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Comet Ridge

ANNUAL  
REPORT  

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2022



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## Overview of Activities

### Highlights

- Mahalo North (ATP 2048) dual-lateral pilot production test undertaken during the financial year has delivered a world-class result for a single pilot well, achieving gas flow of >1.7 million cubic feet per day (MMcfd).
- The pilot testing results confirm very high productivity in the evaluation area and extension of the Mahalo Gas Project high productivity fairway northwest into the Mahalo North block.
- Transformative acquisition of APLNG's 30% interest in the Mahalo Gas Project (for \$12.0 million of upfront consideration and \$8.0 million of deferred consideration) completed on 28 June 2022.
- The acquisition increases Comet Ridge's 2P reserves in the Mahalo Gas Project at 30 June 2022 by 75% to 186 Petajoules (PJ), based on a 70% equity interest.
- Continuing Mahalo JV partner, Santos QNT Pty Limited (STO) is commercially engaged in the acquisition, providing a loan of \$13.15 million to Comet Ridge to fund the upfront consideration paid to APLNG.
- Santos has a firm option until 28 December 2022 to acquire a 12.86% interest in the Mahalo Gas Project from Comet Ridge at proportional deal value, which is \$5.14 million of upfront consideration and \$3.43 million of deferred consideration. Santos provided a notice to exercise this option on 23 September 2022.

### Operations

- Mahalo North drilling program and production test undertaken during the financial year has produced a world-class result for a single pilot well (*Figure 1*).
- The successful pilot test results will be used by Comet Ridge to generate an initial gas reserves certification for Mahalo North.
- Geological modelling has been progressed for the Mahalo East (ATP 2061) block based on the extensive data available from historical petroleum wells, coal bore drilling and seismic activities, which is expected to result in a contingent gas resource booking prior to the commencement of upcoming drilling activities.
- Plans were advanced during the financial year for initial appraisal drilling at Mahalo East, commencing with a core hole drilling program over the coming months.
- An extensive technical assessment was undertaken during the financial year to support six Potential Commercial Area (PCA) applications and permit renewals in the Galilee Basin permits. These were awarded by the Queensland Department of Resources to Comet Ridge on 9 September 2022 for a term of 15 years for the six PCA areas and 12 years for the underlying permits, ATP 743 and ATP744.



Figure 1 – Mahalo North 1 flare

### Corporate

- Underlying loss after tax of \$8.63 million (2021: \$6.96 million), including \$3.64 million of non-cash expenses.
- Cash balance of \$7.42 million at 30 June 2022 and with the placement of \$24.0 million completed on 14 September 2022, boosts proforma cash at 30 June 2022 to \$30.2 million (after costs of the placement).
- Gas sales agreement (GSA) negotiations with CleanCo Queensland Limited were extended to 31 December 2022 and have been materially progressed by the parties. Once completed, this will be Comet Ridge's inaugural GSA for supply of gas into the domestic gas market to support the current and expected ongoing east coast gas supply shortfall.

# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

## Project Overview

Comet Ridge has highly prospective, large footprint gas assets in two Queensland basins (Figure 2 and Table 1):

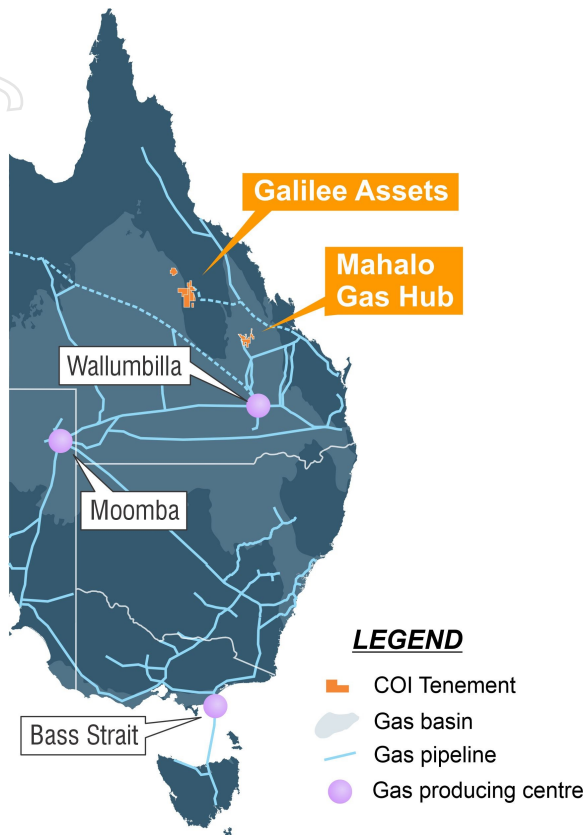


Figure 2 – Comet Ridge’s East Coast Gas Permits

- Key focus area in the southern Bowen Basin, Queensland** – comprising the significantly appraised Mahalo Gas Project and three 100% held blocks to the north (all collectively referred to by Comet Ridge as the Mahalo Gas Hub area). The Mahalo Gas Hub is close to infrastructure connected to the east coast gas market and Gladstone LNG facilities. It is being targeted by Comet Ridge for near-term production, including a stand-alone Mahalo North development, and an integrated hub development with a modular plant located at the Mahalo Gas Project.
- Medium term focus area in the Galilee Basin, Queensland** – three permits that cover a large area in the eastern part of the basin and are prospective for both CSG and conventional gas (Deeps). The prospectivity of this material gas province has now been secured with long term tenure via ATP renewal and six PCA awards to enable exploration activities to recommence over time.
- Lower priority focus area in Gunnedah Basin, NSW** – one permit located in the northern part of the basin that is a lower priority for the Company given the apparent lack of support from the NSW Government to promote gas development for the benefit of manufacturing, job creation and for use as a transition fuel in partnership with renewables.

Comet Ridge Permits	State	CSG Interest	Conventional Interest	Area (km <sup>2</sup> )
<b>Mahalo Gas Hub, southern Bowen Basin</b>				
Mahalo Gas Project (PL 1082, PL 1083, PCA 302, PCA 303, PCA 304)	QLD	70% <sup>2</sup>	n/a <sup>1</sup>	989 <sup>2</sup>
Mahalo North (ATP 2048)	QLD	100%	n/a	450
Mahalo East (ATP 2061)	QLD	100%	n/a	97
Mahalo Far East (ATP 2063)	QLD	100%	100%	338
<b>Galilee Basin</b>				
ATP 743, PCA 319 <sup>3</sup>	QLD	100%	70%	1,007
ATP 744, PCA 320, 321, and 322 <sup>4</sup>	QLD	100%	70%	3,182
ATP 1015, PCA 323 and 324 <sup>5</sup>	QLD	100%	70%	2,194
<b>Gunnedah Basin</b>				
PEL 427 <sup>6</sup>	NSW	59.09%	100%	900

Table 1 – Summary of Comet Ridge Permits at 30 June 2022

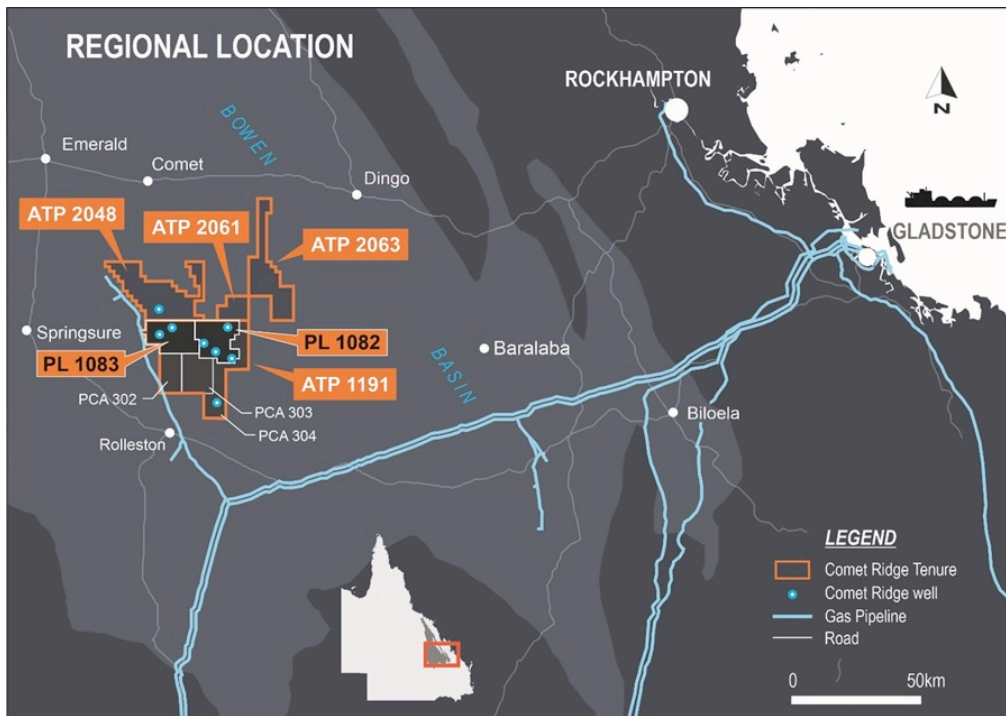
- Comet Ridge has rights for gas down to the level of the lower Mantuan coals.
- Increased to 70% equity and 989 km<sup>2</sup> after the transaction with APLNG was completed on 28 June 2022.
- ATP 743 was renewed on 9 September 2022 for 12 years and PCA 319 awarded for 15 years.
- ATP 744 was renewed on 9 September 2022 for 12 years and PCAs 320 to 322 awarded for 15 years.
- ATP 1015 will be subject to renewal application. PCAs 323 and 324 awarded on 9 September 2022 for 15 years.
- PEL 427 was renewed on 12 May 2022 for a smaller area of 12 blocks out of 57 blocks requested.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

## 1. Mahalo Gas Hub, Bowen Basin, QLD

### Mahalo Gas Project (PL 1082, PL 1083, PCA 302, PCA 303, PCA 304)

**Overview** - Comet Ridge's Mahalo Gas Project is located in the Denison Trough, approximately 240km west of Gladstone in the southern Bowen Basin, covering an area of 989km<sup>2</sup>. The project is located 65km to the north of infrastructure connecting to the east coast gas market and Gladstone LNG export terminals (see Figure 3). The initial focus for development of the project will be in the two Petroleum Lease areas (PL 1082 and PL 1083, Figure 4) that were awarded to the Mahalo joint venture participants in June 2020, and have been heavily appraised to date, with strong flow rates achieved and reserves independently certified.



**Figure 3 – Regional location of the Mahalo Gas Hub area showing proximity to pipeline infrastructure and Gladstone domestic and LNG markets**

**Acquisition of APLNG interest completed** – Comet Ridge recently completed the acquisition of Australia Pacific LNG Pty Limited's (APLNG) 30% interest in the Mahalo Gas Project, taking Comet Ridge's interest from 40% to 70% (Acquisition). As at 30 June 2022, the Mahalo Gas Project is a joint venture between Comet Ridge (70%) and Santos QNT Pty Limited (Santos) (30%).

Comet Ridge completed the APLNG Acquisition on 28 June 2022 with an upfront payment of \$12.0 million (less a \$1 million deposit), funded via a \$13.15 million loan from Santos. Comet Ridge must also pay APLNG \$8 million of post-completion payments in four annual payments of \$2 million (or earlier upon a trigger event). Post completion, Santos has a firm option (to 28 December 2022) to acquire an additional 12.86% interest in the Mahalo Gas Project from Comet Ridge. Santos gave notice to Comet Ridge on 23 September 2022 to exercise its firm option (for proportional acquisition value), resulting in Comet Ridge's interest in Mahalo decreasing to 57.14% and the loan repayable to Santos decreasing to \$8.0 million (plus interest accrued at a rate of 5.125% per annum). Comet Ridge repaid the net loan amount of \$8.1 million on 28 September 2022.

The strategic rationale for Comet Ridge increasing its equity interest in the Mahalo Gas Project is:

- A material increase in Comet Ridge gas reserves at a compelling price of \$0.25/GJ.
- Creation of a streamlined joint venture between Comet Ridge and Santos, with a common focus on finalising development plans for the Mahalo Gas Project, and the broader expanded Mahalo Gas Hub, to achieve significant scale.
- Maintain continuity of operator - Santos has been Exploration Operator to this point and will continue as Development Operator.
- Enables the development of Mahalo using a similar low cost 'modular' plant design that Santos has successfully implemented at the nearby Arcadia Project, currently producing in excess of 100 TJ/day.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

Gas Reserves and Resources - Comet Ridge’s net equity share of the Mahalo Gas Project gas reserves and contingent gas resources as at 30 June 2022 following completion of the Acquisition is shown in Table 2 below.

