

20 December 2023

Mahalo North – 3P Reserves Upgrade

Key points:

- Mahalo North 3P Reserves increased by 39 PJ (35%) to 149PJ.
- Optimisation of project design for Mahalo North during pre-FEED studies has led to an increase in the developable area for the project's 3P Reserves.
- No changes to 1P and 2P Reserve categories have been recorded at this stage.

Comet Ridge Limited is pleased to advise independent global energy consulting and advisory firm Sproule Incorporated (Sproule) has **upgraded its estimate of certified 3P Gas Reserves for the Mahalo North Project (ATP 2048)** at 30 November 2023, as shown in the table below. Refer to Appendix 1 for additional information on this independent Reserves upgrade as detailed in ASX Listing Rules.

Comet Ridge Limited	Independently Certified Gas Reserves (PJ)		
Mahalo North (ATP 2048)	1P	2P	3P
31 October 2022 – initial Reserves certification	11.9	42.9	110.2
30 November 2023 – Reserves upgrade	11.9	42.9	149.2
Increase	-	-	39.0

Notes:

- 1P Reserves = Proved Reserves; 2P Reserves = Proved + Probable Reserves; 3P Reserves = Proved + Probable + Possible Reserves.
- Refer to Competent Person's Statement in Appendix 2 of this Announcement.
- Gas Reserves stated in the table above assume no fuel or shrinkage losses as production activities such as wellsite water production, compression and water treatment are planned to be powered using electricity from the local grid and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).
- 1P Gas Reserves for Mahalo North were included in the 31 October 2022 Reserves certification on the basis that a development decision by Comet Ridge (as 100% owner and operator of the project) is planned as soon as transport arrangements and petroleum lease applications are concluded. Similarly, with the streamlined Comet Ridge and Santos Mahalo Joint Venture now focused on development plans for the Mahalo Gas Project to the south, the re-instatement of 1P Reserves for Comet Ridge's net interest in the Mahalo Gas Project will be reviewed and will be actioned as development plans are finalised with Santos.

A compelling east coast gas play

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Comet Ridge Managing Director, Tor McCaul, said: “Mahalo North continues to develop into a significant, high-quality resource as we undertake further technical work around its development. This work is supported by the strong flow rate achieved from the Mahalo North pilot scheme last year. The upgrade of Mahalo North’s 3P Reserves follows closely behind the submission of our State and Federal environmental and development applications for the southern part of the Mahalo North block, which we will be looking to progress as we move into 2024.”

The current Reserves outlined in this announcement represent a revision to Sproule’s previous Mahalo North Reserves estimate dated 1 November 2022. This upgraded estimate of 3P Reserves utilises the same Mahalo Hub geological model underpinning the previous Reserves estimate for Mahalo North, as well as the Mahalo East Project Contingent Resources estimate presented in Sproule’s report dated 19 December 2022. Changes in this Reserves assessment are associated with five new geologic sectors added to the Mahalo North Project 3P areas in ATP 2048 as a result of optimisation undertaken on project design during pre-FEED (front end engineering design) studies. The net Reserves change is an increase of 39.0 PJ in the 3P area only. No changes to 1P or 2P Reserves have been attributed at this stage.

This Reserves upgrade has been independently certified by Mr Tim Hower, from the Denver office of Sproule Incorporated in accordance with SPE-PRMS (Society of Petroleum Engineer’s – Petroleum Resource Management System) guidelines. Mr Hower has significant experience with the Mahalo area, having undertaken all of Comet Ridge’s prior Reserves certifications for the Mahalo Gas Project and Mahalo North, as well as Contingent Resources certification for Mahalo East, on behalf of Sproule and predecessor firm, MHA Petroleum Consultants LLC.

