

28 April 2023

## March 2023 Quarterly Activities Report

---

### Highlights

- During the March 2023 quarter, the industry has been awaiting policy clarification from the Federal Government in relation to the market intervention around price caps and gas pricing that was announced in December last year.
- The investment freeze which followed the policy intervention announcement has resulted in Comet Ridge receiving significant interest from various domestic gas buyers who now have supply concerns, are highly motivated to secure future gas supply and wish to provide project funding assistance.
- On 26 April, the Federal Government released the Consultation Paper for the ***Mandatory Code of Conduct for the east coast gas market*** which exempts smaller producers from price caps who exclusively supply gas to the domestic market. While this is positive for Comet Ridge, uncertainty still remains in relation to the broader ongoing intervention in the gas market.
- Comet Ridge announced a joint front-end engineering (FEED) study with Denison Gas to assess the feasibility of upgrading Denison's infrastructure to accommodate up to 10 Terajoules per day of gas production from Comet Ridge's 100% held Mahalo North Project.
- Gas Sales Agreement negotiation period with CleanCo was further extended during the quarter to 30 June 2023 to allow the parties to consider the impact of the above noted Mandatory Code of Conduct.
- \$14.6 million of cash at end of March 2023 (unaudited).

### 1. Federal Government Gas Policy

The Australian Government this week issued a ***Consultation Paper*** on the ***Mandatory Code of Conduct for the east coast gas market***. The Mandatory Code of Conduct follows the introduction of a \$12/GJ price cap on wholesale gas sold into the east coast market, introduced in December 2022 with a "reasonable pricing provision" that was to apply into the future from 2024.

The Consultation Paper provides for a continuation of the \$12/GJ price cap (to be reviewed at 1 July 2025), but with a number of exemptions for smaller producers who exclusively supply the domestic market, or for larger producers who can meet conditions related to the supply of gas to the domestic market.

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](mailto:comet@cometridge.com.au)  
[cometridge.com.au](http://cometridge.com.au)



The exemptions around small, domestic market gas producers are aimed to support developers like Comet Ridge. The removal of the complex “reasonable price” and arbitration provisions from the Government’s December 2022 statement are the main positives from the current Consultation Paper. These provisions were always going to be difficult to enact, expensive, time consuming and generate a lot of uncertainty for project proponents. However, under the current draft of the Mandatory Code, uncertainty still remains for the larger producers (who may not qualify for the pricing exemption). This will continue to act as a deterrent for some of the future investment in new gas supply based on the fact that large gas producers will struggle to approve multi-decade projects with rolling 12-month pricing exemptions required from multiple government departments and agencies.

In addition, inflation pressures have not been factored into the price cap: the Consultation Paper infers the \$12/GJ price cap is designed to return the market price to the level observed in late 2021 (and this will apply until mid 2025) without any allowance for the significant inflationary cost increases incurred during this period and forecast up to the next price cap review period.

Comet Ridge, in consultation with industry peers, will review the Government’s proposal in detail and participate in the next round of consultation, due on 12 May.

The Consultation Paper highlights that the industry as a whole, continues to face significant uncertainty with the ongoing intervention in the gas market, and does nothing to encourage new gas supply, despite the proposed changes that the Federal Government states are intended to encourage an adequate supply of gas in the future for the domestic market.

The recent introduction of the Federal Government’s safeguard mechanism (for CO<sub>2</sub> emissions) has also been interpreted as positive for very low CO<sub>2</sub> gas which occurs in the Mahalo Hub area.

## **2. Mahalo Gas Hub Area, Bowen Basin, QLD**

### **Overview**

Comet Ridge holds 100% equity in three project areas in the Mahalo Gas Hub area, and a 57.14% interest in the Mahalo Joint Venture Project (with Santos QNT Pty Ltd (Santos) holding 42.86% as Operator). The current net acreage area for Comet Ridge across the Mahalo Gas Hub is substantial at 1450 km<sup>2</sup>, with a large portion of these blocks sitting over the Mahalo Gas Hub’s high quality, shallow fairway.

