

CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE  
HALF-YEAR ENDED  
31 DECEMBER

**2021**



Comet Ridge

<b>Contents</b>	<b>Page</b>
Directors' Report	2
Auditor's Independence Declaration	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	20
Independent Auditor's Review Report	21

## **Corporate Directory**

### **Directors**

James McKay	Non-executive Chairman
Tor McCaul	Managing Director
Gillian Swaby	Non-executive Director
Christopher Pieters	Executive Director
Martin Riley	Non-executive Director
Shaun Scott	Non- Executive Director

### **Registered Office**

Level 3  
410 Queen Street  
Brisbane Queensland 4000  
Telephone: +61 7 3221 3661  
Website: [www.cometridge.com.au](http://www.cometridge.com.au)  
Email: [info@cometridge.com.au](mailto:info@cometridge.com.au)

### **Company Secretary**

Stephen Rodgers

### **Share Registry**

Computershare Registry Services Pty Ltd  
Level 1  
200 Mary Street  
Brisbane Queensland 4000  
Telephone: +61 7 3237 2100  
Facsimile: +61 7 3229 9860

### **Securities Exchange Listing**

Australian Securities Exchange Ltd  
Home Exchange: Brisbane  
ASX Code: COI

### **Auditors**

PricewaterhouseCoopers  
480 Queen Street  
Brisbane QLD 4000  
Telephone: +61 7 3257 8375  
Facsimile: +61 7 3023 0883

## COMET RIDGE LIMITED

### DIRECTORS' REPORT

The Directors present their report on the consolidated group ("the Group") consisting of Comet Ridge Limited ("Comet Ridge" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

#### 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 Chairman
Tor McCaul	Managing Director
Gillian Swaby	Non-executive Director
Christopher Pieters	Executive Director
Martin Riley	Non-executive Director
Shaun Scott	Non-executive Director

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

#### PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were to carry out gas exploration and appraisal activities. The Group has tenement interests and a suite of prospective projects in eastern Australia.

There have been 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 \$2.49 million (December 2020: loss \$2.96 million).

The reduced loss for the half-year of \$0.47 million was primarily due to:

- reduced employee benefits expense of \$0.34 million compared to the prior corresponding period due to lower full-time headcount in response to the COVID-19 pandemic and some staff departures not being replaced;
- reduced charge for the CleanCo financial liability of \$0.74 million due to revisions to the GSA negotiating period and corresponding potential cash settlement date;
- increased finance costs of \$0.47 million incurred in the half-year due to establishment fees and interest incurred on the Pure Asset Management loan facility; and
- increased professional fees of \$0.12 million as a result of acquisition and funding activities during the half-year.

#### OPERATING ACTIVITIES

##### Highlights – First half FY22

- **Transformative acquisition** of APLNG's 30% interest in the Mahalo Gas Project (announced 3 August 2021), taking Comet Ridge's interest to 70% on completion.
- **Acquisition funding** to be provided by continuing Mahalo joint venture partner, Santos Ltd (STO) in exchange for an option to increase STO's equity to 42.86% initially than potentially to 50% in the Mahalo Gas Project and to potentially acquire a 50% interest in Comet Ridge's 100% owned Mahalo North (ATP 2048) and Mahalo East (ATP 2061) assets.
- **Mahalo North appraisal drilling** completed with very positive results from Mahalo North 1 (vertical well) and Mahalo North 2 (dual lateral well).
- **Mahalo North 1 downhole completion** equipment installed in mid-December ready for commencement of production test, followed by installation of surface production testing equipment in mid-January 2022.
- **Mahalo North 1 production test** commenced 14 January 2022.
- **\$10 million loan facility** agreed with Pure Asset Management to support the Company's Mahalo Gas Hub project development strategy, with Tranche 1 drawdown of \$6.5 million completed 17 September 2021.
- **\$5.0 million placement** (net of costs) completed 16 September 2021.
- **Strong cash position** at end of December 2021 of \$7.2 million and undrawn finance facilities of \$3.5 million.

## COMET RIDGE LIMITED

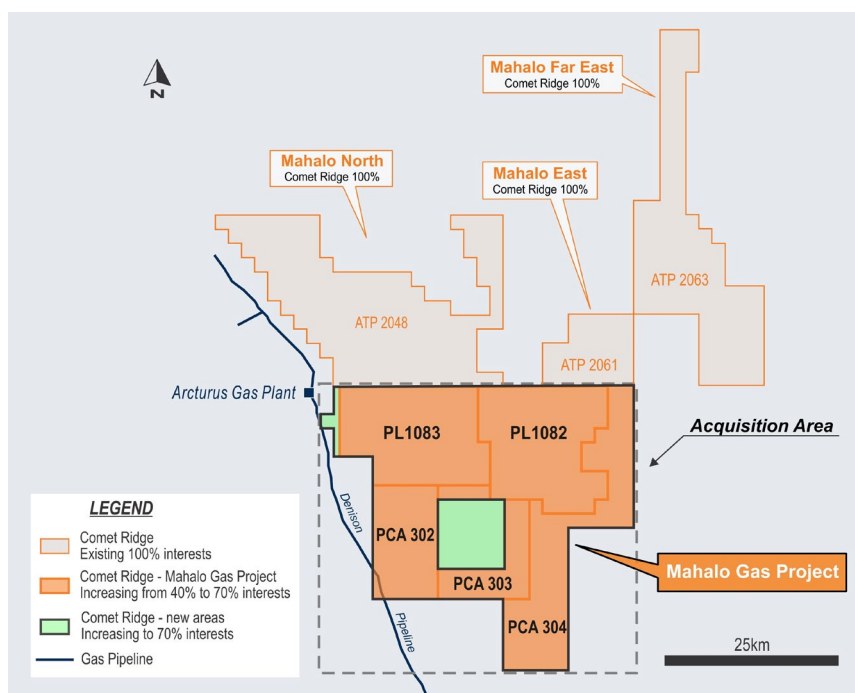
### DIRECTORS' REPORT Continued

#### Development and appraisal activities

During the half-year Comet Ridge continued to focus its activities on the appraisal and ongoing development of its Mahalo Gas Hub assets in the Southern Bowen Basin which the Company believes will be the key to developing significant short to medium term gas supply.