Comet Ridge Limited	Gas Reserves (PJ)			Contingent Gas Resources (PJ)		
	1P	2P	3P	1C	2C	3C
<b>Mahalo Gas Project</b>						
Pre-Acquisition (COI 40% interest)	0	106	183	53	89	154
Increase from Acquisition	0	80	138	81	132	206
<b>Post-Acquisition (COI 70% interest)</b>	<b>0</b>	<b>186</b>	<b>321</b>	<b>134</b>	<b>221</b>	<b>360</b>
Percentage increase	-	75%	75%	153%	148%	138%

Table 2 – Comet Ridge’s share of Mahalo Gas Project gas reserves and contingent resources at 30 June 2022

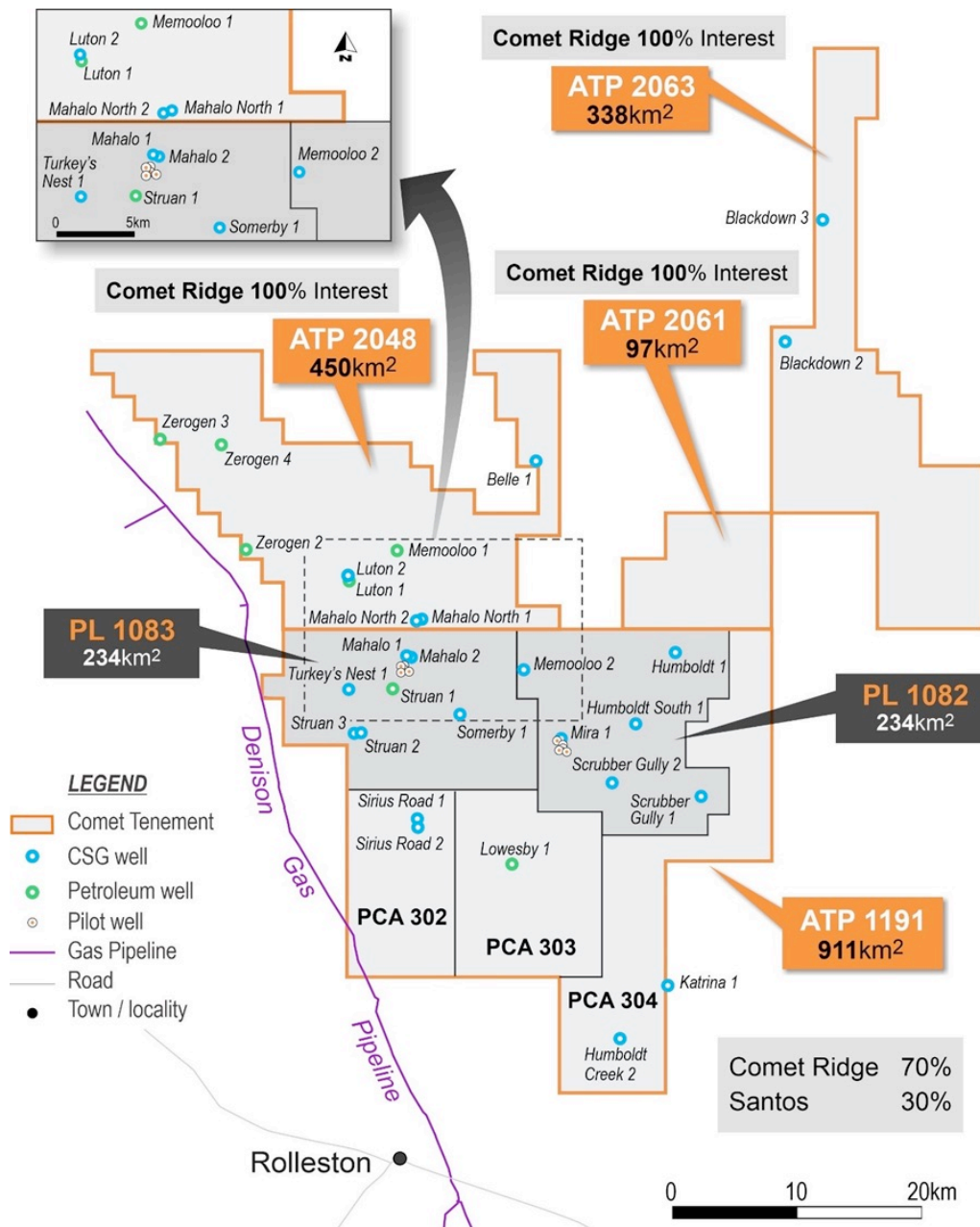


Figure 4 – Map of Mahalo Gas Project PL areas (PL 1082 and 1083 as at 30 June 2022) within the Mahalo Gas Hub and location of CSG and conventional wells drilled to date

## Mahalo North – ATP 2048

**Overview** – This large 450km<sup>2</sup> block is highly prospective, given its location directly north of, and contiguous with, the Mahalo Gas Project. The block was formally awarded to Comet Ridge as 100% equity holder by the Queensland Government on 29 April 2020, following the approval of the Environmental Authority by the Department of Environment and Science, and execution of a Native Title agreement over the block. Gas produced from Mahalo North is subject to domestic supply conditions, meaning that it cannot be supplied other than to the Australian domestic market, unless there is an offsetting domestic sales volume from another project via a swap arrangement.

**Appraisal and production testing** - Comet Ridge completed an initial drilling program at Mahalo North in late 2021 comprising a vertical well (Mahalo North 1 – cored and completed for production testing) and a dual lateral well (Mahalo North 2 – intersecting the Mahalo North 1 vertical well).

Mahalo North 1 was production tested for a period of approximately eight months with very positive results achieved. The Mahalo North 1 pilot well achieved a gas flow in excess of 1.7 MMcf/d, which is the highest recorded flow rate from a pilot well in the Mahalo Gas Hub area. The pilot well test has provided valuable technical information and, along with two earlier very successful Mahalo Gas Project pilot wells at Mira 6 and Mahalo 7, has again demonstrated the productive capacity of the Mahalo Gas Hub over a wide area, this time inside Comet Ridge’s 100% held Mahalo North block (ATP 2048).

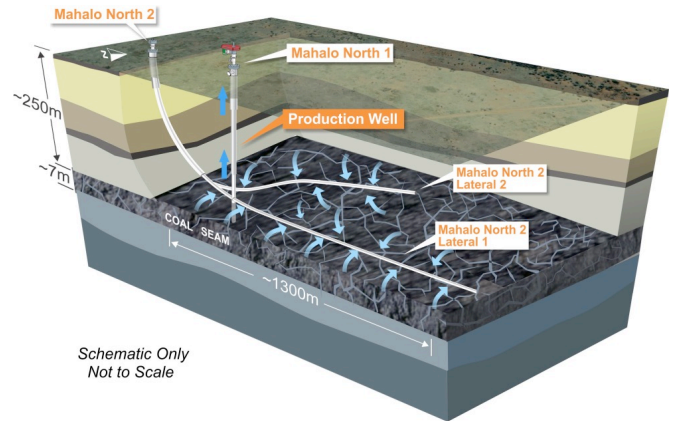


Figure 5 – Cutaway diagram of the Mahalo North 1 and Mahalo North 2 pilot well

**Development planning** - This pilot test has provided high-quality data needed to finalise development planning. Most importantly, Mahalo North 1 well confirmed that a single pilot test can successfully drain a large area of reservoir. Several development wells together (with enhanced dewatering) are likely to produce much higher gas flow rates than a single pilot well working alone. The ultimate volume of gas that can be accessed by Mahalo North 1 is a significant factor in understanding the development economics. The Company’s focus for Mahalo North will now turn to finalising the necessary work to support a Petroleum Lease application, including gas reserves certification and the documentation of completed environmental field work.

## Mahalo East – ATP 2061

**Overview** - The 97km<sup>2</sup> block is also highly prospective, given its location directly north-east of, and contiguous with, the Mahalo Gas Project. The block was formally awarded to Comet Ridge as 100% equity holder by the Queensland Government on 28 September 2020, soon after the Company won a competitive tender process. Gas produced from Mahalo East is subject to domestic supply conditions, meaning that it cannot be supplied other than to the Australian domestic market, unless there is an offsetting domestic sales volume from another project via a swap arrangement.

**Subsurface analysis** – Whilst the amount of well and seismic data in this block is less than is available for Mahalo North, there is still significant drilling data which confirms the extension of the high-quality fairway (Figure 6) from the Mahalo PL areas towards the northeast, with good coal development and a number of high-quality drilling locations for appraisal and development. The Company is planning an initial Contingent Gas Resource booking for this block prior to the end of 2022 based on the geological modelling of the available data.

**Appraisal activities** - Comet Ridge’s forward plan for Mahalo East is to drill a number of core holes to analyse gas content and permeability data to confirm the high productivity fairway extends northeast from the PL areas in the Mahalo Gas Project, into the Mahalo East block (Figure 6). Following the core hole drilling, Comet Ridge may select a location for an intersecting single or dual lateral well for production testing. If successful, this would lead to an initial gas reserve certification in the Mahalo East block.

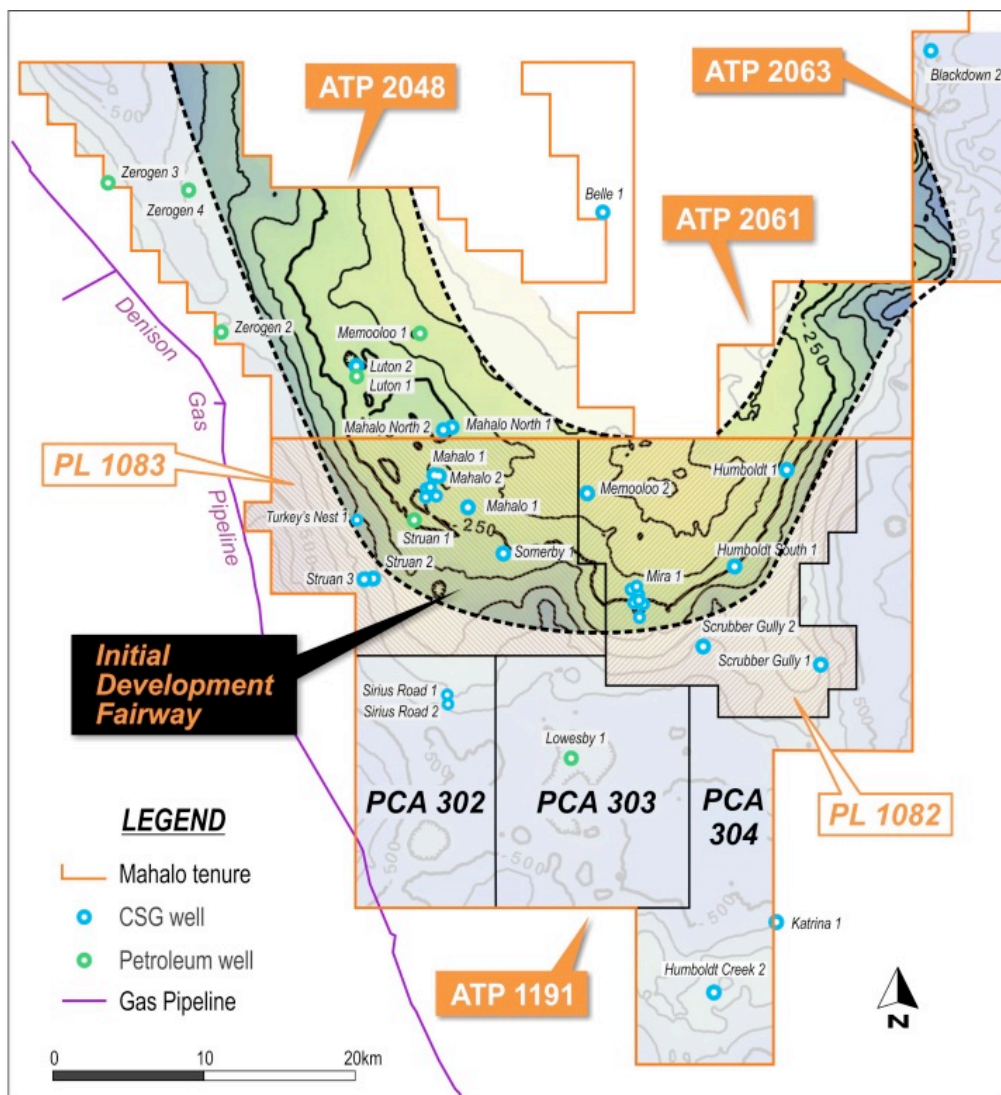


Figure 6 – Map showing the location of the development area in the high productivity fairway for the Mahalo Gas Hub, comprising PL 1082 (Humboldt) and PL 1083 (Mahalo), ATP 2048 (Mahalo North) and ATP 2061 (Mahalo East)

### Mahalo Far East – ATP 2063

**Overview** – This very large 338km<sup>2</sup> block was formally awarded to Comet Ridge on a 100% equity basis on 10 May 2021. Mahalo Far East contains coals that are generally deeper and have notably higher natural gas content than the main Mahalo high productivity fairway, adding significant additional gas in place volume to Comet Ridge’s portfolio in the Mahalo Gas Hub area. This block also contains conventional (sandstone) gas potential underneath the coals, for which Comet Ridge also holds 100% equity.

Comet Ridge may drill a core hole in this block as part of the Mahalo East drilling project. This may be followed with project funding options to advance exploration and appraisal activities in this block, given its size and multi-target plays. Mahalo Far East has less existing data available compared to the other Mahalo Gas Hub blocks and subsequently is not expected to be part of the initial development plan for Mahalo, but could potentially feed in a very large volume of gas following the initial Mahalo Gas Hub development.

## 2. Galilee Basin Permits

Historically, Comet Ridge has held a large acreage position of 9,685km<sup>2</sup> in the eastern part of the Galilee Basin. This acreage contains (gross) 2,287 PJ of 3C Contingent Resources, which have been independently certified at two stratigraphic levels. These comprise the sandstones or “Deeps” (from a depth of approximately 2,500 metres) in the Albany structure and also CSG or “Shallows” in the Gunn Project Area (from a depth down to approximately 1,000 metres).



Comet Ridge Limited	Contingent Gas Resources (PJ)		
Galilee Basin Permits (COI net interests)	1C	2C	3C
CSG, Gunn Project Area (COI 100%)	0	67	1,870
Conventional, Albany Structure (COI 70%)	39	107	292
<b>Total</b>	<b>39</b>	<b>174</b>	<b>2,162</b>

Table 3 – Comet Ridge’s share of Galilee Basin permits contingent gas resources as at 30 June 2022

In November 2017, Comet Ridge and Vintage Energy Limited (Vintage) signed a Joint Venture Agreement, where Vintage earned a 30% interest in the Galilee Deeps Joint Venture (GDJV) by funding the Albany 1 well and additional 2D seismic aimed at the deeper sandstone reservoirs sections. The Albany 1 well flowed 230,000 cubic feet of gas per day and confirmed these deeper sandstones could indeed be productive. The GDJV participants have identified up to 20 sandstone leads and prospects in this deeper section of the basin for future appraisal.

During the financial year, Comet Ridge and Vintage Energy carried out a technical review to determine the parts of ATP 743, 744 and 1015 that are considered to be the most commercially prospective. The joint venture participants identified six separate areas, totalling approximately 4700 km<sup>2</sup>, for tenure to be secured under Potential Commercial Area (PCA) applications.

The PCAs are numbered PCA 319 to 324 (Figure 7) and have been awarded to Comet Ridge for a term of 15 years ending 9 September 2037. Two of the underlying permits, ATP 743 and 744 have also been renewed for a further term of 12 years, ending 3 September 2033 and 31 October 2033 respectively.

The tenure on ATP 1015 is current until November 2022 and an application for tenure renewal is currently being finalised. Even though the permit will soon be subject to permit renewal, two PCAs (PCA 323 and 324) have been awarded in this permit area as noted above.

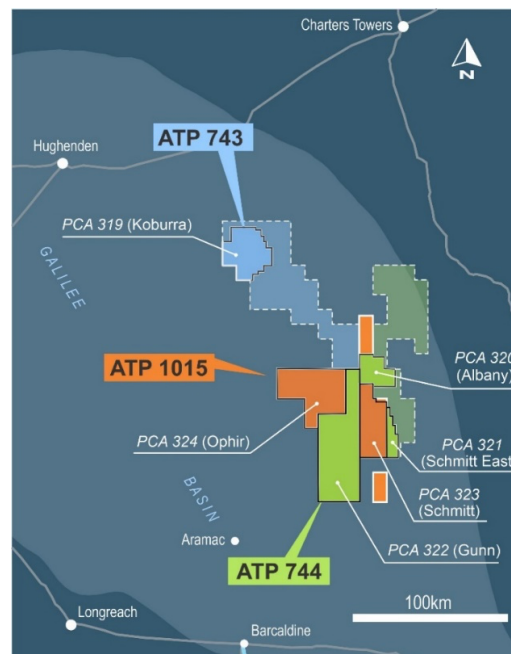


Figure 7 – Galilee permits showing the recently awarded PCAs within the three permit blocks

### 3. New South Wales Permits

The NSW Government published its Future of Gas Statement on 21 July 2021. In this Statement, the NSW Government on one hand seems to support a gas industry for manufacturing, but at the same time has undertaken to restrict gas activity outside the Narrabri Gas Project area. The Company is extremely disappointed that the apparent intent of The Future of Gas Statement is to extinguish entire permit areas, over and above statutory obligations, with no indication of any regard for the investment made by Comet Ridge in these permits over the past 10 years (including annual fees charged by the NSW Government). Comet Ridge believes the Statement is a backward step for investment and job creation in regional NSW, particularly considering the half century of demonstrated economic and social benefit that natural gas has provided to regional areas, just across the border in Queensland.

