Comet Ridge Limited

A.B.N. 47 106 092 577

Annual Report

for the year ended 30 June 2015

Contents

Chairman's Letter

Dear Shareholder,

I am pleased to present Comet Ridge Limited's Annual Report for the year ended 30 June 2015.

It has been a very difficult year for the oil and gas industry and a frustrating year for Comet Ridge. Oil and LNG companies (as a result of oil price linked LNG contracts) have been hard hit by the dramatic fall in the oil price. This has been reflected in the significant falls in the share prices of most Australian listed energy companies.

During the first half of the year Comet Ridge was very pleased with a number of key milestones for our Mahalo project including in August 2014 announcing our first reserves at Mahalo in addition to a substantial upgrade in our resources. In November/December, the Mahalo Joint Venture successfully drilled and completed Mahalo 7, a horizontal well intersecting the existing Mahalo 6 vertical well.

Since then Comet has been frustrated with the lack of progress with the project. Following a routine pump failure on Mahalo 6 in February, the pump was not replaced by the operator until very late in July. Mahalo 6 is now back in operation and we are very excited with the performance of Mahalo. Comet Ridge is belatedly back on track demonstrating the potential of Mahalo and we believe moving towards substantially upgraded reserves.

We are also encouraged by developments in the Galilee basin including a resource booking for our Albany project (formerly called Carmichael).

Very significantly, BG's QCLNG commenced shipping LNG in December 2014 and APLNG and GLNG should start shortly. Many commentators do not appreciate the flow on effects of the commencement of these projects. Each project will (annually) use gas roughly equivalent to double that consumed in a single year by the whole of NSW. It is Comet Ridge's view that the LNG projects and domestic industrial users and consumers do not have sufficient gas and that the magnitude of the gas shortfall looming is significant. This has been underestimated by many, and we will soon be entering a period where the shortage of gas on the east coast starts to seriously be felt in the market.

The moratorium on exploration and production of gas in some eastern states will ensure that the coming shortage is much worse than it would have otherwise been. Eco-activism has replaced common sense and the near half century of safe and efficient onshore gas production from Queensland seems to not be understood or acknowledged further south.

Comet Ridge with its large gas resource has positioned itself to take advantage of this looming shortfall. As previously expressed, we aim to convert as much as possible of our resource into reserves. Our recent progress at Mahalo has increased the likelihood of this happening in the near future.

During the year directors Jeff Schneider and Tony Gilby retired from the board. I would like to thank Jeff and Tony for their considerable contribution to Comet Ridge and wish them well for the future.

I would like to express my thanks to the Board, management and staff very ably led by our Managing Director, Tor McCaul, for their efforts throughout the year. Progressing projects in the current operational environment has at times been difficult and the commitment Comet's team has shown over the year puts the company in a strong position to realise its potential.

I look forward to the upcoming year and sincerely thank our loyal shareholders for their continued support.

Yours faithfully,

James McKay
Chairman

Managing Director's Report

To say Comet Ridge has had a challenging financial year is probably a significant understatement.

The year started well in July 2014 with momentum building at Mahalo and plans being put in place to drill the first horizontal intercept well in the Mahalo Pilot scheme, not far from Rolleston in central Queensland. Just as the well planning was being finalised in August 2014, the first independently certified gas reserves were achieved for the company, at Mahalo. Although the 2P and 3P reserves certified were reasonably modest, there was also a large increase in the contingent resource base, giving a pleasing increase of over 30% to the recoverable gas volume in the block.

Drilling of the horizontal well progressed rapidly during 4Q 2014 with the well on line for production testing just before the end of December. The well was pumped very conservatively and although continuous gas flows were measured during February 2015, mechanical problems with the pump occurred not long after that, and a period of extended frustration and uncertainty followed as Comet Ridge worked with the joint venture to ensure the Exploration Operator would move to change out the bottom-hole pump. This process unfortunately dragged on for a number of months, and it was not until July that the pump was replaced and early August when the horizontal / vertical well combination was put back on line. The downhole pump (to lift water off the coal seam at Mahalo) has been running at a very low speed for five weeks now, and increasing gas rates have been measured from the horizontal / vertical well combination since the pump was put back on line, leading to the most significant gas flows from the Mahalo block to date. We continue to be very pleased with progress.

In the Galilee Basin, significant work during the current financial year has focussed on our conventional gas structure, which we have now called "Albany" to avoid confusion with the large nearby coal mine. This work lead to the first sandstone gas contingent resource booking in the Galilee Basin in August 2015 which the Company was very pleased to achieve. The volume of gas contained in this structure is material. It is our view that the shortage of gas in East Australia will cause the large Galilee Basin contingent resource volumes to be highlighted as the closest available gas source yet to be commercially targeted in the eastern part of the country.

At a macro level, the industry in Queensland is seeing significant challenges with a currently low oil price, two LNG trains now on line, a third due to start this month and a forth starting before the end of this calendar year. Two further trains are due to start up early in 2016.

Progress with gas exploration in NSW has been frustratingly slow and hence Comet Ridge will continue to focus on commercialising our significant resource base in Queensland where the gas industry has given the state a significant financial boost and rejuvenated many communities in the bush. Our focus will be at Mahalo, as we further ramp up pilot gas production, and in both sandstones and coals in the Galilee Basin in what is a transformational time for the east coast gas business and the biggest single change our industry has seen since it started almost half a century ago.

Tor McCaul

Managing Director

Overview of Activities

Comet Ridge Limited continues to maintain its focus on the exploration and appraisal for gas resources and reserves in eastern Australia. During the year, the company also had CSG interests in New Zealand and oil and gas interests in the United States through Comet Ridge Resources LLC (CRR), a US company based in Denver, Colorado.

Comet Ridge has maintained its focus on the Mahalo block in ATP 337P which is operated by Santos QNT Pty Ltd. In August 2014, the company announced its first independently certified reserves at Mahalo with a substantial increase in contingent resources also achieved. As part of the plan to build reserves and deliverability at the project, Comet Ridge and its Joint Venture partners approved the drilling of the Mahalo 7 horizontal well that was designed to intercept the existing Mahalo 6 vertical well. This well was successfully drilled in November 2014. Dewatering operations on the vertical Mahalo wells continued during the year with increasing gas rates being observed.

During October 2014 the joint venture signed off the final documentation recording the assignment of Stanwell Corporation Limited's ("Stanwell") 5% interest in the Project to Comet Ridge. Comet Ridge's legal interest in the Project is now 40%. The execution of the assignment documents was the last outstanding condition of the agreement that was announced on 19 March 2014, between Comet Ridge and Stanwell (2014 Agreement) which replaced the original Sale & Purchase Option Agreement signed in September 2011.

In the Galilee Basin, in early August 2015, following the end of the financial year, Comet Ridge announced that it had received an independent certification for Contingent Gas Resources at Carmichael, situated in the 100% held Galilee Basin permit ATP 744. The Certification follows an independent review of the conventional Carmichael Structure by the certifier SRK Consulting (Australasia) Pty Ltd ("SRK") of Brisbane, Australia. Much of the work leading up to this announcement occurred during the 2014-2015 financial year. The Company has renamed the structure "Albany" to avoid confusion with a coal mine in the Galilee Basin.

Health Safety and Environment

As each year passes, Comet Ridge continues to fine tune and improve on its HSSEQ Management System, and remains focussed on ensuring we continue to operate with no harm to people and minimal impact to the environment.

No recordable health, safety or environmental (HSE) incidents were reported in the period 1 July 2014 through to 30 June 2015. Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) remain at ZERO. No recordable environmental incidents occurred during this period. This continues the positive trend that has been established in previous years.

During the year, Comet Ridge finalised the review and amendments of the Polices and commenced the process of reviewing procedures to ensure these too align with operational requirements, the Queensland Petroleum & Gas (Production & Safety) Legislation and good oilfield practice.

The year saw Comet ridge continue to focus on critical elements that have been broadly identified within the oil and gas industry, as carrying a higher potential risk. As part of the annual review, the training matrix was evaluated for its suitability, and changes were made accordingly. Changes focussed on establishing positional needs as opposed to individual requirements which has provided a much clearer training pathway for Comet Ridge personnel.

The Queensland Natural Gas Exploration & Production Industry Safety Forum (ISF) continued to provide value adding information and tools which have been examined during the systems review processes, and incorporated where appropriate. Comet Ridge continued its membership of the ISF and looks forward to contributing the positive safety culture being developed within the industry.

Overview of Activities (continued)

Activities in Australia

Comet Ridge has interests in four coal seam gas assets in the Bowen and Galilee Basins in Queensland, and three in the Gunnedah Basin in New South Wales.

Comet Ridge Permits	Basin	State	CSG Interest	Area (km^2)
ATP 743P	Galilee	QLD	100%	3,994
ATP 744P	Galilee	QLD	100%	4,296
ATP 1015P Farm-in Area	Galilee	QLD	20%	873
ATP 337P Mahalo	Bowen	QLD	40%	911
PEL 6	Gunnedah	NSW	22.5%	5,162
PEL 427	Gunnedah	NSW	50%	5,764
PEL 428	Gunnedah	NSW	60%	6,018

The past 12 months has seen a continued focus on the Mahalo Gas Project with continued dewatering operations and the drilling of a horizontal well. While some issues with a pump were encountered that caused a significant amount of downtime on the horizontal well evaluation, gas rates continued to increase on the vertical wells, exhibiting a positive trend. Comet Ridge received an initial Independent Reserve Certification from MHA Petroleum Consultants of Denver, USA as announced on 28 August 2014. In conjunction with the initial Independent Reserve Certification, MHA also upgraded Contingent Resources for the Mahalo block, allocating about 30% more recoverable gas into the block than previously identified.

Work carried out during the year on a conventional prospect in the Galilee Basin led to an independent conventional gas resource certification at the Carmichael structure in ATP 744. Comet Ridge was very pleased with the technical work carried out that led to the announcement on 5 August 2015.

The company presents its net Gas Reserves and Resources for each of its tenements (updated for the recent Galilee Basin Gas Resource Certification by SRK) in the table below.

Comet Ridge Limited – Net Recoverable Reserves and Resources

Location	Project	COI Interest	Reserve (PJ) [1]			Contingent Resource (PJ)			Prospective Resource (PJ) [2]
			1P[3]	2P	3P	1C	2C	3C	
Bowen Basin, QLD	Mahalo Gas Project (ATP 337P)	40%	-	22	124	208	328	468	-
Galilee Basin, QLD	Gunn Project Area 5 (ATP 744P)	100%	-	-	-	-	67	1,870	597 [5]
Galilee Basin, QLD	Albany Structure (ATP 744P)	100%	-	-	-	56	153	417	-
Gunnedah Basin, NSW	PEL 6 PEL 427 PEL 428	22½% 50% 60%	-	-	-	-	-	474	2,101
West Coast, NZ[4]	PMP 50100	100%	-	-	-	45	89	169	-
Total			**-**	**22**	**124**	**309**	**637**	**3,398**	**2,698**

Notes to Table 2:
Note: Gas Reserve and Resource numbers have been rounded to the nearest whole number.
1) Comet Ridge's net reserves have not been adjusted for fuel or shrinkage (estimated at approximately 3%) and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).
2) ASX Listing Rule 5.28.2 Statement relating to Prospective Resources: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
3) 1P Reserves have not been attributed to the Mahalo Gas Project under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan.
4) As detailed in the June Quarterly Activities Report the application to NZPAM to amend the current work programme for PMP 50100 is unlikely to be approved. Comet Ridge is currently reviewing its options in light of this and will work with NZPAM to determine the way forward.
5) Where the auditor has detailed Prospective Resources in a range, the mid-range case has been listed in the table.

Overview of Activities (continued)

ATP 337P Mahalo Project

Comet Ridge's ATP 337P Mahalo asset is located in the Denison Trough, approximately 240km west of Gladstone in the southern Bowen Basin and covers an area of 911 km2. Comet Ridge now has a 40% interest in ATP 337P Mahalo as a result of the conclusion of the Stanwell transaction which occurred in October.

Comet Ridge Achieves Initial Independent Reserve Certification at Mahalo Gas Project

On 28 August 2014, the Company announced its first independently certified reserves at the Mahalo Block with a substantial increase in contingent resource also achieved.

COI Net Equity Share	Gas Reserve (PJ)			Gas Contingent Resource (PJ)		
Category	1P	2P	3P	1C	2C	3C
28 August 2014 certification	-	22	124	208	328	468
25 October 2010 certification	-	-	-	83	221	442
Increase	-	22	124	125	107	26

This reserve certification demonstrates the commerciality of the Mahalo block. The project is located just 11 kilometres from an infrastructure connection to the Gladstone LNG market with significant gas supply requirements and rising prices. Uncommitted gas reserves in eastern Australia are becoming increasingly scarce so the Company is pleased to have a material volume of 3P reserves to work into the 2P category and a very large contingent resource base to work towards reserves.

Mahalo 7 Horizontal Well

While the Company is pleased to have achieved the significant milestone of a maiden reserve booking, this was seen as an important first step. As part of the plan to build reserves and deliverability at the project, Comet Ridge and its Joint Venture partners approved the drilling of a horizontal well that was designed to intercept the existing Mahalo 6 vertical well. The Mahalo 7 surface to in-seam horizontal well was designed to maximise the use of current reservoir data and was positioned inside the current pilot wells. The well was drilled horizontally through a significant section of the coal reservoir, contacting approximately 360 metres of coal in the horizontal section and intercepting the Mahalo 6 well on the first attempt. A new pump was run into the Mahalo 6 vertical well to lift the water produced from the Mahalo 7 horizontal well section. The well was drilled in November 2014 with the pump installed the following month, and the pump was on line with water production commencing in late December.

Pumping operations on the Mahalo 6 well initially started with a very low pump speed to achieve gradual pressure drawdown. Through the first part of first quarter 2015, Comet Ridge was pleased with the progress of the drawdown. As the pump speed was gradually increased, small flows of gas were observed for short durations which led to more sustained gas flows being continuously observed in the period leading up to early March 2015. The company was very pleased at that point to see sustained gas commencing from the well from the very modest drawdown of approximately 12 psi. Pumping efficiency however declined through the period with evidence of produced gas running through the downhole pump. As pump speed was gradually increased, pump efficiency decreased leading to the conclusion that the downhole pump would need to be changed, via a routine workover.

The Joint Venture formally approved a pump change and also agreed to re-position the pump intake deeper in the well (and below the point of gas entry) to avoid the issue of gas running through the pump in the future. This operation would then allow the gas and water production to ramp up in Mahalo 6 to continue on an uninhibited basis. After a substantial delay, the workover to replace the pump was finally completed in late July and the well has since been brought back on line at a low drawdown. Initial results are very positive with a steady water rate and increasing gas rate with limited drawdown. Gas rates measured since the new pump has been started in August 2015 have been significantly higher than rates measured in early 2015, before the initial pump problems.

At the Mira pilot, Mira 2 has largely been used as a pressure observation well whilst the Mira 3, 4 and 5 wells were utilised as production wells. Gas production has been measured on two of the three producing wells. A series of a series of shut-ins and pressure build ups were undertaken to analyse pressure response between wells. As a result of this, pumping operations and dewatering were intermittent during the last quarter of the reporting year.

Overview of Activities (continued)

Galilee Basin Permits
Comet Ridge has a 100 per cent interest in two adjacent permits on the eastern flank of Queensland's Galilee Basin, ATP 743P and ATP 744P, with a combined area of 8,290 km^2. The area remains only lightly explored to date. In addition, the company has a 20% equity in the ATP 1015P Farm-in area located adjacent to the Company's 100% held Gunn Project Area in ATP 744P. The Farm-in Area consists of two separate areas totalling approximately 873 km^2.

In July 2014, Comet Ridge was granted an extension of two years to the first term of ATP 743P which was consistent with new legislation introduced by the Queensland government. This effectively extended the first year term through to early September 2015. 33% of the least prospective area of the block area was relinquished back to the Queensland Government in 2013 prior to the extension being awarded. Consistent with government requirements, a further 17% of the least prospective blocks were relinquished back to the Queensland Government, bringing the total area relinquished to 50%, in line with the permit being half way through its 12 year term. A new proposed 4 year Later Work Programme (LWP) is currently being reviewed by the Queensland Government.

Harrington 1
Comet Ridge drilled the Harrington 1 appraisal well in May/June 2014 in the northern part of the ATP 1015 farm-in area. The well was a 24km step out to the north east from the Gunn 2 EPT well in ATP 744. Harrington 1 well reached a total depth (TD) of 1042 m and was cored through the entire Betts Creek section, intersecting approximately 19 m of net coal across the targeted coal seams. Net coal thicknesses from wells drilled by Comet Ridge in this area of the Galilee Basin have ranged between 16 m and 24 m, so the Harrington 1 well continues to demonstrate that coals extend consistently over a wide part of the eastern Galilee Basin.

During the June 2015 financial year, laboratory testing of the core recovered was completed... The Harrington-1 data has been integrated with the wells dataset for the area and used to generate "sweet-spot" attribute maps for the Betts Creek beds over the Gunn Project Area for optimal positioning of future exploration and appraisal wells. In addition, with the new data, internal assessments on GIIP (gas initially in place) have been updated.

Comet Ridge continues to evaluate power and other opportunities for eastern Galilee Basin gas. Several potential opportunities exist and with the recently elected Queensland government indicating their continued support of the Galilee Basin Coal mines, we view this as positive and continue to see this mine corridor as a potential user of significant volumes of gas.

Comet Ridge holds 20% equity in the permit, with the remaining equity being held by QER CSG Pty Ltd. Comet Ridge has now drilled three wells in ATP 1015P.