By Authority of the Board per: Tor McCaul, Managing Director

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APPENDIX 1 - ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 5 OF THE LISTING RULES

Statement in compliance with ASX Listing Rule (LR) 5.25

Listing Rule (LR)	Reporting Requirements
LR 5.25.1	The 3P Gas Reserves reported in this announcement for the Mahalo North Project within ATP 2048 have been assessed as at 30 November 2023.
LR 5.25.2	The Gas Reserves have been reported in accordance with SPE-PRMS guidelines.
LR 5.25.3	Gas Reserves have been upgraded for the 3P category only (whilst 1P and 2P categories remain unchanged). There have been no Contingent or Prospective Resources certified. There has been no adjustment for risk.
LR 5.25.4	See response to LR 5.25.3 above.
LR 5.25.5	The reported estimate of Gas Reserves is based on Comet Ridge's 100% interest in ATP 2048. There are no contractual royalties of any kind that need to be accounted for that would result in a net interest less than 100%. Once the Gas Reserves are developed, Comet Ridge will be required to pay petroleum royalties on the sales value of those Gas Reserves to the Queensland Government in accordance with the Petroleum and Gas (Royalty) Regulation 2021.
LR 5.25.6	The Gas Reserves assessment has been undertaken utilising the deterministic estimation method.
LR 5.25.7	The reported Gas Reserves are stated in Petajoules and have not been reported in or converted from other units of equivalency (e.g. BOE – barrels of oil equivalent).

Requirements applicable to reporting petroleum reserves for material oil and gas projects in compliance with Listing Rule 5.31

Listing Rule 5.31 - Background:

Authority to Prospect (ATP) 2048, which Comet Ridge refers to as the Mahalo North Project, is located in the Bowen Basin between the Queensland towns of Rolleston and Comet and 61 km south-east of Emerald. The Mahalo North Project is an area made up of 144 sub-blocks and is 100% owned and operated by Comet Ridge Mahalo North Pty Ltd.

LR 5.31.1 - Material Economic Assumptions:

A large volume of technical data has been obtained over the entire area of ATP 2048 in order to model the commercial nature of the Reserves. This data includes:

- The Mahalo North 1 core well drilled and extensively evaluated by Comet Ridge in October 2021;
- The Mahalo North production pilot scheme, comprising the Mahalo North 1 vertical core well (completed for production) and the Mahalo North 2 dual lateral well, drilled in late 2021, which intersected the Mahalo North 1 well;
- The Mahalo North 1/2 production test, which was undertaken between January 2022 and August 2022 and resulted in the pilot producing gas at a rate of 1.75 MMcf/d (million standard cubic feet per day);



- Extensive pre-existing coal industry data over and adjacent to the area was released by the Queensland Government during 2021-2022. This information has greatly aided and accelerated the estimation of Reserves by a number of years as it has reduced the need for significant new data acquisition. Over and adjacent to the southern part of ATP 2048, this data includes 2D seismic data, coalbore lithologic and geophysical logs, core data and laboratory analyses. The seismic data includes 237 km of high resolution 2D seismic data acquired between 1995 and 1998. From the same coal exploration program, 943 coalbores drilled largely on a 500 m grid spacing and containing core data and geophysical logs were also released. Of these, two had permeability test data and 36 contained gas desorption data. Additionally, over and adjacent to the northern part of ATP 2048, an extensive dataset of coalbore data from 1994 to 1999 was released. Of the over 200 coalbores in this dataset, 25 contain gas desorption data and most contain geophysical logs.

The proximity of the Mahalo North Project to infrastructure has also been considered, including the existing Denison Gas owned and operated infrastructure 14 km to the west (which may facilitate an early initial development) and also the planned infrastructure being progressed with Jemena Limited by the Mahalo Gas Project (PL 1082 and 1083) joint venture participants, Comet Ridge and Santos QNT Pty Ltd (Development Operator), expected to be located approximately 10 km to the south-east.

The commercial parameters supporting this Reserves assessment assumes that the Mahalo North Project development commences at the area of the existing Mahalo North 1/2 pilot location and expands to the north, with the number of production wells to be drilled to be approximately 16 in the 2P case and up to 74 in the 3P case. It is also assumed the Mahalo North Project is tied into the planned Mahalo Gas Project and the field is electrified (similar to the Mahalo Gas Project development plan), hence no allowance for gas fuel usage has been made in this Reserves assessment.