#### **Transformative acquisition of a further 30% of the Mahalo Gas Project (PL 1082 and 1083, PCA 302, 303 and 304)**

The Mahalo Gas Project, with two Petroleum Leases (PLs) awarded, is Comet Ridge's flagship gas project and, when in production, will provide the scale and infrastructure to underpin development of Comet Ridge's 100% owned blocks in the Mahalo Gas Hub. Comet Ridge entered into a binding agreement to acquire Australia Pacific LNG Pty Limited's (APLNG) 30% interest in the Mahalo Gas Project, announced on 3 August 2021, taking Comet Ridge's interest from 40% to 70% on completion (**Acquisition**). The Mahalo Gas Project (Joint Venture) area has also been expanded as part of the Acquisition via the inclusion of an additional square block and the PL 1083 west area (see the two green areas in *Figure 1 below*).



**Figure 1 – Map of Mahalo Gas Hub area showing the asset interests being acquired by Comet Ridge as part of the APLNG Acquisition.**

At the same time, Comet Ridge executed funding and option agreements with continuing Mahalo Gas Project partner, Santos Limited. The key terms of the Acquisition and Santos agreements are:

- Cash consideration of \$12 million payable to APLNG at completion of the Acquisition and \$8 million post-completion payment in deferred tranches (or earlier upon certain trigger events).
- Comet Ridge has access to \$13.15 million of debt funding from Santos to fully fund the upfront Acquisition consideration (\$12 million) and stamp duty costs (\$1.15 million), due upon completion of the Acquisition.
- In exchange for receiving loan funding for the Acquisition, Comet Ridge is providing Santos with the following rights to acquire various interests in the Mahalo Gas Hub area:
  - Option 1 - Santos may elect to purchase a 12.86% interest in the Mahalo Gas Project from Comet Ridge at proportional Acquisition value (\$8.57 million); and
  - Expansion option – Santos has the right to negotiate, to purchase from Comet Ridge, an additional 7.14% interest in the Mahalo Gas Project (equalising Santos and Comet Ridge interest at 50% each) as well as 50% interests in Mahalo North (ATP 2048) and Mahalo East (ATP 2061).

The Mahalo Joint Venture parties have materially progressed the conditions required to be satisfied prior to completion of the Acquisition which is targeted over the next several weeks. Upon satisfaction of the conditions and completion of the Acquisition, Comet Ridge will pay the remaining \$11 million of upfront consideration to APLNG (\$12 million less deposit of \$1 million paid during the half-year) and associated stamp duty costs (estimated at \$1.15 million). This will be funded by drawdown of the abovementioned loan from Santos.

## COMET RIDGE LIMITED DIRECTORS' REPORT Continued

### ***Mahalo North (ATP 2048) appraisal program***

During the half-year, Comet Ridge finalised the timing, cost and scope of the Mahalo North appraisal program, comprising:

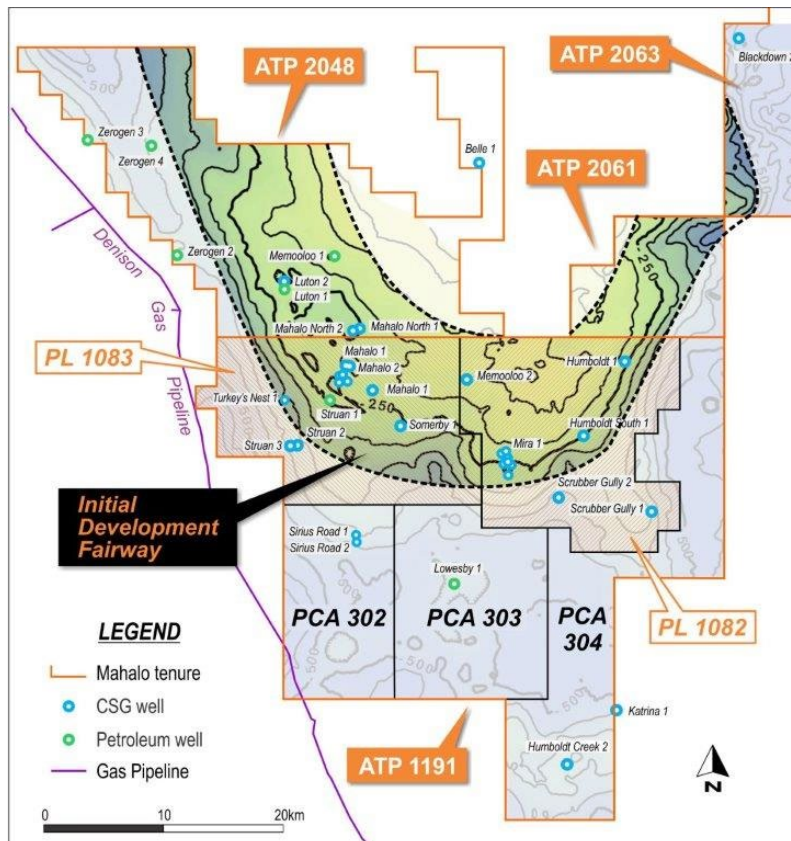
- Drilling Mahalo North 1 vertical well and coring to confirm key coal reservoir data from lab analysis;
- Drilling Mahalo North 2 dual lateral well, which intersected Mahalo North 1 through the target coal reservoir;
- Completed Mahalo North 1 with downhole pump, production tubing and pressure gauge in preparation for production testing;
- Installed surface production equipment including water storage tanks, gas-water separator, flowlines and flare stack; and
- Commenced production testing of Mahalo North 1 on 14 January 2022.

Results from drilling of the Mahalo North 1 vertical well and Mahalo North 2 dual lateral well have been very positive and exceeded Comet Ridge's pre-drilling expectations.