Initial Conventional Contingent Gas Resource Certification for Galilee Basin Permit ATP 744
In early August 2015, Comet Ridge announced that it had received an independent certification for Contingent Gas Resources at Albany (previously named Carmichael), situated in the 100% held Galilee Basin permit ATP 744. The Certification follows an independent review of the conventional Albany Structure by the certifier SRK Consulting (Australasia) Pty Ltd ("**SRK**") of Brisbane, Australia.

The Albany Structure is situated just north of the Gunn Project Area where Comet Ridge already holds a significant Contingent Resource Certification for coal seam gas (CSG).

SRK attributed the Original Gas-In-Place (OGIP) and Contingent Resource (shown below in Table) to Comet Ridge's net equity interest (being 100% in ATP 744) using a combination of *probabilistic* and *deterministic* methods to prepare the estimates of Original Gas-In-Place and Contingent Resources as at 5 August 2015.

COI Net Equity Share	OGIP (PJ)			Gas Contingent Resource (PJ)		
Category	**1C**	**2C**	**3C**	**1C**	**2C**	**3C**
100%	130	334	861	56	153	417

Notes to Table 1:

- *Contingent Resource estimates have been prepared in accordance with the Society of Petroleum Engineers ("**SPE**") 2007 Petroleum Resource Management System ("**PRMS**") Guidelines as well as the 2011 Guidelines for Application of the PRMS approved by the SPE.*
- *Contingent Gas Resources are (100%) Unrisked Gross*
- *The previous assessment of Contingent Resources attributed to ATP 744 was in Comet Ridge's Gunn Project Area to the south of the Carmichael Structure and details of these were released to the market on 25 November 2010.*
- *NSAI, the author of the report attributing contingent resources in ATP 744 to Comet Ridge as at 25 November 2010 has consented to the reporting of these resource figures in the context and manner in which they appear in this announcement.*

Overview of Activities (continued)

Initial Conventional Contingent Gas Resource Certification for Galilee Basin Permit ATP 744

The Carmichael-1 well was drilled in 1995 by Maple Oil & Exploration NL, as an oil exploration well, to test the petroleum potential of the Late Carboniferous Lake Galilee Sandstone over a robust seismically defined anticlinal structure in the then ATP 588P (now ATP 744P). The structure is approximately 15km long on its main axis. Three separate zones within the Lake Galilee Sandstone flowed gas to surface at low rates. An additional significant section of potential gas pay was not tested. The well discovered a large natural gas accumulation which was deemed uneconomic at the time based on drill stem test results, and historic low gas prices, and the well was plugged and abandoned.

2015 reprocessing and reinterpretation of the seismic data over the Carmichael Structure confirmed the presence of a large anticlinal structure with a significantly larger structural closure than had been previously mapped. This latest technical review also indicates Carmichael-1 well was not optimally located over the crest of the structure, leading to significant upside for a future appraisal well.. The well results also indicated that the productivity of the tight gas formation was not optimally assessed in Carmichael-1 due to the significant overbalance in mud weight and the presence of liquid hydrocarbons decreasing relative permeability to gas. Further drilling is required to demonstrate commercial flow rates for gas.

This resource certification represents the first sandstone gas resource booking anywhere in the Galilee Basin, so this is an important result for Comet Ridge. With the recent technical work that has been done the Company now has a much better view of the significant resource potential at Albany.

With this independent evaluation, Comet Ridge plans to drill and test the a second well using latest technology, with a farm-in partner, to specifically test the potential to flow commercial volumes of natural gas.

New South Wales' Projects

Comet Ridge's three contiguous licences (PEL 427, PEL 428 and PEL 6) are located in the northern Gunnedah Basin, immediately north and west of Santos' Narrabri CSG Project in the Bohena Trough, and cover a total area of approximately 17,000 km^2. Comet Ridge currently holds between 22.5% and 60% CSG interest across these licences and between 97.5% and 100% conventional oil and gas equity and is the conventional Operator. Santos operates the CSG interest. The permits are strategically located as this area has the potential to mature into a major CSG producing province, with gas to flow south to Newcastle and Sydney to meet an important part of NSW's gas needs.

On 30 September 2014, the NSW Chief Scientist released the long awaited report on the Coal Seam Gas Industry. While the report noted that there were some technical challenges and risks associated with the industry, it was also made clear that through the high standards of engineering and professionalism by industry participants, risks can be safely managed. It was hoped this would prove to be a 'kick start' to the struggling sector, but that does not seem to be the case. In the second half of the June 2015 financial year, the NSW government moved to implement all 16 recommendations presented by the Chief Scientist with the goal of being in place by 1 July 2015. Included in this has been a Minimum Standards and Merit Assessment Procedure which applies to work programmes.

With the above in mind, Comet Ridge is still working with Joint Venture partner and CSG Operator Santos, to renew the Joint Venture's Gunnedah Basin permits and plan the future work programme to evaluate a number of Permian-aged troughs that have been identified through the acreage position. To date, PEL 427 has been extended through to May 2016 and extensions continue to be processed for PEL 428 and PEL 6. Updated applications of renewal for PEL 428 and PEL 6, complying with the newly implemented procedure, will be submitted in the coming months when the government has clarity on a few outstanding issues relating to the new procedures that they have introduced.

In the last part of the year, Comet Ridge completed a geotechnical review of the conventional prospectivity of its three Gunnedah Basin permits. The aim of the assessment was to formulate a series of plays, leads and prospect maps and, where possible, estimate potential geological risks and upside. While more work is being planned, it has led to the conclusion that the permit areas studied have a large number of potential conventional and unconventional hydrocarbon trap opportunities.

Activities in New Zealand

As at 30 June 2015, Comet Ridge held a 100% interest in one petroleum permit in New Zealand, this being PMP 50100 on the West Coast of the South Island. This permit has a term of 20 years with a work programme of two wells that were due in late July 2015.

Comet Ridge submitted an application to New Zealand Petroleum and Minerals (NZPAM) with a request to amend the current work programme of two wells. The request was premised on a change of exploration focus towards the conventional prospectivity of the permit where potential oil targets were identified. NZPAM has recently advised that the application was not successful. Comet Ridge is currently reviewing its options in light of this and will work with NZPAM to determine the way forward.

Overview of Activities (continued)

Activities in the USA
Denver based Comet Ridge Resources LLC (CRR) primary focus during the year was continued work on farm-out opportunities in both SE Colorado and Montana. Commensurate with this, the level of overhead continues to be greatly reduced.

In the northern Rockies, CRR's wholly owned subsidiary, Comet Ridge Montana, LLC, negotiated the sale of its interests in a joint exploration area to its partner for US$4 million. The transaction closed in the fourth quarter.

In SE Colorado, two oil exploration wells were funded and drilled by an external party – one of these was completed and put on production as a low-rate oil well.

Community
Comet Ridge has a deep commitment, at all levels of the Company, to working with community stakeholders in the regions where we operate. Community engagement and respect for the communities within which we operate is a core value for Comet Ridge and is backstopped by Legislation and Regulation. The Queensland 'Land Access Code', which has been developed in compliance with the relevant legislation and enshrined in Regulation, is the main formal reference when it comes to landowner and community relations and interaction between landowners and the Oil and Gas Industry. Comet Ridge has always acted consistent with the principals and guidelines set out in this Code of Practice.

The company believes that co-existence and mutual respect are the cornerstones of community relations. The company has built on the strong relationships developed over previous years and continues to enjoy excellent relationships with landowners, Local Government, the wider community and all relevant stakeholders.

In the past year, the company has had regular contact with key landowners. This contact has been in the form of personal visitations, which strengthens and reinforces our relationship with these landowners and maintains an active point of contact should any concerns or issues arise.

In terms of Local Government engagement, the company continues to maintain close contact with relevant officials and elected representatives, particularly within Barcaldine Regional Council. Contact with Local Government, whilst not a regulatory imperative, affords an excellent opportunity to communicate with local communities at a broad level, permitting the company to articulate forward plans and hear local concerns and issues.

Comet Ridge has maintained its membership of the Galilee Basin Operators Forum (GBOF), which, of recent times, has become less relevant in terms of engagement with Local Government and the local community generally. Through membership of APPEA, the company interacts with other regional explorers through the Explores Leadership Group and, more widely with Government representatives and such agencies as the Queensland Gasfields Commission.

Through a variety of meetings, over recent years, in the Galilee Basin, the company has maintained contact with RAPAD (the Central West Remote Area Planning and Development Board), MITEZ (Mt Isa to Townsville Economic Zone) and AgForce.

Cultural Heritage
Comet Ridge is legislatively required to protect and secure indigenous cultural heritage when conducting in-field activities and takes responsibilities in these matters with the utmost seriousness. Protecting, preserving and respecting indigenous culture, Aboriginal peoples' deep connection to the land and ensuring artefacts and items of cultural significance are secured, are very important to the company.

Protocols with Aboriginal Claimant Groups are well established and, where appropriate, engagement with these groups is undertaken as proscribed. The company has a 'duty-of-care' responsibility with respect to Cultural Heritage matters and, as a minimum, engages with specialist archaeological consultants before any field work involving land clearing is undertaken. This high-level commitment has been the company's standard practice and will continue to be so into the future.

2015 Annual Reserves Statement

The year saw Comet Ridge Limited realise its first reserve booking as announced on 28 August 2014 with its first independently certified reserves at the Mahalo Block with a substantial increase in contingent resource also achieved. The allocation of the initial gas reserves followed an independent certification of that data associated with the Mahalo Gas Project ATP 337 by MHA Petroleum Consultants, LLC Inc. (MHA).

The Company presents its net Gas Reserves and Resources on a combined basis as well as for each of its individual tenements as at 30 June 2015.

Comet Ridge Limited – Net Recoverable Reserves and Resources

Location	Project	COI Interest	Reserve (PJ)						Contingent (PJ)					
			1P 30/6/14	1P 30/6/15	2P 30/6/14	*2P 30/6/15	3P 30/6/14	3P 30/6/15	1C 30/6/14	1C 30/6/15	2C 30/6/14	**2C 30/6/15	3C 30/6/14	3C 30/6/15
Bowen Basin, QLD	Mahalo Gas Project (ATP 337P)	40%	-	-	Nil	*22	Nil	124	83	208	221	**328	442	468
Galilee Basin, QLD	Gunn Project Area 5 (ATP 744P)	100%	-	-	-	-	-	-	-	-	67	**67	1870	1870
Gunnedah Basin, NSW	PEL 6 PEL 427 PEL 428	22½% 50% 60%	-	-	-	-	-	-	-	-	-	-	474	474
West Coast, NZ[4]	PMP 50100	100%	-	-	-	-	-	-	45	45	89	**89	169	169
Total			**-**	**-**	**Nil**	***22**	**Nil**	**124**	**128**	**253**	**377**	****484**	**2955**	**2981**

ASX Listing Rules Annual Report Requirements

*Listing Rule 5.39.1:

- All 2P petroleum reserves recorded in the table are undeveloped and are attributable to unconventional gas.
- 100% of all 2P petroleum reserves are located in the Bowen Basin.

*Listing Rule 5.39.2:

- The proportion of total 2P petroleum reserves that are unconventional is 100%. There are no 1P reserves recorded for the Company in any of its tenements.

Listing Rule 5.39.3:

- The table records a reconciliation of the 2P and 3P petroleum reserves as at 30 June 2015 as against the previous year and discloses that the net 2P and 3P petroleum reserves increased 100% from the 2014 year to the 2015 year, due to the initial reserves booking at Mahalo ATP 337 located in the Bowen Basin announced to the market 28 August 2014.

Governance Arrangements and Internal Controls Listing Rule 5.39.5:

- Comet Ridge has obtained all of its gas reserves and resources reported as at 30 June 2015 from external independent consultants who are Competent Persons as defined by the ASX Listing Rules.
- Comet Ridge estimates and reports its petroleum reserves and resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers (SPE PRMS).
- To ensure the integrity and reliability of data used in the reserves estimation process, the raw data is reviewed by senior reservoir and geological staff at Comet Ridge before being provided to the independent reserve certifiers. Comet Ridge has not and does not currently intend to conduct internal reviews of petroleum reserves preferring to appoint independent external experts prior to reporting any updated estimates of reserves or resources so as to ensure an independent and rigorous review of its data.
- Comet Ridge reviews and updates its gas reserves and resources position on an annual basis to ensure that if there is any new data that might affect the reserves or resources estimates of the Company steps can be taken to ensure that the estimates are adjusted accordingly.

2015 Annual Reserves Statement (continued)

** Listing Rule 5.40.1:

- All 2C contingent resources recorded in the table are undeveloped and are attributable to unconventional gas.
- The geographical areas where the 2C contingent resources are located appear in the far left column of the table.

Listing Rule 5.40.3:

- The table records a reconciliation of the 2C and 3C contingent resources as at 30 June 2015 as against the previous year and discloses that the net 2C and 3C contingent resources increased from the 2014 year to the 2015 year.
- Contingent resources increased during the period by 49%, 22% and slightly less than 1% in each of the 1C, 2C and 3C categories respectively. This increase is a result of additional contingent resources being assessed at the Mahalo project located in the Bowen Basin announced to the market 28 August 2014.

Notes to Net Recoverable Reserves and Resources Table:

1) *Gas Reserve and Resource numbers have been rounded to the nearest whole number.*
2) *Comet Ridge's net reserves have not been adjusted for fuel or shrinkage (estimated at approximately 3%) and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).*
3) *1P Reserves have not been attributed to the Mahalo Gas Project under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan.*
4) *As detailed in the June Quarterly Activities Report the application to NZPAM to amend the current work programme for PMP 50100 is unlikely to be approved. Comet Ridge is currently reviewing its options in light of this and will work with NZPAM to determine the way forward.*
5) *Where the auditor has detailed Prospective Resources in a range, the mid-range case has been listed in the table.*

Corporate Governance Overview Statement

The directors and management of Comet Ridge Limited ("Comet Ridge" or the "Company") are committed to the creation of shareholder value and recognise the need for high standards of corporate governance as integral to that objective.

The Board is pleased to report that during the period ending 30 June 2015 the Company's corporate governance practices and policies have substantially accorded with those outlined in the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition) ("ASX Recommendations" or "ASX Guidelines"), except as outlined in the Company's annual Corporate Governance Statement. Even where there is a deviation from the recommendations the Company continues to review and update its policies and practices in order that these keep abreast of the growth of the Company, the broadening of its activities, current legislation and good practice.

The ASX Corporate Governance Council's (The Council) recommendations are not prescriptive but rather they are guidelines. If certain recommendations are not appropriate for the Company given its circumstances, it may elect not to adopt that particular practice in limited circumstances.

Where the Company's Corporate Governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the practices are appropriate due to either the size of the Board or the management team or due to the current activities and operations being carried on by and within the Company.

A copy of Comet Ridge's full 2015 Corporate Governance Statement, which provides detailed information about governance and a copy of Comet Ridge's Appendix 4G which sets outs the Company's compliance with the recommendations in the 3rd Edition of the ASX Recommendations is available on the corporate governance section of the Company's website at: : http://www.cometridge.com.au/About_Us_Governance.htm

Directors' Report

Your Directors present their report on Comet Ridge Limited (Comet Ridge or the Company) and the consolidated entity (the group) for the financial year ended 30 June 2015. The Company was incorporated on 23 August 2003 and listed on the Australian Securities Exchange on 19 April 2004.

1. Information on Directors

The following persons were the Directors of Comet Ridge Limited who held office for the whole of the year and up to the date of this Report.

James McKay B.Com, LLB, Non-executive Chairman (Director since April 2009)

Special Responsibilities

Chairman

Member of Audit Committee

Member Remuneration Committee

Experience

James McKay brings to Comet Ridge a strong commercial background, with sound financial business management and legal expertise. He has been involved in the establishment and development of a number of businesses.

James is a director of Walcot Capital, a private venture capital business specialising in energy investment. He was the former Chairman of CSG explorer Sunshine Gas Limited having overseen its merger with Queensland Gas Company for in excess of $1billion in 2008 as well as being a past president of the Australasian Cemeteries and Crematoria Association.

Interest in Shares and Options

35,926,583 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years

Nil.

Tor McCaul B.E. (Hons/Petroleum), B.Econ, MBA, Managing Director (Director since April 2009)

Special Responsibilities

Managing Director

Chairperson of Risk Committee

Experience

Tor McCaul was appointed Managing Director of Comet Ridge in April 2009 when the Company merged with Chartwell Energy Limited. He previously held the position of Chief Executive Officer of Chartwell having commenced with the Company in 2008. Prior to this Tor spent 11 years working in Asia for British independent companies in a wide variety of technical, finance, commercial and management roles.

Tor has 26 year's oil and gas experience. Following his graduation from UNSW in 1987, Tor spent the next nine years based in Brisbane working for operating companies such as LASMO plc and MIM Petroleum in technical roles on projects in Queensland, New Zealand and Papua New Guinea before moving to Asia.

He is a member of the Society of Petroleum Engineers and has served on the executive committee, including as Chairman, for the Queensland section. Tor is a past member of the UNSW Centre for Petroleum Engineering Advisory Committee and is a past President of the Queensland Petroleum Exploration Association (QUPEX).

Interest in Shares and Options

5,130,287 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years

Nil.

Directors' Report (continued)

1. Information on Directors (continued)

Chris Pieters B.Sc (Hons) B.Bus, Executive Director (Director since April 2009)
Acted as Commercial Director from June 2013 to February 2014 for a short-term project. Appointed Executive Director 17 June 2015)

Special Responsibilities

Member of Remuneration Committee

Member Audit Committee

Member Risk Committee

Experience

Chris Pieters is the Managing Director and co-founder of Walcot Capital, a private venture capital business specialising in energy investment, and the former Managing Director of Tlou Energy Limited, when it was a private unlisted public company with CSG exploration interests in Southern Africa.

