahalo North - Development Activities

Comet Ridge has progressed development activities at Mahalo North for the planned supply of gas into the east coast market, via a staged development up to an initial planned production rate of 10 Terajoules per day (TJ/d). These development activities are summarised in Figure 3 below:

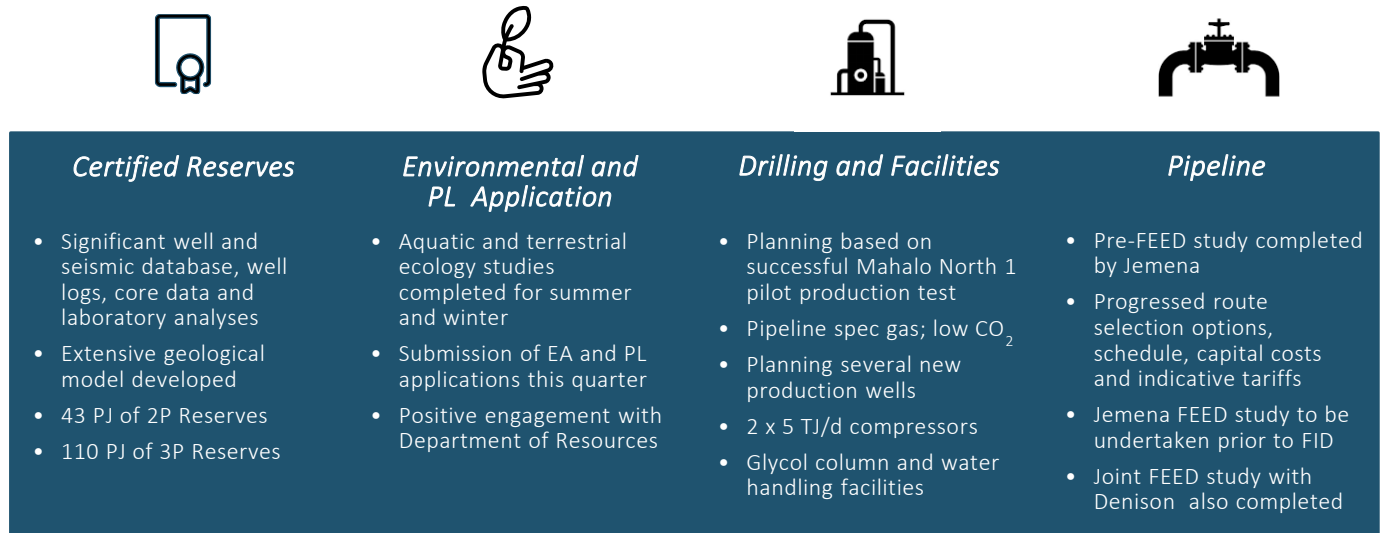


Figure 3 – Mahalo North development activities

Two separate pipeline and facility studies have progressed during the June 2023 quarter in relation to infrastructure access for Mahalo North, as noted further below.

- **Denison FEED Study – connection to the west**
 - Joint front-end engineering design (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.
 - This study was completed during the June quarter and confirms up to 5 TJ/d of available capacity for Comet Ridge without the need for additional infrastructure capex by the parties. Up to 10 TJ/d would be available with facility upgrade.
 - Commercial discussions are continuing.
- **Jemena Pre-FEED Study – connection to the south**
 - A new pipeline connection, which would transport Mahalo North gas (and potentially all future Mahalo Hub gas production) to domestic and export pipeline infrastructure (see Figure 4).
 - A pre-FEED study has recently been completed by Jemena and is being reviewed. This pre-FEED study has progressed route selection options, project schedule, capital costs and indicative tariffs and confirms the commerciality of this option.
 - Jemena will commence a full FEED study for this connection, once engaged by Comet Ridge, to run in parallel with the development activities being managed by Comet Ridge, targeting a project FID for Mahalo North in 2Q 2024 and first gas in 4Q 2025.



Additional development activities undertaken by Comet Ridge during the June quarter included:

- Engaged Veolia Water Technologies & Solutions to commence front-end engineering and water processing equipment selection.
- Short-listed consultants to provide engineering design support for the gas compression facility and consulted with several compressor vendors for supply of the gas compression equipment.
- Aerial survey planning to define surface locations for well sites, compression and water processing plant and topography information for wellsite pipeline gathering networks.