The key results of the drilling program are:

<b>Mahalo North 1</b> (vertical well)	<ul style="list-style-type: none"> <li>• Drilled to 314 metres;</li> <li>• Intercepted a net coal package of 9.03 metres;</li> <li>• Short downhole flow test measured permeability of 250 millidarcies in the combined Castor Pollux reservoirs; and</li> <li>• Coal recovered from coring operations was vigorously bubbling gas prior to being placed in cannisters for lab analysis.</li> </ul>
<b>Mahalo North 2</b> (dual lateral well)	<ul style="list-style-type: none"> <li>• Over 2100 metres of total lateral section drilled with almost 1900 metres in-seam for production across two lateral sections; and</li> <li>• Significant fluid losses while drilling indicating connection to an extensive natural fracture network.</li> </ul>

Mahalo North 1 and Mahalo North 2 are located on the high-productivity fairway in the southern part of ATP 2048, approximately 3.75km to the north of the existing Mahalo Pilot Scheme (see Figure 2 below).



**Figure 2 – Mahalo Gas Hub high productivity fairway and Mahalo North 1 and 2 well locations in the southern central part of ATP 2048.**

## COMET RIDGE LIMITED

### DIRECTORS' REPORT Continued

The Mahalo North 2/1 production test commenced on 14 January 2022 with the downhole pump started at low speed and water being produced to the on-site water storage tanks. Based on the Company's experience from the very successful Mahalo 7/6 and Mira 6/2 production tests in the main Mahalo Gas Project just to the south, a slow and controlled reduction in pressure in the reservoir in this manner allows these particularly productive fractures in the coal seam to remain open and the best possible gas flowrate to be achieved. This process follows how production wells would be brought online during development.

Comet Ridge expects that based on the excellent permeability already observed in Mahalo North 1 and the high fluid losses experienced whilst drilling both lateral sections of Mahalo North 2, that strong water and gas rates should be expected. In anticipation of these higher water and gas rates Comet Ridge secured a third and larger water storage tank which was installed in February 2022.

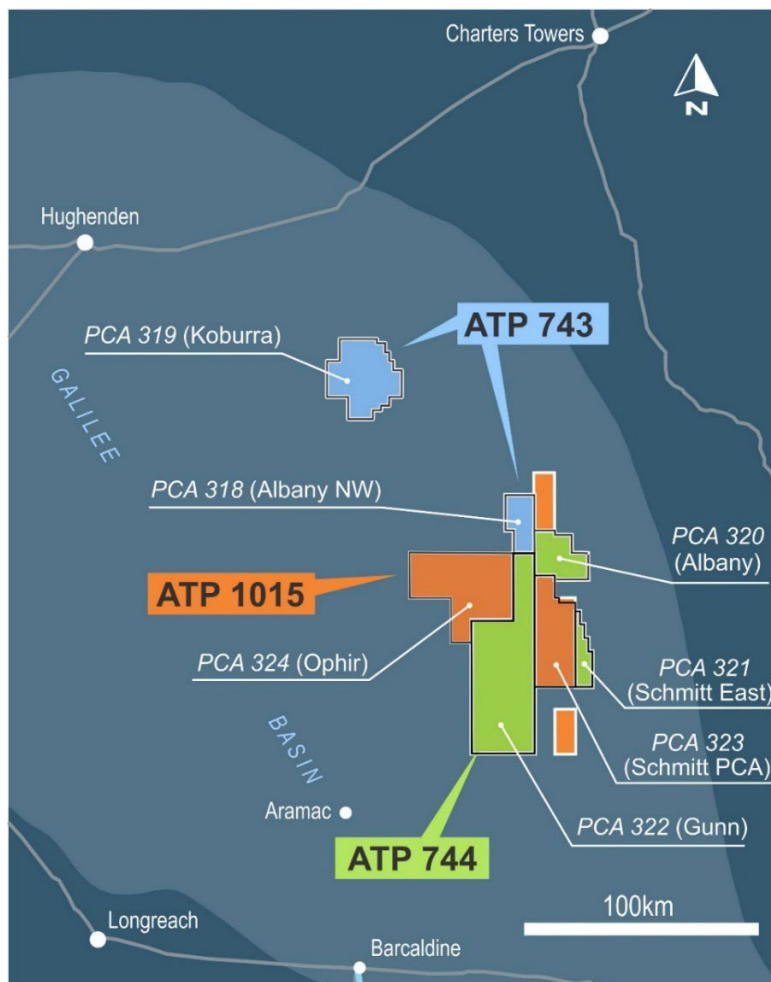
#### ***Galilee Basin (ATP 743, 744 and 1015) permit renewal***

Activities in the Galilee Basin projects in the half-year focused on securing tenure via renewal of certain areas of Authorities to Prospect (ATP) 743 and ATP 744 via Potential Commercial Area (PCA) applications to the Queensland Government for these two permits and for ATP 1015 which is due for permit renewal later in 2022 (refer Figure 3 below).

**ATP 743** - Comet Ridge has applied for permit renewal and PCA applications over the most prospective areas of ATP 743, including the Koburra structure in the north-west of the permit (PCA 318) and an area in the south-east of the permit (PCA 319), which is an extension of the Albany structure from ATP 744. Most of the remaining area of the ATP was relinquished as part of the permit renewal and PCA application process submitted to the Queensland Department of Resources in August 2021.

**ATP 744** - Comet Ridge submitted a permit renewal application for ATP 744 in September 2021 to the Queensland Department of Resources, along with three PCA applications – one over the Albany Structure (PCA 320), the second over the Schmitt East area (PCA 321) and the third over the Gunn CSG project area (PCA 322). A significant portion of ATP 744 is targeted to be retained by Comet Ridge due to a combination of the strong prospectivity and size of the Albany Structure (conventional sandstone gas) held by the Galilee Deeps Joint Venture (Comet Ridge 70% and Vintage Energy 30%) and also via the CSG Contingent Resource areas in the shallower sections, held 100% by Comet Ridge.

**ATP 1015** – The permit term ends on 30 November 2022. In October 2021, Comet Ridge submitted PCA applications over two areas within the permit – Schmitt (PCA 323) and Ophir (PCA 324). Both of these areas are prospective for CSG and conventional sandstone gas.