Previously he was Chief Commercial Officer at Sunshine Gas Limited prior to its merger with the Queensland Gas Company in 2008. Chris also held other technical and business development roles at Sunshine Gas.

He is a member of the Petroleum Exploration Society of Australia.

Interest in Shares and Options

1,050,000 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years

Tlou Energy Limited (appointed 23 July 2009 and resigned 11 March 2015)

Gillian Swaby B.Bus, FAICD, FCIS, Non-executive Director (Director since January 2004)

Special Responsibilities

Chairperson of the Audit Committee

Chairperson of the Remuneration Committee

Experience

Gillian Swaby has been involved in financial and corporate administration for listed companies, as both Director and Company Secretary covering a broad range of industry sectors, for over 30 years. Ms Swaby has extensive experience in the area of corporate governance, corporate and financial management and board practice.

Gillian is past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and a lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company and was a member of the Paladin Energy Ltd Board for a period of 10 years. In August 2015, she stepped down from her role at Paladin as Company Secretary and EGM-Corporate Services. She also serves on the board of ASX listed Deep Yellow Limited and the Australian Africa Mining Industry Group.

Interest in Shares and Options

Nil

Directorships Held in Other Listed Entities in Last 3 Years

Non-executive Director Deep Yellow Limited

Directors' Report (continued)

1. Information on Directors (continued)

The following persons were the Directors of Comet Ridge Limited who held office for only part of the year.

Jeff Schneider B.Com, Non-executive Director (Director since August 2003 resigned 27 November 2014)

Special Responsibilities

Chairperson of Remuneration Committee (Resigned 27 November 2014)

Member of Audit Committee (Resigned 27 November 2014)

Experience

Jeff Schneider joined the Board of Comet Ridge and was elected Chairman on 28 August 2003; He resigned as the Chairman on 11 November 2009. He holds a degree in commerce and has over 30 years' experience in the oil and gas industry, including 24 years with Woodside Petroleum Limited.

His roles at Woodside included General Manager Commercial, accountable for business and strategic planning, mergers and acquisitions, product marketing and the business performance of Woodside's North West Shelf investment. Other roles within Woodside included Director Australian Gas where he was responsible for the commercialisation of reserves in the Otway Basin, Timor Sea and Browse Basin.

Jeff also holds a Non-executive Director position on the ASX listed Cooper Energy Limited. He has extensive corporate governance and board experience as both a Non-executive Director and chairman in resources companies.

Interest in Shares and Options

4,543,277 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years

Cooper Energy Limited (appointed 12 October 2011)

Anthony (Tony) Gilby B.Sc. (First Class Honours), Non-executive Director (Director since April 2009 resigned 15 June 2015)

Special Responsibilities

Chairperson of the Remuneration Committee (Resigned 15 June 2015)

Member of Risk Committee (Resigned 15 June 2015)

Experience

Anthony (Tony) Gilby began his career as a geologist for Delhi Petroleum in the Cooper Basin. He then held roles in exploration geology and geophysics as well as petro-physics both in Delhi Petroleum and ESSO.

Following 12 months working in the Exxon Production Research Centre in Houston, Tony returned to Australia eventually working for MIM Petroleum and the Louisiana Land and Exploration Company before taking on a variety of consulting roles as well as the acquisition of prospective Queensland acreage in a private capacity. This work culminated in the founding of Sunshine Gas and his role as Managing Director. He is also MD & CEO of ASX listed Tlou Energy.

Tony is a member of the Petroleum Exploration Society of Australia and the American Association of Petroleum Geologists.

Interest in Shares and Options

24,326,959 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years

Tlou Energy Limited (appointed 23 July 2009)

Directors' Report (continued)

2. Principal Activities

The principal activities of the group during the financial year were to carry out coal seam gas (CSG) exploration and appraisal. The group has tenement interests and a suite of prospective projects in Australia and New Zealand and an investment in a limited liability company based in the United States.

There have been no significant changes in the nature of the group's principal activities during the financial year.

3. Review of Operations and Financial Position

The loss after tax of the group for the financial year ended 30 June 2015 amounted to $18.57 million (2014: loss of $13.6 million). The most significant items contributing to the loss for the year were:

(a) the impairment expense of $15.54 million (2014: $9.15 million) with respect to the exploration permits in the Galilee and Gunnedah Basins;

(b) the write off of exploration and evaluation expenditure amounting to $1.27 million incurred with respect to the Research and Development grant received during the year; and

(c) movement in the fair value of the financial liability owed to Stanwell Corporation Limited amounting to $1.49 million (2014: $341,000).

The material items in the prior year loss were:

(a) the impairment expense of $9.15 million with respect to New Zealand exploration permits PMP50100 and PEP50279 in New Zealand; and

(b) the impairment of the investment in Comet Ridge Resources LLC (CRR) amounting to $3.29 million.

Refer to the Overview of Activities Report for further information on the operations of the group.

4. Significant Affairs

The following significant changes in the state of affairs of the group occurred during the financial year ended 30 June 2015:

(a) Capital raising

In October and November 2014, the Group raised additional capital by way of:

1. a share placement to institutional and sophisticated investors of 59,259,250 new ordinary shares at 13.5 cents per share; and
2. a share purchase plan offered to existing shareholders resulting in 8,192,551 new ordinary shares being issued also at an issue price of 13.5 cents per share.

The net proceeds from the placements amounted to $8.6 million which was used to fund exploration and appraisal activities for 2014/15 and provide for additional working capital.

(b) Impairment of exploration expenditure

During the year the impairment expenses recognised with respect to exploration and evaluation expenditure amounted to $15.54 million (2014: $9.149 million). This impairment relates to the Gunnedah Basin permits which have been fully impaired and the Galilee Basin permits which have been partially impaired.

5. Dividends Paid or Recommended

The Directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividend during the financial year.

6. After Balance Date Events

In early August 2015, an independently certified Contingent Resource Booking for gas was provided by SRK Consulting (Australasia) Pty Ltd (SRK) with respect to the Company's Albany (previously named Carmichael) Structure in ATP 744P in the Galilee Basin. This maiden contingent resource is the first resource booking from sandstone for the Galilee Basin and is a significant event for the Company. Details of this certification were released to the ASX on 5 August 2015.

7. Future Developments and Expected Results

The group proposes to continue its exploration programmes and investment activities.

Further information on the operations of the group and likely future developments are set out in the Overview of Activities.

Directors' Report (continued)

8. Environmental Regulations

The group's operations are subject to environmental regulation under the laws of Australia, New Zealand and USA where it undertakes its exploration, development and production activities. It is the group's policy to engage appropriately experienced contractors and consultants to advise on and ensure compliance with its environmental performance obligations.

There have been no reports of breaches of any environmental regulations or obligations in the financial year and as at the date of this report.

9. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 has been received and is attached to this report.

10. Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the financial year ended 30 June 2015 and the number of meetings attended by each director were:

	Board		Audit Committee		Remuneration Committee		Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J McKay	7	7	3	3	1	1	*	*
T McCaul	7	7	*	*	*	*	3	3
J Schneider	3	3	2	2	1	1	*	*
G Swaby	7	7	3	3	2	2	*	*
C Pieters	7	7	1	1	3	3	2	2
A Gilby	6	6	*	*	2	2	1	1

* = Not a member of the relevant committee

11. Remuneration Report – Audited

This report outlines the remuneration arrangements in place for the Non-executive Directors, executive Directors and other Key Management Personnel of the Company.

Remuneration Committee

The Board has established a Remuneration Committee which provides advice and specific recommendations on the remuneration packages and other terms of employment for executive Directors, other senior executives; and Non-executive Directors including:

- the level of Non-executive Director fees;
- the amount and nature of remuneration arrangements for executive Directors and other executives; and
- the type and nature of incentive arrangements including key performance targets effecting the remuneration of the executive team.

The objective of the Remuneration Committee is to ensure that the remuneration policies and arrangements are fair and competitive and aligned with the long term interest of the Company.

The level of remuneration and other terms and conditions of employment for executive Directors and Company executives are reviewed annually having regard to performance and relevant comparative information, and are approved by the Board after the Remuneration Committee has sought independent professional advice, as required. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility.

The Corporate Governance Statement provides further information on the role of this Committee.

Non-executive Director Remuneration

The Board's policy is to remunerate Non-executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. No advice was sought during the 2015 financial year.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The latest determination was at the Annual General Meeting held on 11 November 2009 when shareholders approved an aggregate remuneration of AU$500,000 per year.

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Non-executive Director Remuneration (continued)

Fees for Non-executive Directors are not linked to the performance of the group, however, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. There is no minimum holding prescribed in the Constitution.

Non-executive Directors' fees (inclusive of superannuation) have been paid on the following basis:

	2015	2014
Base Fees	$	$
Chair	**96,000**	96,000
Other Non-executive Directors	**60,000**	60,000
Additional Fees		
Chair of Audit Committee	**10,000**	10,000
Chairs of Remuneration and Risk Committees	**5,000**	5,000
Members of committees	**3,000**	3,000

Executive Remuneration Policy

The objective of the executive remuneration policy is to ensure that the group's remuneration arrangements are competitive and reasonable, enabling it to attract and retain the right calibre of staff and to align the remuneration of executive Directors and other executives with shareholder and business objectives. Executive remuneration arrangements comprise a fixed remuneration component and may also include specific long-term incentives based on key performance areas affecting the group's financial and/or operational results as follows:

(a) a base salary (which is based on factors such as length of service, qualifications and experience), superannuation, fringe benefits and performance incentives;
(b) short-term performance incentives in the form of cash bonuses which are paid only when predetermined key performance indicators have been met;
(c) executives engaged through professional service entities are paid fees based on an agreed market based hourly rate for the services provided and may also be entitled to short term performance based incentives; and
(d) long-term performance based incentives comprising Performance Rights which are designed to align the remuneration of executives with the business objectives of the Company and its shareholders.

The Remuneration Committee reviews executive remuneration arrangements annually by reference to the group's performance, executive performance and comparable information from industry sectors.

Executive and Non-executive Directors and other employed executives receive the superannuation guarantee contribution required by the Commonwealth Government, which was up to 30 June 2015 9.50% (to a maximum of $18,783), and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid is valued at either cost or the fair value to the Company and expensed.

Share trading policy

Shares issued under any of the group's employee equity plans are subject to, and conditional upon, compliance with the group's Securities Trading Policy. Executives are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

Key Management Personnel

Key Management Personnel comprise all of the Directors of the Company.

James McKay	Non-executive Chairman
Tor McCaul	Managing Director
Jeffrey Schneider	Non-executive (resigned 27 November 2014)
Gillian Swaby	Non-executive
Christopher Pieters	Executive Director (appointed 17 June 2015) (previously Non-executive Director but acted as Commercial Director from June 2013 to February 2014 for a short-term project)
Anthony Gilby	Non-executive (resigned 15 June 2015)

There are no other Key Management Personnel of the group.

Directors' Report (continued)

12. Remuneration Report – Audited (continued)

Details of Remuneration

Details of remuneration of each of the Key Management Personnel of the group during the financial year are set out in the following table:

Benefits and Payments for the Year Ended 30 June 2015	Short-term benefits		Post Employment	Long -term Benefits		Share-based Payments	
	Salary & Fees	Cash Bonus	Super-annuation	Long Service Leave	Total Cash Remuneration	Performance Rights	Total
Directors	$	$	$	$	$	$	$
J McKay	90,411	-	8,589	-	99,000	-	99,000
T McCaul	361,217	-	18,783	9,775	389,775	-	389,775
J Schneider	24,733	-	2,350	-	27,083	-	27,083
G Swaby	65,525	-	6,225	-	71,750	-	71,750
C Pieters	81,724	-	5,726	-	87,450	-	87,450
A Gilby	61,340	-	5,827	-	67,167	-	67,167
Total Key Management Personnel	684,950	-	47,500	9,775	742,225	-	742,225

The remuneration report for the 2014 financial year was passed with 84% of those voting, voting in favour. No specific feedback on its remuneration practices was received at the AGM or has been received at any time throughout the year.

Benefits and Payments for the Year Ended 30 June 2014	Short-term Benefits		Post Employment	Long term Benefits		Share-based Payments	
	Salary & Fees	Cash Bonus	Super-annuation	Long Service Leave	Total Cash Remuneration	Performance Rights	Total
Directors	$	$	$	$	$	$	$
J McKay	93,364	-	8,636	-	102,000	-	102,000
T McCaul	362,225	-	17,775	8,729	388,729	-	388,729
J Schneider	59,497	-	5,503	-	65,000	-	65,000
G Swaby	64,073	-	5,927	-	70,000	-	70,000
C Pieters	188,566	-	5,334	-	193,900	-	193,900
A Gilby	60,412	-	5,588	-	66,000	-	66,000
Total Key Management Personnel	828,137	-	48,763	8,729	885,629	-	885,629

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk Short term incentives		At risk Long term incentives	
	2015	2014	2015	2014	2015	2014
Executive Directors						
Tor McCaul	100%	100%	0.0%	0.0%	0.0%	0.0%

Long term incentives are provided by way of Performance Rights and the percentages disclosed above are based on the value of the Performance Rights expensed during the year.

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Comparison of Key Management Personnel Remuneration to Company Performance

The table below shows the total remuneration cost of the Key Management Personnel, earnings per ordinary share (EPS), dividends paid or declared, and the closing price of ordinary shares on ASX at year end for the current year and previous year.

Financial Year	Total Remuneration $	EPS/ (Loss) Cents	Dividends Cents	Share Price Cents
2015	742,225	(3.69)	-	6.00
2014	885,629	(3.00)	-	15.00
2013	1,027,777	(1.78)	-	22.00
2012	595,384	1.12	-	10.50
2011	533,900	0.40	-	10.05

Service Agreements

Remuneration and other terms of employment for the Managing Director and the Commercial Director are formalised in employment contracts. The contracts provide for the provision of performance related bonuses and participation in the Comet Ridge Employee Performance Rights Plan. Other major provisions of the employment agreements are set out below.

Tor McCaul	Managing Director (Appointed 16 April 2009)
Term of Agreement:	No fixed term
Base Salary:	$380,000 per annum (inclusive of superannuation)
Termination Benefit:	Three (3) months base salary is to be paid in lieu of notice of termination. Twelve (12) months is payable if services are terminated due to change of control event. Subject to Board discretion, a further six (6) months can be paid in addition.
Termination Notice:	The Company or Mr McCaul may terminate the Agreement at any time providing each other a minimum of three (3) months' notice. No termination benefit is required if terminated for cause.

Chris Pieters	Executive Director (appointed 17 June 2015) (previously Non-executive Director but acted as Commercial Director from June 2013 to February 2014 for a short-term project)
Term of Agreement:	Four months with options for parties to extend as needed
Remuneration:	Services provided as a consultant at $1,500 per day
Termination Benefit:	No termination benefits payable
Termination Notice:	Either party may terminate the Agreement with a minimum of fourteen days' notice

Share-based Compensation

Long term incentives are provided to certain employees through the Comet Ridge Share Incentive Option Plan (up to date of the 2010 AGM) and the Comet Ridge Limited Employee Performance Share Rights Plan as approved by shareholders at the 2010 Annual General Meeting.

Options

No options over shares in Comet Ridge Limited have been granted under the Comet Ridge Share Option Plan in the current year to Key Management Personnel.

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future period with respect to key management personnel are as follows:

Grant Date	Number of Performance Rights	Vesting Date	Expiry Date	Share Price at Grant Date	Performance Condition	% Vested
27-Nov-14	500,000	01-Jul-15	01-Jul-15	12.0 cents	Reserves hurdle	0%

The movements in the current year of the number of Performance Rights of granted to Key Management Personnel are as follows:

30 June 2015	Grant Date	Vesting Date	Balance at Beginning of Year	Granted as Remuneration During the Year	Number of Rights Vested	Number of Rights Lapsed	Balance at End of Year
Director							
T McCaul	27-Nov-14	1-Jul-15	-	500,000	-	-	500,000

The terms and conditions of Performance Rights granted in prior years are as follows:

Grant Date	Number of Performance Rights	Vesting Date	Expiry Date	Share Price at Grant Date	Performance Condition	% Vested
23-Nov-11	175,000	05-Jul-12	05-Jul-13	14.5 cents	24 months service	100%
15-Nov-12	800,000	07-Jul-13	14-Jul-13	16.0 cents	VWAP	*20%

Performance Rights are issued for no consideration and no amount is payable on vesting.

The movements in the prior year of the number of Performance Rights granted to Key Management Personnel are as follows:

30 June 2014	Grant Date	Vesting Date	Balance at Beginning of Year	Granted as Remuneration During the Year	Number of Rights Vested	Number of Rights Lapsed	Balance at End of Year
Director							
T McCaul	23-Nov-11	5-Jul-13	175,000	-	(175,000)	-	-
T McCaul *	15-Nov-12	7-Jul-13	800,000	-	(160,000)	(640,000)	-
			975,000	-	(335,000)	(640,000)	-

*The VWAP condition was only partially satisfied resulting in 20% of the Performance Rights vesting.

There were no other transactions with directors during the year.

Key Management Personnel Shareholdings

The number of ordinary shares in the Company held by each of the Key Management Personnel of the group is as follows:

30 June 2015	Balance at Beginning of Year	Issued on Vesting of Rights	Shares Purchased	Balance at End of Year
Directors				
J McKay	33,889,551	-	2,037,032	35,926,583
T McCaul	4,210,000	-	920,287	5,130,287
J Schneider	4,248,416	-	294,861	4,543,277
G Swaby	-	-	-	-
C Pieters	1,050,000	-	-	1,050,000
A Gilby	24,215,848	-	111,111	24,326,959
Total	67,613,815	-	3,363,291	70,977,106

END OF AUDITED REMUNERATION REPORT

Directors' Report (continued)

12. Options and Performance Rights

Options

There were no options for ordinary shares in Comet Ridge Limited on issue at 30 June 2015.

