



ASX Announcement

26 September 2022

Santos exercises option to increase Mahalo Gas Project equity

Key points:

- Comet Ridge has received a notice from Santos to acquire the additional 12.86% option interest in the Mahalo Gas Project, per previously announced arrangements between the parties.
- The equity interests in the Mahalo Gas Project will re-adjust to Comet Ridge 57.14% and Santos 42.86%.
- Comet Ridge maintains a very material interest in Mahalo Gas Project 2P Gas Reserves + 2C Contingent Gas Resources of 332 Petajoules after the option exercise.

Comet Ridge Limited (ASX:COI) advises that it has received notice from Santos QNT Pty Ltd (Santos) to purchase the 12.86% option interest in the Mahalo Gas Project from Comet Ridge. Santos has exercised this option prior to the option expiry date of 28 December 2022. This option is part of the loan-option arrangements put in place between Comet Ridge and Santos concurrent with Comet Ridge's purchase of Australia Pacific LNG Pty Ltd's (APLNG) 30% share of the Mahalo Gas Project, completed on 28 June 2022. Refer to ASX announcement dated 3 August 2021.

The parties now have two business days to execute the Sale Agreement (which was prepared and agreed prior to execution of the loan-option agreements) to give effect to the transfer of the 12.86% option interest.

The effect of the option exercise on Comet Ridge is described below:

- The \$13.15 million loan owing to Santos is reduced by \$5.14 million to \$8.01 million. Comet Ridge will then repay the remaining \$8.01 million to Santos;
- No interest is payable by Comet Ridge to Santos on the \$5.14 million portion of the loan;
- Santos assumes liability for its pro-rata share of the \$8 million deferred consideration payable to APLNG, being \$3.43 million. The first \$2 million tranche of deferred consideration is payable to APLNG on 28 June 2023 with Comet Ridge's share of that tranche now reduced to \$1.14 million;
- Comet Ridge's interest in the Mahalo Gas Project will reduce from 70% to 57.14%, with a corresponding decrease in Comet Ridge's net share of independently certified Gas Reserves and Contingent Resources (refer to the table on the following page); and
- Importantly, Comet Ridge retains a very material net interest of 332 Petajoules of 2P Gas Reserves + 2C Contingent Gas Resources in the Mahalo Gas Project. Similarly, there is no impact on Comet Ridge's 100% owned northern Mahalo Hub blocks where the Company expects to book initial reserves following the recent successful pilot testing program at Mahalo North.

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



Comet Ridge Managing Director, **Tor McCaul** said: “We are pleased to see an early exercise of the option to increase equity in the Mahalo Gas Project by Santos and to settle the loan arrangements. Both parties can now focus on moving this strategically located Queensland gas project into production, creating a new material supply source for both domestic and export markets.

“Discussions are also continuing with Santos to determine if a mutually beneficial arrangement can be agreed to consolidate the Mahalo Gas Hub area to a 50/50 joint venture. However, any such arrangements need to be accretive to shareholder value compared to alternatives being considered for Comet Ridge’s 100% owned northern Mahalo Hub blocks, including an early development scheme expanding on the highly successful pilot at Mahalo North to capture upside from strong gas market dynamics.”

The remaining portion of the Santos loan of \$8.11 million (including accrued interest of \$0.10 million) will be repaid by Comet Ridge to Santos on Wednesday 28 September 2022 from the proceeds of the recently completed placement.

Comet Ridge’s share of independently certified Gas Reserves and Contingent Resources for the Mahalo Gas Project (after the option exercise) is set out in the table below.

Comet Ridge Limited	Gas Reserves (PJ)			Contingent Gas Resources (PJ)		
Mahalo Gas Project ¹	1P	2P	3P	1C	2C	3C
Post-option exercise (Comet Ridge 57.14% interest)	0	152	262	109	180	294

1. Mahalo Gas Project includes PL 1082, PL 1083 and PCAs 302, 303 and 304

The estimate of Gas Reserves and Contingent Resources for the Mahalo Gas Project, provided in the table above, was determined by and under the supervision of Mr Timothy L. Hower of MHA Petroleum Consultants LLC (now part of the Sproule Group) in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of Sproule (formerly MHA) and is a qualified petroleum reserves and resource evaluator 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 previously consented to the publication of the Reserve and Contingent Resource estimates for Mahalo in the form and context in which they appear in this announcement.

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

For more information:

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

Phil Hicks
Chief Financial Officer
Phone +61 7 3221 3661
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. 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.