Further, on 19 September 2023, Comet Ridge announced that a seven-year Gas Sales Agreement was executed with CleanCo Queensland Limited (CleanCo), subject to approval from CleanCo's shareholders (which was received on 15 December 2023). Gas is to be supplied to CleanCo's low emission Swanbank E power station, providing firming capacity in partnership with renewable energy. Gas sales are to commence within a 12-month window starting 1 July 2025. The above factors, the pending Jemena pipeline connection FEED and the CleanCo GSA, represent new developments for the Mahalo North project that also supported the current 3P Reserves increase.

A well head gas price consistent with forward medium-term LNG netback prices has been assumed, adjusted for transport requirements to the Wallumbilla Gas Hub.

LR 5.31.2 - Overview of Operatorship of Production:

The Operator of the Mahalo North Project is Comet Ridge Mahalo North Pty Ltd, a wholly owned subsidiary of Comet Ridge Limited.

LR 5.31.3 - Types of Permits Held in Respect of the Reported Petroleum Reserves:

The permit is held by Comet Ridge Mahalo North Pty Ltd via Authority to Prospect (ATP) 2048, granted under the Petroleum and Gas (Production and Safety) Act 2004 (the Act) on 29 April 2020 for a term of six years. Comet Ridge has applied for one petroleum lease (PLA 1128 in the southern part of ATP 2048) and intends to apply for an additional petroleum lease in 2024 (over the central and northern part of ATP 2048). These two petroleum lease applications will cover all of the 3P Reserves area for Mahalo North. Significant environmental field work was completed to support the PLA 1128 application area and additional studies are ongoing to support the second petroleum lease application.



The whole of the area of ATP 2048 is subject to an Australian market supply condition as defined under section 175A of the Act, the conditions of which are as follows: (a) gas produced from ATP 2048 must not be supplied other than to the Australian market; (b) upon grant of a petroleum lease over all or part of the area of ATP 2048, the gas produced from the petroleum lease must not be supplied other than to the Australian market; (c) any contract or other arrangement for the supply of the gas must include a condition that the gas must not be further supplied other than to the Australian market; (d) for the purpose of conditions (a), (b) and (c) above, “Australian market” has the meaning given in section 175B of the Act; and (e) any petroleum lease granted over all or part of the area of ATP 2048 will be subject to the Australian market supply condition as defined under section 175A of the Act.

LR 5.31.4 - Mahalo North Project Description:

All of the underlying well, seismic and pilot production data (outlined above in response to LR 5.31.1) forms the basis for the technical assessment of producible gas. This is then combined with numerical reservoir simulation to generate type curves for well production profiles for various parts of the field and these profiles are incorporated into an economic model containing other input assumptions, including gas sales price, operating expenditure and capital expenditure, to confirm commerciality. For the 3P Reserves upgrade outlined in this announcement, five new sector areas have been developed.

LR 5.31.5 - Estimated Quantities (in aggregate) to be recovered:

The existing pilot wellset, successfully production-tested during 2022, is not connected by pipeline to a gas plant and other facilities, therefore the project currently contains no developed petroleum Reserves. Through future investment, undeveloped petroleum Reserves are estimated in aggregate to be 11.9 PJ of 1P Reserves, 42.9 PJ of 2P Reserves and 149.2 PJ of 3P Reserves.

LR 5.31.6 - Statement in relation to Undeveloped Petroleum Reserves:

Comet Ridge believes that sufficient technical data is now available for the Mahalo North Project, and sufficient Reserves have been independently certified, to make a decision to develop the field. Further commercial work on field development, transport options and gas sales agreements is ongoing before a decision to sanction the project can be made.