Performance Rights

Movements in the number of Performance Rights on issue and the number of ordinary shares issued during the year ended 30 June 2015 as a result of Performance Rights vesting during the year are as follows:

Grant Date	Vesting Date	Closing Balance 30 June 14	Granted During the Year	Vested During the Year	Expired During the year	Closing Balance 30 June 15
1-Jul-12	1-Jul-14	100,000	-	(100,000)	-	-
1-Jul-13	1-Jul-14	50,000	-	(50,000)	-	-
1-Jul-13	1-Jul-15	50,000	-	-	-	50,000
1-Oct-14	1-Jul-15	-	1,910,000	-	-	1,910,000
27-Nov-14	1-Jul-15	-	500,000	-	-	500,000
		200,000	2,410,000	(150,000)	-	2,460,000

Since the end of the year, up to the date of this report, the movements in the number of Performance Rights on issue and the number of ordinary shares issued during the period as a result of Performance Rights vesting during the period are as follows:

Grant Date	Vesting Date	Closing Balance 30 June 15	Granted During the Period	Vested During the Period	Expired During the Period	Number at Report Date
1-Jul-13	1-Jul-15	50,000	-	(50,000)	-	-
1-Oct-14	1-Jul-15	1,910,000	-	-	(1,910,000)	-
27-Nov-14	1-Jul-15	500,000	-	-	(500,000)	-
10-Jul-15	31-Dec-16	-	1,500,000	-	-	1,500,000
		2,460,000	1,500,000	(50,000)	(2,410,000)	1,500,000

13. Insurance of Directors and Officers

The Company has entered into agreements with Directors to indemnify them against any claims and related expenses that may arise in their capacity as Directors and officers of the Company or a related body corporate, except where the liability arises out of conduct involving a lack of good faith and subject to the provisions of the Corporations Act 2001.

During the financial year, the Company paid premiums for Directors' and Officers' liability Insurance. The contract prohibits disclosure of the details of the nature of the liabilities covered or the premium paid.

The Company has not during or since the end of the financial period indemnified or agreed to indemnify an Auditor of the Company.

14. Proceedings on behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

15. Company Secretary

Mr Stephen Rodgers was appointed Company Secretary on 16 April 2009 and continues in office at the date of this report. He is a lawyer with more than 20 years' experience and holds a Bachelor of Laws degree from Queensland University of Technology.

After practising law with several firms in Brisbane over a 12 year period he then operated his own specialist commercial and property law practice for 7 years. Mr Rodgers then joined the successful team at Sunshine Gas Limited, where he was the in-house Legal and Commercial Counsel; a broad role which also included assisting the Company Secretary with many of the facets of that position. During this period, Mr Rodgers gained invaluable experience in the operation and running of an ASX200 coal seam gas company as well as being instrumental member of the team which led the takeover negotiations and implementation of QGC's friendly acquisition of that Company.

Directors' Report (continued)

15. Company Secretary (continued)

Since the merger of Comet Ridge with Chartwell Energy Limited in April 2009, Mr Rodgers has been the Company Secretary of Comet Ridge Limited a position which he continues to hold. He also holds the position of Company Secretary of Galilee Energy Limited, an ASX listed CSG Exploration Company operating in Australia and the USA. Mr Rodgers brings to Comet Ridge strong legal and commercial experience with a particular emphasis on the coal seam gas industry

16. Rounding of Amounts to Nearest Thousand Dollars

Pursuant to class order 98/100 issued by the Australian Securities & Investments Commission, amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

17. Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

The Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in the financial statements.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

Pitcher Partners	**2015**	**2015**
	$	**$**
Tax consulting and compliance services	**3,300**	8,000
Total remuneration for non-audit services	**3,300**	8,000

This report is made in accordance with a resolution of the Board of Directors.

Tor McCaul

Managing Director
Brisbane, Queensland, 23 September 2015

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

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KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

PRIVATE AND CONFIDENTIAL

The Directors
Comet Ridge Limited
283 Elizabeth Street
Brisbane, QLD, 4000

Auditor's Independence Declaration

As lead auditor for the audit of Comet Ridge Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Pitcher Partners

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
23 September 2015

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2015

	Note	Consolidated 2015 $000's	Consolidated 2014 $000's
Revenue			
Interest		**145**	222
Research & development tax offset	2	**572**	2,982
Other income	2	**55**	-
Expenses			
Employee benefits' expense	3	**(861)**	(866)
Contractors' and consultants' costs	3	**(560)**	(605)
Exploration restoration and rehabilitation		**(18)**	(333)
Exploration stand-by costs and other write-offs	12	**(1,292)**	(378)
Professional fees		**(297)**	(215)
Corporate expenses		**(221)**	(255)
Movement in fair value of financial liability at fair value	3	**(1,486)**	(341)
Occupancy costs	3	**(160)**	(222)
Other expenses	3	**(279)**	(321)
Depreciation and amortisation expense		**(26)**	(28)
Impairment - exploration expenditure	12	**(15,542)**	(9,149)
Impairment - available-for-sale financial assets	3	**-**	(3,287)
LOSS BEFORE INCOME TAX		**(19,970)**	(12,796)
Income tax (expense)/credit	4	**1,401**	(804)
LOSS FOR THE YEAR		**(18,569)**	(13,600)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		**(20)**	705
Changes in fair value of available for sale financial assets		**-**	-
TOTAL OTHER COMPREHENSIVE LOSS/INCOME		**(20)**	705
TOTAL COMPREHENSIVE LOSS		**(18,589)**	(12,895)
Loss attributable to:			
Owners of the parent		**(18,569)**	(13,600)
Non-controlling interests		**-**	-
		(18,569)	(13,600)
Total comprehensive loss attributable to:			
Owners of the parent		**(18,589)**	(12,895)
Non-controlling interests		**-**	-
		(18,589)	(12,895)
EARNINGS PER SHARE		**Cents**	Cents
Basic loss per share	5	**(3.68)**	(3.00)
Diluted loss per share	5	**(3.68)**	(3.00)

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

Statement of Financial Position
as at 30 June 2015

	Note	Consolidated 2015 $000's	Consolidated 2014 $000's
CURRENT ASSETS			
Cash and cash equivalents	6	**5,827**	4,814
Trade and other receivables	7	**111**	960
Inventories	8	**76**	99
Other assets	9	**416**	464
TOTAL CURRENT ASSETS		**6,430**	6,337
NON-CURRENT ASSETS			
Available-for-sale financial assets	10	**-**	-
Property, plant and equipment	11	**78**	95
Exploration and evaluation expenditure	12	**39,551**	52,774
TOTAL NON-CURRENT ASSETS		**39,629**	52,869
TOTAL ASSETS		**46,059**	59,206
CURRENT LIABILITIES			
Trade and other payables	13	**1,050**	4,264
Provisions	14	**545**	553
TOTAL CURRENT LIABILITIES		**1,595**	4,817
NON-CURRENT LIABILITIES			
Financial liability at fair value	16	**11,564**	10,078
Provisions	14	**183**	164
Deferred tax liabilities	15	**-**	1,401
TOTAL NON-CURRENT LIABILITIES		**11,747**	11,643
TOTAL LIABILITIES		**13,342**	16,460
NET ASSETS		**32,717**	42,746
EQUITY			
Contributed equity	17	**92,099**	83,482
Reserves	18	**2,644**	2,721
Accumulated losses		**(62,026)**	(43,457)
TOTAL EQUITY		**32,717**	42,746

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

Statement of Changes in Equity
for the year ended 30 June 2015

	Contributed Equity $000's	Foreign Currency Translation Reserve $000's	Share Based Payments' Reserve $000's	Accumulated Losses $000's	Total $000's
Consolidated					
Balance at 1 July 2014	83,482	1,418	1,303	(43,457)	42,746
Loss for the year	-	-	-	(18,569)	(18,569)
Other comprehensive income for the year	-	(20)	-	-	(20)
Total comprehensive income for the year	-	(20)	-	(18,569)	(18,589)
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	8,555	-	-	-	8,555
Shares issued on vesting of performance rights	62	-	(62)	-	-
Share based payments	-	-	5	-	5
	8,617	-	(57)	-	8,560
Balance at 30 June 2015	92,099	1,398	1,246	(62,026)	32,717
Balance at 1 July 2013	74,689	713	1,578	(29,857)	47,123
Loss for the year	-	-	-	(13,600)	(13,600)
Other comprehensive income for the year	-	705	-	-	705
Total comprehensive income for the year	-	705	-	(13,600)	(12,895)
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	8,460	-	-	-	8,460
Shares issued on vesting of performance rights	333	-	(333)	-	-
Share based payments	-	-	58	-	58
	8,793	-	(275)	-	8,518
Balance at 30 June 2014	83,482	1,418	1,303	(43,457)	42,746

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

Statement of Cash Flows
for the year ended 30 June 2015

	Note	Consolidated 2015 $000's	2014 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**136**	212
Research and Development Tax Offset Grant received		**572**	2,982
Sundry revenue		**54**	-
Payments to suppliers and employees		**(2,104)**	(2,517)
NET CASH USED IN OPERATING ACTIVITIES	26	**(1,342)**	677
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(6,188)**	(8,850)
Payment for property, plant and equipment		**(10)**	(17)
Movements in restricted cash		**-**	(8)
NET CASH USED IN INVESTING ACTIVITIES		**(6,198)**	(8,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**9,106**	9,000
Share issue costs		**(551)**	(540)
NET CASH PROVIDED BY FINANCING ACTIVITIES		**8,555**	8,460
Net increase/(decrease) in cash held		**1,015**	262
Cash at the beginning of the period		**4,814**	4,464
Effects of exchange rate changes on cash		**(2)**	88
CASH AT THE END OF THE YEAR	6	**5,827**	4,814

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

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented unless otherwise stated.

(a) General information

These financial statements include the consolidated financial statements and Notes of Comet Ridge Limited (the Company) and its controlled entities (Comet Ridge or "the group"). Comet Ridge Limited is a for-profit entity for the purpose of preparing the financial statements. Disclosures with respect to the parent entity are included in Note 31. The financial statements were approved for issue by the Directors on 17 September 2015; subject to final technical review.

Comet Ridge Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 283 Elizabeth Street
BRISBANE QLD 4000

(b) Basis of preparation

Compliance with Accounting Standards

These financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations and other authoritive pronouncements of the Australian Accounting Standards Board) and the Corporations Act 2001. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

The 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.

Going concern

The consolidated 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.

The ability of the group to execute its currently planned exploration and evaluation activities requires the group to raise additional capital within the next 12 months. Because of the nature of its operations, the Directors recognise that there is a need on an ongoing basis for the group to regularly raise additional cash funds to fund future exploration activity and meet other necessary corporate expenditure. Accordingly, when necessary, the group investigates various options for raising additional funds which may include but is not limited to an issue of shares, a farm-out of an interest in one or more exploration tenements or the sale of exploration assets where increased value has been created through previous exploration activity.

At the date of this financial report, none of the above fund raising options have commenced and no guarantee can be given that a successful outcome will eventuate. As a result, the Directors have concluded that the current circumstances may cast significant doubt regarding the group's and the Company's ability to continue as a going concern and therefore the group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the various funding options available, the Directors have a reasonable expectation that the group and the Company will be successful with future fund raising 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.

The financial report does not include adjustments relating to the recoverability or classification of recorded assets amounts or to the amounts or classification of liabilities that might be necessary should the group not be able to continue as a going concern.

Rounding of amounts

The Group is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Reverse acquisition

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

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

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(c) Critical 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 financial statements are as follows:

Recoverability of exploration and evaluation expenditure

The group assesses the recoverability of the carrying value of capitalised exploration and evaluation assets 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 further impairment in the future.

At balance date the significant reduction of the international oil price over the 12 month period from June 2014 and its relationship to the gas price was seen as a significant impairment trigger indicating that the carrying value of the assets may not be fully recovered through development or sale. As a result, “value in use” calculations were undertaken at 30 June 2015 for the material exploration and evaluation assets i.e. Mahalo Gas Project in the Bowen Basin and Permit ATP 744P in the Galilee Basin in order to determine a fair value for the assets.

The “value–in-use” method calculates a net present value (NPV) based on management’s estimated cash flows for each individual permit. The assumptions underlying the cash flows include management’s estimates of the following:

- recoverable reserves
- field development plans
- pipeline tariffs
- production life
- additional exploration costs
- field operating costs
- short and long term gas prices
- discount rate

The future cash-flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 14.25% (2014: 14.25%). The discount rate is derived from the Company’s estimated post-tax weighted average cost of capital. The calculation of value in use is sensitive to changes in the short and long term gas price and the estimate of recoverable reserves. It is estimated that while changes in the gas price would impact the value in use calculation; an analysis using a range of prices from $6.00GJ to $10.00GJ did not alter the impairment decision. Also, a variation of +/- 50% in the amount of recoverable reserves did not change the impairment decision.

No value-in-use calculation was undertaken for the Gunnedah Basin permits; however, these assets have been fully impaired because of the current uncertainty around the CSG industry in NSW which has created significant limitations on the Company’s ability to undertake any exploration or development activity.

Based on the value-in-use calculations and other considerations an impairment expense was recognised with respect to exploration and evaluation assets amounting to $15.54 million (2014: $9.15 million). This impairment relates to the following permit areas:

Permit	Impairment $000’s
ATP 743P *	4,314
ATP 744P *	8,105
PEL 427	974
PEL 428	1,472
PEL6	677
Total	**15,542**

Note * While value-in-use calculation for the Galilee Basin permit ATP 744P did not indicate impairment, the Directors have decided to impair the asset by the amount of the valuation uplift that was applied to the permit at the time of the Comet Ridge/Chartwell merger in 2009 in order to recognise the relatively underexplored nature of the permit and to match the current carried value to the actual expenditure incurred to date in the permit. This treatment has also been adopted for ATP 743P.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(c) Critical accounting estimates and judgements

Renegotiated Mahalo Option Agreement

At each reporting date, the Group reviews the underlying assumptions previously used to account for the repurchase of the 5% interest in the Mahalo Gas Project which was originally sold to Stanwell Corporation Limited (SCL) under the September 2011 Sale and Purchase Option Agreement. In accordance with the Renegotiated Mahalo Option Agreement the nature of the consideration payable by Comet Ridge is at the option of SCL and is either by way of:

1. The discount under the Gas Supply Agreement (Option A). Under this option, the consideration is paid by Comet Ridge foregoing a portion of its future revenue from the Mahalo Gas Project over the life of the Gas Supply Agreement. The revenue foregone by Comet Ridge is the $15m discount expressed in 1 July 2013 dollar terms and indexed by CPI up to the date the Gas Supply Agreement is signed; or

2. A cash payment of $20m indexed by CPI from 1 July 2015. This is the amount which will be payable if SCL decides not to exercise Option A or an acceptable gas supply agreement cannot be agreed.

Of the two options available, it was originally considered reasonable to assume that SCL will choose the option that provides the greatest benefit. If the Mahalo field proves up with significant reserves, SCL would be expected to proceed with Option A. If the field proves up with low gas volumes then SCL would be expected to opt for Option B. Obviously, there is a midway point where SCL will be ambivalent as to whether it chooses Option A or Option B. As a result, at 30 June 2015 it is necessary to consider whether there has been any technical or economic changes since the last reporting date that would now cause SCL to choose Option B rather than Option A.

The two critical assumptions that could potentially change the initial conclusion are:

1. The potential of the Mahalo/Mira Gas Project to supply the agreed quantities of gas; and

2. Gas price under the Gas Pricing Mechanism compared to the current market gas price.

The initial accounting treatment was based the expectation that SCL was interested in securing future gas supplies and, provided the Mahalo/Mira field was able to supply the agreed gas quantities it would proceed with Option A. At the last reporting date, this conclusion was based on the current results from the Mahalo and Mira pilot operations which, while not conclusive, indicated that the Mahalo/Mira field had the potential for a significant gas resource. The results of exploration activity undertaken during the year have not changed the initial opinion on the potential of the field.

With respect to the Gas Pricing Mechanism, the gas price under the Gas Supply Agreement will be calculated on an ex-field basis using a formula which reflects the Oil Linked Gas Price (OLP), the field cost to produce plus a rate of return referred to as the Field Cost Plus Return (FCR) and with a specified Floor and Ceiling Price range.

During the financial year to 30 June 2015, the oil price has experienced a sharp decline and at the reporting date was approximately 50% lower than the price at the time the agreement was signed and at 30 June 2014. The pricing mechanism will operate as follows:

1. If the price of oil is low (i.e. below the Floor Price of USD96.75/bbl), the gas price will be calculated based on the field cost to produce plus a rate of return;

2. If the oil price is high (i.e. above USD134/bbl) then the ceiling gas price will be a specified maximum currently estimated at Au$9.51 per GJ;

3. If the oil price lies between the prices mentioned in (a) and (b) above, the contracted gas price will be 50% based on OLP and 50% based on FCR; and

4. With respect to both (a) and (b) above a discount calculated at the date of the Gas Supply Agreement will apply and will reduce the gas price calculated above on a $/GJ basis over the life of the Gas Supply Agreement.

Based on the oil price at 30 June 2014, it was concluded that the market gas price would be greater than the gas price calculated using the Gas Pricing Mechanism. As a result, it was considered that SCL would choose Option A. The critical issue at reporting date is whether the available market gas price is lower than the minimum price using the Gas Pricing Mechanism.