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, followed by the larger, Santos operated, Mahalo Joint Venture Project. This significant gas supply opportunity will be further supplemented by gas from Comet Ridge's other 100% held permits at Mahalo East and Mahalo Far East, planned to be developed in sequence.

Gas marketing activities

CleanCo

During the June quarter, Comet Ridge and CleanCo Queensland Limited (CleanCo) agreed to extend the gas sales agreement (GSA) negotiation period to 31 August 2023 due to the delay in receiving the Federal Government's final Gas Code. Comet Ridge announced on 23 June 2023 that the long-term GSA being negotiated with CleanCo has been substantially completed by the parties. Receiving the Federal Government Gas Code in July 2023 provides the clarity required to progress the GSA to final form for approval by the parties' respective Boards in the coming weeks.

Orica

Comet Ridge executed a memorandum of understanding (MOU) with Orica Australia Pty Ltd (Orica) in May 2023 to progress commercial arrangements on a long-term gas offtake from Comet Ridge's Mahalo North (ATP 2048) gas project.

Orica is the global leader in ammonia related products supplied to the mining and infrastructure industries and has been a long term and reliable buyer of natural gas in Queensland and New South Wales for its facilities at Yarwun (near Gladstone) and Kooragang Island (near Newcastle). The MOU positions Orica to assist Comet Ridge in gas production from Mahalo North to initially support Orica's Yarwun facility (see Figure 4).

Since the execution of the MOU, Orica has completed a technical due diligence phase on Mahalo North. The parties have progressed commercial discussions and also discussed Orica's financial participation in the project including its potential contribution to project development costs.