**Figure 3 – Comet Ridge permit renewal and PCA application areas in the Galilee Basin, QLD.**

## COMET RIDGE LIMITED

### DIRECTORS' REPORT Continued

#### ***Gunnedah Basin, NSW (PEL 6 and PEL 427) permit renewal***

Comet Ridge's two contiguous NSW licences (PEL 6 and PEL 427) cover a total area of 10,926 km<sup>2</sup> and are located in the northern Gunnedah Basin, immediately north and northeast of Santos' Narrabri CSG Project in the Bohena Trough. Comet Ridge currently holds 29.55% and 59.09% CSG equity interests (respectively) across these licences and between 97.5% and 100% conventional equity interest (respectively). Comet Ridge is the conventional operator whilst Santos operates the CSG interest.

There has been minimal activity in the NSW licences during the current half-year following the NSW Government Future of Gas Statement release on 21 July 2021. In this Statement, the NSW Government on one hand seems to support a gas industry as critical for manufacturing in the state, but at the same time has undertaken to restrict gas activity outside the Narrabri Gas Project area. The Company is unclear on the NSW Government's intentions for renewal of PEL 6 and PEL 427 and the expenditure incurred by Comet Ridge continues to be written off as incurred.

#### **People, environment and community**

In respect to safety of people, Comet Ridge has undertaken all of the Company's activities during the half-year incident and accident free. Our strong corporate and team focus on health, safety, environment, security and indigenous outcomes continued through executive staff site visits and forums, and via our formal risk committee processes. This includes close supervision and support of all contractor activities. Strict COVID-19 protocols and business continuity measures remain a critical priority towards keeping our people and communities safe.

Comet Ridge continued our commitment to high standards of environmental performance during the half-year, with no incidents occurring or reported. Comet Ridge is committed to high-quality engagement with our landholders, Traditional Owners and the local community, using local contractors and services wherever we can to support the areas where we operate.

#### **Corporate activities**

##### ***PURE Asset Management \$10 million loan facility***

Comet Ridge announced on 3 August 2021, a binding agreement with PURE Asset Management Pty Ltd (PURE) to provide Comet Ridge access to a secured term loan facility of up to \$10 million. The facility is provided in two tranches of \$6.5 million (Tranche 1) and \$3.5 million (Tranche 2) respectively. The Tranche 1 loan was drawn on 17 September 2021 following execution of a facility agreement. The loan agreement with PURE also contains attached warrant shares. Comet Ridge issued the first tranche of warrant shares to PURE on 12 August 2021, being 39,393,939 warrant shares exercisable at \$0.165 per share for a period of 48 months from the utilisation of the Tranche 1 loan.

Upon drawdown of the Tranche 2 loan, additional warrant shares will be issued to PURE in accordance with the terms of the previously announced agreement.

##### ***Placement of new shares***

On 10 September 2021, Comet Ridge announced a placement of new shares to institutional and sophisticated investors to raise \$5.0 million (net of costs). The placement comprised the issue of 64,472,726 new shares at an issue price of \$0.0825 per share. The placement shares were allotted to investors on 17 September 2021.

##### ***Performance Rights***

The Company issued a further 12,135,000 performance rights in December 2021 to staff and long-term contractors, including 2,580,000 performance rights to Mr Tor McCaul (Managing Director). The total number of performance rights on issue at 31 December 2021 was 16,395,000 including the vesting of 4,350,000 performance rights issued in FY 2021 and expiry of 750,000 performance rights previously issued to Mr Tor McCaul.

##### ***Cash position***

At 31 December 2021, Comet Ridge had \$7.2 million cash on hand and undrawn loan facilities of \$3.5 million.

#### **ROUNDING OF AMOUNTS**

Pursuant to ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 the amounts in the Directors' Report and financial report, have been rounded off to the nearest thousand dollars, unless otherwise indicated.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001*, accompanies this report.

**COMET RIDGE LIMITED**  
**DIRECTORS' REPORT Continued**

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



Tor McCaul  
Managing Director

Brisbane, Queensland, 11 March 2022





## Auditor's Independence Declaration

As lead auditor for the review of Comet Ridge Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Comet Ridge Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Michael Shewan'.

Michael Shewan  
Partner  
PricewaterhouseCoopers

Brisbane  
11 March 2022

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001  
T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

**COMET RIDGE LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

		December 2021	December 2020
	Note	\$000's	\$000's
<b>Revenue and other income</b>			
Interest received		2	14
Other income		-	4
<b>Expenses</b>			
Employee benefits' expense		(509)	(851)
Contractors' & consultancy costs		(233)	(279)
Exploration and Evaluation expense written off		(64)	(51)
Professional fees		(180)	(58)
Corporate expenses		(125)	(106)
Occupancy costs		(68)	(77)
Fair value movement of financial liability at fair value	7	(575)	(1,312)
Finance costs		(485)	(15)
Other expenses		(235)	(196)
Depreciation		(19)	(33)
<b>LOSS BEFORE INCOME TAX</b>		<b>(2,491)</b>	<b>(2,960)</b>
Income tax credit		-	-
<b>LOSS FOR THE PERIOD</b>		<b>(2,491)</b>	<b>(2,960)</b>
<b>Other comprehensive loss, net of income tax</b>			
<b>Items that may be reclassified subsequently to profit and loss</b>			
Exchange differences on translation of foreign operations		(1)	-
<b>TOTAL OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX</b>		<b>(1)</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(2,492)</b>	<b>(2,960)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(2,491)	(2,960)
Non-controlling interests		-	-
<b>Total comprehensive loss attributable to:</b>		<b>(2,491)</b>	<b>(2,960)</b>
Owners of the parent		(2,492)	(2,960)
Non-controlling interests		-	-
<b>LOSS PER SHARE</b>		<b>Cents</b>	<b>Cents</b>
Basic loss per share		<b>(0.299)</b>	<b>(0.375)</b>
Diluted loss per share		<b>(0.299)</b>	<b>(0.375)</b>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanied notes.