This fairway has been extensively appraised and, importantly, has produced 1.4 MMcfd (million standard cubic feet of gas per day) from a lateral pilot well (Mira 6) drilled only 924 m in coal (refer ASX announcement 26 June 2018). Further confirmation of the high productivity fairway has been demonstrated from the Mahalo North 1 pilot well (in ATP 2048, Comet Ridge 100% equity), which has achieved a very impressive gas flow of 1.75 MMcfd from a single pilot production well intersected by a dual lateral well (refer ASX announcement of 26 August 2022).

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

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

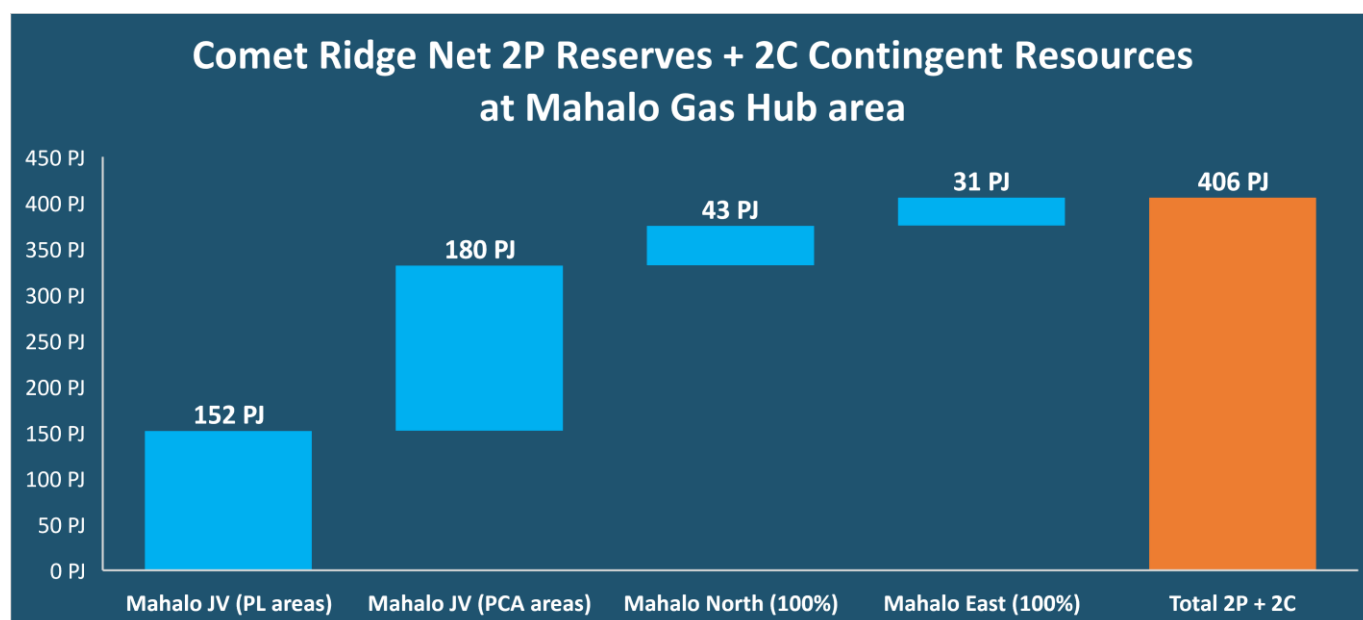


Project name and opportunity	Tenure Held	COI % interest	Area (km <sup>2</sup> )	Status
<b>Mahalo Joint Venture Project (CSG)</b>	PL 1082, 1083; PCA 302, 303, 304	57.14%	989	Santos is Operator. Comet Ridge to market and sell its own share of gas. Development work expected to increase second half 2023 with clarity on gas market pricing.
<b>Mahalo North (CSG &amp; deeper conventional gas)</b>	ATP 2048	100%	450	Initial reserves certified in November 2022 and development work and infrastructure access progressing.
<b>Mahalo East (CSG &amp; deeper conventional gas)</b>	ATP 2061	100%	97	Contingent Resources certified in December 2022. Appraisal planning completed although expenditure will be deferred whilst gas market intervention and uncertainty prevails.
<b>Mahalo Far East (CSG &amp; deeper conventional gas)</b>	ATP 2063	100%	338	Internal geological analysis continuing for contingent resource certification.