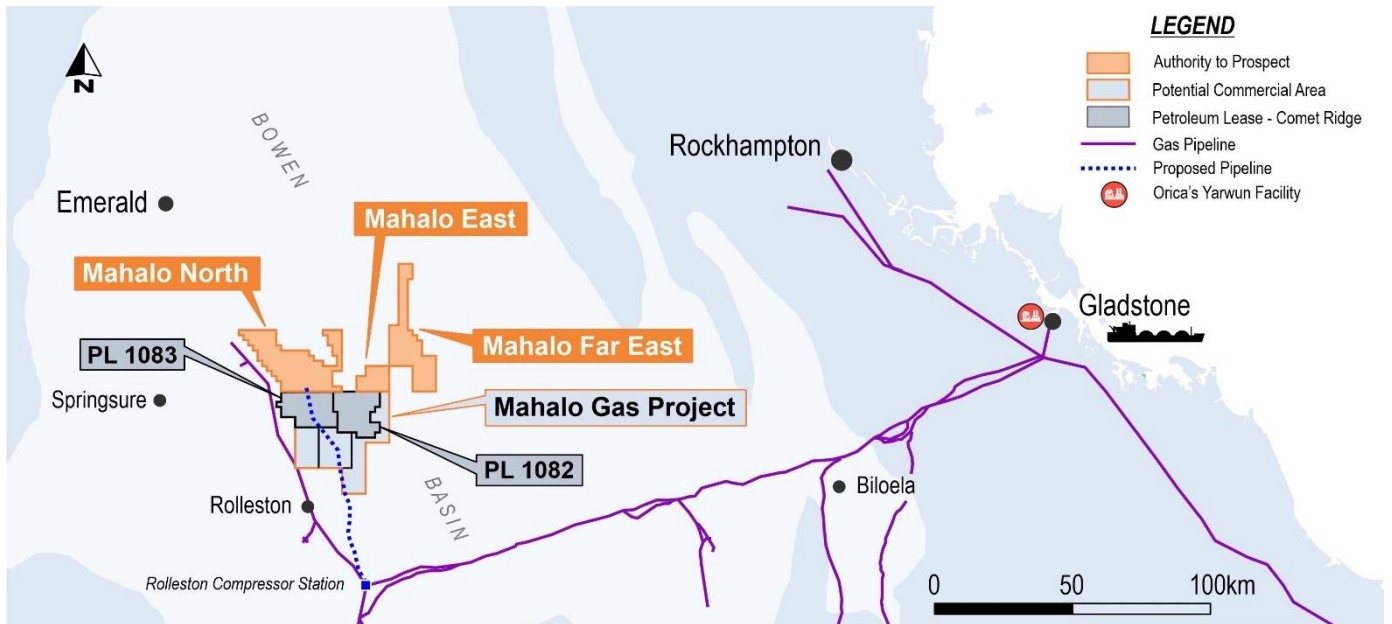


Figure 4 – Regional location of the Mahalo Gas Hub area showing proximity to pipeline infrastructure and Orica's Yarwun facility

3. Corporate Activities

Cash position and debt facilities

At 30 June 2023, Comet Ridge had \$11.7 million cash on hand (unaudited).

In the June quarter, Comet Ridge paid its net share (being \$1.14 million) of the first deferred consideration payment to Australia Pacific LNG Pty Ltd (APLNG) in connection with the acquisition of APLNG's 30% interest in the Mahalo Joint Venture Project by Comet Ridge and Santos that completed in June 2022. The remaining deferred consideration payments are to be made by the Mahalo Joint Venture participants in annual instalments (three remaining) or earlier on a trigger event occurring (such as final investment decision (FID) of the Mahalo Joint Venture Project).

Comet Ridge has the following secured debt facilities at 30 June 2023.

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 2 – Comet Ridge debt facilities

Payments to Related Parties

The aggregate value of payments to related parties and their associates of \$249k for the June 2023 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 30 June 2023, 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 30 June 2023 was also unchanged at 10,018,750, however 1,000,000 performance rights previously issued to the Managing Director lapsed on 5 July 2023.

By Authority of Board per: Tor McCaul, Managing Director

For more information or photos:

Tor McCaul
Managing Director
Phone +61 7 3221 3661
tor.mccaul@cometridge.com.au

Phil Hicks
Chief Financial Officer
Phone +61 7 3221 3661
phil.hicks@cometridge.com.au

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 containing significant, low CO₂, Gas Reserves. 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, 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.

* Listing Rule 5.42

The details of the Reserves and Contingent Resources referenced throughout this release in respect to the Mahalo Gas Hub were announced to the market on 30 October 2019, 26 September 2022, 2 November 2022 and 19 December 2022. In accordance with Listing Rule 5.42.3, Comet Ridge confirms that it is not aware of any new information or data that materially affects the information in those announcements reporting the details of the Reserves and Contingent Resources for PL 1082, 1083; PCA 302, 303, 304, ATP 2048, ATP 2061, and that all of the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.

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")

30 June 2023

Consolidated statement of cash flows	Current quarter	Year to date (12 months)
	\$A'000	\$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) exploration & evaluation	(2)	(11)
(b) development	-	-
(c) production	-	-
(d) staff costs	(232)	(1,129)
(e) administration and corporate costs	(311)	(1,586)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	48	148
1.5 Interest and other costs of finance paid	(303)	(1,314)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - JV recoveries	39	39
1.9 Net cash from / (used in) operating activities	(761)	(3,853)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1)	(12)
(d) exploration & evaluation (see note 6)	(1,037)	(5,455)
(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 (APLNG Acquisition - Year 1 deferred payment and Security deposits)	(1,102)	(1,192)
2.6 Net cash from / (used in) investing activities	(2,140)	(6,659)

Consolidated statement of cash flows		Current quarter	Year to date (12 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	-	(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	-	14,740
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,552	7,423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(761)	(3,853)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,140)	(6,659)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	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	11,651	11,651
5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		\$A'000	\$A'000
5.1	Bank balances	11,651	14,552
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	11,651	14,552
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	249	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
<i>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.</i>			
7.	Financing facilities	Total facility amount at quarter end	Amount drawn at quarter end
<i>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.</i>		\$A'000	\$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)	(761)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,037)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,798)
8.4 Cash and cash equivalents at quarter end (item 4.6)	11,651
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	11,651
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.5
<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?	
Answer:	
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?	
Answer:	
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?	
Answer:	
<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: 31/07/2023

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.