**COMET RIDGE LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Note	December 2021 \$000's	June 2021 \$000's
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		7,170	3,390
Trade and other receivables		497	90
Other assets		1,908	877
<b>TOTAL CURRENT ASSETS</b>		<b>9,575</b>	<b>4,357</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		9	26
Exploration and evaluation expenditure	6	77,815	71,848
<b>TOTAL NON-CURRENT ASSETS</b>		<b>77,824</b>	<b>71,874</b>
<b>TOTAL ASSETS</b>		<b>87,399</b>	<b>76,231</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,272	898
Financial liability at fair value	7	23,237	22,662
Provisions		1,039	1,154
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,548</b>	<b>24,714</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	10	6,500	-
Provisions		1,466	1,108
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,966</b>	<b>1,108</b>
<b>TOTAL LIABILITIES</b>		<b>34,514</b>	<b>25,822</b>
<b>NET ASSETS</b>		<b>52,885</b>	<b>50,409</b>
<b>EQUITY</b>			
Contributed equity	8	145,693	140,379
Reserves		1,286	1,633
Accumulated losses		(94,094)	(91,603)
<b>TOTAL EQUITY</b>		<b>52,885</b>	<b>50,409</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanied notes.

**COMET RIDGE LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	Contributed Equity \$000's	Foreign Currency Translation Reserve \$000's	Share Based Payments' Reserve \$000's	Accumulated Losses \$000's	Total \$000's
<b>Balance at 1 July 2020</b>	140,200	1,251	(50)	(84,643)	56,758
Loss for the period	-	-	-	(2,960)	(2,960)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,960)	(2,960)
<b>Transactions with owners in their capacity as owners</b>					
Contributions of equity net of transaction costs	179	-	-	-	179
Share-based payments' expense	-	-	312	-	312
	179	-	312	-	491
<b>Balance at 31 December 2020</b>	140,379	1,251	262	(87,603)	54,289
<b>Balance at 1 July 2021</b>	140,379	1,251	382	(91,603)	50,409
Loss for the period	-	-	-	(2,491)	(2,491)
Other comprehensive loss for the period	-	(1)	-	-	(1)
Total comprehensive loss for the period	-	(1)	-	(2,491)	(2,492)
<b>Transactions with owners in their capacity as owners</b>					
Contributions of equity net of transaction costs	4,969	-	-	-	4,969
Shares issued on vesting of performance rights	345	-	(345)	-	-
Share-based payments' expense	-	-	(1)	-	(1)
	5,314	-	(346)	-	4,968
<b>Balance at 31 December 2021</b>	145,693	1,250	36	(94,094)	52,885

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanied notes.

**COMET RIDGE LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	December 2021 \$000's	December 2020 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	1	16
Interest and borrowing costs	(428)	-
Payments to suppliers and employees	(1,887)	(1,189)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(2,314)</b>	<b>(1,173)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation assets	(4,375)	(1,401)
Research and development tax offset received	-	1,293
Payment for property, plant and equipment	(1)	(1)
Movement in restricted cash and deposits paid	(1,000)	(172)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,376)</b>	<b>(281)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	6,500	-
Proceeds from issue of shares	5,319	-
Share issue costs	(349)	(2)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>11,470</b>	<b>(2)</b>
Net increase/(decrease) in cash held	3,780	(1,456)
Cash at the beginning of the period	3,390	4,636
<b>CASH AT THE END OF THE PERIOD</b>	<b>7,170</b>	<b>3,180</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanied notes.

# COMET RIDGE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

#### 1. Principal activities

Comet Ridge Limited and Subsidiaries' (the Group) principal activities are to carry out gas exploration and appraisal. The Group has permit interests and exploration and evaluation activities in eastern Australia.

There have been no significant changes in the nature of the Group's principal activities during the half-year.

#### 2. Basis of preparation

The condensed interim consolidated financial statements (the interim financial statements) are for the six months ended 31 December 2021 and are presented in Australian Dollars (\$AUD) which is the functional currency of the Parent Company. The interim financial statements are prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The interim financial statements do not include all of the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the Group together with any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Pursuant to ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 the amounts in the Directors' Report and financial report, have been rounded off to the nearest thousand dollars, unless otherwise indicated.

#### 3. Significant accounting policies

The accounting policies adopted in the preparation of this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the new Accounting Standards and Interpretations described below. Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The accounting policies have been applied consistently by the Group for the purpose of preparation of the interim financial statements.

##### *New and amended standards adopted by the Company*

There are no new or amended accounting standards effective in the reporting period commencing 1 July 2021 that are relevant to the Group's operations.

##### *New standards and interpretations not yet adopted*

There are no accounting standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting year/periods and on foreseeable future transactions.

#### 4. Going concern

The interim financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

At 31 December 2021, the Group had \$7.2 million in cash on hand, a further \$3.5 million in undrawn loan facilities and net current liabilities of \$17.0 million (which includes the CleanCo financial liability disclosed as a current obligation).

By entering into the 2019 Agreement with Stanwell, refer Note 7 for further details, Comet Ridge had the right, at its election, to initiate negotiations on a GSA up to 29 September 2021. Stanwell has transferred the 2019 Agreement to CleanCo Queensland Limited (CleanCo). On 21 September 2021, Comet Ridge sent a notice to CleanCo to commence GSA negotiations and on 15 December 2021 the parties agreed to extend the GSA negotiation period to 30 June 2022. If, following the commencement of these GSA negotiations, a GSA cannot be negotiated by 30 June 2022 then a cash payment of approximately \$23.2 million based on current estimates (\$20 million indexed for CPI), would be due within 30 days. Should GSA negotiations continue, and a binding GSA is not executed prior to the sunset date of 30 September 2022, then a cash payment of \$23.4 million (\$20 million indexed for forecast CPI to 30 October 2022), would be due within 30 days.

The ability of the Group to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding through debt, equity, sell-down or farm-out of assets, or the successful exploration and subsequent exploitation of the Group's tenements to meet these commitments as they arise.