However, at 30 June 2015 the oil price was below the floor price. As a result, if the gas price for the Gas Sale Agreement was determined at balance date it would be based on field cost to produce plus a rate of return. Based on the break- even gas price determined by the “value in use” calculations completed at June 2015, the conservative estimate for the FCR was in the range $6.00/GJ to $6.10/GJ which is below the current market price of approximately $6.50/GJ. The FCR price would also be reduced by the SCL discount hence it is still reasonable to assume that Option A would still be attractive to Stanwell.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(c) Critical accounting estimates and judgements (continued)

Renegotiated Mahalo Option Agreement (continued)

After initial recognition, at each subsequent reporting date, the assumptions underlying the calculation of the liability to SCL are reviewed and amended so that at the anticipated date of the Gas Supply Agreement the full liability for the consideration payable to SCL will be recognised. At 30 June 2015, it was determined that the initial assumptions used to recognise the SCL liability were still appropriate. Based on these inputs, the increase in the fair value of the SCL liability during the financial year was $1.49 million and a corresponding amount is recognised as an expense in the profit and loss.

Financial Guarantee Contract

One of the terms of the renegotiated Mahalo Option Agreement is that the parent entity (Comet Ridge Limited) guarantees the indexed $20m consideration payable by Comet Ridge Mahalo Pty Ltd (CRM) under Option B. In accordance with AASB 139 Financial Instruments, Recognition and Measurement, at each balance date to the extent that a liability/asset exists, Comet Ridge Limited will need to recognise a Financial Guarantee Contract liability and CRM will record a Financial Guarantee Contract asset.

Comet Ridge Limited's exposure to a financial guarantee liability arises from the risk that at any point in time the fair value of CRM's interest in the Mahalo Gas Project is less than the indexed liability. In order to determine the fair value of CRM's interest in the Mahalo Gas Project, CRM has developed a valuation methodology that takes into account the estimated cash flows from the development of the Mahalo Gas Project for eight years commencing from June 2018. Using a range of gas prices from $6.00GJ to $10.00GJ, the valuation provides a range of NPVs for Comet Ridge's 40% interest in the Mahalo Gas Project significantly above the value of the financial guarantee i.e. $20 million. As a result, based on these valuations, at 30 June 2015 CRM's Financial Guarantee Asset would have a zero value as the underlying asset supporting the financial guarantee is significantly above the value of the guarantee. As a result, Comet Ridge Limited's financial guarantee liability at 30 June 2015 is also nil.

Loans to subsidiaries and investments in subsidiaries

The parent entity has recorded investments in subsidiaries at cost of $48.29 million (2014: $48.29 million) less provisions for impairment $48.12 million (2014: $47.31 million). The parent entity has also loaned funds to its subsidiaries of net $24.02 million (2014: $20.51 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by $17.8 million (2014: $15.6 million). The impairment of the investments and loans has been based on the underlying net assets of the subsidiaries. In future periods, as the underlying exploration and evaluation activities progress on various tenements, and with changes in other market conditions, the carrying amounts of the investments and loans may need to be reassessed in line with the net asset position of the subsidiaries or as otherwise appropriate.

Fair value of available-for-sale financial assets

Comet Ridge USA Inc. (CRUSA), a wholly owned subsidiary of Comet Ridge Limited, owns a 10.04 per cent (2014: 10.04 per cent) minority interest in Comet Ridge Resources, LLC ("CRR"). CRR operations include oil and gas exploration and evaluation and oil production in the state of Colorado USA. Pine Brook Road Partners LLC (Pine Brook), a private equity firm based in New York City, USA holds the majority interest at approximately 89.5 per cent (2014: 89.5 per cent). Comet Ridge Limited may retain its minority interest in CRR by contributing cash as and when requested to fund CRR's ongoing exploration and evaluation programme. Under the arrangements with the private equity fund, should the group not contribute, its interest will decline to no less than 7.2 per cent

The group has classified its interest in CRR as an available-for-sale financial asset and, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, values the investment at fair value. The fair value measurement of the 'available-for-sale' financial asset is based on the group's proportionate interest in the net assets of CRR discounted for minority interest and liquidity considerations. As the valuation technique for this asset is based on significant unobservable inputs, the asset is included in level 3. This is considered the most reliable valuation method given:

- the group has a minority equity interest in an unlisted company (CRR);
- the nature of CRR's activities, being oil and gas production and exploration;
- the oil and gas reserves and resources interests of CRR are either carried at fair value or on a basis consistent with the group's accounting policy for the recognition and measurement of exploration and evaluation expenditure; and
- the continued contributions to CRR by Pine Brook.

Given that Comet Ridge holds a minority interest in CRR that is now around the 10% level, and also given that the CRR investment is not material to Comet Ridge and Comet Ridge plans to not pay further cash calls (given the Comet Ridge's eastern Australia gas focus) it was considered prudent to fully impair the investment in CRR at 30 June 2014.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(c) Critical accounting estimates and judgements (continued)

Joint Arrangements

The group has interests in the following joint Arrangements:

ATP337P Mahalo	–	40%	PEL6 Gunnedah	–	22.5%
PEL427 Gunnedah	–	50%	ATP1015P Galilee	–	20%
PEL428 Gunnedah	–	60%			

In accordance with AASB 11 *Joint Arrangements*, the accounting treatment adopted for these joint arrangements depends upon an assessment of the rights and obligations of the parties to the arrangement that are established in each of the joint operating agreements (JOAs) or the farm-in agreement as the case may be. The JOA or farm-in agreement sets out the voting rights of the parties to the agreement. The voting rights determine who has control i.e. the power to direct the operating activities of the joint arrangement.

Based on the analysis of each JOA and farm-in agreement, the group has classified each of its joint arrangements as a "joint operation" in accordance with the requirements of AASB 11 in that:

1. there is joint control because all decisions about the operating activities requires unanimous consent of all parties, or a group of parities considered collectively; and

2. each party to the joint operation has rights to its respective interest in the assets and revenue of the arrangement, and obligations for its share of the liabilities and expenditure.

As a result, the group recognises in its financial statements its share of the revenue, expenses, assets and liabilities of each of the joint operations in which it has an interest.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(e) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable the future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each Operation.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Government grants that compensate the Group for expenses incurred e.g. Research and Development are recognised as revenue when received.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Income taxes

The income tax expense (revenue) for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to (recovered from) the relevant tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(f) Income taxes (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right of offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation
Comet Ridge Limited and its wholly owned Australian subsidiaries (Chartwell Energy Pty Ltd, Comet Ridge Mahalo Pty Ltd, Comet Ridge Gunnedah Pty Ltd, Davidson Prospecting Pty Ltd and Comet Ridge NZ Pty Ltd) have implemented the tax consolidation legislation and formed a tax consolidated group from 1 July 2009. The members of the tax consolidated group have entered into a tax funding agreement such that each member recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means:

i. the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances;

ii. the subsidiaries recognise all current and deferred tax amounts relating to its own transactions, events and balances; and

iii. current tax liabilities and deferred tax assets arising with respect to losses in subsidiaries are transferred from the subsidiaries to the parent entity as inter-company payables or receivables.

The tax consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default of the parent entity to meet its payment obligations.

(g) Principles of consolidation

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity. Investments in subsidiaries are accounted for at cost in the separate financial statements of Comet Ridge Limited.

Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent entity.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This means that any amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(g) Principles of consolidation (continued)

Joint arrangements

The group's exploration activities are often conducted through joint arrangements. Joint arrangements are classified as joint operations or joint ventures depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement.

In accordance with AASB 11 *Joint Arrangements*, all of the groups' interests in joint arrangements are classified as joint operations. A joint operation involves joint control of the assets contributed or acquired for the purpose of the joint operation. Each party may take their share of the output of the joint operation and each bears its share of the expenses incurred. The interests of the group in joint operations are brought to account by recognising the group's share of jointly controlled assets, liabilities, revenue and expenses.

(h) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Comet Ridge Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated as a separate component of equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences that have been accumulated in equity are recognised in the Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected more than 12 months after reporting date.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss as part of other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the specific identification basis.

(k) Property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The depreciable amount of all plant and equipment is calculated on a straight-line basis over the asset's useful life to the group commencing from the time the asset is held ready for use. The depreciation rates used are:

Class of fixed asset	
Plant and Equipment	10% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(l) Intangible assets

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Research and development expenditure is recognised as an expense as incurred. Costs incurred on research and development projects (relating to the design and testing of new or improved products or processes) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other developmental expenditures that do not meet these criteria are recognised as an expense when incurred. Research and development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised research and development costs are recorded as intangible assets and amortised on a straight-line basis over the asset's useful life from the point at which the asset is ready for use.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(m) Exploration, evaluation and development expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the group has obtained the legal rights to explore an area are expensed in the profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
ii. activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant and equipment.

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration and evaluation activity that gives rise to the need for restoration. Accordingly, these costs will be recognised gradually over the life of the project as the activities occur.

(n) Investments and other financial assets and liabilities

Classification and measurement

The group classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets and financial liabilities at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this classification at the end of each reporting period.

Financial assets are initially measured at fair value plus transaction costs, except where the asset or liability is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial assets are subsequently measured at either fair value or amortised cost using the effective interest method, or cost.

Fair value represents the amount for which an asset could be exchanged between knowledgeable, willing parties. For listed investments, quoted prices in an active market are used to determine fair value. For unlisted investments, valuation techniques are adopted to determine fair value including reviewing publically available data from recent, comparable arm's length transactions or by reference to valuation and pricing models for similar financial assets.

Amortised cost is calculated as:

i. the amount at which the financial asset is measured at initial recognition less any principal repayments received;
ii. minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
iii. less any reduction for impairment.

The effective interest method is used to allocate interest income over the relevant period and is equivalent to the rate that exactly discounts estimated future cash receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group’s financial assets comprise only non-derivative financial instruments consisting of equity securities, trade and other receivables, cash and cash equivalents and term deposits.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(o) Investments and other financial assets and liabilities (continued)

Classification and measurement (continued)

(a) *Financial assets at fair value through profit or loss*
Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Assets in this category are classified as current assets if they are expected to settle within 12 months; otherwise they are classified as non-current.

(b) *Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. They are included in current assets except those with maturities greater than 12 months after reporting date which are classified as non-current.

(c) *Held-to-maturity*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity financial assets are included in non-current assets except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(d) *Available-for-sale*
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

The group's financial liabilities comprise the liability owed to Stanwell Corporation Limited arising from the renegotiated Mahalo Option Agreement which is designated as a financial liability at fair value. The fair value of this liability is based on the anticipated discounted cash flows arising from the renegotiated Mahalo Option Agreement. Future movements in the fair value of financial liability at fair value will be recognised in profit and loss.

The group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Recognition and de-recognition
Financial assets are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains or losses from investment securities.

Impairment
At the end of each reporting period, the group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(o) Investments and other financial assets and liabilities (continued)

(i) *Assets carried at the amortised cost*
For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in Note 1(j).

(ii) *Assets classified as available-for-sale*
If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(p) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a convertible Note is determined using a market interest rate for an equivalent non-convertible Note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the Note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

(s) Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(s) Employee benefits (continued)

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when actual settlement is expected to occur.

Superannuation

The group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

Share-based payments

Share-based compensation benefits are provided to employees under the Comet Ridge Share Incentive Option Plan, the Comet Ridge Limited Employee Performance Share Rights Plan or under terms and conditions as determined by the Directors.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(t) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(u) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(x) Earnings per share (continued)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(y) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group’s share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity’s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Reverse acquisitions

In some business combinations, commonly referred to as reverse acquisitions, the acquirer is the entity whose equity interests have been acquired (the legal subsidiary) and the issuing entity is the acquiree (the legal parent). The legal subsidiary is the acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (i.e. the acquiree for accounting purposes). If the published price of the equity instruments of the legal subsidiary is used to determine the cost of the combination, a calculation is made to determine the number of equity instruments the legal subsidiary would have had to issue to provide the same percentage ownership interest of the combined entity to the owners of the legal parent as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated is used as the cost of the combination.

If the fair value of the equity instruments of the legal subsidiary is not otherwise clearly evident, the total fair value of all the issued equity instruments of the legal parent before the business combination is used as the basis for determining the cost of the combination.

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent, but represent a continuation of the financial statements of the legal subsidiary (i.e. the acquirer for accounting purposes).

Reverse acquisition accounting determines the allocation of the cost of the business combination as at the acquisition date but does not apply to transactions after the combination.

(z) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less any cumulative amortisation.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(aa) Leases

Leases are classified at commencement as either finance leases or operating leases.

Finance leases
Leases of property, plant and equipment where substantially all the risks and rewards of ownership are transferred to the group are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period at the interest rate implicit in the lease. Leased assets are depreciated on a straight line basis over the asset's estimated useful life or over the shorter of the asset's useful life and the lease term where there is no reasonable certainty that the group will obtain ownership at the end the lease term.

Operating leases
Leases where a significant portion of the risks and rewards of ownership are not transferred to the group are classified as operating leases. Operating lease payments (net of any incentives received from the leasor) are charged to profit or loss on a straight line basis over the period of the lease.

(ab) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(ac) New accounting standards and interpretations for application in future periods

A number of Australian Accounting Standards and Interpretations have been issued or amended but are not yet mandatory for the 30 June 2015 annual reporting period and have not been early adopted by the group for the preparation of these financial statements. The group's assessment of the impact of these new or amended Standards and Interpretations, most relevant to the group, are set out below:

AASB 2014-3 Amendments to Australian Accounting Standard AASB 11 Joint Operations - Accounting for Acquisitions of Interests in Joint Operations (effective from 1 January 2016)

The amendments to IFRS 11 deal with accounting for acquisitions of interests in joint operations. Prior to these amendments, a joint operator was required to account for what belongs to them i.e. its share of assets, liabilities, revenue and expenditure shared or incurred jointly. The effect of the amendments is to require an entity that acquires an interest or increases its interest in a joint operation to consider the principles of AASB 3 Business Combinations and determine whether the interest acquired constitutes a "business". If the activities and assets acquired constitute a business, the acquisition will then be accounted for in accordance with AASB 3.

AASB 2014-4 Amendments to Australian Accounting Standards AASB 16 Property, Plant & Equipment and AASB 38 Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)

The amendments clarify that (other than in limited circumstances for intangible assets) the use of revenue-based methods for calculating depreciation and amortisation is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of economic benefits embodied in the asset. There will be no impact from the application of these amendments as the group does not use this method of calculating depreciation.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (effective from 1 January 2016)

AASB 2014-9 – These amendments to AASB 127, ASSB 1 and AASB 128 allow entities to use the equity method of accounting for investments in subsidiaries joint ventures and associates in their separate financial statements. Accounting standards are applied consistently across the Group as a result, it is not intended that a different accounting treatment will be adopted for the separate financial statements of subsidiaries.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contributions of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2016)

AASB 2014-10 – These amendments clarify the accounting treatment for sales or contributions of assets between an investor and its associates or joint ventures. They confirm that the accounting depends on whether the contributed assets constitute a business or an asset. If the activities and assets acquired/sold constitute a business, the acquisition/sale will then be accounted for in accordance with AASB 3.

Notes to the Financial Statements (continued)

Note 1 - Summary of Significant Accounting Policies (continued)

(ac) New accounting standards and interpretations for application in future periods (continued)

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)

AASB 2015-1 – These amendments introduce minor changes to various AASBs.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB101 (effective from 1 January 2016)

AASB 2015-2 – These amendments to AASB 101 clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of the users.

AASB 2015-3 Amendments to Australian Accounting Standards Arising from the Withdrawal of AASB1031 Materiality (effective from 1 July 2015)

The objective of this Standard is to effect the withdrawal of AASB 1031 Materiality and to delete references to AASB 1031 in other Australian Accounting Standards.

AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exemption (effective from 1 July 2015)

AASB 2015-5 – These amendments exempt investment entities from consolidating controlled investees. Controlled investees will be accounted for at fair value through profit and loss, except in limited circumstances.

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2013-9 Part C Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments and AASB 2015-1 Amendments to Australian Accounting Standards Part E consequential to hedge accounting requirements and further amends application date (effective from 1 January 2018)

This standard provides guidance on the classification and measurement of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Upon realisation the accumulated changes in fair value are not recycled to profit or loss. Currently, in accordance with AASB 139 Financial Instruments: Recognition and Measurement, a gain or loss on an available-for-sale financial asset is recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses until the financial asset is derecognised. At that time, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Changes in the fair value of other financial assets carried at fair value are reported in profit or loss. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that relate to equity investments. The repurchase of the 5% interest in the Mahalo Joint Arrangement is taken up in exploration and evaluation expenditure which is considered to be a trading asset. As a result, movements in the fair value of the associated Financial Liability at Fair Value – Stanwell Corporation Limited will continue to be designated at fair value through profit or loss.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The full impact of this standard is yet to be fully assessed, but adoption of this standard from 1 January 2018 is not expected to have a material impact on the group. The group has not yet decided when to adopt AASB 9.

AASB 15 Revenue from Contracts with Customers (effective from 1 January 2018)

This standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. With some exceptions e.g. leases and insurance contracts, AASB 15 applies to all contracts with customers. The core principle is that an entity should recognise revenue when the various performance obligations included in the contract are satisfied. This means that revenue will be recognised when control of the goods or services is transferred rather than on the transfer of risks and rewards as is currently the case under IAS 18 Revenue. It is not expected that there will be any impact on the group.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations and IFRSs on issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements may result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

Notes to the Financial Statements (continued)

Note 2 - Revenue		Consolidated 2015 $000's	Consolidated 2014 $000's
(a)	**Research & development tax offset**	**572**	2,982

During the 2015 year Comet Ridge received a Research and Development tax offset from the Australian Taxation Office. The research and development application was made in the prior financial year for the radial drilling test at the Mahalo Gas Project. The prior year claim related to the innovative well completion design for the Gunn2 Extended Production Test and the associated water treatment requirements.