Comet Ridge now has one remaining NSW exploration licence (PEL 427), which was renewed by the NSW Government on 12 May 2022 for a period of six years. The approved area was reduced to 12 blocks over an area of 900km<sup>2</sup> located in the northern Gunnedah Basin, immediately north of Santos’ Narrabri CSG Project in the Bohena Trough.

Comet Ridge holds a 59.1% CSG equity interest and 100% conventional equity interest in PEL 427. Comet Ridge is the conventional operator whilst Santos operates the CSG interest.

During the 2022 financial year, Comet Ridge also applied for renewal of PEL 6, however this was declined by the NSW Government on 27 April 2022.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

The reduction in the number of blocks renewed in PEL 427 and the non-renewal of the entire PEL 6 permit has resulted in a loss of 208 PJ of 3C Contingent Resource and these have been removed from the Company's statement of reserves and contingent resources as at 30 June 2022. This results in a remaining 3C Contingent Resource for PEL 427 of 281 PJ at 30 June 2022, a 42% decrease.

### International Activities

Comet Ridge submitted an application to surrender its interest in PMP 50100 in New Zealand a number of years ago. This application remains with New Zealand Petroleum and Minerals for processing.

During the 2019 financial year, Comet Ridge undertook a program to plug and abandon (make permanently safe) all the wells in its New Zealand acreage as part of the process to surrender PMP 50100. As of 30 June 2022, all wells except Murcott 1 (awaiting site access approval), have been successfully made safe.

### Health, Safety and Environment

The commencement of field operations in the Mahalo North block during the 2022 financial year has seen a focus on the process for managing contractor movements in the field to support the drilling of the core hole and lateral wells and the subsequent production test.

The total operational hours worked in 2022 has increased significantly from the previous year to a total of 38,959 hours (up from 18,900 hours). There were no safety or environmental incidents recorded during the financial year to 30 June 2022.

Mahalo North field operations were supported by the risk management approach used in planning for the operations. This included the Company's Risk Committee systematically identifying the strategic level risks associated with the Mahalo North drilling campaign and subsequent production test. These risks and appropriate mitigations were incorporated into the work program for Mahalo North.

The primary focus of the business moving forward is to ensure that the next phase of production testing and operations is conducted in accordance with the HSE management system and that operations conducted comply with regulatory requirements and approvals.

### Community

Comet Ridge takes its corporate social responsibility very seriously. This is reflected in a deep commitment, at all levels of the Company, to working with community stakeholders in the regions where it operates. This commitment has ensured external and stakeholder relationships continue to be extremely positive. Due to COVID-19, Comet Ridge has intentionally reduced direct face to face contact with key landholders and community representatives where practical.

During late 2021, and throughout 2022 Comet Ridge has:

- Maintained its financial membership of the Leucaena Society, to allow knowledge gathering and networking in anticipation of future gas field development.
- Commenced land access negotiations with key landholders in the Mahalo East and Far East lease areas.
- Attended and contributed to a number of government and industry organised workshops.
- Sponsored the local Wild Horse Cutting event in Rolleston, Qld and supported other local fundraising activities.
- Hosted a number of field trips with Qld Government representatives.

Community engagement and respect for the communities where the Company operates is a core value for Comet Ridge and is supported by legislation and regulation. The Queensland 'Land Access Code', which has been developed in compliance with the relevant legislation and is enshrined in regulation, is the main formal reference when it comes to landowner and community relations and interaction between landholders and the gas industry. Comet Ridge has always acted consistently with the principles and guidelines set out in this Code of Practice.

Comet Ridge 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, which includes a recent presentation of Comet Ridge's current and future activities to the local council and mayor.

In terms of local government engagement, the Company continues to maintain contact with relevant officials and elected representatives, in the local government areas (LGAs) that Comet Ridge operates in. Contact with local government affords an excellent opportunity to communicate with local communities at a broad level, permitting the Company to articulate forward plans, understand local businesses and hear local concerns and issues. The Company uses local contractors and businesses in its operations as a priority.

Through membership of APPEA, the Company interacts with other regional explorers and more widely with government representatives and directly with other agencies such as the Queensland Gas Fields Commission. Comet Ridge maintains strong relationships with the

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

relevant Queensland Government departments, including the Department of Resources (DoR) and the Department of Environment and Science (DES).

### 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, Indigenous peoples' deep connection to the land and ensuring artefacts and items of cultural significance are secured, are all very important to the Company. An example of this was the successful completion of a Right to Negotiate (RTN) with a local Native Title Group in the Mahalo Far East region, which was a requirement for the awarding of ATP 2063.

### Sustainability

Comet Ridge believes sustainable business is good business. Our Company's purpose is to provide long-term energy and manufacturing security for Queensland and Australia, which is fundamental for our society's wellbeing. The approach to environmental, social and governance (ESG) issues across the natural gas industry is an evolving, critical component of a company's social licence to operate. Companies with a strong ESG program and performance benefit significantly and directly when it comes to stakeholder engagement and investor decision making. Comet Ridge is actively engaging, independently and through APPEA, to develop its own ESG program.

We also understand that the world must use its resources wisely and that we are transitioning to produce fewer greenhouse emissions. Gas has an important role to play in this transition, as it burns much more cleanly than other fossil fuels, and with fewer associated emissions.

Natural gas is also used extensively beyond simply generating electricity and supporting renewable energy growth into our electricity grid, or at times when renewables are not operating. Gas is used as a critical input to the manufacture of many thousands of products that we use every day to make our lives better. Natural gas is a key input for ammonia-based fertilisers which are very important in maximising crop yields to help feed the planet's growing population. Synthetic fibres like nylons are hydrocarbon (natural gas and oil) based, so many of us wear the products of natural gas around with us every day. Plastics in our cars, houses, phones, keyboards and computers are also products from natural gas. It takes natural gas to build the many components needed for a solar panel or a wind farm. Indeed, it is hard to contemplate a world without the many products that natural gas provides.

Our goal is to operate efficiently and responsibly, with the support of our stakeholders. We want our communities, employees and shareholders to all enjoy the benefits of Comet Ridge developing Queensland's gas resources.



## Chairman and Managing Director Letter to Shareholders

Dear Shareholder

We are pleased to present to you our Annual Report for the 2022 Financial Year, which has been a year of very significant achievements for Comet Ridge.

Most recent was the successful execution of the pilot well drilling and subsequent flow test at Mahalo North, our 100 percent held development block adjacent to the Mahalo Gas Project. The Mahalo North 1 pilot well, spudded in October 2021, achieved a gas flow rate that exceeded 1.7 MMcfd, in a production test that ran through to August 2022. This is the highest recorded flow rate from a pilot well in the Mahalo Gas Hub area. We believe there is more potential in this well, but we took the decision to wind down the production test and save that gas for the east coast market. We were able to gather more valuable data about the Mahalo fairway from this test, which points positively towards expanding our production footprint in the area.

It has also provided us with the information we need to prepare an independently certified reserves statement for Mahalo North, which is an important step as we move towards commercialising the asset.

Further towards the east, we took steps to grow and develop our potential in the Mahalo fairway, with geological work on the Mahalo East and Far East blocks undertaken, in preparation for future drilling activities. We now have a detailed three-dimensional geological model of the entire fairway area, to aid us in making the right development decisions as we move forward.

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This has been a very busy operational period for the Company, and we are pleased to report that we were able to execute these activities safely, with no environmental issues or concerns. On behalf of the Board, we thank our staff and contractors who worked so diligently to execute this operation safely, maintaining our schedule and to the highest environmental and safety standards.

Another major milestone for the Company this year was announcing then completing the acquisition of APLNG's 30% share of the Mahalo Gas Project. This deal occurred at compelling metrics (\$0.25/GJ of 2P reserves acquired) using the \$13 million of loan funds secured through Santos. The acquisition of the APLNG interest translates to a 75% increase in Comet Ridge's 2P reserves and a 148% increase in 2C contingent resources as at 30 June 2022. Comet Ridge's 70% share of the Mahalo Gas Project's combined 2P + 2C reserves as at 30 June 2022 is a very material 407 PJ.

We now hold a very strong position in the Mahalo Gas Hub high quality fairway, which gives us material gas reserves and resources with multiple development options, proximity to critical infrastructure and potential operational synergies with our joint venture partner Santos.

The market for gas remains extremely buoyant, and we are confident that this will continue to be the case for the long term. Global energy security is a key issue for governments the world over – and equally so on Australia's eastern seaboard, where demand continues to grow. As coal fired power investment declines, gas is experiencing strong demand as a baseload electricity generation fuel, as a partner fuel to provide stability to grids alongside renewables, and for manufacturing industries. In recent decades there has never been more need for gas resources to be developed to maintain Australia's living standards and provide the impetus for economic growth. Decarbonisation will not occur in any real time frame, without significant support from natural gas.

With this in mind, we are pleased to report that we are working closely with CleanCo Queensland Limited to execute our inaugural gas sales agreement for Mahalo Hub gas. We have had a long and positive relationship with CleanCo (and predecessor Stanwell) and look forward to delivering gas from Mahalo Hub. The recent performance of the Mahalo North flow test has provided the market with assurance that Comet Ridge can be a reliable supplier of commercial gas volumes from Queensland, and we have experienced significant interest from the market since the well began to indicate its gas flow potential.

Your Company is in a great position. We have proven assets in the right location, along with some exciting growth opportunities that we can integrate into our Mahalo Gas Hub development. We are excited about the opportunity to soon deliver a maiden certified gas reserve in the first of our 100% held blocks at Mahalo North, appraise the Mahalo East project, and convert market interest into gas sales that will underpin the Company.

We would like to thank our people, including our fellow directors, our staff and contractors for coming together to deliver a highly successful year for Comet Ridge. We also would like to thank our local communities, who have supported and helped us along the way. Finally, thanks to our shareholders, some of whom are new to the Company after our recent placement and some who have been with us for a long time. With your support, we are in a strong financial position and can execute our plan to become a new supplier of natural gas into a tightening east coast market.



**James McKay**  
Chairman



**Tor McCaul**  
Managing Director

## 2022 Annual Reserves Statement

Comet Ridge is pleased to present its Annual Reserves Statement for the period ending 30 June 2022:

Comet Ridge Limited – Net Recoverable Reserves and Resources <sup>1</sup>														
			Reserves (PJ) <sup>1</sup>						Contingent Resources (PJ) <sup>1</sup>					
			1P	1P	2P	*2P	3P	3P	1C	1C	2C	**2C	3C	3C
			30-6-21	30-6-22	30-6-21	30-6-22	30-6-21	30-6-22	30-6-21	30-6-22	30-6-21	30-6-22	30-6-21	30-6-22
Southern Bowen Basin, QLD	Mahalo Gas Project (ATP 1191) <sup>+</sup>	70% <sup>3</sup>	*-	*-	*106	*186	183	321	53	134	**89	**221	154	360
Galilee Basin, QLD	Gunn Project Area (ATP 744)	100%	-	-	-	-	-	-	-	-	**67	**67	1,870	1,870
Galilee Basin, QLD	Albany Structure (ATP 744)	70%	-	-	-	-	-	-	39	39	**107	**107	292	292
Gunnedah Basin, NSW	PEL 427	59.09%	-	-	-	-	-	-	-	-	-	-	489 <sup>2</sup>	281 <sup>2</sup>
<b>Total</b>			<b>*-</b>	<b>*-</b>	<b>*106</b>	<b>*186</b>	<b>183</b>	<b>321</b>	<b>92</b>	<b>173</b>	<b>**263</b>	<b>**395</b>	<b>2,805</b>	<b>2,803<sup>2</sup></b>

**Table 4 – Comet Ridge Limited – Reserves and Resources Annual Statement**

<sup>1</sup> Movements in Net Recoverable Reserves and Resources are explained below in responses to Listing Rule 5.39.3 and 5.40.2

<sup>+</sup> Subsequent to the booking of the Reserves and Resources for ATP 1191, the Authority to Prospect and the area that it covered has been converted on application to PL 1082 and PL 1083 along with PCAs 302, 303, and 304.

<sup>2</sup> Renewal of PEL 6 was declined by NSW Government (effective 27 April 2022), whilst PEL 427 was renewed on 12 May 2022 for a smaller area than applied for. This results in the decrease of the 3C Contingent Resources figures for the Gunnedah Basin Permits from 489PJ to 281PJ which is a 42% decrease for that permit.

<sup>3</sup> Comet Ridge held a 70% interest in the Mahalo Gas Project at 30 June 2022. Subsequent to year end, Santos provided a notice to exercise its option to acquire a 12.86% option interest, which upon completion, will reduce Comet Ridge's net interest to 57.14% with a corresponding proportional decrease in Reserves and Contingent Resources for the Mahalo Gas Project.

### ASX Listing Rules Annual Report Requirements

\* Listing Rule 5.39.1:

- All 2P Petroleum Reserves recorded in Table 4 at 30 June 2022 are undeveloped and are attributable to unconventional gas.
- 100% of the 2P Petroleum Reserves are located in the southern Bowen Basin.
- No 1P Petroleum Reserves were recorded for the period ending 30 June 2022 – Please refer to ASX Announcement “Mahalo Reserves and Resources Revision” 30 October 2020 for details.

\* Listing Rule 5.39.2:

- The proportion of 2P Petroleum Reserves that are unconventional is 100%. There are only 2P Reserves recorded for the Company which are located in the Company's southern Bowen Basin Mahalo Gas Project area (PL 1082 and PL 1083 along with PCAs 302, 303, and 304).

Listing Rule 5.39.3:

- Table 4 records a comparison of the 2P and 3P Petroleum Reserves at 30 June 2022 as against the previous year and discloses that the Petroleum Reserves (2P and 3P) have changed by 75% as a result of Comet Ridge increasing its interest in the Mahalo Gas Project from 40% to 70%.