## COMET RIDGE LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

On 3 August 2021, Comet Ridge announced that it has entered into a binding agreement with Australia Pacific LNG Pty Ltd (APLNG) to acquire their 30% interest in the Mahalo Gas Project for initial consideration of \$12.0 million and deferred consideration of \$8.0 million. A deposit of \$1.0 million was paid to APLNG in August 2021. Concurrent with the APLNG acquisition, Comet Ridge has entered into loan and option agreements with Santos QNT Ltd (Santos). Under these agreements, Santos is providing loan funding of \$13.15 million to Comet Ridge to be used to fund the initial consideration payable to APLNG and stamp duty costs. In exchange Santos has an option to acquire 3/7ths of the 30% APLNG interest at transaction value (\$5.14 million of the initial consideration). If the option is exercised by Santos, the loan amount owing to Santos by Comet Ridge is reduced by a corresponding amount. The APLNG acquisition is expected to complete over the next several weeks once all of the conditions precedent have been satisfied. Following completion of the APLNG acquisition and assuming Santos exercises its option, Comet Ridge and Santos must pay their proportional share of the \$8.0 million deferred consideration payable to APLNG (either in four annual instalments post completion of \$2.0 million each or earlier upon a trigger event occurring). Santos also has a further option to acquire an additional 7.14% interest in the Mahalo Gas Project from Comet Ridge and 50% interests in Mahalo North and Mahalo East on commercial terms to be agreed. These commercial discussions are ongoing at the date of this financial report.

Through interaction with the Department of Resources and our joint venture partners, there are a number of commitments to continue to progress the Company's Mahalo Gas Hub permits and Galilee permits. These commitments are made over various timeframes, with funding to be raised as appropriate to meet these commitments. Exploration commitments required to be spent by 31 December 2022 amount to \$2.5 million as disclosed in Note 11.

The existence of the CleanCo Agreement and ongoing exploration commitments, creates a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern in the absence of being successful in relation to one of the above financing strategies. In the absence of this the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the financial statements.

Comet Ridge continues to actively pursue a number of potential funding transactions to progress the appraisal and development of the Company's projects including selldown, farmout and gas prepay arrangements. At the date of this financial report, given the high demand for natural gas on the east coast and high oil and LNG pricing, and the significant acreage and equity position that the Company has established in the Mahalo Gas Hub area, the Directors have a reasonable expectation that the Group will be successful with its future funding initiatives and, as a result, will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

#### 5. Accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Group's accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The critical estimates and judgements applied in the preparation of the interim financial statements are as follows:

##### (a) Recoverability of exploration and evaluation expenditure

The Group assesses the recoverability of the carrying value of capitalised exploration and evaluation expenditure at each reporting date (or during the year should the need arise). In completing this assessment, regard is given to the Group's intentions with respect to proposed future exploration and development plans for individual areas, to the success or otherwise of activities undertaken in individual areas, to the likely success of future planned exploration activities, and to any potential plans for divestment of individual areas. Any required impairment of capitalised exploration and evaluation expenditure is completed based on the results of the assessment. Furthermore, for various areas of interest, exploration and evaluation activities may not have reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. Accordingly, exploration and evaluation assets may be subject to impairment in the future.

During the half-year, all exploration expenditure incurred on the Gunnedah Basin permits was impaired. This is consistent with the policy adopted at 30 June 2021 to fully impair the expenditure with respect to these permits. In addition, because the New Zealand permit is to be relinquished, any expenditure in New Zealand during the half-year has been expensed to exploration permit expenditure.

Given the Conventional Deeps evaluation is ongoing and the upside potential of the CSG Resources, Comet Ridge is comfortable with the recoverability of exploration and evaluation expenditure for the Galilee permits and therefore no impairment has been made during the half-year. The Mahalo Gas Project has Petroleum Leases awarded and upon the completion of the acquisition of APLNG's 30% interest in the project, the continuing joint ventures partners, Comet Ridge and Santos, will be focused on moving the project into development. For the recently awarded 100% owned Mahalo permits, Comet Ridge is still in the exploration and appraisal phase for these projects with the aim of certifying contingent resources and gas reserves. For these reasons Comet Ridge is comfortable with the recoverability of exploration and evaluation expenditure for the Mahalo Gas Hub permits.

**COMET RIDGE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**(b) Provision for restoration and rehabilitation**

The Group estimates the future rehabilitation costs of gas wells and associated infrastructure at the time of installation. In most instances, rehabilitation of assets occurs many years into the future. This requires assumptions to be made on the rehabilitation date, the extent of rehabilitation activities required, requirements of future environmental legislation, methodology and technologies used to determine the future rehabilitation cost.

The rehabilitation obligation is discounted to present value using a ten-year government bond discount rate as this is reflective of the risk-free rate over the period to rehabilitation of the assets. These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets and the value of rehabilitation obligations at each reporting date.

**(c) Financial liability at fair value**

On 17 June 2019, Comet Ridge executed an agreement with Stanwell Corporation Limited (Stanwell), which amended the 2014 Deed of Option between the parties, extending the Final Option Date under the Deed to 30 September 2022. The 2019 Agreement has removed Stanwell's option to select either a Gas Sales Agreement (GSA) or a cash settlement from the 2014 Agreement as well as terminating the 2018 Agreement. This option was replaced with the ability for Comet Ridge Mahalo Pty Ltd (CML) to commence negotiations on a GSA by 29 September 2021, or if CML does not commence negotiations, Stanwell may commence negotiations for a GSA by 8 October 2021. Stanwell has transferred the 2019 Agreement to CleanCo Queensland Limited (CleanCo).

On 21 September 2021, Comet Ridge issued a notice to CleanCo to commence GSA negotiations and on 15 December 2021 both parties agreed to extend the negotiation period to 30 June 2022. The 2019 Agreement allows for CML and CleanCo to negotiate a market priced GSA and fixed gas volumes, conditional on the development of the Mahalo Gas Project.

If CML and CleanCo are unable to come to an agreement on a GSA by 30 June 2022, then a cash settlement of approximately \$23.2 million based on current estimates (\$20 million indexed for CPI from March 2014), would be triggered on or before 30 July 2022 (Payment Amount). Should GSA negotiations continue, and a binding GSA is not executed prior to the sunset date of 30 September 2022, then a cash payment of \$23.4 million (\$20 million indexed for forecast CPI to 30 October 2022), would be due within 30 days. Upon payment by Comet Ridge of the Payment Amount, if required to do so, the obligations under the 2014 Agreement and the 2019 Agreement will have been fully discharged as between the parties. Refer Note 7 for further information.