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

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

Comet Ridge plans to transition its Mahalo Gas Hub assets into meaningful gas supply for the east coast gas market, commencing with initial production at Mahalo North, followed by the larger, Santos operated, Mahalo Joint Venture Project. This will be supplemented by gas from Comet Ridge's other 100% owned permits at Mahalo East and Mahalo Far East, planned to be brought online in sequence.



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



## Project Development Activities During the March 2023 Quarter

### Mahalo North Development Activities

Comet Ridge has progressed two development streams to position Mahalo North to commence supply of gas into the east coast market from 2024/25. These development activities comprise:

- **Field development activities** including environmental field work for State and Federal environmental applications, Petroleum Lease (PL) application(s), development well planning activities and engineering studies to confirm gas compression and water handling facilities required to commence production; and
- **Infrastructure access arrangements** including:
  - Undertaking a joint FEED study with Denison Gas Limited (Denison) for Comet Ridge to transport gas from Mahalo North via the nearby Denison compression and dehydration plant and pipeline infrastructure; and/or
  - Progressing a standalone pipeline connection, which would transport Mahalo North gas (and potentially all future Mahalo Hub gas production) to domestic and export pipeline infrastructure (see Figure 2 below). The FEED study for this connection is planned to commence imminently.

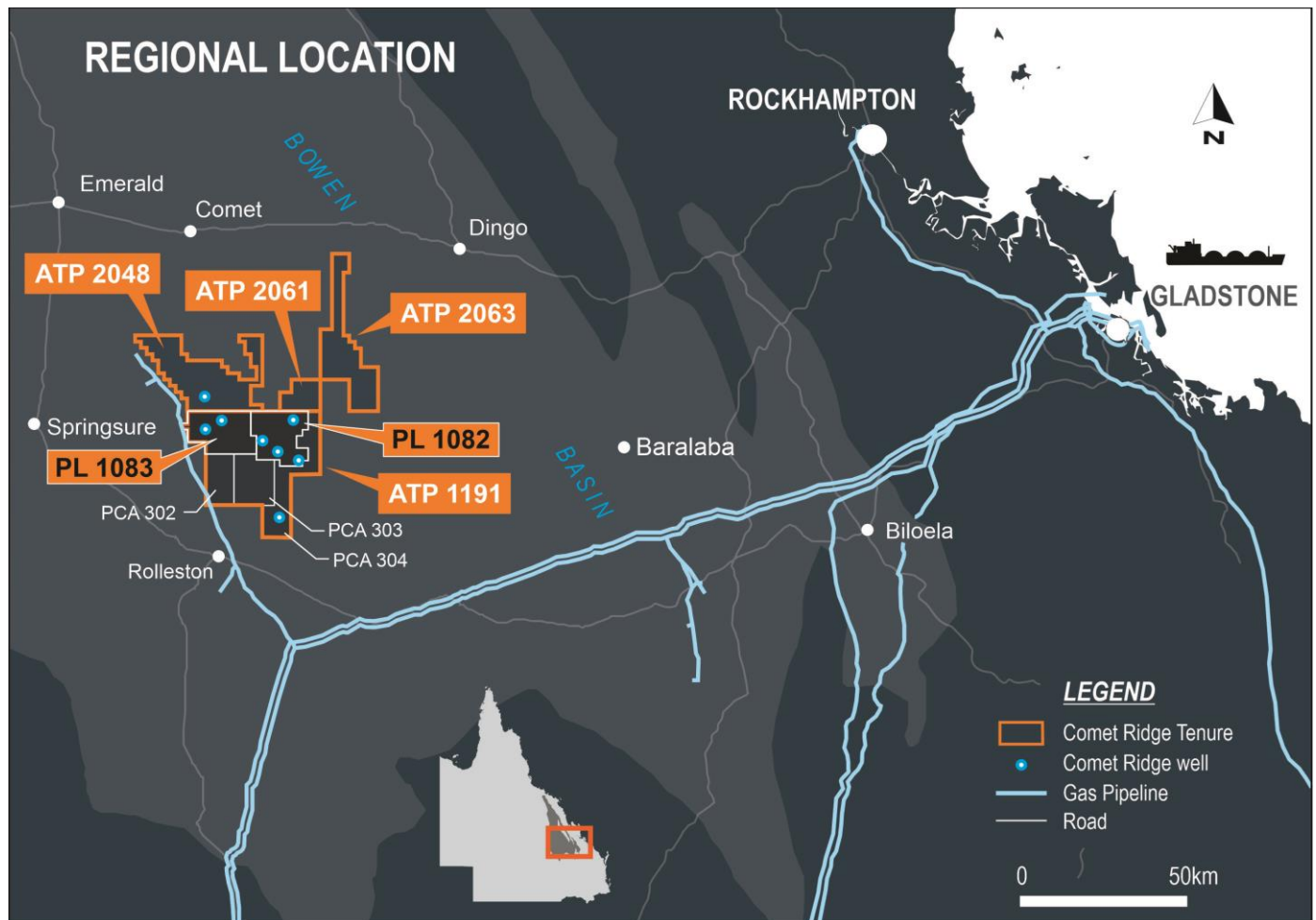


Figure 2 – Regional location of the large Mahalo Gas Hub area showing proximity to pipeline infrastructure and domestic and LNG markets.



## Gas marketing activities

Since the Federal Government gas market intervention announcement in December 2022, Comet Ridge has received significant interest from gas buyers in relation to future gas supply from our Mahalo Gas Hub projects. Discussions have been progressed with buyers linked to domestic downstream projects, power generators, LNG project participants and gas aggregators. Comet Ridge believes the gas market is undergoing a significant structural change, with increased demand driven by emission reduction targets and the critical role of gas in this transition. The uncertainty generated from the December 2022 Federal Government intervention has caused a significant slowdown in investment which has made the gas supply-demand balance tighter than it would otherwise have been. We believe there are further factors also contributing to increased demand and interest from gas buyers:

- Power generators are seeking to increase gas fired generation for grid supply and frequency stability as they manage increased renewable DC (direct current) electricity capacity – in line with Government and industry emissions targets; and
- The Safeguard Mechanism recently announced by the Federal Government is accelerating the transition from the use of coal in heavy industry, with gas the only commercially viable and practical short-term solution to meet emissions targets (compared to other transition fuel alternatives such as hydrogen which has yet to be shown to be commercially viable).

Comet Ridge is progressing these gas supply discussions with the aim of securing a range of gas sales agreements as well as associated project funding options.

Although the Federal Government is sending the market mixed messages on gas, the overall outlook for Australian gas production is very positive. The policy settings outlined above continue to steer energy consumers and manufacturers towards natural gas, and much of the coal seam gas in Queensland will compare positively with other options given generally very low CO<sub>2</sub> content.

A research paper released this month by the Net Zero Project - a partnership between The University of Melbourne, The University of Queensland, Princeton University, and management consultancy Nous Group – outlined how gas will continue to play an increasing role as a firming source to support renewable energy production.

## 3. Corporate Activities

### Cash position and debt facilities

At 31 March 2023, Comet Ridge had \$14.6 million cash on hand (unaudited).

Comet Ridge has the following secured debt facilities at 31 March 2023.

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

Table 2 – Comet Ridge debt facilities



## CleanCo GSA negotiations

During the March 2023 quarter, Comet Ridge and CleanCo Queensland Limited agreed to extend the GSA negotiation period to 30 June 2023 to provide time to consider the impact of the Federal Government's gas market policies. With the information contained in the Consultation Paper on the draft Mandatory Code of Conduct released on 26 April 2023, Comet Ridge will now work with CleanCo to finalise the Gas Sales Agreement over the coming weeks and months.