		2015 $000's	2014 $000's
(b)	**Other income**		
	Other income includes the following specific items:		
	Insurance recovery	**46**	-
	Sale of inventory	**8**	-
	Foreign exchange gains (net)	**1**	-
	Total other income	**55**	-

Note 3 - Expenses		Consolidated 2015 $000's	Consolidated 2014 $000's
Loss before income tax includes the following specific expenses:			
(a)	**Employee benefits expense**		
	Other employee benefits' expense	**(760)**	(714)
	Share based payments' expense	**(5)**	(58)
	Defined contribution superannuation expense	**(96)**	(94)
		(861)	(866)
(b)	**Contractor and consultants costs**		
	Contractors' fees	**(557)**	(605)
	Consulting fees	**(3)**	-
		(560)	(605)
(c)	**Impairment of available-for-sale financial assets**		
	Fair value adjustment	**-**	(3,287)
		-	(3,287)
(d)	**Movement in fair value of financial liability at fair value**		
	Fair value movement of financial liability at fair value through profit and loss	**(1,486)**	(341)
(e)	**Occupancy costs**		
	Rental expense relating to operating leases - minimum lease rentals	**(143)**	(199)
	Other occupancy costs	**(17)**	(23)
		(160)	(222)
(f)	**Other expenses include the following specific items:**		
	Other administration and office costs	**(279)**	(319)
	Foreign exchange losses (net)	**-**	(2)
		(279)	(321)

Notes to the Financial Statements (continued)

Note 4 - Income Tax		Consolidated	
		2015	**2014**
		$000's	**$000's**
(a)	**Recognised in the Statement of Profit and Loss and Other Comprehensive Income**		
	Current tax	-	-
	Deferred tax (credit)/expense relating to the origination and reversal of temporary differences	**1,401**	804
	Income tax(credit)/ expense	**1,401**	804
	Deferred income tax credit included in income tax expense comprises:		
	Increase in deferred tax asset (Note 15)	**(1,430)**	(1,745)
	(Increase)/decrease in deferred tax liability (Note 15)	**29**	2,549
		(1,401)	804
(b)	**Numerical reconciliation of income tax expense to prima facie tax on accounting profit**		
	Loss before income tax	**(19,970)**	(12,796)
	Tax benefit/(expense)at the Australian tax rate of 30% (2014:30%)	**5,991**	(3,839)
	Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
	Share options expensed	**(1)**	18
	Impairment of available-for sale financial assets	**-**	986
	Research and development tax offset received	**171**	(895)
	Other non-deductible items	**(14)**	17
	Previously unrecognised tax losses used to reduce deferred tax expense	**(380)**	1,988
	Capital & tax losses not recognised in deferred tax assets	**(4,366)**	2,529
	Income tax (credit)/expense	**1,401**	804
(c)	**Unrecognised deferred tax assets**		
	Deferred tax assets have not been recognised in respect of the following items:		
	Australian temporary differences and tax losses	**14,904**	-
	Off-shore tax losses	**25,451**	18,142
		40,356	18,142

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the group can utilise the benefits from the deferred tax assets.

(d)	**Franking credits**		
	Franking credits available for subsequent financial years based on a tax rate of 30% (2014: 30%)	**-**	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(i) franking credits that will arise from the payment of the amount of the provision for income tax;
(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(iii) franking credits that will arise from the receipt of dividends recognised as receivable at the reporting date.

Notes to the Financial Statements (continued)

Note 5 – Earnings per Share

		Consolidated 2015 $000's	Consolidated 2014 $000's
(a)	Reconciliation of earnings used in calculating basic and diluted earnings per share:		
	Loss for the year	**18,569**	13,600
	Loss used in the calculation of the basic and dilutive earnings per share	**18,569**	13,600
(b)	Weighted average number of ordinary shares used as the denominator	**Number**	Number
	Weighted average number of ordinary shares used in calculating basic earnings per share	**504,721,818**	453,232,965
	Adjustments for the calculation of diluted earnings per share:		
	Options/performance rights	**-**	-
	Weighted average number of ordinary shares used in calculating diluted earnings per share	**504,721,818**	453,232,965

(c) Options and performance rights are considered to be "potential ordinary shares" and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details relating to options and performance rights are set out in Note 19.

Note 6 - Cash and Cash Equivalents

	Consolidated 2015 $000's	Consolidated 2014 $000's
Cash at bank and on hand	**5,827**	4,814

Note 7 - Trade and Other Receivables

	Consolidated 2015 $000's	Consolidated 2014 $000's
Current		
Other receivables	**111**	960

Other receivables mainly comprise GST refunds. In 2014, other receivables also included the Group's share of cash calls receivable by joint operations. At 30 June 2015 $Nil (2014: $Nil) of the joint operations cash call receivables were past due and no provision for impairment has been recognised. The carrying amount of other receivables is assumed to approximate their fair values due to their short term nature.

Note 8 - Inventories

	Consolidated 2015 $000's	Consolidated 2014 $000's
Consumables - at cost	**76**	99

Notes to the Financial Statements (continued)

Note 9 - Other Assets	**Consolidated**	
	2015	**2014**
	$000's	**$000's**
Prepayments	**13**	61
Restricted cash	**403**	403
	416	464

Restricted cash
Restricted cash represents funds held on term deposit which support guarantees provided by the group's bankers to the States of Queensland and New South Wales in respect of the group's exploration permits and environmental guarantees and to the landlord of the Brisbane office premises to support the group's obligations under the lease. Refer Note 20(b).

Note 10 - Available-for-sale Financials Assets	**Consolidated**	
	2015	**2014**
	$000's	**$000's**
Investment in Comet Ridge Resources LLC	**-**	-
Movement in carrying amount		
Balance at the beginning of year	**-**	3,256
Fair value adjustment	**-**	(3,287)
Foreign exchange movements	**-**	31
Balance at the end of year	**-**	-

Comet Ridge USA Inc., a wholly owned subsidiary of Comet Ridge Limited, owns a 10.04% (2014: 10.04%) minority interest in Comet Ridge Resources, LLC ("CRR"). CRR's operations include oil and gas exploration and evaluation and oil production in the state of Colorado, USA. A private equity firm based in New York City, USA holds the majority interest at approximately 89.5% (2014: 89.5%).

CRR is not a controlled entity of Comet Ridge Limited because, even it though is is exposed to, or has the rights to, variable returns from its involvement with the entity; Comet Ridge Limited does not have the ability to affect those returns through its power to direct the activities of the entity so as to obtain benefits from it. The group may retain its minority interest in CRR by contributing cash to CRR as and when requested to fund CRR's ongoing exploration and evaluation programme. Should the group not contribute, its interest will decline to no less than 7.2% under the arrangements with the private equity fund.

For further information on the fair value adjustment and impairment refer Note 1(c) critical accounting estimates and judgements.

Note 11 - Property, Plant and Equipment	**Consolidated**	
	2015	**2014**
	$000's	**$000's**
Plant and equipment at cost	**170**	160
Accumulated depreciation	**(92)**	(65)
	78	95
Movements in carrying amounts of property, plant and equipment		
Balance at the beginning of year	**96**	104
Additions	**10**	17
Depreciation	**(26)**	(28)
Foreign exchange movements	**(2)**	2
Balance at the end of year	**78**	95

Notes to the Financial Statements (continued)

Note 12 - Exploration and Evaluation Expenditure	**Consolidated**	
	2015	**2014**
	$000's	**$000's**
Exploration and evaluation expenditure	**70,063**	67,744
Less: provision for impairment	**(30,512)**	(14,970)
	39,551	52,774
Movements in exploration and evaluation phase		
Balance at the beginning of the year	**52,774**	44,289
Exploration and evaluation expenditure during the year	**3,586**	7,556
Acquisition of additional interest in Mahalo Gas Project	**-**	9,737
Impairment expense	**(15,542)**	(9,149)
Exploration and evaluation expenditure written off	**(1,267)**	(378)
Restoration and rehabilitation	**-**	109
Foreign currency translation	**-**	610
Balance at the end of the year	**39,551**	52,774

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. Further information regarding the activity in each area of interest is shown in Note 27 - Segment Information.

Interest in joint operations

The carrying amount of exploration and evaluation expenditure includes the group's interest in the exploration and evaluation expenditure of a number of joint operations. The amount of exploration and evaluation expenditure employed in the joint operations is shown in Note 29.

Note 13 - Trade and Other Payables	**Consolidated**	
	2015	**2014**
Current	**$000's**	**$000's**
Trade payables	**1,050**	4,264

Trade payables includes $108,000 (2014: $1.357 million) representing the group's share of joint operation liabilities (refer Note 29).

Note 14 - Provisions	**Consolidated**	
	2015	**2014**
Current	**$000's**	**$000's**
Employee benefits	**102**	88
Restoration & rehabilitation	**443**	465
	545	553
Non-current		
Employee benefits	**60**	41
Restoration & rehabilitation	**123**	123
	183	164
	728	717

Notes to the Financial Statements (continued)

Note 14 – Provisions (continued)

	Consolidated	
	2015	**2014**
Movements in carrying amounts of restoration and rehabilitation	**$000's**	**$000's**
Balance at the beginning of the year	**588**	125
Additions charged to profit and loss	**-**	333
Additions capitalised to exploration and evaluation expenditure	**-**	109
Foreign exchange movements	**(22)**	21
Balance at the end of the year	**566**	588

Note 15 - Deferred Tax Liability

	Consolidated	
	2015	**2014**
	$000's	**$000's**
Deferred tax liability	**-**	1,401
The balance of deferred tax liability comprises:		
Deferred tax assets		
Tax losses	**20,251**	19,419
Capital expenditure	**316**	241
Provisions	**741**	218
	21,308	19,878
Deferred tax liabilities		
Exploration and evaluation expenditure	**(9,195)**	(15,832)
Accrued interest	**(6)**	(4)
	(9,201)	(15,836)
Net deferred tax asset	**12,107**	4,042
Deferred tax assets not recognised	**(12,107)**	(5,443)
Net deferred tax liability recognised in accounts	**-**	(1,401)
Movements		
Opening balance	**1,401**	597
(Credited)/charged to profit or loss	**(1,401)**	804
Closing balance	**-**	1,401

Note 16 - Financial liability at fair value

	Consolidated	
	2015	**2014**
	$000's	**$000's**
Non-current		
Financial liability at fair value - Stanwell Corporation Limited	**11,564**	10,078

The fair value of the liability owed to Stanwell Corporation Limited (SCL) is based on the anticipated discounted cash flows arising from the renegotiated Mahalo Option Agreement. It is classified as level 3 in the fair value hierarchy due to the use of unobservable inputs (refer to Note 21 for further disclosures).

Notes to the Financial Statements (continued)

Note 17 - Contributed equity

	Consolidated	
	2015	**2014**
	$000's	**$000's**
Ordinary shares - fully paid	**92,099**	83,482

Movements in ordinary shares	**2015**	**2014**	**2015**	**2014**
	Number of Shares		**$000's**	**$000's**
Balance at the beginning of the year	**458,598,746**	406,498,746	**83,482**	74,689
Share placement (59,259,250 shares @ 13.5 cents)	**59,259,250**	-	**8,000**	-
Share purchase plan (8,192,551 shares @ 13.5 cents)	**8,192,551**	-	**1,106**	-
Share placement (50,000,000 shares @ 18 cents)	**-**	50,000,000	**-**	9,000
Performance rights vested during the year	**150,000**	2,100,000	**62**	333
Share issue costs	**-**	-	**(551)**	(540)
Balance at the end of the year	**526,200,547**	458,598,746	**92,099**	83,482

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll, each share is entitled to one vote.

Options and Performance Rights

At 30 June 2015 and 30 June 2014 there were no options for ordinary shares in Comet Ridge Limited on issue. At 30 June 2015, the following Performance Rights for ordinary shares in Comet Ridge Limited were on issue:

Number			
2015	**2014**	**Grant Date**	**Expiry date**
-	100,000	1-Jul-12	1-Jul-16
-	50,000	1-Jul-13	7-Jul-14
50,000	50,000	1-Jul-13	7-Jul-15
1,910,000	-	1-Oct-14	1-Jul-15
500,000	-	27-Nov-14	1-Jul-15
2,460,000	200,000		

Capital risk management

When managing capital, management's objective is to ensure the group continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the group may seek to issue new shares.

Consistent with others in the industry, the group monitors capital on the basis of forecast exploration and exploration expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve. Total capital is calculated as 'equity' as shown in the statement of financial position.

There were no changes in the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements.

Notes to the Financial Statements (continued)

Note 18 - Reserves	**Consolidated**	
	2015	**2014**
	$000's	**$000's**
Foreign currency translation	**1,398**	1,418
Share-based payments	**1,246**	1,303
	2,644	2,721

Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

Share-based Payments Reserve
The option reserve is used to record the expense associated with options granted to employees under equity-settled share-based payment arrangements. It is also used to record fair value of options granted for other goods and services as well as acquisition of other assets.

Note 19 - Share-based Payments

The share-based payments' expense included in the financial statements with respect to Performance Rights issued during the year and already issued in prior years is as follows:

	Consolidated	
	2015	**2014**
	$000's	**$000's**
Share-based payments expense included in employee benefits expense	**5**	58

The movements in the share-based Payments Reserve during the year are as follows:

	Consolidated	
	2015	**2014**
The movements in the share-based payments' reserve during the year are as follows:	**$000's**	**$000's**
Balance at the beginning of the year	**1,304**	1,578
Shares issued on vesting of performance rights	**(62)**	(332)
Share-based payments during the year	**5**	58
Balance at the end of the year	**1,247**	1,304

The types of share-based payment plans are described below.

Employee Share Options
Options are granted either under the Company's Employee Share Incentive Option Plan or on terms determined by the directors or otherwise approved by the Company at a general meeting. The options are granted for no consideration. Options are usually granted for a three to four year period and entitlements to the options are vested on a time basis and/or on specific performance based criteria such as share price increases or reserves certification. Options granted either under the plan or otherwise as described above carry no dividend or voting rights. When exercisable, each option is convertible to one ordinary share.

The amount assessed as fair value at the grant date is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using the Black-Scholes method of valuation that takes into account the exercise price, the terms of the option, the vesting and market related criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the risk of the underlying share and the risk free interest rate for the term of the option.

Notes to the Financial Statements (continued)

Note 19 - Share-based Payments (continued)

Employee Share Options (continued)

There were no employee share options on issue at the beginning of the year and none were granted during the year ended 30 June 2015. The following table shows the number, movements and weighted average exercise price of share options during the 2014 year:

Grant Date	Expiry Date	Exercise Price	Opening Balance July 2013	Granted During the Year	Exercised During the Year	Expired During the Year	Closing Balance June 2014	Vested & Exercisable
13-Apr-10	30-Nov-13	$0.500	500,000	-	-	(500,000)	-	-
13-Apr-10	31-Jan-14	$0.650	500,000	-	-	(500,000)	-	-
18-Jun-10	28-Feb-14	$0.500	500,000	-	-	(500,000)	-	-
18-Jun-10	31-Mar-14	$0.650	1,000,000	-	-	(1,000,000)	-	-
			2,500,000	-	-	(2,500,000)	-	-
Weighted average exercise price			0.59	-	-	0.59		

Employee Performance Share Rights

Employee Performance Rights are provided to certain employees via the Comet Ridge Limited Employee Performance Share Rights Plan as approved by shareholders at the 2010 Annual General Meeting. Performance Rights are granted on terms determined by the directors.

Performance Rights, which have a maximum term of seven years, are issued for no consideration and provide an equity based reward for employees that is linked with the success of performance conditions determined when the Performance Rights are granted. The performance criteria are determined on a case by case basis by the Board. These performance criteria are likely to be matters such as length of employment, successful operational results and/or direct increase in shareholder value linked to the share price of the Company or reserve targets.

The fair value of Performance Rights at grant date that are issued subject only to a service condition is determined by reference to the quoted price of the Company's shares on the ASX. The fair value of Performance Rights at grant date issued subject to a market condition e.g. Volume Weighted Average Share Price (VWAP) 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 and an appropriate probability weighting to factor the likelihood of the satisfaction of non-vesting conditions.

The maximum number of Performance Rights issued is determined by aggregating the number of Performance Rights on issue with the number of shares issued during the previous five years under the plan or any other employee incentive scheme, cannot exceed 5% of the total number of shares on issue.

The following table shows the number and movements of Performance Rights during the 2015 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	Opening Balance July 2014	Granted During the Year	Vested During the Year	Expired During the Year	Closing Balance June 2015
1-Jul-12	30-Jun-16	11.0	100,000	-	(100,000)	-	-
1-Jul-13	7-Jul-14	19.0	50,000	-	(50,000)	-	-
1-Jul-13	7-Jul-15	19.0	50,000	-	-	-	50,000
1-Oct-14	1-Jul-15	14.0	-	1,910,000	-	-	1,910,000
27-Nov-14	1-Jul-15	12.0	-	500,000	-	-	500,000
			200,000	2,410,000	(150,000)	-	2,460,000

Notes to the Financial Statements (continued)

Note 19 - Share-based Payments (continued)

Employee Performance Share Rights (continued)

All performance rights granted during the year vest subject to a performance condition in addition to the employee/contractor satisfying a service condition relating to the completion of a specified period of employment/engagement. The vesting of performance rights granted during the year is conditional upon the Group booking 2P reserves. The number of performance rights that ultimately vest will be on a percentage basis of a total 2P reserve target of 75PJ with a threshold of 37.5PJ to be reached before any performance rights vest.