Listing Rule 5.39.4:

- Comet Ridge first reported certified Petroleum Reserves for the Mahalo Gas Project on 27 August 2014 and these Reserves have remained undeveloped for greater than 5 years since the date initially reported.
- The Mahalo Joint Venture has yet to reach a Final Investment Decision on the Mahalo Gas Project, which needs the approval of all Joint Venture participants. Lateral well drilling was undertaken by Comet Ridge, as agent for the exploration operator (Santos), during 2017 and 2018, to demonstrate and confirm the most likely development well style. During the first half of 2020, both Federal and State environmental approvals were received for the Mahalo Gas Project and then on 30 June 2020 the Petroleum Leases (PLs) were awarded by the Queensland Government. This allows the Mahalo Joint Venture to now finalise the development concept and proceed to make a Final Investment Decision (FID).

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

- Comet Ridge announced on 3 August 2021 a funded acquisition of APLNG's 30% interest in the Mahalo Joint Venture which will allow the unlocking of the Mahalo Gas Project by providing a pathway to project development with Comet Ridge appointed appraisal operator (as agent) to drive the project towards a Final Investment Decision, with Santos to then carry out the development as development operator.
- Concurrent with this, Comet Ridge now holds a large 100% operated acreage position immediately adjacent to the Mahalo Gas Project to the north and is appraising these areas to certify further gas reserves and resources and to develop these in a similar fashion, making use of infrastructure that will be available to the Mahalo Gas Project following FID.

### Governance Arrangements and Internal Controls Listing Rule 5.39.5:

- Comet Ridge has obtained all of its gas Reserves and Resources estimates reported at 30 June 2022 from external independent consultants who are qualified petroleum Reserves and Resources evaluators as prescribed 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 2018, 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 engineering 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 a regular 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.

### \*\*Listing Rule 5.40.1:

- All 2C Contingent Resources at 30 June 2022 are undeveloped. Approximately 73% of the reported 2C Contingent Resource is attributable to unconventional gas with the remainder attributable to a sandstone reservoir referred to in Table 4 as the Albany Structure.
- The geographical areas where the 2C Contingent Resources are located appear in the far-left column of Table 4.

### Listing Rule 5.40.2:

- Table 4 records a comparison of the 1C, 2C and 3C Contingent Resources at 30 June 2022, against the previous year and discloses that:
  - the net 1C, 2C and 3C Contingent Resources for the Albany Structure remained unchanged during the period.
  - the net 1C, 2C and 3C Contingent Resources for the Mahalo Gas Project have changed following the acquisition of APLNG's 30% interest in the Mahalo Joint Venture (completed on 28 June 2022) the details of which can be found in the Company's ASX announcement of 3 August 2021.
  - The net 3C Contingent Resources of 208 PJ for PEL 6 and parts of PEL 427 have been removed as PEL 6 was not renewed (effective on 27 April 2022) and only part of PEL 427 was renewed (effective on 12 May 2022).
  - There were no other changes to the 1C, 2C and 3C Contingent Resources from those recorded as at 30 June 2022.

### Listing Rule 5.44:

- The estimates of Reserves and Contingent Resources appearing in the 2022 Annual Reserves Statement for Comet Ridge Limited and its subsidiaries are based on, and fairly represent, information and supporting documentation determined by the various qualified petroleum reserves and resource evaluators listed below.
- The Contingent Resources for the Albany Structure in ATP 744 are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, an independent petroleum reserve and resource evaluation company. The Contingent Resources information in the form and context in which they appear herein has been issued with the previous consent of Dr McConachie in the form and context in which they appear in this Annual Reserves Statement for 2022. His qualifications and experience meet the requirements to act as a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42 to report petroleum Reserves in accordance with the Society of Petroleum Engineers ("SPE") 2018 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 Guidelines for Application of the Petroleum Resources Management System
- The unconventional (CSG) Contingent Resource estimates for ATP 744 in the Annual Reserves Statement for 2022 were determined by Mr John Hattner of Netherland, Sewell and Associates Inc. (NSAI) in accordance with Petroleum Resource Management System guidelines. Mr Hattner is a full-time employee of NSAI and is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the Resource figures in the form and context in which they appear in the Annual Reserves Statement.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

- The estimate of Reserves and Contingent Resources for the Mahalo Gas Project, as part of ATP 1191+ provided in the Annual Reserves Statement for 2022 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 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 Annual Reserves Statement for 2021.
- The Contingent Resource estimates for PEL 427 were also determined by Mr Timothy L. Hower of Sproule. Mr Hower consented to the publication of the resource figures which appeared in the announcement of 7 March 2011 made by Eastern Star Gas Limited (ASX:ESG) and any reference and reliance on the Resource figures for PEL 427 in the table is only a restatement of the information contained in the ESG announcement.

### 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).



## Corporate Governance Overview Statement

The Directors and management of Comet Ridge 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 year ending 30 June 2022 the Company's corporate governance practices and policies have substantially accorded with those outlined in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4<sup>th</sup> 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 recommended 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 2022 Corporate Governance Statement, which provides detailed information about governance and a copy of Comet Ridge's Appendix 4G which sets out the Company's compliance with the ASX Recommendations, is available on the corporate governance section of the Company's website at:

<http://www.cometridge.com.au/corporate-governance/>

## 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 2022. 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 or part of the year and up to the date of this Report.

#### James McKay B.Com, LLB, Non-executive Chairman (Director since 16 April 2009)

##### Special Responsibilities

Chairman

Member of the Remuneration Committee

##### Experience

James McKay is Executive Chairman and co-founder of Walcot Capital, a venture capital business specialising in early stage commodity investments. Walcot Capital has established a number of large and successful resource projects including Tlou Energy Limited, an ASX and AIM listed southern Africa focused coal seam gas company, and ERPM a South African based gold company that purchased the historic East Rand Proprietary Mine with a 51M oz reserve.

James is the former Chairman of successful coal seam gas company Sunshine Gas Limited, having overseen that company's growth to join the ranks of Australia's Top 150 and a top ten Queensland company with a market capitalisation over \$1 billion, prior to its merger with Queensland Gas Company.

Mr McKay is also a director and shareholder of Centenary Memorial Gardens Pty Ltd, a major Brisbane cemetery and crematorium. He is a past president of the Australasian Cemeteries and Crematoria Association, having served on its board for over eight years.

James McKay has a strong commercial background, with sound finance, investment markets, business management and legal expertise. He holds degrees in commerce and law.

##### Interest in Shares and Options

38,076,275 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 16 April 2009)

##### Special Responsibilities

Managing Director

Member of the Risk Committee

##### Experience

Tor McCaul was appointed Managing Director of Comet Ridge in April 2009 when the Company merged with Chartwell Energy Limited (Chartwell). He previously held the position of Chief Executive Officer of Chartwell having commenced with that company in 2008. Tor has over 30 years' experience in the oil and gas industry. He graduated in Petroleum Engineering from UNSW in 1987 and spent the next nine years based in Brisbane working with operating companies in technical roles on projects in Queensland, New Zealand and PNG, which included a secondment to Chevron Niugini.

He spent the following 11 years in Asia (Karachi, Jakarta, Chennai and Delhi) in technical, finance, commercial and management roles. At VICO Indonesia (a BP-ENI JV) he was their LNG Contract Manager on the 23 million-tonne-per-annum Bontang LNG project. In India, he was Cairn plc's Head of Commercial for the Indian business. Mr McCaul is currently a Director of the Australian Petroleum Production and Exploration Association (APPEA) and has previously been the Chairman for the Queensland Section of the Society of Petroleum Engineers and was the 2013 Queensland Petroleum Exploration Association (QUPEX) President.

##### Interest in Shares and Options

6,751,053 ordinary shares

4,330,000 performance rights

##### Directorships Held in Other Listed Entities in Last 3 Years

Nil.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

## Chris Pieters B.Sc (Hons), B.Bus, Executive Director (Director since 16 April 2009)

Appointed Executive Director 17 June 2015.

### Special Responsibilities

Nil

### Experience

Chris Pieters is the Managing Director and co-founder of Walcot Capital, a private venture capital business specialising in early-stage commodity investments, 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. Mr Pieters 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

1,576,178 ordinary shares

### Directorships Held in Other Listed Entities in Last 3 Years

Nil.

## Gillian Swaby B.Bus, FAICD, FCIS, MAusIMM, Non-executive Director (Director since 9 January 2004)

### Special Responsibilities

Chairperson of the Audit Committee

### Experience

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

Gillian is a 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 Panoramic Resources Ltd. Gillian is also a member of the West Australian Division Council of the Australian Institute of Company Directors.

### Interest in Shares and Options

295,372 ordinary shares

### Directorships Held in Other Listed Entities in Last 3 Years

Deep Yellow Limited  
Panoramic Resources Ltd

## Martin Riley B.E (Hons 1/Chem), Non-executive Director (Director since 13 March 2019)

### Special Responsibilities

Chairperson of the Risk Committee  
Member of the Remuneration Committee  
Member of the Audit Committee

### Experience

Martin Riley holds a first-class honours degree from Sydney University in Chemical Engineering and has 35 years' experience in the upstream oil and gas industry in a variety of roles. Martin was influential in the commercial inception and development of the Coal Seam Gas (CSG) industry in Queensland in the 1990s with Origin Energy. Martin has held a number of sub-surface technical roles, and senior executive positions within the industry, across both CSG and conventional assets, through exploration, development and production.

### Interest in Shares and Options

850,895 ordinary shares

### Directorships Held in Other Listed Entities in Last 3 Years

Nil.

**Shaun Scott B.A (Rec Admin), B.Bus (Accountancy), ACA, Non-executive Director (Director since 16 October 2019)**

## Special Responsibilities

Chairperson of the Remuneration Committee

Member of the Audit Committee

## Experience

Shaun Scott is an experienced independent non-executive director on both public and private boards. As an executive, Mr Scott was CEO of Arrow Energy Limited and was instrumental in taking this business from a \$20 million coal seam gas explorer to a significant gas and energy producer and leader in the development of the Queensland LNG industry, until Arrow's \$3.5 billion acquisition by Shell and PetroChina in 2010. At the Board level, Shaun has operated as Chairman and non-executive director of a number of publicly listed companies and chaired numerous Board sub-committees. Mr Scott has specific expertise and experience in business strategy, negotiations, financial and risk management, executive remuneration, governance and safety leadership.

He is a member of the Chartered Accountants Australia and New Zealand.

## Interest in Shares and Options

1,038,074 ordinary shares

## Directorships Held in Other Listed Entities in Last 3 Years

IGas Energy PLC (Non-executive Director of Australian subsidiaries) (resigned February 2020)

Noble Helium Limited (Non-executive Chairman), joined 25 January 2022

## 2. Company Secretary

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 over 30 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 seven 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 an instrumental member of the team which led the takeover negotiations and implementation of QGC's friendly acquisition of that Company.

He also holds the position of Company Secretary of Galilee Energy Limited and Blue Energy Limited, both ASX listed CSG exploration companies operating in Australia, as well as ASX listed HSC Technology Group Ltd, a medical technology company. Mr Rodgers brings to Comet Ridge strong legal and commercial experience with a particular emphasis on the coal seam gas industry.

## 3. Principal Activities

The principal activities of the Group during the financial year were to carry out oil and gas exploration activities. The Group has tenement interests and a number of prospective projects in eastern Australia.

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

## 4. Operating and Financial Review

The loss after tax of the Group for the financial year ended 30 June 2022 amounted to \$8.63 million (2021: loss of \$6.96 million), including fair value adjustments (non-cash items) of \$3.64 million relating to the CleanCo financial liability and PURE Asset Management warrants.

During the financial year, the Group capitalised exploration expenditure of \$20.5 million (2021: \$0.4 million) on the Mahalo Gas Project which includes the acquisition of APLNG's 30% interest, \$8.0 million (2021: \$0.7 million) on Mahalo North, \$0.4 million (2021: \$0.3 million) combined on Mahalo East and Far East and \$0.3 million (2021: \$0.3 million) on the Galilee Deeps Joint Venture.

At 30 June 2022, the Group had \$7.42 million in cash on hand and net current liabilities of \$39.9 million (which includes the CleanCo financial liability, PURE warrant financial liability and the Santos loan disclosed as current obligations).

Comet Ridge has future exploration commitments for the Mahalo Gas Project, 100% owned Mahalo northern projects and Galilee Basin permits which will be funded as required when they fall due. These commitments will be funded via existing cash and the proceeds of a placement completed on 15 September 2022 (\$24.0 million, before costs).

Also, if Comet Ridge's commercial discussions regarding a gas sales agreement with CleanCo do not result in an agreement being executed, a cash payment would arise, which is not presently funded. Note 2 (d) Going Concern, and the independent auditor's report both acknowledge the existence of these matters and the material uncertainty that exists as a consequence. If Comet Ridge was not able

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

to secure funding to meet this payment (if it was required to do so), that may cast significant doubt about the Group's ability to continue as a going concern.

Comet Ridge is actively pursuing a number of potential funding transactions to progress the appraisal and development of the Company's projects including project sell-down, farm-out and gas prepay arrangements. The Board is confident of being able to source funding at the necessary time.

Further information on the operations of the Group and likely developments are set out in the Overview of Activities and Significant Affairs outlined below.

### 5. Significant Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year ended 30 June 2022:

#### (a) Acquisition of APLNG's 30% interest in the Mahalo Gas Project

On 3 August 2021, Comet Ridge announced it had executed a binding agreement with Australia Pacific LNG Pty Ltd (APLNG) to acquire their 30% interest in the Mahalo Gas Project for total consideration of \$20 million. The acquisition was completed on 28 June 2022 with the initial payment of \$12 million (less a \$1 million deposit) paid to APLNG (funded via a loan from Santos QNT Pty Limited). A further \$8 million of deferred consideration is payable in four annual instalments of \$2 million each unless a post completion trigger event occurs requiring earlier payment (refer to Note 17 for further details). The acquisition significantly increases Comet Ridge gas reserves and contingent resources, on favourable deal metrics, and provides the Mahalo Gas Project joint venture the alignment required to move the project to development on a time and cost-efficient basis.

#### (b) Loan Agreement and Option Deed with Santos QNT Pty Limited

On 3 August 2021, Comet Ridge also announced it had executed binding agreements with Santos QNT Pty Limited to provide loan funding of \$13.15 million to fund the initial consideration (and stamp duty costs) payable by Comet Ridge to APLNG for the acquisition noted in (a) above in exchange for Santos receiving options to acquire increased equity in certain Mahalo permits. The loan was fully drawn down on 28 June 2022 to fund the initial portion of the APLNG consideration. The loan is repayable within 30 days of the earlier of Santos exercising its firm option per (a) below or 28 December 2022.