## Payments to Related Parties

The aggregate value of payments to related parties and their associates of \$249k for the March 2023 quarter (shown in item 6.1 of the attached Quarterly Cashflow Report) relates to the salary of the Managing Director and fees paid to Directors (including PAYG and superannuation payments made on their behalf).

## Shares and Performance Rights

At 31 March 2023, the total number of ordinary shares and warrant shares on issue was unchanged at 1,010,373,085 and 65,909,091 respectively. The total number of performance rights on issue at 31 March 2023 was 10,018,750 following the lapse in January 2023 of 750,000 performance rights previously issued to the Managing Director.

**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](mailto:tor.mccaul@cometridge.com.au)

Phil Hicks  
Chief Financial Officer  
Phone +61 7 3221 3661  
[phil.hicks@cometridge.com.au](mailto:phil.hicks@cometridge.com.au)

## About Comet Ridge

*Comet Ridge Limited (ASX: COI) is a publicly listed Australian energy company focused on the development of natural gas resources for the strained east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland. Our flagship Mahalo Gas Hub project consists of low cost, sales spec natural gas blocks, close to Gladstone containing significant, low CO<sub>2</sub>, Gas Reserves. Our exploration assets offer further upside amid increasing domestic and international demand for natural gas as a source for cleaner energy and as a key manufacturing feedstock that makes thousands of products, used daily.*

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

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

### \* Listing Rule 5.42

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

Rule 5.5

## Appendix 5B

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

Name of entity

**COMET RIDGE LIMITED**

ABN

**47 106 092 577**

Quarter ended ("current quarter")

**31 March 2023**

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		-	-
1.2 Payments for:			
(a) exploration & evaluation		(3)	(9)
(b) development		-	-
(c) production		-	-
(d) staff costs		(194)	(897)
(e) administration and corporate costs		(284)	(1,275)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		46	100
1.5 Interest and other costs of finance paid		(598)	(1,011)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other - JV recoveries		1	-
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,032)</b>	<b>(3,092)</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) tenements		-	-
(c) property, plant and equipment		-	(11)
(d) exploration & evaluation (see note 6)		(753)	(4,418)
(e) investments		-	-
(f) other non-current assets		-	-
2.2 Proceeds from the disposal of:			
(a) entities		-	-
(b) tenements		-	-
(c) property, plant and equipment		-	-
(d) investments		-	-
(e) other non-current assets		-	-
2.3 Cash flows from loans to other entities		-	-
2.4 Dividends received (see note 3)		-	-
2.5 Other (Security deposits)		-	(90)
<b>2.6 Net cash from / (used in) investing activities</b>		<b>(753)</b>	<b>(4,519)</b>

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	24,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(1,254)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(8,006)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	14,740
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	16,337	7,423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,032)	(3,092)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(753)	(4,519)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	14,740
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period - refer to end note regarding post quarter cash	14,552	14,552
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,552	16,337
5.2	Call Deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above) - refer to end note regarding post quarter cash	14,552	16,337
6. Payments to related parties of the entity and their associates		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	249	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.			
7. Financing facilities Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the source of finance available to the entity.		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	10,000	10,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	10,000	10,000
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have not been entered into or are proposed to be entered into after the quarter end, include a note providing details of those facilities as well.		
Lender: Pure Asset Management Pty Ltd Loan facility: \$10,000,000 Interest Rate: 12% p.a. Maturity Date: 17 September 2025 Secured loan			

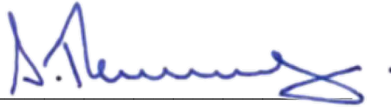


8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,032)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(753)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,785)
8.4	Cash and cash equivalents at quarter end (item 4.6)	14,552
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	14,552
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>8.2</b>
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows from the time being and, if not, why not?	
	Answer:	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<p><i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i></p>		

#### Compliance statement

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

Date: 28/04/2023

Authorised by:   
By the Authority of the Board

Print Name: Stephen Rodgers  
Company Secretary

#### Notes

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