Subsequent to year end, the 2,410,000 Performance Rights granted during the 2015 year which were due to vest in July 2015 did not vest because the minimum performance condition of 37.5PJ was not satisfied.

The following table shows the number and movements of Performance Rights during the 2014 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	Opening Balance July 2013	Granted During the Year	Vested During the Year	Expired During the Year	Closing Balance June 2014
1-Oct-11	5-Jul-13	13.5	105,000	-	(105,000)	-	-
3-Oct-11	5-Jul-13	13.5	330,000	-	(330,000)	-	-
4-Oct-11	5-Jul-13	13.5	230,000	-	(230,000)	-	-
23-Nov-11	5-Jul-13	14.5	175,000	-	(175,000)	-	-
21-Mar-12	7-Jan-14	12.5	500,000	-	(500,000)	-	-
1-Jul-12	30-Jun-16	11.0	600,000	-	(600,000)	-	-
1-Jul-12	30-Jun-16	11.0	600,000	-	-	(500,000)	100,000
1-Jul-12	30-Jun-16	11.0	500,000	-	-	(500,000)	-
15-Nov-12	14-Jul-13	16.0	800,000	-	(160,000)	(640,000)	-
1-Jul-13	7-Jul-14	19.0	-	50,000	-	-	50,000
1-Jul-13	7-Jul-15	19.0	-	50,000	-	-	50,000
			3,840,000	100,000	(2,100,000)	(1,640,000)	200,000

Ordinary shares were issued for all Performance Rights that vested during the 2014 year.

The fair value of Performance Rights is measured at grant date and is determined using a binomial or Black-Scholes pricing model that takes into account the term of the performance right, the underlying share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance right.

Where the Performance Rights are granted subject only to service conditions, in accordance with the relevant accounting standard, it is assumed that the service condition will be met and the Comet Ridge Limited share price at grant date is used to determine the fair value of the Performance Rights issued. Where the Performance Rights are granted subject to a market condition in addition to the service condition, the pricing model also takes into account the probability that the market condition will be satisfied/not satisfied during the term of the Performance Rights e.g. “monte carlo” simulation technique.

Note 20 - Commitments

(a) Operating lease commitments

Commitments for minimum lease payments for non-cancellable operating leases for offices and equipment contracted for but not recognised in the financial statements.

	Consolidated	
	2015	**2014**
Payable – minimum lease payments	**$000's**	**$000's**
• not later than 12 months	**209**	203
• between 12 months and 5 years	**-**	209
	209	412

Notes to the Financial Statements (continued)

Note 20 – Commitments (continued)

(b) Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling $403,000 (2014: $403,000) as follows:

- $150,000 (2014: $150,000) to the State of Queensland in respect of the group's exploration permits and environmental guarantees;
- $200,000 (2014 $200,000) to the State of NSW to support the group's exploration permits and environmental guarantees; and
- $53,000 (2014: $53,000) to the landlord of the Brisbane office premises to support the group's obligations under the lease.

The bank guarantees are secured by term deposits.

(c) Exploration expenditure

In order to maintain an interest in the exploration tenements in which it is involved, the group is required to meet certain conditions imposed by the various statutory authorities granting the exploration tenements or that are imposed by the joint venture agreements entered into by the group. These conditions include minimum expenditure commitments. The timing and amount of minimum exploration expenditure obligations of the group 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 group's minimum expenditure obligations, which are not provided for in the financial statements are as follows:

	Consolidated	
	2015	2014
Minimum expenditure requirements	$000's	$000's
• not later than 12 months	**3,758**	4,351
• between 12 months and 5 years	**4,853**	5,083
	8,611	9,434

The commitments shown above include the amounts with respect to the group's interest in joint operations (refer Note 29).

Note 21 - Financial Risk Management

Overview

The group's principal financial instruments comprise receivables, payables, available for sale financial assets, cash, term deposits and financial liabilities at fair value. The main risks arising from the group's financial assets and liabilities are interest rate risk, price risk, foreign currency risk, credit risk and liquidity risk. This note presents information about the group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Key risks are monitored and reviewed as circumstances change (e.g. acquisition of new entity or project) and policies are created or revised as required. The overall objective of the group's financial risk management policy is to support the delivery of the group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the group does not enter into derivative transactions to mitigate the financial risks. In addition, the group's policy is that no trading in financial instruments shall be undertaken for the purpose of making speculative gains. As the group's operations change, the Directors will review this policy.

Notes to the Financial Statements (continued)

Note 21 - Financial Risk Management (continued)

Overview (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the group's financial risks as summarised below. The group holds the following financial instruments:

	Consolidated	
	2015	2014
Financial Assets	$000's	$000's
Cash and cash equivalents	**5,827**	4,814
Trade and other receivables	**111**	961
Restricted cash	**403**	403
	6,341	6,178
Financial Liabilities		
Trade and other payables	**1,050**	4,264
Financial liability at fair value - Stanwell Corporation Limited	**11,564**	10,078
	12,614	14,342

Interest rate risk

Exposure to interest rate risk arises on cash and term deposits recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

A forward business cash requirement estimate is made, identifying cash requirements for the following period (generally up to one year) and interest rate term deposit information is obtained from a variety of banks over a variety of periods (usually one month up to six month term deposits) accordingly. The funds to invest are then scheduled in an optimised fashion to maximise interest returns.

Interest rate sensitivity

A sensitivity of 1% interest rate has been selected as this is considered reasonable given the current market conditions. A 1% movement in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2015 - Consolidated	$000's	$000's	$000's	$000's
Cash and cash equivalents and restricted cash	62	(62)	62	(62)
2014 - Consolidated				
Cash and cash equivalents and restricted cash	52	(52)	52	(52)

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the group will always have sufficient liquidity to meet its obligations when due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. This is based on the undiscounted cash flows of the financial liabilities based on the earliest date on which they are required to be paid. The following table details the remaining contractual maturity for non-derivative financial liabilities.

Notes to the Financial Statements (continued)

Note 21 - Financial Risk Management (continued)

Liquidity risk (continued)

	<1 year	>3 years	Total Contractual Cash Flows	Carrying Amount
Consolidated - 30 June 2015	$000's	$000's	$000's	$000's
Trade and other payables	1,050	-	1,050	1,050
Financial liability at fair value - Stanwell Corporation Limited	-	16,883	16,883	11,564
	1,050	16,883	17,933	12,614
Consolidated - 30 June 2014				
Trade and other payables	4,264	-	4,264	4,264
Financial liability at fair value - Stanwell Corporation Limited	-	16,883	16,883	10,078
	4,264	16,883	21,147	14,342

Foreign exchange risk

As a result of activities overseas, the group's Statement of Financial Position can be affected by movements in exchange rates. The group also has transactional currency exposures. Such exposures arise from transactions denominated in currencies other than the functional currency of the group. The group's exposure to foreign currency risk primarily arises from the group's operations overseas, namely in the USA and New Zealand.

The group currently does not engage in any hedging or derivative transactions to manage foreign currency risk. The group's policy is to generally convert its local currency to US or NZ dollars at the time of transaction. The group, has on rare occasions, taken the opportunity to move Australian dollars into foreign currency (ahead of a planned requirement for those foreign funds) when exchange rate movements have moved significantly in favour of the Australian dollar, and management considers that the currency movement is extremely likely to move back in subsequent weeks or months. Therefore, the opportunity has been taken to lock in currency at a favourable rate to the group. This practice is expected to be the exception, rather than the normal practice.

The group's exposure to foreign currency risk at the reporting date, expressed in Australian dollars, was as follows:

Foreign exchange risk	2015 USD	2015 NZD	2014 USD	2014 NZD
Financial Assets	$000's	$000's	$000's	$000's
Cash and cash equivalents	-	34	-	923
Trade and other receivables	-	1	24	-
Financial Liabilities				
Trade and other payables	-	(9)	-	(1)

Based on financial instruments held at 30 June 2015, had the Australian dollar strengthened/weakened by 10% the group's profit or loss and equity would be impacted as follows:

Foreign currency rate sensitivity	Profit or Loss		Equity	
	10% Increase	10% Decrease	10% Increase	10% Decrease
2015	$000's	$000's	$000's	$000's
US dollar	-	-	-	-
NZ dollar	(3)	3	(3)	3
2014				
US dollar	-	-	(2)	2
NZ dollar	(92)	92	(92)	92

Notes to the Financial Statements (continued)

Note 21 - Financial Risk Management (continued)

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, restricted cash, and trade and other receivables. The group exposure and the credit ratings of its counterparties are continuously monitored by the Board of Directors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table above.

Credit Risk Exposures

Trade and other receivables

Trade and other receivables comprise primarily of advances to joint operations and GST refunds due. Where possible the group trades with recognised, creditworthy third parties. The receivable balances are monitored on an ongoing basis. The group's exposure to bad debts is not significant. At 30 June 2015 $Nil, (2014: $nil) of the group's receivables were past due. The group has no other significant concentration of credit risk.

Cash and cash equivalents, restricted cash and term deposits

The group has a significant concentration of credit risk with respect to cash deposits with banks. However, significant cash deposits are invested across three to four banks to mitigate credit risk exposure to a particular bank. AAA rated banks are mostly used and non AAA banks are utilised where commercially attractive returns are available.

Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The group is exposed to commodity price risk. Commodity prices can be volatile and are influenced by factors beyond the group's control. As the group is currently engaged in exploration, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

Fair value hierarchy

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level as determined by the following fair value measurement hierarchy:

a. Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
b. Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
c. Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the 'fair value measurement hierarchy' classification of the group's assets and liabilities measured and recognised at fair value at 30 June 2015 (refer Note 1 (c)).

	Consolidated	
	2015	**2014**
Financial Assets - Level 3	**$000's**	**$000's**
Available-for-sale financial asset - Investment in Comet Ridge Resources LLC	-	-
Financial Liabilities - Level 3		
Financial liability at fair value - Stanwell Corporation Limited	**(11,564)**	(10,078)

There have been no transfers between levels during the year.

Notes to the Financial Statements (continued)

Note 21 - Financial Risk Management (continued)

Fair value measurements using unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended 30 June 2015 not disclosed elsewhere:

	Consolidated	
	2015	**2014**
	$000's	**$000's**
Balance at the beginning of the year	**10,078**	-
Additions	**-**	9,737
Movement in financial liability at fair value	**1,486**	341
Balance at the end of the year	**11,564**	10,078

Valuation techniques and process used to determine fair values

The fair value measurement of the investment in Comet Ridge Resources LLC (CRR) is based on the group's proportionate interest in the net assets of CRR discounted for minority interest and liquidity considerations. As the valuation technique is based on significant unobservable inputs, the asset is classified as a level 3 financial instrument.

The fair value of the liability owed to Stanwell Corporation Limited (SCL) is based on the anticipated discounted cash flows arising from the renegotiated Mahalo Option Agreement. Refer to Note 1(c) for further details of the process undertaken to value the financial liability.

The inputs used in the calculation of the fair value of the Financial Liability at Fair Value are as follows:

1. The most likely outcome under the Mahalo Option Agreement is SCL will opt for the Gas Sale Agreement as a result the $15m discount will be the basis for determining the liability calculations.
2. The agreement term for the initial calculations will be the maximum four years.
3. The CPI rate used to index the $15m gas supply discount from 1 August 2014 will be 3% pa based on upper level of RBA target for inflation.
4. The fair value of the 5% Mahalo Gas Project interest re-acquired will be the net present value (NPV) of the SCL liability discounted at a pre-tax rate based on Comet Ridge's cost of capital.
5. The Comet Ridge's cost of capital is 14.75% per annum (refer WACC calculation below). The pre-tax discount rate is also 14.75% per annum as the cost of debt is nil.

	Starting Balance	**Annual Indexation Movement**				**Ending Balance**
Calculations	**18-Mar-14**	**18-Mar-15**	**18-Mar-16**	**18-Mar-17**	**18-Mar-18**	**18-Mar-18**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Indexed liability to SCL	(15,000)	(450)	(464)	(477)	(492)	(16,883)
Projected cash flow SCL liability	-	-	-	-	(16,883)	
NPV of SCL liability	(9,737)					
Fair value exploration assets acquired	9,737					
Total fair value movements	7,146					

Notes to the Financial Statements (continued)

Note 21 - Financial Risk Management (continued)

Valuation techniques and process used to determine fair values (continued)

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
Likely outcome	If SCL opts for Option B the financial liability at fair value will increase.
Agreement term	If the Final Investment Decision (FID) is reached earlier than the 4 year limit the carrying amount of the financial liability at fair value will increase while the estimated total fair value movements over the new term will reduce.
CPI rate	If the 3% pa CPI rate reduces/increases to a low of 2% pa or a high of 4% pa the indexed liability will reduce/ increase by approximately 3.9% or $650,000.
Pre-tax discount rate	If the 14.75% pa pre-tax discount rate reduces/increases by 2.25% pa i.e. to a low of 12.5% pa and or a high of 17.0% pa the NPV of the indexed liability will increase/reduce by approximately 8.0% or $750,000 with a resulting reduction/increase in the total fair value movement to be expensed over the term of the agreement.

Other fair value disclosures

The Directors consider that the carrying amount of trade receivables and payables recorded in the financial statements approximates their fair values due to their short term nature.

Note 22 - Key Management Personnel

Details of Key Management Personnel

Key Management Personnel comprise all of the Directors of the Company.

James McKay	Non-executive
Tor McCaul	Managing Director
Jeffrey Schneider	Non-executive (resigned 27 November 2014)
Gillian Swaby	Non-executive
Christopher Pieters	Executive Director (appointed 17 June 2015) (previously Non-executive Director but acted as Commercial Director from June 2013 to February 2014 for a short-term project)
Anthony Gilby	Non-executive (resigned 15 June 2015)

Key management personnel compensation	Consolidated	
	2015	**2014**
	$	**$**
Short-term employee benefits	**684,950**	828,137
Post-employment benefits	**47,500**	48,763
Long-term employment benefits	**9,775**	8,729
	742,225	885,629

Note 23 - Auditors' Remuneration

During the year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the group:

	Consolidated	
	2015	**2014**
Audit services	**$**	**$**
- Auditing or reviewing the financial statements	**105,000**	105,000
Non-audit services		
- Tax consulting and compliance services	**3,300**	8,000

Notes to the Financial Statements (continued)

Note 24 - Contingent Liabilities

The Directors are not aware of any contingent liabilities other than the Financial Guarantee Contract which is one of the terms of the renegotiated Mahalo Option Agreement. Under the renegotiated agreement Comet Ridge Limited guarantees the indexed $20m consideration payable by Comet Ridge Mahalo Pty Ltd (CRM) under Option B. Option B is be exercisable by Stanwell Corporation Limited (SCL) upon the earlier of FID for any development of the Mahalo Gas Project permit area or on the 4th anniversary date of the execution of the new agreement.

If SCL elects to exercise Option B, it will receive a cash payment of A$20m at 1 July 2015 dollar terms which is to be escalated in accordance with CPI on and from 1 August 2015 and annually thereafter (or part thereof) up to the date the Pay Agreement is signed (refer to Note 1(c) for a more detailed explanation of the renegotiated Mahalo Option Agreement).

Note 25 - Related Party Transactions

(a) Parent entity and subsidiaries

The legal parent entity is Comet Ridge Limited. Details of controlled entities are set out in Note 28.

(b) Key Management Personnel

There were no transactions with Key Management Personnel during the year.

(c) Transactions with controlled entities

Transactions between Comet Ridge Limited and its subsidiaries during the year included:

- loans advanced to/repayments from subsidiaries; and
- investments in subsidiaries.

The loans and investments have been impaired as Noted in Note 1 (c). The loans to subsidiaries are interest free, repayable in cash at call and are unsecured.

Note 26 - Cash Flow Information

	Consolidated	
	2015	**2014**
(a) Reconciliation of cash flow from operations	**$000's**	**$000's**
Loss for the period	**(18,569)**	(13,600)
Depreciation	**26**	28
Share-based payments	**5**	58
Impairment available-for-sale financial assets	**-**	3,287
Impairment - exploration and evaluation expenditure	**15,542**	9,149
Exploration and evaluation expenditure written off	**1,309**	378
Net exchange differences	**(39)**	(5)
Fair value movement of financial liability at fair value	**1,486**	340
Changes in assets and liabilities net of effects of purchase or disposal of subsidiaries		
Increase in inventories	**23**	10
Decrease/(increase) in trade and other receivables	**156**	(141)
(Decrease) in trade payables and accruals	**39**	(22)
Decrease in prepayments and deposits paid	**48**	18
Increase in provisions	**33**	373
(Decrease)/increase in deferred tax liability	**(1,401)**	804
	(1,342)	677

Notes to the Financial Statements (continued)

Note 26 - Cash Flow Information (continued)

(b) Non-cash financing and investing activities

There were no investing or financing transactions undertaken during the current year that did not require the use of cash or cash equivalents other than shares issued with respect to Performance Rights vesting during the year amounting to $62,000 (2014: $333,000)

Note 27 - Segment Information

Identification of reportable segments

The principal operating activities of the group are the exploration and evaluation of its tenements for oil and gas reserves. The group has identified its operating segments based on the geographic location of its respective areas of interest (tenements). The internal reports used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources are prepared on the same basis.

Reportable segments disclosed are based on aggregating operating activities where those activities are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments. Other than exploration and evaluation costs written off and impairment losses and stand-by costs in relation to exploration and evaluation expenditure, income and expenditure as per the Statement of Comprehensive Income consist of incidental revenue including interest and corporate overhead expenditure which are not allocated to the group's operating segments.

In addition, only exploration and evaluation expenditure assets are allocated to the group's operation segments. All other assets and liabilities relate to corporate activities and are not allocated to operating segments.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the group.