Under the arrangements, Santos has until 28 December 2022 to:

- (i) Exercise a firm option to acquire an additional 12.86% in the Mahalo Gas Project from Comet Ridge at proportional acquisition value. Santos gave Comet Ridge a notice to exercise its option on 23 September 2022, reducing the loan amount payable by Comet Ridge to Santos from \$13.15 million to \$8.01 million (plus interest accrued at a rate of 5.125% per annum); and
- (ii) Negotiate a non-firm arrangement, on terms to be agreed, to purchase from Comet Ridge, an additional 7.14% in Mahalo Gas Project (equalising Santos and Comet Ridge interest at 50% each) and 50% interests in Mahalo North (ATP 2048) and Mahalo East (ATP 2061). This is subject to the firm option in (a) above being exercised by Santos.

Comet Ridge completed an equity raising prior to the Santos loan repayment date, triggering an early repayment to Santos of the net loan amount of \$8.0 million (plus accrued interest). This net loan amount of \$8.1 million was paid by Comet Ridge to Santos on 28 September 2022.

#### (c) Loan Agreement and Warrant Deed with PURE Asset Management

Comet Ridge announced on 3 August 2021, a binding agreement with PURE Asset Management Pty Ltd (PURE) to provide Comet Ridge access to a term loan facility for up to \$10 million. The facility is provided in two tranches of \$6.5 million (Tranche 1) and \$3.5 million (Tranche 2) respectively. The Tranche 1 loan was drawn on 17 September 2021 following execution of a facility agreement on 9 September 2021. The loan agreement with PURE also contains attached warrant shares. Comet Ridge issued the first tranche of warrant shares to PURE on 12 August 2021, being 39,393,939 warrant shares exercisable at \$0.165 per share for a period of 48 months from the utilisation of the Tranche 1 loan. The Tranche 2 loan was drawn on 31 March 2022 and the second tranche of warrant shares were issued to PURE on 31 March 2022, being 26,515,152 warrant shares exercisable at \$0.132 per share for a period of 48 months from the utilisation of the Tranche 1 loan.

#### (d) Negotiation of a gas sales agreement with CleanCo

Comet Ridge issued a notice to CleanCo Queensland Limited (CleanCo) on 21 September 2021 to commence gas sale agreement negotiations. The negotiation period has been extended to 31 December 2022. To date, a term sheet has been agreed by the parties, who are now seeking their respective executive committee approvals to then move to a fully termed GSA for respective board approval.

# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

## 6. Dividends Paid or Recommended

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

## 7. Post Balance Date Events

### (a) Completion of placement on new shares

Comet Ridge announced on 8 September 2022, a placement to institutional and sophisticated investors to raise \$24.0 million (before costs). The placement comprised the issue of 137,142,858 new shares at an issue price of \$0.175 per share. The placement shares were allotted to investors on 15 September 2022. Part of the proceeds of the placement were used to repay the net loan amount to Santos, being \$8.1 million (including accrued interest) on 28 September 2022.

### (b) Renewal of Galilee Basin permits and award of Potential Commercial Area (PCA) applications

On 12 September 2022, Comet Ridge announced its applications for renewal of the most prospective areas of ATP 743 and 744 had been awarded by the Queensland Department of Resources (DoR) for a further period of 12 years ending 3 September 2033 and 31 October 2033 respectively. The permit renewals were accompanied by PCA applications over six highly prospective areas within the Galilee Basin permits. These PCAs, numbered PCA 319 to 324, have also been awarded to Comet Ridge by DoR for a term of 15 years ending 9 September 2037.

### (c) Notice received from Santos to increase Mahalo Gas Project equity

On 23 September 2022, Comet Ridge received a notice from Santos to purchase their 12.86% option interest in the Mahalo Gas Project from Comet Ridge. Subsequent to the receipt of the exercise notice, on 26 September 2022, the parties executed the Sale Agreement to give effect to the transfer of the 12.86% option interest.

The effect of this 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 with Comet Ridge repaying the net amount plus accrued interest of \$0.1 million on 28 September 2022;
- 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; and
- Comet Ridge retains a very material net interest of 332 Petajoules of 2P Gas Reserves + 2C Contingent Gas Resources in the Mahalo Gas Project. There is no impact from this option exercise 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.

### (d) Performance Rights

On 28 September 2022, Comet Ridge issued 13,195,782 ordinary shares as a result of vesting of the same number of Performance Rights, including 2,260,000 ordinary shares issued to Tor McCaul, Managing Director. In addition, Comet Ridge announced on the same date, the lapse of 30,469 Performance Rights due to the vesting condition for a parcel of rights not being fully satisfied.

## 8. Principal Risks

### Risk Management Framework

Comet Ridge established the Risk Committee to provide advice and assistance to the Board in developing policy and assessing risks of the business. The Comet Ridge risk management procedure is based on the Australian Standard AS/NZS ISO 31000:2018 as having prominence in guiding the facilitation and management of risk within the Company. Comet Ridge recognises that effective risk management is a fundamental consideration in the decision-making process within the Company. The process of identifying, assessing and managing material business risks is designed to manage risks, mitigate risks to an acceptable level and, where appropriate, accept risk to generate returns. The Comet Ridge risk management framework is reviewed annually, in which an analytical review is undertaken of all the Company's operational, corporate, legal, regulatory and financial risk exposures.

The Comet Ridge risk management procedure incorporates an enterprise level view of risk, an understanding of risk management options and the use of consistently developed risk information. This is a continuous process and provides the foundation for the execution of business management activities. The use of common language around risk identification, management and reporting across field and

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

office-based teams enables management, the employees and contractors who work for the company to focus on the key risks to achieve organisational goals.

The Comet Ridge risk management procedure defines oversight responsibilities for the Board to enable effective risk identification, assessment and management across the business.

### Material Risks at 30 June 2022

The material business risks for Comet Ridge at 30 June 2022 are outlined in this section. These risks may materialise independently, concurrently or in combination. The active management of these risks through our risk management framework is imperative to Comet Ridge meeting strategic objectives and delivering shareholder value. This summary is neither an exhaustive list of risks that may affect Comet Ridge, nor are the risks listed in order of importance.

#### Operational Risks

**Risk** **Joint Venture arrangements** – Comet Ridge is in several joint ventures for some of the assets it owns and, as such, is dependent on technical and commercial alignment with our Joint Venture partners.

**Cause** Misalignment between Joint Venture partners can lead to inefficient utilisation of available capital and may impact approaches to prioritisation of exploration or development opportunities.

**Impact** Delayed approvals of development plans may impact on the timing of Comet Ridge's growth.

**Mitigations** We ensure that our team works closely with our Joint Venture partners to achieve mutually beneficial outcomes.

**Risk** **Exploration and development** – Our growth is dependent on our ability to successfully discover, develop and deliver new resources and reserves.

**Cause** Exploration and drilling activities are highly uncertain and dependent on capital funding and the acquisition and analysis of data.

**Impact** Comet Ridge's ability to deliver our strategy may be impacted by the success of our exploration and development efforts.

**Mitigations** To ensure the highest possibility of success and therefore confidence of investors, we seek to employ the most technically capable staff, who analyse our existing acreage for drilling prospects by applying best-in-class technologies and process for exploration and development. Comet Ridge seeks partnering and farm-in opportunities to diversify risk.

**Risk** **Access to infrastructure** – Comet Ridge's growth strategy is largely dependent on access to infrastructure owned by third parties.

**Cause** We rely on third parties to process, transport and market the product Comet Ridge is seeking to produce.

**Impact** Comet Ridge's growth may be impacted by the failure to obtain access to appropriate supporting facilities.

**Mitigations** We seek to work closely with suppliers of infrastructure to mitigate the risk of not obtaining access and we continue to explore alternative routes to market to diversify risk where possible.

**Risk** **Renewal of Tenure** - All permits and tenure are subject to compliance with certain requirements, including but not limited to meeting minimum exploration work commitments, lodgement of reports, payment of fees and compliance with environmental conditions and legislation.

**Cause** We rely on a number of external factors as well as internal to ensure that we are able to satisfy these conditions which might not be able to be met on time or at all due to various factors some of which may be out of the control of the Company.

**Impact** Comet Ridge could lose title to or its interest in any of the permits or tenure to any of its assets if these requirements are not met.

**Mitigation** We have a very experienced team who are familiar with the regulatory environment and continue to monitor the Company's progress as against work commitments and reporting obligations. These commitments are continually reviewed throughout the year not only by the operations team level but also are overseen by the Risk Committee who reports directly to the Board who has the authority to secure further resources and funding to ensure commitments are not missed.

**Risk** **Land Access** – Land access is critical for the success of Comet Ridge's exploration and development activities.

**Cause** We rely on being able to negotiate with landholders and other stakeholders' access and entry agreements onto private and public lands over which Comet Ridge's exploration and production tenures overlay.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

Impact	Comet Ridge's exploration operations and profitability may be adversely impacted or delayed in the event of a dispute with a landowner or user that delays or prevents the Company carrying out its projects and this could materially adversely affect its financial position and performance.
Mitigations	We seek to work closely with landholders and other stakeholders and engage with them as early as possible to ensure that they are kept apprised of our proposed activities and seek to develop working partnerships with these parties where possible.
<b>Strategic Financial Risks</b>	
Risk	<b>Access to Funding</b> – Comet Ridge's ability to fund operations and future growth.
Cause	Volatility or uncertainty in capital markets could restrict the willingness of investors to provide additional capital, such as has been experienced with the advent of the COVID-19 pandemic.
Impact	Comet Ridge's growth aspirations require the investment of significant capital to generate returns.
Mitigations	We have prudent expenditure management and forecasting with a Board approved budget. We actively seek partnering opportunities to help fund key activities on a project by project basis.
<b>Safety, Environmental and Sustainability Risks</b>	
Risk	<b>Climate Change</b> - Management of carbon emissions and increased regulatory obligations may lead to increasing regulation and costs
Cause	There continues to be focus from governments, regulators, and investors in relation to how companies are managing the impacts of climate change policy and expectations.
Impact	Comet Ridge's growth may be impacted by increasing regulation and costs associated with climate change and the management of carbon emissions.
Mitigation	Comet ridge actively monitors current and emerging areas of climate change risk and opportunities to ensure appropriate action can be taken. Comet Ridge continuously focuses on improving its energy efficiency and emissions management in delivering cost efficiencies
Risk	<b>Health and safety</b> – There is a risk of harm to employees, contractors and communities near our operations, particularly in remote locations, from exploration activities.
Cause	Our activities are subject to operating hazards which could result in harm to our people or our communities.
Impact	In addition to injury or negative effects to the health or wellbeing of affected people, impacts may include reputational damage and fines.
Mitigations	The identification, effective control and overall management of health and safety risks are the highest priority for Comet Ridge. We have developed detailed health and safety management plans, as well as rigorous processes to ensure we operate at the highest standards of safety management.
Risk	<b>Global Pandemic</b> – The current worldwide pandemic, or any future pandemic, may have a material adverse impact on the activities of the Company. To date the pandemic has not had a material adverse impact on the Company.
Cause	Local, national and international events of this nature are not within the control of the Company including impacts of government and regulatory restrictions that have or may be implemented including as to travel, employment, operational matters, imports or good/services.
Impact	To date the pandemic has not had a material adverse impact on the Company. There is a risk of harm to employees, contractors and communities near our operations, particularly in remote locations, from exploration activities.
Mitigations	The Company has adopted best practice measures to deal with the effects of the pandemic and will implement contingencies within all of its activities so as to ensure that any adverse effect that the pandemic may have is minimised.
<b>Political Risks</b>	
Risk	<b>Significant regulatory change</b> – A change in government or policy and / or unexpected changes to legislation and regulation may significantly impact Comet Ridge financially and operationally.
Cause	Changes in legislation, regulations and / or policy can result from changes in Government or from changes by Government or external pressures.
Impact	Changes in legislation, regulation and / or policy may impact on exploration and development of our product. In turn, such changes would impact on sustainable returns for investors, through profit erosion and loss of company value. Retrospective or unexpected regulatory changes potentially impact the longer-term viability of projects.
Mitigations	We actively monitor regulatory and political developments and constructively engage with government, regulators and industry bodies.



## 9. Future Developments and Expected Results

The Group proposes to continue its exploration programs and investment activities.

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

## 10. Environmental Regulations

The Group's operations are subject to environmental regulation under the federal and state laws of Australia, 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.

## 11. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and is attached to this report as required under section 307c of the Corporations Act 2001.

## 12. 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 2022 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	*	*	2	2	*	*
T McCaul	7	7	*	*	*	*	4	4
G Swaby	7	7	3	3	*	*	*	*
C Pieters	7	6	*	*	*	*	*	*
S Scott	7	7	3	3	2	2	*	*
M Riley	7	7	3	3	2	2	4	4

\* Not a member of the relevant committee

## 13. 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 Non-executive Directors, Executive Directors and other senior executives, 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.

At this stage of the Group's development, the Remuneration Committee is focused on long-term value generation for shareholders and therefore consider Long Term Incentives (LTIs) based on achieving specific milestones, to be the preferred method of incentivising Executive Directors and Senior Executives. With the LTIs selected, the Committee has focused on ensuring Executive Directors and Senior Executives' long-term performance aligns with long-term value for shareholders.

# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

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

## Key Management Personnel

For 2022, the Key Management Personnel (KMP) for Comet Ridge comprised:

James McKay	Non-executive Chairman
Tor McCaul	Managing Director
Christopher Pieters	Executive Director
Gillian Swaby	Non-executive Director
Martin Riley	Non-executive Director
Shaun Scott	Non-executive Director

Based on the Group's current activities, it is the view of the Committee that the Board remain as the KMPs for the organisation. As the Company moves closer to development and ultimately production, the Committee intends to review its position on those personnel who could be considered as KMPs.

## 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.

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 \$500,000 per year.

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.

During the 2019 financial year the Committee engaged with BDO on a Board Remuneration report, which compared Comet Ridge's current fees against comparative companies in the same industry. The Committee discussed the report and recommended the increase from the lower end of the scale provided effective from 1 December 2018. This was the first increase since 2009. No increases to Non-Executive Directors fees have been made in 2022 apart from the increase in superannuation guarantee from 9.5% to 10% effective from 1 July 2021. The Non-executive Directors' remuneration shown below is reported on a gross basis.