**(d) APLNG transaction to acquire their 30% interest of Mahalo Gas Project / Santos funding and option agreements**

Comet Ridge entered into a binding agreement to acquire Australia Pacific LNG Pty Limited's (APLNG) 30% interest in the Mahalo Gas Project, as announced on 3 August 2021, for initial consideration of \$12.0 million and deferred consideration of \$8.0 million. A deposit of \$1.0 million was paid to APLNG in August 2021. At the same time, Comet Ridge executed funding and option agreements with Santos QNT Limited (Santos) to provide loan funding of \$13.15 million to fund the initial consideration payable to APLNG and stamp duty costs. In exchange, Santos has an option to acquire 3/7ths of the 30% APLNG interest at transaction value (\$5.14 million of the initial consideration). If the option is exercised by Santos, the loan amount owing to Santos by Comet Ridge is reduced by a corresponding amount.

The conditions precedent attached to the APLNG transaction have not been met at 31 December 2021 and therefore, except for the \$1.0 million deposit paid, these transactions have not been accounted for in the half-year financial report.

**6. Exploration and evaluation expenditure**

	<b>December 2021</b>	<b>June 2021</b>
	<b>\$000's</b>	<b>\$000's</b>
Exploration and evaluation expenditure	102,201	96,169
Less provision for impairment	(24,386)	(24,321)
	<b>77,815</b>	<b>71,848</b>

<b>Movements in exploration and evaluation phase</b>	<b>December 2021</b>	<b>December 2020</b>
	<b>\$000's</b>	<b>\$000's</b>
Balance at the beginning of period	71,848	72,738
Exploration and evaluation expenditure during the period	6,031	683
Research and development tax offset	-	(1,961)
Exploration and evaluation expenditure written off	(64)	(51)
Balance at the end of period	<b>77,815</b>	<b>71,409</b>

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, the sale of the respective areas of interest.



**COMET RIDGE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	December 2021 \$000's	June 2021 \$000's
<b>7. Financial liability at fair value</b>		
<b>Current</b>		
Financial liability at fair value – CleanCo Queensland Limited	<b>23,237</b>	22,662

	December 2021 \$000's	December 2020 \$000's
<b>Movements in financial liability at fair value</b>		
Balance at the beginning of the period	<b>22,662</b>	19,206
Movement in financial liability at fair value	<b>575</b>	1,312
Balance at the end of the period	<b>23,237</b>	20,518

**Fair value measurement**

The liability to CleanCo Queensland Limited (CleanCo) (previously Stanwell Corporation Limited) arising from the renegotiated agreements is recognised as a 'financial liability at fair value through profit or loss'.

On 21 September 2021, Comet Ridge issued a notice to CleanCo to commence GSA negotiations and on 15 December 2021 both parties agreed to extend the negotiation period to 30 June 2022. If CML and CleanCo are unable to come to an agreement on a GSA by 30 June 2022, then a cash settlement would be triggered on or before 30 July 2022. In considering the above, Comet Ridge has determined that a cash settlement continues to represent the maximum liability under the 2019 Agreement.

An expense of \$575,492 has been recorded in the six months period to 31 December 2021 as shown in the movement in financial liability at fair value above.

**Valuation techniques and process used to determine fair values**

The fair value of the CleanCo liability is based on the anticipated financial liability arising from the 2019 Agreement. The CleanCo liability is classified as level 3 in the fair value hierarchy due to the use of unobservable inputs. The inputs used in the calculation of the fair value of the financial liability at fair value are as follows:

1. The option with the greatest liability that a market participant would want to be compensated for is a cash settlement based on a GSA not being negotiated or executed, representing the maximum liability under the 2019 Agreement. As a result, approximately \$23.2 million based on current estimates (\$20 million indexed for CPI), is used as the basis for determining the present value of the liability at 31 December 2021.
2. The earliest date for the cash payment under point 1 above is 30 July 2022, giving a period of indexation of 8.4 years from March 2014.
3. The CPI rate used to index the \$20 million cash payment from March 2014 is based on actual quarterly CPI rates from March 2014 to 31 December 2021 and forecast at 1.16% per annum for the remaining period to 30 July 2022.

The relationships between the unobservable inputs and the fair value of the financial liability at fair value are as follows:

Unobservable input	Relationship to fair value
Agreement term	If Comet Ridge's negotiations with CleanCo are unsuccessful by the extended GSA negotiation period of 30 June 2022, the cash payment would be payable no earlier than 30 July 2022.
CPI rate	If the 1.16% pa forecast CPI rate reduces/increases to a low of 0.5% pa or a high of 2.5% pa, the indexed liability will reduce by approximately 1.4% or \$327,000; or increase by approximately 2.9% or \$665,000.

**COMET RIDGE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**8. Contributed equity**

	December 2021 \$000's	June 2021 \$000's
Ordinary shares - fully paid	<b>145,693</b>	140,379

	December 2021	December 2020	December 2021 \$000's	December 2020 \$000's
<b>Movements in ordinary shares</b>				
	<b>Number of Shares</b>		<b>\$000's</b>	<b>\$000's</b>
Balance at the beginning of the period	<b>791,211,719</b>	789,000,030	<b>140,379</b>	140,200
Share issue to Directors in lieu of fees	-	2,211,689	-	181
Share placement @ 8.25 cents per share <sup>1</sup>	<b>64,472,726</b>	-	<b>5,318</b>	-
Performance rights vested	<b>4,350,000</b>	-	<b>345</b>	-
Share issue costs <sup>1</sup>	-	-	<b>(349)</b>	(2)
Balance at the end of the period	<b>860,034,445</b>	791,211,719	<b>145,693</b>	140,379

<sup>1</sup> On 10 September 2021, Comet Ridge announced a placement of new shares to institutional and sophisticated investors to raise \$5.0 million (net of share issue costs). The placement comprised the issue of 64,472,726 new shares at an issue price of \$0.0825 per share. The placement shares were allotted to investors on 17 September 2021.