Activity by segment

At 30 June 2015, the group had the following interests in coal seam gas assets:

Comet Ridge Permits	Location	State/Country	CSG Interest	Area (km2)
ATP 743P	Galilee Basin	QLD	100%	3,994
ATP 744P	Galilee Basin	QLD	100%	4,296
ATP 1015P Farm-in area	Galilee Basin	QLD	20%	873
ATP 337P Mahalo	Bowen Basin	QLD	40%	911
PEL 6	Gunnedah	NSW	22.5%	5,162
PEL 427	Gunnedah	NSW	50%	5,764
PEL 428	Gunnedah	NSW	60%	6,018
PMP 50100	West Coast	NZ South Island	100%	140

The group previously held permit PMP 50279 located on the west coast of New Zealand's South Island. This permit was relinquished during the year.

Notes to the Financial Statements (continued)

Note 27 - Segment Information (continued)

(a) Segment performance

The following tables show the revenue and profit information regarding the group's operating segments.

30 June 2015	Queensland Galilee $000's	Queensland Bowen $000's	New Zealand South Island $000's	New South Wales Gunnedah $000's	Total $000's
Total segment revenue	-	-	-	-	-
Impairment - exploration expenditure	(12,563)	-	-	(2,979)	(15,542)
Exploration and evaluation costs written off	-	(1,267)	-	-	(1,267)
Exploration permit restoration and rehabilitation	-	-	(43)	-	(43)
Total segment expense	(12,563)	(1,267)	(43)	(2,979)	(16,852)
Segment result before tax	(12,563)	(1,267)	(43)	(2,979)	(16,852)

Reconciliation of segment result to group loss before tax

Interest revenue	145
Research & development tax offset grant	572
Other income	55
Employee benefits expense	(861)
Contractors and consultants costs	(560)
Depreciation and amortisation expense	(26)
Fair value movement of financial liability at fair value	(1,486)
Professional fees	(297)
Corporate expenses	(221)
Occupancy costs	(160)
Other expenses	(279)
Loss before tax	(19,970)

Notes to the Financial Statements (continued)

Note 27 - Segment Information (continued)

(a) **Segment performance (continued)**

30 June 2014	Queensland Galilee $000's	Queensland Bowen $000's	New Zealand South Island $000's	New South Wales Gunnedah $000's	Total $000's
Total segment revenue	-	-	-	-	-
Impairment - exploration expenditure	-	-	(9,149)	-	(9,149)
Exploration and evaluation costs written off	-	(373)	-	(5)	(378)
Exploration permit restoration and rehabilitation	-	-	(333)	-	(333)
Total segment expense	-	(373)	(9,482)	(5)	(9,860)
Segment result before tax	-	(373)	(9,482)	(5)	(9,860)

Reconciliation of segment result to group loss before tax

Interest revenue	222
Research & development tax offset grant	2,982
Employee benefits expense	(866)
Contractors and consultants costs	(605)
Depreciation and amortisation expense	(28)
Impairment - available-for-sale	(3,287)
Fair value movement of financial liability at fair value	(341)
Professional fees	(215)
Corporate expenses	(255)
Occupancy costs	(222)
Other expenses	(321)
Loss before tax	(12,796)

Notes to the Financial Statements (continued)

Note 27 - Segment Information (continued)

(b) Segment assets and liabilities

The following tables show the segment assets of the group's operating segments.

	Queensland		New Zealand	New South Wales	
30 June 2015	**Galilee $000's**	**Bowen $000's**	**South Island $000's**	**Gunnedah $000's**	**Total $000's**
Segment assets	20,425	19,126	-	-	39,551
Reconciliation of segment assets to group assets					
Unallocated assets					
Cash and cash equivalents					5,827
Trade and other receivables					111
Inventories					76
Other assets					416
Property, plant and equipment					78
Total group assets					46,059
Segment asset movement for the year					
Balance at 1 July 2014	32,321	17,675	-	2,778	52,774
Exploration and evaluation expenditure	523	2,718	-	345	3,586
Exploration stand-by costs and other write-offs	-	(1,267)	-	-	(1,267)
Impairment - exploration expenditure	(12,419)	-	-	(3,123)	(15,542)
Restoration and rehabilitation	-	-	-	-	-
Foreign exchange movement	-	-	-	-	-
	(11,896)	1,451	-	(2,778)	(13,223)
Balance at 30 June 2015	20,425	19,126	-	-	39,551
30 June 2014					
Segment assets	32,321	17,675	-	2,778	52,774
Reconciliation of segment assets to group assets					
Unallocated assets					
Cash and cash equivalents					4,814
Trade and other receivables					960
Inventories					99
Other assets					464
Property, plant and equipment					95
Total group assets					59,206
Segment asset movement for the year					
Balance at 1 July 2013	29,344	3,753	8,443	2,749	44,289
Exploration and evaluation expenditure	2,868	14,295	96	34	17,293
Exploration stand-by costs and other write-offs	-	(373)	-	(5)	(378)
Impairment - exploration expenditure	-	-	(9,149)	-	(9,149)
Restoration and rehabilitation	109	-	-	-	109
Foreign exchange movement	-	-	610	-	610
	2,977	13,922	(8,443)	29	8,485
Balance at 30 June 2014	32,321	17,675	-	2,778	52,774

Notes to the Financial Statements (continued)

Note 28 – Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(g):

Name of entity	Country of Incorporation	Class of Shares	Equity Holding % 2015	Equity Holding % 2014
Chartwell Energy Limited (accounting parent)	Australia	Ordinary	100	100
Comet Ridge Limited (legal parent)	Australia	Ordinary	100	100
Comet Ridge NZ Pty Ltd	Australia	Ordinary	100	100
Comet Ridge USA Inc.	USA	Ordinary	100	100
Davidson Prospecting Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Mahalo Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Gunnedah Pty Ltd	Australia	Ordinary	100	100

Note 29 - Interests in Joint Operations

The group has entered into a number of joint operations for oil and gas exploration. The group's interests in the joint operations assets and liabilities are included in the statement of financial position under the following classifications (refer accounting policies Notes 1(c) and 1(g)).

	ATP1015P	ATP337	PEL427	PEL428	PEL6	Total
	20%	40%	50%	60.0%	22.5%	
30 June 2015	$000's	$000's	$000's	$000's	$000's	$000's
Current assets						
Cash and cash equivalents	-	173	5	7	3	188
Trade and other receivables	-	-	-	-	1	1
Total current assets	-	173	5	7	4	189
Non-current assets						
Exploration and evaluation expenditure	6,127	16,871	379	342	212	23,931
Total non-current assets	6,127	16,871	379	342	212	23,931
Total assets	6,127	17,044	384	349	216	24,120
Current liabilities						
Trade and other payables	2	99	3	3	1	108
Total current liabilities	2	99	3	3	1	108
Share of joint venture net assets	6,125	16,945	381	346	215	24,012

	ATP1015P	ATP337	PEL427	PEL428	PEL6	Total
30 June 2014	20%	40%	50%	60.0%	22.5%	
Current assets	$000's	$000's	$000's	$000's	$000's	$000's
Cash and cash equivalents	-	-	-	1	-	1
Trade and other receivables	-	26	53	25	32	136
Total current assets	-	26	53	26	32	137
Non-current assets						
Exploration and evaluation expenditure	5,783	13,284	312	263	180	19,822
Total non-current assets	5,783	13,284	312	263	180	19,822
Total assets	5,783	13,310	365	289	212	19,959
Current liabilities						
Trade and other payables	1,261	-	49	20	27	1,357
Total current liabilities	1,261	-	49	20	27	1,357
Share of joint venture net assets	4,522	13,310	316	269	185	18,602

Notes to the Financial Statements (continued)

Note 29 - Interests in Joint Operations (continued)

In order for the joint ventures to maintain their interests in the exploration tenements in which they are involved, the joint ventures are required to meet certain conditions imposed by the various statutory authorities granting the exploration permits or that are imposed by the joint venture agreements entered into by the group. These conditions include minimum expenditure commitments. The timing and amount of minimum exploration expenditure obligations of the group 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 group's minimum expenditure obligations from its interests in joint ventures, which are not provided for in the financial statements are as follows:

	Consolidated	
	2015	**2014**
Minimum expenditure requirements	**$000's**	**$000's**
● not later than 12 months	**3,107**	3,722
● between 12 months and 5 years	**245**	411
	3,352	4,133

For all joint operations other than ATP1015P, the principal place of business is c/- Santos Limited, Level 16, 40 Creek Street, Brisbane QLD 4000. The principal place of business for ATP1015P is Comet Ridge's principal place of business.

Note 30 - Subsequent Events

In early August 2015, an independently certified Contingent Resource Booking for gas was provided by SRK Consulting (Australasia) Pty Ltd (SRK) with respect to the Company's Albany (previously named Carmichael) Structure in ATP 744P in the Galilee Basin. This maiden contingent resource is the first resource booking from sandstone for the Galilee Basin and is a significant event for the Company. Details of this certification were released to the ASX on 5 August 2015.

Note 31 - Parent Entity Disclosures

	2015	**2014**
	$000's	**$000's**
Current assets	**6,208**	4,696
Non-current assets	**27,111**	25,886
Total assets	**33,319**	30,582
Current liabilities	**462**	1,726
Non-current liabilities	**1,580**	2,968
Total liabilities	**2,042**	4,694
Net assets	**31,277**	25,888
Contributed equity	**106,709**	98,092
Share based payments reserve	**5,011**	5,068
Accumulated losses	**(80,443)**	(77,272)
Total equity	**31,277**	25,888
Loss for the period	**(3,171)**	(11,501)
Other comprehensive income	**-**	-
Total comprehensive income	**(3,171)**	(11,501)

Notes to the Financial Statements (continued)

Note 31 - Parent Entity Disclosures (continued)

Bank guarantees
Bank guarantees are disclosed in Note 20(b).

Contingent Liabilities
The Directors are not aware of any contingent liabilities other than the Financial Guarantee Contract which is one of the terms of the renegotiated Mahalo Option Agreement. Under the renegotiated agreement Comet Ridge Limited guarantees the indexed $20m consideration payable by Comet Ridge Mahalo Pty Ltd (CRM) under Option B. Option B is be exercisable by Stanwell Corporation Limited (SCL) upon the earlier of FID for any development of the Mahalo Gas Project permit area or on the 4th anniversary date of the execution of the new agreement.

If SCL elects to exercise Option B, it will receive a cash payment of A$20m at 1 July 2015 dollar terms which is to be escalated in accordance with CPI on and from 1 August 2015 and annually thereafter (or part thereof) up to the date the Pay Agreement is signed (refer to Note 1(c) for a more detailed explanation of the renegotiated Mahalo Option Agreement).

Commitments

(a) Operating lease commitments
Commitments for minimum lease payments for non-cancellable operating leases for offices and equipment contracted for but not recognised in the financial statements.

	2015	2014
Payable - minimum lease payments	$000's	$000's
● not later than 12 months	**209**	203
● between 12 months and 5 years	**-**	209
	209	412

(b) Exploration expenditure
In order to maintain an interest in the exploration tenements in which the parent is involved, the parent is committed to meet the conditions under the agreements. The timing and amount of exploration expenditure and obligations of the parent 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.

	2015	2014
Minimum expenditure requirements	$000's	$000's
● not later than 12 months	**335**	1,754
● between 12 months and 5 years	**4,808**	4,638
	5,143	6,392

Directors' Declaration

In the Directors' opinion:

1) the attached financial statements and Notes are in accordance with the Corporations Act 2001, including:

   (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated entity.

2) As stated in Note 1, the financial statements also comply with International Financial Reporting Standards.

3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors.

Tor McCaul

Managing Director
Brisbane, Queensland, 23 September 2015

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Independent Auditor's Report to the Members of Comet Ridge Limited

Report on the Financial Report

We have audited the accompanying financial report of Comet Ridge Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report
The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion
In our opinion:

a) the financial report of Comet Ridge Limited is in accordance with the Corporations Act 2001, including:
    i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
    ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which states that the consolidated entity's ability to execute its planned exploration and evaluation activity and meet other necessary corporate expenditure is dependent on the consolidated entity's ability to raise additional funds. The matters set forth in Note1 (b) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 16 to 20 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion
In our opinion the Remuneration Report of Comet Ridge Limited for the year ended 30 June 2015 complies with Section 300A of the Corporations Act 2001.

Pitcher Partners

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
23 September 2015

Additional Information

The additional information set out below was applicable at 4 September 2015:

1. Number of Equity Holders

Ordinary Share Capital

526,250,547 fully paid ordinary shares are held by 1,817 individual shareholders.

2. Voting Rights

In accordance with the Company's constitution, on a show of hands every shareholder present in person or by a proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by a proxy, attorney or representative has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

3. Distribution of Shareholdings

Holdings	No. of Holders	Units	% Issued Capital*
1 - 1,000	97	4,306	0.000%
1,001 - 5,000	218	709,862	0.130%
5,001 - 10,000	210	1,722,990	0.330%
10,001 - 100,000	837	34,716,464	6.600%
100,001 - maximum	455	489,096,925	92.940%
	1,817	526,250,547	**100.00%**

- Percentages have been rounded to the nearest 1/1000 decimal place.

The numbers of shareholders holding less than a marketable parcel (being 10,205 units or less) were:

528 Holders (2,467,492 Shares)

4. Substantial Shareholders

The following information is extracted from the Company's Register of Substantial Shareholders:

Name	Number of Shares Held	% Issued Capital
HSBC Custody Nominees (Australia) Limited <Awal Bank BSC>	51,500,000	9.868
Waterford Atlantic Pty Ltd & McKay Super Pty Ltd	33,889,551	6.827

The above shareholdings are disclosed pursuant to section 671B (3) of the Corporations Act 2001 but the relevant interests shown do not necessarily represent the beneficial interest in the share capital of the Company or the parties concerned.

5. Unquoted Securities

Unlisted Share Rights: The Company has 1,500,000 share rights on issue, issued in accordance with the Share Rights Plan approved by shareholders at the Company's AGM on 21 November 2013. The number of beneficial holders of share rights totals 2.

Additional Information (continued)

6. The 20 Largest Holders of Ordinary Shares

	Number of Ordinary Fully Paid Shares Held	% Issued Capital
1. HSBC Custody Nominees (Australia) Limited	78,107,834	14.84
2. JP Morgan Nominees Australia Limited	30,861,297	5.86
3. McKay Super Pty Ltd <McKay Super Fund A/C>	19,452,681	3.70
4. Gilby Resources Pty Ltd <The Gilby Investment A/C>	18,813,945	3.58
5. Villiers Queensland Pty Ltd <Paul Brosnan Account>	16,987,782	3.23
6. Waterford Atlantic Pty Ltd <McKay Family Trust>	16,343,348	3.11
7. Norfolk Enchants Pty Ltd <Trojan Retirement Fund>	14,982,400	2.85
8. Brixia Investments Ltd	14,814,814	2.82
9. Power Industries Pty Ltd <The Power Property A/C>	13,425,000	2.55
10. Kabila Investments Pty Ltd	11,403,745	2.17
11. Citicorp Nominees Pty Limited	10,912,596	2.07
12. Sixth Erra Pty Ltd <I Collie Family A/C>	10,320,064	1.96
13. KLIP Pty Ltd <Bernie Super Fund A/C>	10,027,000	1.91
14. Christopher John Blamey & Ann Margaret Blamey <ACB Super Fund A/C>	9,825,000	1.87
15. Invia Custodian Pty Ltd <GSJBW Managed A/C>	5,619,932	1.07
16. Gilby Resources Pty Ltd <Gilby Super Fund A/C>	5,126,764	0.97
17. Dynamic Supplies Investments Pty Ltd <DSI Cash Trading A/C>	5,000,000	0.95
18. Tor Raymond McCaul	4,905,601	0.93
19. Kenneth Street Investments Pty Limited <Superannuation A/C>	4,310,497	0.82
20. Crownace Pty Ltd	4,021,000	0.76
TOTAL	**305,261,300**	**58.01%**

7. Restricted Securities

There were no restricted securities issued or held during the reporting period.

8. Interest in Petroleum Tenements

Authority to Prospect (ATP), Joint Venture, Petroleum Exploration Lease (PEL)
Petroleum Mining Permit (PMP) Interests

ATP / PEL / PMP	Location	Type	*Interest %	Operator
ATP337 Mahalo Farm-in Area	Bowen Basin	CSG	40	Santos QNT Pty Ltd
**PEL427	Gunnedah Basin	Conventional	100	Comet Ridge Limited
**PEL427	Gunnedah Basin	CSG	50 CSG	Santos NSW (Betel)
**PEL428	Gunnedah Basin	Conventional	100	Comet Ridge Limited
**PEL428	Gunnedah Basin	CSG	60	Santos NSW (Betel)
**PEL 6	Gunnedah Basin	Conventional	100	Comet Ridge Limited
**PEL 6	Gunnedah Basin	CSG	22.5	Santos NSW (Betel)
ATP743	Galilee Basin	CSG	100	Comet Ridge Limited
ATP744	Galilee Basin	CSG	100	Comet Ridge Limited
ATP1015 Farm-in Area	Galilee Basin	CSG	20	Comet Ridge Limited
PMP50100	South Island, New Zealand	CSG	100	Chartwell NZ Pty Ltd

* The interest is held either by Comet Ridge Limited or one of its wholly owned subsidiaries.

** The Petroleum Exploration Permits located in the Gunnedah Basin are divided into CCSG and Conventional Joint Ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these in these respective joint ventures.

Corporate Directory

Comet Ridge Limited

Directors
James McKay – Non-executive Chairman
Tor McCaul – Managing Director
Gillian Swaby – Non-executive Director
Christopher Pieters – Executive Director

Company Secretary
Stephen Rodgers

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