Non-executive Directors' fees (inclusive of superannuation) have been paid on the following basis as at the end of each financial year:

Director fees	2022	2021
	\$	\$
<b>Base Fees</b>		
Chair	156,712	156,000
Other Non-executive Directors	81,370	81,000
<b>Additional Fees</b>		
Chair of Audit Committee	10,046	10,000
Chairs of Remuneration and Risk Committees	5,023	5,000
Members of committees	3,014	3,000

## Executive Remuneration Framework

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 incentives based on key performance areas affecting the Group's financial and/or operational results as follows:

- a base salary (which is based on factors such as length of service, qualifications and experience), superannuation, fringe benefits and performance incentives;
- short-term performance incentives in the form of cash bonuses which are paid only when predetermined key performance indicators have been met;
- executives engaged through professional service entities are paid fees based on an agreed market based hourly and/or daily rate for the services provided and may also be entitled to short term performance-based incentives; and

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

(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. For the year ended 30 June 2022 the rate was 10% up to a maximum contribution of \$23,568. Executive and Non-executive Directors and other employed executives do not receive any other retirement benefits; however, some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

### 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.

### Details of Remuneration

Details of remuneration of each of the KMP of the Group during the financial year are set out in the following table:

Benefits and Payments Year Ended 30 June 2022	Short-term Benefit & Fees		Post- Employment	Long-term Benefits	Total Fixed Remuneration	Share-based Payments	Total
	Salary, Fees & Benefits	Settled in Shares	Super- annuation	Long Service Leave		Performance Rights	
<b>Directors</b>	\$	\$	\$	\$	\$	\$	\$
J McKay	145,205	-	14,521	-	159,726	-	159,726
T McCaul	407,659	-	23,568	8,552	439,780	91,843	531,623
G Swaby	83,105	-	8,310	-	91,415	-	91,415
C Pieters	73,973	-	7,397	-	81,370	-	81,370
M Riley	84,018	-	8,402	-	92,420	-	92,420
S Scott	81,279	-	8,128	-	89,407	-	89,407
<b>Total KMP</b>	<b>875,239</b>	<b>-</b>	<b>70,326</b>	<b>8,552</b>	<b>954,118</b>	<b>91,843</b>	<b>1,045,961</b>

Benefits and Payments Year Ended 30 June 2021	Short-term Benefits & Fees		Post- Employment	Long-term Benefits	Total Fixed Remuneration	Share-based Payments	Total
	Salary, Fees & Benefits	Settled in Shares <sup>1</sup>	Super- annuation	Long Service Leave		Performance Rights	
<b>Directors</b>	\$	\$	\$	\$	\$	\$	\$
J McKay	113,875	31,330	13,795	-	159,000	-	159,000
T McCaul	389,203	-	21,513	8,240	418,956	31,692	450,648
G Swaby	69,255	13,850	7,895	-	91,000	-	91,000
C Pieters	57,131	16,842	7,027	-	81,000	-	81,000
M Riley	62,876	21,142	7,982	-	92,000	-	92,000
S Scott	60,738	20,541	7,721	-	89,000	-	89,000
<b>Total KMP</b>	<b>753,078</b>	<b>103,705</b>	<b>65,933</b>	<b>8,240</b>	<b>930,956</b>	<b>31,692</b>	<b>962,648</b>

<sup>1</sup> Net fees (after superannuation and PAYG obligations) were not paid in cash between 1 July 2020 and 31 October 2020, due to COVID-19 cash management strategies, rather they have been settled in shares as per shareholder approval in the 2020 AGM.

The relative proportions of actual remuneration recognised are as follows:

Executive Director	Fixed Remuneration		At Risk Short-term Incentives		At Risk Long-term Incentives	
	2022	2021	2022	2021	2022	2021
T McCaul	82.7%	93.0%	0.0%	0.0%	17.3%	7.0%
C Pieters	100.0%	100.0%	0.0%	0.0%	0.0%	0.0%

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

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.

### Comparison of KMP Remuneration to Company Performance

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

Relation to performance	2022	2021	2020	2019	2018
Total remuneration (\$)	1,045,961	962,648	1,014,741	935,250	1,041,323
Loss per share cents	(1.02)	(0.88)	<sup>1</sup> (1.36)	(0.56)	(0.34)
Dividends paid	-	-	-	-	-
Share price at year end (cents)	17.0	6.2	9.2	26.0	36.0

<sup>1</sup> The loss for 2020 includes a non-cash write-off of \$5.48 million (0.69 cents) of capitalised exploration and evaluation expenditure for previously drilled CSG wells in the Galilee Basin that lie outside of the prospective areas of the permits identified for long-term tenure renewal.

### Service Agreements

Remuneration and other terms of employment for the Managing Director and the Executive 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.

<b>Tor McCaul</b>	Managing Director (Appointed 16 April 2009)
Term of Agreement:	No fixed term
Base Salary:	\$451,874 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.

<b>Chris Pieters</b>	Executive Director (appointed 17 June 2015)
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
KPIs:	A bonus of \$50,000 for each KPI achieved listed below: <ul style="list-style-type: none"> <li>• Agreement for the commercial offtake of more than 50% of the gas from Mahalo</li> <li>• FID Mahalo</li> <li>• Agreement for the commercial offtake of more than 50% of the gas from Galilee</li> <li>• FID Galilee Basin; and</li> <li>• Farmout of the Shallow Coals in the Galilee.</li> </ul>

In the event that the position was to become redundant or other factors prevented Mr Pieters from achieving those KPIs within the allowed time, which were outside of his control, they could be treated as having been satisfied and able to be paid.

### Share-based Compensation

Long-term incentives are provided to certain employees through the Comet Ridge Limited Performance Rights Plan as approved by shareholders for the purposes of ASX Listing Rule 7.2 Exception 9 most recently at the 2016 Annual General Meeting. Share-based compensation is equity-settled.

### Performance Rights

The terms and conditions of each grant of Performance Rights during the financial year affecting remuneration in the current or a future period with respect to KMP are shown in the table below. In addition to the performance condition, KMP must satisfy a service condition

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

of continuous employment with the Company up to and including the date when the performance conditions are achieved. Performance Rights are issued for no consideration and no amount is payable on vesting.

Grant Date	Number of Rights	Expiry Date	Vesting Date	Fair Value at Grant date (cents)	Performance Condition	Vested %
<b>T McCaul</b>						
31-Dec-19 <sup>1</sup>	750,000	31-Dec-22	31-Dec-22	19.00	Commercial gas production for 30 consecutive days averaging 15Tj/d net	0%
31-Dec-19 <sup>1</sup>	1,000,000	30-Jun-23	30-Jun-23	19.00	Commercial gas production for 30 consecutive days averaging 20Tj/d net	0%
16-Nov-21 <sup>2</sup>	1,000,000	31-Aug-22	31-Aug-22	11.00	Relative TSR against peer companies for period 1 August 2021 to 1 August 2022	0%
16-Nov-21 <sup>2</sup>	800,000	31-Aug-22	31-Aug-22	6.00	Absolute TSR of share price for August 2021 compared to August 2022	0%
16-Nov-21	200,000	30-Jun-22	30-Jun-22	12.50	Lost Time Injury Frequency Rate measured for 12 months ending 30 June 2022 and no environmental incidents	100%
16-Nov-21	260,000	30-Jun-22	30-Jun-22	12.50	Acquisition of APLNG's 30% interest in Mahalo Gas Project finalised	100%
16-Nov-21	320,000	28-Dec-22	28-Dec-22	12.50	Value-adding project farm-in transaction completed	0%
	<u>4,330,000</u>					

<sup>1</sup> The expense associated with these rights has been reversed based on the Company determining that it is no longer probable that the performance condition will be met by the vesting date.

<sup>2</sup> Performance rights vested on 31 August 2022

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

Grant Date	Vesting Date	Number at Beginning of Year	Granted as Remuneration During the Year	Number of Rights Vested	Number of Rights Lapsed	Number at End of Year
<b>T McCaul</b>						
31-Dec-19	31-Dec-21	750,000	-	-	(750,000)	-
31-Dec-19	31-Dec-22	750,000	-	-	-	750,000
31-Dec-19	30-Jun-23	1,000,000	-	-	-	1,000,000
16-Nov-21	31-Dec-22	-	2,580,000	-	-	2,580,000
		<u>2,500,000</u>	<u>2,580,000</u>	-	<u>(750,000)</u>	<u>4,330,000</u>

### Key Management Personnel Shareholdings

The number of ordinary shares in the Company held by each of the KMP of the Group is as follows:

30 June 2022	Balance at beginning of the year	Shares purchased	Other Movements	Balance at end of the year
J McKay	38,076,275	-	-	38,076,275
T McCaul	6,501,053	250,000	-	6,751,053
G Swaby	295,372	-	-	295,372
C Pieters	1,576,178	-	-	1,576,178
M Riley	850,895	-	-	850,895
S Scott	1,038,074	-	-	1,038,074
<b>Total</b>	<u>48,337,847</u>	<u>250,000</u>	-	<u>48,587,847</u>

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

30 June 2021	Balance at beginning of the year	Shares purchased	Other Movements <sup>1</sup>	Balance at end of the year
J McKay	37,408,105	-	668,170	38,076,275
T McCaul	6,501,053	-	-	6,501,053
G Swaby	-	-	295,372	295,372
C Pieters	1,217,000	-	359,178	1,576,178
M Riley	400,000	-	450,895	850,895
S Scott	600,000	-	438,074	1,038,074
<b>Total</b>	<b>46,126,158</b>	<b>-</b>	<b>2,211,689</b>	<b>48,337,847</b>

<sup>1</sup> As consideration paid to Non-executive Directors who agreed to forgo a cash component of their monthly director and board committee fees with respect to the period from 1 April 2020 to 31 October 2020, in exchange for the issue of fully paid ordinary shares in the Company.

### END OF AUDITED REMUNERATION REPORT

#### 14. Performance Rights

Movements in the number of Performance Rights on issue during the year ended 30 June 2022 as a result of new grants and expiring of Performance Rights during the year are as follows:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2021	Granted during the year	Vested during the year	Expired during the year	No. of Rights 30 June 2022
31-Dec-19	31-Dec-21	19.0	750,000	-	-	(750,000)	-
31-Dec-19	31-Dec-22	19.0	750,000	-	-	-	750,000
31-Dec-19	30-Jun-23	19.0	1,000,000	-	-	-	1,000,000
07-Aug-20	01-Jul-21	7.9	4,350,000	-	(4,350,000)	-	-
07-Aug-20	01-Jul-22	7.9	2,510,000	-	-	-	2,510,000
16-Nov-21	31-Dec-22	12.5	-	2,580,000	-	-	2,580,000
16-Dec-21	30-Jun-23	10.0	-	9,555,000	-	-	9,555,000
			<b>9,360,000</b>	<b>12,135,000</b>	<b>(4,350,000)</b>	<b>(750,000)</b>	<b>16,395,000</b>

Since the end of the financial year and up to the date of this report no Performance Rights have been issued.

#### 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.

#### 15. 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.

#### 16. Rounding of Amounts to Nearest Thousand Dollars

Pursuant to Legislative Instrument 2016/191 issued by the Australian Securities & Investments Commission, amounts in 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 Group did not pay the auditor for any non-audit services.

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2022

The Board of Directors will continuously consider the position and, in accordance with advice received from the Audit Committee, ensure 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 (where applicable) by the auditor, does not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services will be reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services (where applicable) 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 Note 5 Auditors' Remuneration.

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



Tor McCaul  
Managing Director  
Brisbane, Queensland, 30 September 2022



## Auditor's Independence Declaration

As lead auditor for the audit of Comet Ridge Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) 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.

A handwritten signature in black ink, appearing to read 'Michael Shewan'.

Michael Shewan  
Partner  
PricewaterhouseCoopers

Brisbane  
30 September 2022

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# FINANCIAL STATEMENTS

# 2022

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 30 June 2022**

		Consolidated	
	Note	June 2022 \$000's	June 2021 \$000's
<b>Other income</b>			
Interest received		6	17
Gain on sale of property, plant and equipment		-	3
<b>Expenses</b>			
Employee benefits' expense	4	(1,966)	(1,364)
Contractors' & consultancy costs		(427)	(399)
Exploration and evaluation expenditure written-off	4	(384)	(765)
Professional fees		(297)	(184)
Corporate expenses		(242)	(193)
Fair value movement of financial liability at fair value	17	(3,637)	(3,456)
Occupancy costs	4	(77)	(141)
Finance costs	4	(1,117)	(15)
Other expenses		(422)	(398)
Depreciation		(71)	(65)
<b>LOSS BEFORE INCOME TAX</b>		<b>(8,634)</b>	<b>(6,960)</b>
Income tax expense/(benefit)	6	-	-
<b>LOSS FOR THE YEAR</b>		<b>(8,634)</b>	<b>(6,960)</b>
<b>Other Comprehensive Income, Net of Income Tax</b>			
<b>Items that may be reclassified subsequently to profit and loss</b>			
Exchange differences on translation of foreign operations		3	-
<b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX</b>		<b>3</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(8,631)</b>	<b>(6,960)</b>
<b>Loss attributable to:</b>			
Owners of the parent		(8,634)	(6,960)
<b>Total Comprehensive Loss attributable to:</b>			
Owners of the parent		(8,631)	(6,960)
<b>LOSS PER SHARE</b>			
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	7	(1.02)	(0.88)
Diluted loss per share	7	(1.02)	(0.88)

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

# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

## Consolidated Statement of Financial Position

as at 30 June 2022

	Note	Consolidated	
		June 2022	June 2021
		\$000's	\$000's
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	7,423	3,390
Trade and other receivables	9	140	90
Other assets	10	857	877
<b>TOTAL CURRENT ASSETS</b>		<b>8,420</b>	<b>4,357</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	4	26
Right-of-use assets	14	116	-
Exploration and evaluation expenditure	12	100,816	71,848
<b>TOTAL NON-CURRENT ASSETS</b>		<b>100,936</b>	<b>71,874</b>
<b>TOTAL ASSETS</b>		<b>109,356</b>	<b>76,231</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	2,568	898
Borrowings	15	13,150	-
Financial liability at fair value	17	31,921	22,662
Provisions	16	649	1,154
<b>TOTAL CURRENT LIABILITIES</b>		<b>48,288</b>	<b>24,714</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	15	6,170	-
Lease liabilities	14	118	-
Financial liability at fair value	17	4,289	-
Provisions	16	2,946	1,108
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>13,523</b>	<b>1,108</b>
<b>TOTAL LIABILITIES</b>		<b>61,811</b>	<b>25,822</b>
<b>NET ASSETS</b>		<b>47,545</b>	<b>50,409</b>
<b>EQUITY</b>			
Contributed equity	18	145,693	140,379
Reserves	19	2,089	1,633
Accumulated losses		(100,237)	(91,603)
<b>TOTAL EQUITY</b>		<b>47,545</b>	<b>50,409</b>

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

**Consolidated Statement of Changes in Equity**  
for the year ended 30 June 2022

	Contributed Equity \$000's	Foreign Currency Translation Reserve \$000's	Share-based Payments Reserve \$000's	Accumulated Losses \$000's	Total \$000's
<b>Balance at 1 July 2020</b>	140,200	1,251	(50)	(84,643)	56,758
Loss for the period	-	-	-	(6,960)	(6,960)
Other comprehensive loss for the period	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(6,960)	(6,960)
<b>Transactions with owners in their capacity as owners</b>					
Shares issued to Directors net of transaction costs	179	-	-	-	179
Shares issued on vesting of Performance Rights	-	-	-	-	-
Share-based payments	-	-	432	-	432
	179	-	432	-	611
<b>Balance at 30 June 2021</b>	140,379	1,251	382	(91,603)	50,409
<b>Balance at 1 July 2021</b>	140,379	1,251	382	(91,603)	50,409
Loss for the period	-	-	-	(8,634)	(8,634)
Other comprehensive income for the period	-	3	-	-	3
Total comprehensive loss for the period	-	3	-	(8,634)	(8,631)
<b>Transactions with owners in their capacity as owners</b>					
Contributions of equity net of transaction costs	4,970	-	-	-	4,970
Shares issued on vesting of Performance Rights	344	-	(344)	-	-
Share-based payments	-	-	797	-	797
	5,314	-	453	-	5,767
<b>Balance at 30 June 2022</b>	145,693	1,254	835	(100,237)	47,545

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

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Consolidated Statement of Cash Flows for the year ended 30 June 2022

	Note	Consolidated	
		June 2022 \$000's	June 2021 \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		6	22
Payments to suppliers and employees		(2,685)	(2,006)
Interest paid		(680)	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	20	<b>(3,359)</b>	<b>(1,984)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation assets		(8,328)	(2,372)
Acquisition of APLNG's 30% interest in Mahalo		(12,000)	-
Research and development tax offset received		-	3,254
Movements in restricted cash		-	(151)
Proceeds from sale of property, plant and equipment		-	10
Payment for property, plant and equipment		(1)	(1)
<b>NET CASH (USED IN) / FROM INVESTING ACTIVITIES</b>		<b>(20,329)</b>	<b>740</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		23,150	-
Borrowing costs		(353)	-
Proceeds from issue of shares		5,319	-
Share issue costs		(349)	(2)
Principal elements of lease payments		(46)	-
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>		<b>27,721</b>	<b>(2)</b>
Net increase/(decrease) in cash held		4,033	(1,246)
Cash at the beginning of the year		3,390	4,636
<b>CASH AT THE END OF THE YEAR</b>	8	<b>7,423</b>	<b>3,390</b>

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

## Notes to the Financial Statements

### Note 1 General information

These financial statements include the consolidated financial statements and notes of Comet Ridge Limited (the Company or Comet Ridge) and its controlled entities (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 29. The financial statements were approved for issue by the Directors on 30 September 2022.

