

31 March 2020

Corporate Update

- Comet Ridge's response to COVID-19
- Strategic Review Completed – Primary focus on Mahalo North appraisal and development

As you are no doubt aware, Comet Ridge's share price and global markets have fallen significantly in recent weeks reflecting continued economic uncertainty around the spread of the COVID-19 coronavirus and the dramatic fall in the oil price. The Board and Management of Comet Ridge Limited (ASX:COI) have experienced market downturns before and will draw on their collective experience to guide the Company and its portfolio of quality assets through the current difficulties.

COVID-19 Response

The Board and Management of Comet Ridge have taken decisive action in response to COVID-19 and the guidelines and information being provided by the Federal and Queensland Governments. This is to ensure the safety and well-being of our employees and contractors to support the long-term viability of the business. The Company is not currently conducting field operations, nor planning field operations for the period whilst the COVID-19 virus is directly impacting the Australian economy.

Face to face interaction with landholders and Native Title groups have also been suspended. Our IT system allows our staff to work from home and interact by a variety of means, including video conferencing. We therefore expect to be able to progress key technical, planning and studies work whilst the government advice is to restrict our movements and avoid gatherings. The Board will continue to monitor the impact and advice regarding COVID-19 on an ongoing basis.

Low Oil Price Environment

The current low oil price environment around the world provides an additional challenge to petroleum companies above and beyond the significant challenges faced by us all with COVID-19. Whilst Comet Ridge is working towards bringing its east coast gas assets into production, the Company currently has no direct exposure to the low oil price.

A compelling east coast gas play

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

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



A number of the Directors and senior staff from Comet Ridge have lived and worked through a series of high and low oil price cycles since the mid 1980's. Whilst these low points in the oil price cycle cause markets concern and a significant sell down in oil and gas company valuations usually occurs, these times are often an opportunity for the companies to review their cost basis and prioritise capital allocation.

Cash & Costs

Comet Ridge is in a strong financial position and will hold in excess of \$8 million in cash at the end of 1Q 2020. As a result of COVID-19 and the current low oil price, the Board have made decisions in order to slow the rate of expenditure to further support the business during this period and a Board sub-committee has been formed to monitor the situation on a weekly basis.

The Board have elected to stop receiving cash payments and to have their fees paid in equity, subject to shareholder approval at the next shareholder meeting, effective from 1 April 2020. To further conserve cash during this period, the Company has also significantly reduced contractor hours, the salary of all staff by 30% to 50% and dramatically reduced other costs. This includes the suspension of future stimulation testing at Albany in the Galilee Basin. Comet Ridge will also look to access available Federal and State Government support. We will reassess these changes to reduce cash spend as we move through this year and monitor the progress of the COVID-19 virus and ongoing oil price environment.

The Board is confident that these decisions give the company a long runway late into 2021 utilising existing cash resources while continuing to keep all of our assets in good standing and positioned to move quickly once economic stability returns.

Strategic Review

The Board announced a Strategic Review of its assets in November 2019 and indicated this would be finalised during the first quarter of 2020.

Comet Ridge has key gas assets in three basins in eastern Australia split into two groups:

1. The Galilee and Gunnedah Basin assets, that cover extremely large areas and are in the exploration and appraisal phase.
2. The Mahalo North and Mahalo blocks, that are much closer to infrastructure and existing producing fields and are subsequently better suited for near-term production.

The Board believes that near term production possibilities via Mahalo North (and Mahalo), and the scale provided by the large exploration and appraisal assets in the Galilee and Gunnedah areas, remain complementary and valuable. As a result, the Board has determined that at the moment and in this environment, value to shareholders is currently best achieved by:

- (1) keeping both groups of assets in the portfolio under one corporate structure; and,
- (2) primarily focussing on the 100% held Mahalo North (ATP 2048) block and bringing it into production in a low cost and fit for purpose development.



Mahalo North and Mahalo

Mahalo North was won under a Queensland Government tender in October 2019 and the block is expected to be formally granted to Comet Ridge in mid-2020. As an outcome of the strategic review, Comet Ridge will be prioritising the Mahalo North project. In addition to the substantial economic contribution that the project could deliver, as Operator and 100% holder of the project, Comet Ridge can drive the appraisal and development timetable and bring the asset into production at low cost. This will allow Comet Ridge to move from explorer to producer and begin to generate positive cashflow for the Company.

The Company's focus on Mahalo North will be conducted while continuing to work with our JV partners to drive towards the optimum development outcome for the Mahalo Gas Project. The Mahalo Joint Venture currently requires three government approvals for the Mahalo Gas Project to move forward, and each of these is currently being progressed through State and Federal Government processes. Discussions with the Mahalo Joint Venture Partners are ongoing. The Mahalo Gas Project FID will not occur in mid-2020 as originally envisaged. The company will provide updates on the revised Mahalo timing in the coming months.

It remains the expectation that a Mahalo North development will be primarily financed by debt and gas pre-sales arrangements. Discussions with potential debt funding partners will be finalised once both Mahalo and Mahalo North near FID.

Way Forward

Comet Ridge believes that Mahalo North and Mahalo are standout, low cost, near to production assets in a market that will move into significant undersupply. Our Board and Management will prudently manage the short-term effects of the COVID-19 crisis, low oil price, and difficult financial markets and at the right time develop or monetise these gas assets.

By Authority of Board per: Tor McCaul, Managing Director

For more information or photos:

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

Peter Harding-Smith
Chief Financial Officer
Phone +61 7 3221 3661
peter.harding-smith@cometridge.com.au

About Comet Ridge

Comet Ridge Limited (ASX: COI) is a publicly-listed Australian energy company focused on the development of gas resources for the east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland and New South Wales. Our flagship Mahalo and Mahalo North projects are low cost, sales spec gas plays close to Gladstone. Our exploration assets in the Galilee and Gunnedah basins offer further upside amid increasing domestic and international demand for gas as a source of cleaner energy.