**9. Share-based payments**

The share-based payments' expense included in the financial statements with respect to performance rights issued during the half-year and already issued in prior years and the movements in the share-based payments' reserve during the half-year are as follows:

	December 2021 \$000's	December 2020 \$000's
<b>Statement of Comprehensive Income</b>		
Share-based payments' expense included in employee benefits' expense	<b>(1)</b>	312
	<b>December 2021 \$000's</b>	<b>December 2020 \$000's</b>
<b>Share-based payments' reserve</b>		
Balance at the beginning of the period	<b>382</b>	(50)
Share-based payments' expense during the half-year	<b>(1)</b>	312
Performance rights vested during the half-year	<b>(345)</b>	-
Balance at the end of the period	<b>36</b>	262

The object of the plan is to:

- (a) provide an incentive for employees/contractors to remain in their employment and continue to provide services to the Group in the long term;
- (b) recognise the ongoing efforts and contributions of employees/contractors to the long-term performance and success of the Group; and
- (c) provide employee/contractors with the opportunity to acquire performance rights, and ultimately shares in Comet Ridge Limited.

All performance rights granted during the half-year are subject to performance conditions and the completion of a specified period of employment/engagement. Since 1 July 2021, a total of 12,135,000 Performance Rights have been issued to employees and long-term contractors, including the issue of 2,580,000 performance rights to the Comet Ridge Managing Director, Tor McCaul (approved at the Annual General Meeting held on 16 November 2021). These performance rights are included in the following table.

**COMET RIDGE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

The following table shows the movements of performance rights during the half-year:

Grant date	Expiry date	Share price at grant date (cents)	No. of rights 30 June 2021	Granted during the half-year	Vested during the half-year	Cancelled during the half-year	No. of rights 31 December 2021
31-Dec-19	31-Dec-21	19.0	750,000	-	-	(750,000)	-
31-Dec-19	31-Dec-22	19.0	750,000	-	-	-	750,000
31-Dec-19	30-Jun-23	19.0	1,000,000	-	-	-	1,000,000
7-Aug-20	1-Jul-21	7.9	4,350,000	-	(4,350,000)	-	-
7-Aug-20	1-Jul-22	7.9	2,510,000	-	-	-	2,510,000
16-Dec-21	31-Dec-23	10.0	-	12,135,000	-	-	12,135,000
			<b>9,360,000</b>	<b>12,135,000</b>	<b>(4,350,000)</b>	<b>(750,000)</b>	<b>16,395,000</b>

The fair value of performance rights is determined at grant date. The value of performance rights that are issued subject only to a service condition or subject to a service condition and a non-market performance condition (e.g. reserves certification), is determined by reference to the quoted price of the Company's shares on the ASX and an appropriate probability weighting to factor the likelihood of the satisfaction of these conditions. The fair value of performance rights at grant date issued subject to a market condition (e.g. Total Shareholder Return performance), is determined using generally accepted valuation techniques including Black-Scholes option pricing model and Monte Carlo simulation that take into account the term of the performance right, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the performance right.

#### 10. Borrowings

Comet Ridge has entered into a binding facility agreement with PURE Asset Management Pty Ltd to provide the Company access to a term loan facility for up to \$10 million. The facility provides funding to progress a Final Investment Decision (FID) on the Mahalo Gas Project and other corporate activities and is provided in two tranches of \$6.5 million and \$3.5 million respectively. As at 31 December 2021, the first tranche of \$6.5 million has been drawn with a maturity date of September 2025, with the second tranche of \$3.5 million being unused at 31 December 2021.

	December 2021	June 2021
	\$000's	\$000's
<b>Non-current Borrowings</b>		
Loan payable	6,500	-
	<b>6,500</b>	<b>-</b>

The key terms of the Tranche 1 loan are:

Structure:	Term loan with detached warrants.
Interest Rate:	Prior to Mahalo Gas Project FID: 12%. Post Mahalo Gas Project FID: 10%.
Term:	48 months from utilisation.
Repayment:	Non-amortising bullet repayment. Voluntary repayment(s) subject to cascading fees.
Warrants:	39,393,939 warrant shares issued on 12 August 2021: <ul style="list-style-type: none"> <li>Exercise price of 16.5 cents per warrant share; and</li> <li>Term of 48 months from the utilisation of Tranche 1 loan.</li> </ul>
Security:	First ranking general security over all present and after-acquired property of the Company and subsidiaries, excluding the Mahalo Gas Project.

**COMET RIDGE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**11. Commitments**

**Exploration expenditure commitments**

	<b>December 2021</b>	<b>June 2021</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Detailed Exploration and Evaluation</b>		
- not later than 12 months	<b>2,483</b>	7,949
- between 12 months and 5 years	<b>14,365</b>	15,225
	<b>16,848</b>	23,174

**Exploration expenditure**

In order to maintain an interest in the exploration permits 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.

**Bank guarantees**

Westpac Banking Corporation have provided bank guarantees totalling \$579,000 (June 2021: \$579,000) as follows:

- \$379,000 (June 2021: \$379,000) to the State of Queensland in respect of the Group's exploration permits and environmental guarantees; and
- \$200,000 (June 2021: \$200,000) to the State of NSW in respect of the Group's exploration permits and environmental guarantees.

The bank guarantees are secured by term deposits.

**12. Events occurring after balance date**

No item, transaction or event of a material and unusual nature has arisen between the end of the half-year and the date of this report likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group 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 2021 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, 11 March 2022



## Independent auditor's review report to the members of Comet Ridge Limited

### Report on the half-year financial report

#### Conclusion

We have reviewed the half-year financial report of Comet Ridge Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Material uncertainty relating to going concern

We draw attention to Note 4 in the half-year financial report, which describes that under an agreement with CleanCo Queensland Limited (CleanCo), contract terms exist whereby a cash payment of approximately \$23.2 million may become payable by 30 July 2022. In addition, the Group will require additional funding for its ongoing commitments to continue its normal business operations, including the progression of its Mahalo Gas Hub permits and Galilee permits.

The ability of the Group to continue to adopt the going concern assumption will depend upon a number of matters including securing a gas supply agreement with CleanCo and/or the successful raising of necessary funding through debt, equity, sell-down or farm-out of the Group's tenements to meet these commitments as they arise. These conditions, along with other matters set forth in Note 4,

.....  
PricewaterhouseCoopers, ABN 52 780 433 757  
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001  
T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation



indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

### **Responsibilities of the directors for the half-year financial report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

### **Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and of 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*.

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.

The PricewaterhouseCoopers logo, written in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Michael Shewan'.

Michael Shewan  
Partner

Brisbane  
11 March 2022