Comet Ridge Limited is a public company limited by shares, incorporated and domiciled in Australia.

### Note 2 Summary of significant accounting policies

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

#### a. Compliance with Accounting Standards

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

#### b. Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB)

#### c. 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 financial assets and financial liabilities.

#### d. 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.

At 30 June 2022, the Group had \$7.4 million in cash on hand and net current liabilities of \$39.9 million, including the CleanCo Queensland Limited (CleanCo) financial liability of \$24.6 million, PURE warrant financial liability of \$5.5 million and Santos QNT Pty Ltd (Santos) loan of \$13.2 million, all disclosed as current obligations.

On 12 September 2021, Comet Ridge sent a notice to CleanCo to commence gas sales agreement (GSA) negotiations and on 15 December 2021 the parties agreed to extend the GSA negotiation period to 30 June 2022. This date was further extended to 31 December 2022 on 21 June 2022. If, following the commencement of these GSA negotiations, a GSA cannot be negotiated by 31 December 2022 then a cash payment of approximately \$24.6 million based on current estimates (\$20 million, indexed for CPI), would be due within 30 days (unless extended). To date, a term sheet has been agreed by the parties, who are now seeking their respective executive committee approvals to then move to a fully termed GSA for respective board approval.

On 28 June 2022, Comet Ridge completed the agreement with Australia Pacific LNG Pty Ltd (APLNG) to acquire their 30% interest in the Mahalo Gas Project (refer to Note 25 for further details). Concurrent with the acquisition of the additional 30% interest in the Mahalo Gas Project, Comet Ridge entered into loan and option agreements with Santos (refer to Note 15 for details of these arrangements). Under these agreements, Santos provided short-term loan funding of \$13.15 million to Comet Ridge. In exchange Santos gained a firm option to acquire 12.86% of the 30% APLNG interest at the transaction value (\$5.14 million of initial consideration and \$3.43 million of deferred consideration).

On 14 September 2022, Comet Ridge completed a placement to raise \$22.8 million after costs (Placement). The Placement triggers an early prepayment of part of the Santos loan, being \$8.0 million (after deducting the \$5.14 million option price) plus accrued interest of \$0.1 million. Comet Ridge repaid this amount (\$8.1 million) to Santos on 28 September 2022.

On 23 September 2022, Santos gave a notice to Comet Ridge to exercise its firm option to acquire the 12.86% Mahalo Gas Project interest. The exercise of this firm option by Santos and the loan prepayment noted above by Comet Ridge, reduces the Santos loan amount to nil. Following completion of the APLNG acquisition and Santos firm option exercise, Comet Ridge and Santos must pay their proportional share of the \$8.0 million deferred consideration payable to APLNG (either in four annual instalments post completion of \$2.0 million each or earlier upon a trigger event occurring). Santos also has a non-firm arrangement to negotiate to acquire an additional 7.14% interest in the Mahalo Gas Project from Comet Ridge and 50% interests in Mahalo North and Mahalo East on commercial terms to be agreed. These commercial discussions are ongoing at the date of this financial report.

### Note 2 Summary of significant accounting policies (continued)

The Group has a number of commitments to continue to progress the Company's Mahalo Gas Hub permits and Galilee Basin permits. These commitments are made over various timeframes with exploration commitments required to be spent by 30 June 2023 amounting to \$3.3 million as disclosed in Note 24.

The ability of the Group to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding through debt, equity, sell-down or farm-out of assets, negotiating a GSA with CleanCo and/or the successful exploration and subsequent exploitation of the Group's tenements to meet these commitments as they arise.

The existence of the CleanCo Agreement and exploration commitments beyond the next 12 months, creates a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern in the absence of being successful in relation to one of the above financing strategies. In the absence of this the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the financial statements.

Comet Ridge continues to actively pursue a number of potential funding transactions to progress the appraisal and development of the Company's projects including sell-down, farm-out and gas prepay arrangements. At the date of this financial report, given the high demand for natural gas on the east coast and high LNG and domestic gas pricing, and the significant acreage and equity position that the Company has established in the Mahalo Gas Hub area, the Directors have a reasonable expectation that the Group will be successful with its future funding 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.

#### e. Rounding of amounts

The Group is of a kind referred to in Legislative Instrument 2016/191 issued by the Australian Securities & Investments Commission, relating to the "rounding" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the Legislative Instrument to the nearest one thousand dollars, unless otherwise indicated.

#### f. 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.

#### g. Comparatives

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

#### h. New accounting standards and interpretations for application in future periods

The new Australian Accounting Standards and Interpretations either adopted or issued but not yet adopted for the 30 June 2022 annual reporting period are set out below.

##### *New or amended accounting standards and Interpretations adopted*

There are no new or amended accounting standards effective in the reporting period commencing 1 July 2021 that are relevant to the Group's operations.

##### *Accounting standards issued but not yet adopted*

There are no accounting standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting year/periods and on foreseeable future transactions.

### Note 3 Material balances - 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.

Management has identified the following critical estimates and judgements applied in the preparation of the financial statements.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 3 Material balances – critical accounting estimates and judgements (continued)

- Going concern – Note 2
- Exploration and Evaluation assets – Note 12
- Borrowings – Note 15
- Rehabilitation provisions – Note 16
- Financial liability at fair value – Note 17

Details of the nature of assumptions and conditions can be found in the relevant notes to the financial statements.

### Note 4 Other expenditure

Expenses	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Loss before income tax includes the following specific expenses:		
<b>(a) Employee benefits' expense</b>		
Employee benefits' expense	(986)	(755)
Share-based payments' expense (Refer to Note 22)	(797)	(432)
Defined contribution superannuation expense	(183)	(177)
	<b>(1,966)</b>	<b>(1,364)</b>
<b>(b) Occupancy costs</b>		
Rental expense relating to operating leases*	(58)	(131)
Other occupancy costs	(19)	(10)
	<b>(77)</b>	<b>(141)</b>
* Operating lease relates to office premises lease of less than 12 months duration prior to negotiation of current lease agreement (Refer to Note 14)		
<b>(c) Exploration and evaluation expenses</b>		
Exploration and evaluation asset write-off (Refer to Note 12)	(237)	(620)
Exploration and evaluation expense (Refer to Note 12)	(147)	(145)
	<b>(384)</b>	<b>(765)</b>
<b>(d) Financing costs</b>		
Interest expense on borrowings	(726)	-
Amortisation of fair value adjustment and establishment costs capitalised on Pure loan	(360)	-
Unwinding of discount on rehabilitation and restoration provision	(25)	(15)
Lease liability expense	(6)	-
	<b>(1,117)</b>	<b>(15)</b>

### Accounting Policies

#### Other income

Interest income 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.

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

#### Employee benefits

##### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual 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.

##### 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.



## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 4 Other expenditure (continued)

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.

#### 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 Profit or Loss and Other 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.

##### 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 Profit or Loss and Other 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 Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

### Note 5 Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Group:

	Consolidated	
	June 2022	June 2021
	\$	\$
<b>PricewaterhouseCoopers Australia</b>		
Auditing or reviewing the financial statements	124,000	125,000
Other assurance services	-	-
	<b>124,000</b>	<b>125,000</b>

### Note 6 Income tax

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>(a) Recognised in the Statement of Profit and Loss and Other Comprehensive Income</b>		
Current tax	-	-
Deferred tax expense	-	-
Income tax expense	-	-

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 6 Income tax (continued)

#### (b) Numerical reconciliation of income tax expense to prima facie tax on accounting profit

Loss before income tax	(8,634)	(6,960)
Tax benefit at the Australian tax rate of 30% (2021: 30%)	2,590	2,088
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Share options expensed	(239)	(129)
Government COVID-19 cashflow boost	-	15
Non-deductible accounting fair value	(511)	-
Other non-deductible items	(110)	(13)
Current year tax losses not recognised in deferred tax assets	(1,730)	(1,961)
Income tax expense	-	-

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.

The income tax expense/(benefit) 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.

#### Accounting Policies

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.

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Deferred tax asset	-	-
The balance of deferred tax asset comprises:		
<b>Deferred tax assets</b>		
Tax losses	31,979	29,277
Capital costs deductible over 5 years	185	223
Borrowing costs	-	-
Provisions	3,556	2,681
Leased assets	1	-
	<b>35,721</b>	<b>32,181</b>
<b>Deferred tax liabilities</b>		
Exploration and evaluation expenditure	(20,181)	(17,132)
Accrued interest	-	-
	<b>(20,181)</b>	<b>(17,132)</b>
<b>Net deferred tax asset</b>	<b>15,540</b>	<b>15,049</b>
Deferred tax asset not recognised	(15,540)	(15,049)
Deferred tax asset recognised in accounts	-	-
<b>Movements in deferred tax asset</b>		
Opening balance	-	-
Deferred tax (credited) to profit or loss	-	-
Closing balance	-	-

# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

## Note 6 Income tax (continued)

### Accounting Policies

Deferred income tax is provided in full, using the balance sheet 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 nor 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.

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 assets have not been recognised with respect to the following items:

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Australian temporary differences and tax losses	15,540	14,720
Offshore tax losses	-	329
	<b>15,540</b>	<b>15,049</b>

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 Limited, Comet Ridge Mahalo Pty Ltd, Comet Ridge Mahalo North Pty Ltd, Comet Ridge Mahalo East Pty Ltd, Comet Ridge Mahalo Far East 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:

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

## Note 7 Earnings per share

	June 2022	June 2021
	\$000's	\$000's
(a) Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Loss for the year	8,634	6,960
Loss used in the calculation of the basic and dilutive earnings per share	<b>8,634</b>	<b>6,960</b>

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 7 Earnings per share (continued)

(b) Weighted average number of ordinary shares used as the denominator	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<b>860,034,445</b>	791,211,719
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	<b>860,034,445</b>	791,211,719
(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 22.		

### Accounting Policies

#### 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.

### Note 8 Cash and cash equivalents

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Cash at bank and on hand	<b>7,423</b>	3,390

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Interest earned on accounts range from 0.00% - 1.35%.

### Note 9 Trade and other receivables

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>Current</b>		
Trade receivables	15	53
Other receivables	125	37
	<b>140</b>	90

Other receivables mainly comprise GST refunds - 85% (2021: 97%). The carrying amount of trade debtors and other receivables is assumed to approximate their fair values due to their short-term nature.

### Accounting Policy

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. 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.

#### Impairment of trade receivables

The Group considers an allowance for expected credit losses (ECL) for trade debtors. The Group applies a simplified approach in calculating ECLs. The Group bases its ECL assessment on its historical credit loss experience, adjusted for factors specific to the debtors and the economic environment including, but not limited to, financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and delinquency in payments. In 2022 and 2021 all of the Group's trade receivables and other current receivables which the Group measures at amortised cost are short-term (i.e. expected settlement within 12 months) and the Group has credit assessment and risk management policies in place. As a result, the expected credit losses on trade receivables were not considered material.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 9 Trade and other receivables (continued)

#### Other debtors

These amounts generally arise from transactions outside the usual operating activities of the Group. They do not contain impaired assets and are not past due. Based on the credit history and future economic forecasts, it is expected that these other balances will be received when due.

### Note 10 Other assets

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Prepayments	278	298
Restricted cash	579	579
	<u>857</u>	<u>877</u>

#### 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. Refer Note 24.

#### Prepayments

The prepaid expenses predominately relate to the prepayment for exploration equipment hire.

### Note 11 Property, plant and equipment

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Plant and equipment at cost	218	217
Accumulated depreciation	(214)	(191)
	<u>4</u>	<u>26</u>

#### Movements in carrying amounts of property, plant and equipment

Balance at the beginning of year	26	97
Additions	1	1
Disposals	-	(7)
Depreciation	(23)	(65)
Balance at the end of year	<u>4</u>	<u>26</u>

#### Accounting Policy

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 range of useful life is:

#### Class of fixed asset

Plant and Equipment                      3 to 10 years

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 Profit or Loss and Other Comprehensive Income.

### Note 12 Exploration and evaluation assets

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Exploration and evaluation expenditure	125,521	96,169
Less provision for impairment	(24,705)	(24,321)
	<u>100,816</u>	<u>71,848</u>

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 12 Exploration and evaluation assets (continued)

Movements in exploration and evaluation phase	June 2022	June 2021
	\$000's	\$000's
Balance at the beginning of year	71,848	72,738
Acquisition of APLNG's 30% interest in Mahalo Gas Project	19,205	-
Exploration and evaluation expenditure during the year	8,890	1,885
Research and development tax offset	-	(1,961)
Exploration and evaluation expenditure written-off	(384)	(765)
Restoration and rehabilitation asset	1,257	(49)
Balance at the end of year	100,816	71,848

### Accounting Policy

#### Cost

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.