The Mahalo North Project currently has no transportation infrastructure for gas in place. Third party infrastructure exists approximately 14 km to the west of the Mahalo North pilot, on the western edge of the Mahalo North permit and also at the QGP (Jemena) and GLNG pipelines approximately 75 km south of the Mahalo North pilot scheme. In addition, the planned Mahalo Gas Project is located directly to the south of the Mahalo North Project and is a likely tie-in point for Mahalo North gas once the Mahalo Gas Project is developed by the joint venture participants.

Documents for environment approvals were lodged with the Federal Government and Queensland Government during October 2023.

The Mahalo North Project currently has had one very successful pilot production test during 2022. Given the large amount of data available on this block, minimal further field work is required to justify the expected technical performance of the field. The main focus is now on environmental approvals and completion of required commercial agreements, including transportation. Based on the environmental work completed, and receipt of timely environmental and petroleum lease application approvals through government at state and federal level, these Reserves could be provided to the market commencing in 2025, subject to suitable gas transport arrangements being completed.



Marketing arrangements to date have concluded one gas sales agreement with CleanCo for delivery from Comet Ridge's Mahalo Gas Hub projects, with back-to-back transport arrangements to be finalised to the delivery point. The proximity to infrastructure to the south significantly aids gas marketing efforts for the Gas Reserves included in this assessment.

Compensation agreements for development and production also need to be formalised with a small number of landholders where appraisal compensation agreements are already in place.

The project costs for a 10 Terajoule per day development are not considered to be large and could be achieved through one of (or a combination of) equity, debt, pre-sale of gas to customers or a sell down of equity in the Mahalo North Project. In the current tight gas market, funding via a range of options is anticipated to be available.

Environmental approvals for the Mahalo North Project to proceed are required at State and Federal level, similar to what was required for the adjacent Mahalo Gas Project to the south. Queensland Government approvals are required for a petroleum lease and for a pipeline licence.

LR 5.31.7 - Unconventional Petroleum Reserves:

The unconventional Gas Reserves have been certified by Sproule Incorporated (Sproule) utilising a deterministic estimation method. Due to the large amount of technical data available to Comet Ridge, the performance of the Mahalo North 1/2 pilot production test, the close proximity of Mahalo North to existing and planned gas pipelines, and the market to facilitate a development plan and decision, Sproule is of the opinion that the 1P, 2P and 3P Reserves volumes recorded in this announcement are justified.

The area covered by the 3P Reserves case is approximately 217 km². The 3P case development plan includes up to 75 producing wellset locations.



APPENDIX 2 - Competent Person Statement and ASX Listing Rules Chapter 5 - Reporting on Oil and Gas Activities

This estimate of Gas Reserves for the Mahalo North Project (within ATP 2048) is based on and fairly represents information and supporting documentation determined by and under the supervision of Mr Timothy L. Hower of Sproule in accordance with the Society of Petroleum Engineers' Petroleum Resource Management System (SPE-PRMS) guidelines.

Mr Hower is a full-time employee of Sproule, and is a qualified person as defined under the ASX Listing Rule 5.42. Mr Hower is a Licensed Professional Engineer in the States of Colorado and Wyoming as well as being a member of The Society of Petroleum Engineers. Mr Hower has consented to the publication of the Reserve estimates for Mahalo North in the form and context in which they appear in this announcement.

About Sproule

Sproule is a leading independent petroleum engineering and certification firm based in Calgary, Canada with offices in Denver, Colorado which has experience working in most of the significant petroleum provinces throughout the world. Sproule has completed Reserve and Resource assessments for a number of clients in Australia and internationally including Adelaide Energy, Arrow Energy, Bow Energy, ConocoPhillips, CS Energy, Eastern Star Gas, Metgasco Ltd, Molopo Energy Australia, Pure Energy, Santos Ltd, Senex, Sunbird Energy and Sunshine Gas.

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. Our exploration assets offer further upside amid increasing domestic and international demand for natural gas as an important firming partner for renewable energy and as a key manufacturing feedstock that makes thousands of products, used daily, including a large proportion of the world's fertilisers.

More information regarding Comet Ridge is available at www.cometridge.com.au.