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.

#### Recognition

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

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- 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.

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.

The timing and amount of restoration costs expected to be incurred are estimated, and the net present value is included as part of the cost of the exploration and evaluation activity that gives rise to the need for restoration. A corresponding provision for restoration and rehabilitation is also recognised. Finance charges arising from the unwinding of the liability are recognised as an expense in the profit or loss.

#### Research and development tax incentives

Research and development tax incentives received by the Group are deducted from the carrying amount of the exploration and evaluation asset to which they relate in accordance with the capital approach as defined in *AASB 120 Accounting for Government Grants and Disclosure of Governance Assistance*.

### Critical accounting estimates and judgements

#### Exploration expenditure commitments

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 set out in Note 24.

#### Acquisition of APLNG's 30% interest in Mahalo Gas Project

On 28 June 2022, Comet Ridge completed the acquisition of APLNG's 30% interest in the Mahalo Gas Project for initial consideration of \$12 million and deferred consideration of \$8 million. The deferred consideration is payable in 4 annual instalments of \$2 million commencing from June 2023. The acquisition has increased Comet Ridge's interest in the Mahalo Gas Project from 40% to 70% at 30 June 2022, creating a streamlined joint venture with continuing Mahalo Gas Project partner, Santos QNT Pty Ltd (Santos).

## Note 12 Exploration and evaluation assets (continued)

The initial consideration payment of \$12 million to APLNG and the associated stamp duty was funded via a loan provided by Santos in exchange for Santos receiving a firm option to acquire an additional 12.86% equity interest in the Mahalo Gas Project. Refer to Note 15 for further details.

The Mahalo Gas Project acquisition costs capitalised to E&E assets are as follows:

	June 2022	June 2021
	\$000's	\$000's
Deposit paid to APLNG on 5 August 2021	1,000	-
Balance of up-front consideration paid on 28 June 2022	11,000	-
Stamp duty on acquisition transaction capitalised	1,131	-
Deferred consideration (present value of \$8 million)	6,074	-
Total capitalised to Mahalo Gas Project E&E asset	19,205	-

### Recoverability of exploration and evaluation expenditure

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.

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.

In the second half of the 2020 financial year, the Mahalo Gas Project received Commonwealth and Queensland environmental approvals and finally, Petroleum Leases (PL 1082 and PL 1083) for a term of 30 years. In addition, the remaining tenure of ATP 1191 has been secured with the award of three Potential Commercial Areas (PCA 302, PCA 303 and PCA 304) for a term of 5 years. During the 2022 financial year, Comet Ridge completed a binding agreement with APLNG to acquire their 30% interest in the Mahalo Gas Project for \$20 million along with associated option and loan arrangements with Santos. Consideration was given to this transaction in forming the view that no impairment is required at 30 June 2022.

The Company was awarded ATP 2048 (Mahalo North project) in April 2020. The Mahalo North project contains a north-west extension of the same coal reservoirs as the Mahalo Gas Project. Capitalised exploration and evaluation expenditure at 30 June 2022 totals \$9.49 million, relating to office-based geological and geophysical interpretation and analysis and the costs of the 2022 financial year appraisal drilling and production testing. The Company was also awarded two new Mahalo extension blocks in the 2021 financial year. The first block was ATP 2061 (Mahalo East project), awarded in September 2020, which contains a north-east extension of the same coal reservoirs as the Mahalo Gas Project. Capitalised exploration and evaluation expenditure at 30 June 2022 totals \$0.37 million, relating to office-based geological and geophysical interpretation and analysis. The second block was ATP 2063 (Mahalo Far East project), awarded in May 2021. Mahalo Far East contains coals that are generally deeper and have notably higher gas content than the main Mahalo high production fairway, adding a significant additional gas-in-place volume to Comet Ridge's portfolio. Capitalised exploration and evaluation expenditure at 30 June 2022 totals \$0.33 million, relating to native title negotiations and office-based geological and geophysical interpretation and analysis. Each of Mahalo North, Mahalo East and Mahalo Far East have not yet reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves.

ATP 743, ATP 744 and ATP 1015 are still under evaluation for both "Shallow" CSG and Conventional "Deeps" and have not yet reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. The Company has secured the long-term tenure on these permits via the award of Potential Commercial Areas (PCAs) and renewal of ATP 743 and ATP 744 by the Queensland Department of Resources. As part of the PCA award process within the Galilee permits, Comet Ridge has relinquished acreage where Contingent Resources do not exist. Comet Ridge has reviewed the carrying value of capitalised exploration and evaluation expenditure in the Galilee permits at 30 June 2022 and has written-off \$0.24 million (2021: \$0.62 million) of capitalised seismic costs in relinquished areas of ATP 743.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 12 Exploration and evaluation assets (continued)

The write-off by permit is as follows:

Permit	Consolidated	
	June 2022 \$000's	June 2021 \$000's
ATP 743	237	620
ATP 744	-	-
ATP 1015	-	-
<b>Total</b>	<b>237</b>	<b>620</b>

The Gunnedah Basin permits 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. During the 2022 financial year an amount of \$147,000 (2021: \$145,000) of exploration and evaluation expenditure was written-off for the Gunnedah Basin permits (PEL 427, PEL 428 and PEL 6). The Company relinquished its interests in PEL 428 in May 2021, had its renewal application for PEL 6 declined in April 2022 and had PEL 427 renewed in May 2022 for only 12 of 57 blocks.

Permit	Consolidated	
	June 2022 \$000's	June 2021 \$000's
PEL 427	75	53
PEL 428	28	57
PEL 6	44	35
<b>Total</b>	<b>147</b>	<b>145</b>

The New Zealand permit PMP 50100 is in the process of being surrendered and the carrying value of its exploration and evaluation assets has been written-off.

#### Interest in joint operations

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 Group's 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.

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. Comet Ridge's share of the respective joint operations is as follows:

	GDJV 70.0%	Mahalo JV 70.0%	PEL 427 59.1%	PEL 428 68.4%	PEL 6 29.6%	Total
30 June 2022	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Current assets</b>						
Cash and cash equivalents	24	-	-	1	-	25
Trade and other receivables	(1)	-	-	-	-	(1)
<b>Total current assets</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>24</b>
<b>Non-current assets</b>						
Exploration and evaluation expenditure	19,331	44,512	799	752	448	65,842
<b>Total non-current assets</b>	<b>19,331</b>	<b>44,512</b>	<b>799</b>	<b>752</b>	<b>448</b>	<b>65,842</b>
<b>Total assets</b>	<b>19,354</b>	<b>44,512</b>	<b>799</b>	<b>753</b>	<b>448</b>	<b>65,866</b>
<b>Current liabilities</b>						
Trade and other payables	251	106	15	7	9	388
<b>Total current liabilities</b>	<b>251</b>	<b>106</b>	<b>15</b>	<b>7</b>	<b>9</b>	<b>388</b>
<b>Share of joint venture net assets</b>	<b>19,103</b>	<b>44,406</b>	<b>784</b>	<b>746</b>	<b>439</b>	<b>65,478</b>



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### Note 12 Exploration and evaluation assets (continued)

	GDJV 70.0% \$000's	Mahalo JV 40.0% \$000's	PEL 427 59.1% \$000's	PEL 428 68.4% \$000's	PEL 6 29.6% \$000's	Total \$000's
<b>30 June 2021</b>						
<b>Current assets</b>						
Cash and cash equivalents	164	-	7	4	-	175
Trade and other receivables	-	6	-	-	-	6
<b>Total current assets</b>	164	6	7	4	-	181
<b>Non-current assets</b>						
Exploration and evaluation expenditure	19,206	25,306	753	728	430	46,423
<b>Total non-current assets</b>	19,206	25,306	753	728	430	46,423
<b>Total assets</b>	19,370	25,312	760	732	430	46,604
<b>Current liabilities</b>						
Trade and other payables	267	-	15	10	5	297
<b>Total current liabilities</b>	267	-	15	10	5	297
<b>Share of joint venture net assets</b>	19,103	25,312	745	722	425	46,307

As at 30 June 2022, the principal place of business for PEL 427 is c/- Santos Limited, Level 5, 60 Flinders Street, Adelaide SA 5000. For ATP 1191, the principal place of business is c/- Santos Limited, Level 5, 60 Flinders Street, Adelaide SA 5000. For GDJV, the principal place of business is c/- Comet Ridge Ltd, Level 3, 410 Queen Street, Brisbane QLD 4000.

The Group has fully impaired its interest in the Gunnedah Basin Licences PEL 427, PEL 428 and PEL 6.

The Group's minimum expenditure obligations with respect to its interests in joint operations are as follows:

	Consolidated	
	June 2022 \$000's	June 2021 \$000's
Minimum expenditure requirements		
• not later than 12 months	610	425
• between 12 months and 5 years	158	200
	<b>768</b>	<b>625</b>

### Note 13 Trade and other payables

	Consolidated	
	June 2022 \$000's	June 2021 \$000's
<b>Current</b>		
Trade payables	1,242	708
Payroll tax and other statutory liabilities	143	190
Other payables	1,183	-
	<b>2,568</b>	<b>898</b>

Trade payables includes \$257,000 (2021: \$143,000) for the Group's share of joint operation liabilities (refer Note 12). Other payables include the \$1.13 million stamp duty payable on the acquisition of APLNG's 30% interest in Mahalo Gas Project.

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. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 14 Leases

Group as a lessee

(a) Amounts recognised in the Statement of Financial Position

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>Right-of-use assets</b>		
Office premises	164	-
Less: Accumulated depreciation	(48)	-
	<b>116</b>	-
<b>Lease Liabilities</b>		
Initial measurement of lease liability	164	-
Repayments	(52)	-
Accretion of interest	6	-
	<b>118</b>	-

(b) Amounts recognised in the Statement of Profit or Loss

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Depreciation on right-of-use assets	48	-
Interest expense (included in finance cost)	6	-

Comet Ridge leases a commercial office which has an end date of 7 July 2023. The lease does not include an option of renewal and Comet Ridge is restricted from subleasing the property without the owner's approval. The lease contains variable lease payments, which are further discussed below.

**Accounting Policy**

Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date of the lease. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of office premises for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as a security for borrowing purposes.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expenses to profit or loss as incurred.

**Right-of-use asset**

The right-of-use asset is measured at cost, comprising of the initial amount of the lease liability, any initial direct costs incurred, any lease payments made at or before the commencement date net of any lease incentives received and restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

**Lease liability**

The lease liability is initially measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset in of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease liabilities include the net present value of fixed payments less any lease incentives received, variable lease payments that depend on an index or rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

After the commencement date, the amount of lease liabilities is increased by the interest cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 14 Leases (continued)

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### Note 15 Borrowings

	Consolidated	
	June 2022 \$000's	June 2021 \$000's
<b>Current</b>		
Loan payable to Santos QNT Pty Ltd (a)	13,150	-
<b>Non-current</b>		
Loan payable to PURE Asset Management Pty Ltd (b)	6,170	-
	<b>19,320</b>	<b>-</b>

#### (a) Santos loan

On 28 June 2022, Comet Ridge accessed \$13.15 million of debt funding from Santos QNT Pty Ltd (Santos) to fully fund the upfront acquisition of APLNG's 30% interest in the Mahalo Gas Project and associated costs. In exchange for receiving the funding, Comet Ridge has provided Santos with the following rights to acquire various interests in the Mahalo Gas Hub area:

- Firm Option - Santos has a six-month option (expiring 28 December 2022) to acquire an additional 12.86% interest in the Mahalo Gas Project from Comet Ridge. Santos gave notice to exercise this option on 23 September 2022, reducing Comet Ridge's interest in the Mahalo Gas Project to 57.14% and the loan repayable to Santos to \$8.0 million (plus interest accrued at 5.125% per annum).
- Non-firm arrangements - Santos may acquire an additional 7.14% interest in the Mahalo Gas Project (equalising Santos and Comet Ridge interest at 50% each) and also acquire 50% interests in the Mahalo North (ATP 2048) and Mahalo East (ATP 2061) on commercial terms to be agreed.

#### Facility terms and security

Lender:	Santos QNT Pty Ltd
Structure:	Term loan
Interest:	5.125% per annum. Interest is accrued and paid on loan repayment date
Term:	The earlier of: <ol style="list-style-type: none"> <li>the date that is 30 days after the exercise of the Option by Santos; or</li> <li>the date of expiry of the Option (28 December 2022).</li> </ol>
Repayment	Non-amortising bullet repayment. Given Comet Ridge completed an equity raise prior to the repayment date, proceeds from that equity raise were applied towards repayment of the loan, less the Firm Option amount.
Security:	First ranking general security over all present and future right, title and interest in the Mahalo Gas Project permits, the Lowesby Cutout Shallows and the PL 1083 West Shallow.

#### (b) PURE Asset Management loan

During the year, Comet Ridge entered into a facility agreement with PURE Asset Management Pty Ltd (PURE) to provide the Group access to a term loan facility for \$10 million provided in two tranches of \$6.5 million and \$3.5 million respectively. The facility provides funding to progress appraisal activities for the Mahalo Gas Hub area and other corporate activities. As at 30 June 2022, both tranches have been drawn with a maturity date of September 2025.

On drawdown of the respective tranches, Comet Ridge issued warrant shares that entitle PURE to acquire one Comet Ridge share per warrant at the exercise prices outlined in the facility terms below. The warrants are exercisable by PURE at any point in time prior to the maturity date of the loan facilities. The fair value of the warrants has been deducted from the gross proceeds of the loan on the date of drawdown reflecting the fair value of the loan on that date as set out in the table below.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 15 Borrowings (continued)

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
PURE loan payable	10,000	-
Loan establishment costs capitalised	(353)	-
Fair value of warrants at issue date separately recognised	(3,833)	-
Interest charge on financial liability	356	-
Fair value of loan payable	6,170	-

The warrants are separately recognised as a financial liability at fair value through the income statement as disclosed in Note 17. In line with the accounting policy, the difference between the face value of the loan (repayment amount) and determined fair value is recognised in the profit and loss over the loan period utilising the effective interest rate method.

Should PURE exercise all of their warrants on issue (65,909,091 warrants), Comet Ridge would receive \$10 million of cash which can be used to repay the loan amount.

#### Facility terms and security

Lender:	PURE Asset Management Pty Ltd
Structure:	Term loan with detached warrants
Interest:	Prior to Mahalo Gas Project FID: 12% Post Mahalo Gas Project FID: 10% Interest-only payment in quarterly instalments
Term:	48 months from utilisation
Repayment:	Non-amortising bullet repayment Voluntary repayment(s) subject to cascading fees
Warrants:	39,393,939 warrant shares issued on 12 August 2021 with an exercise price of 16.5 cents per warrant share 26,515,152 warrant shares issued on 31 March 2022 with an exercise price of 13.2 cents per warrant share
Financial Covenant:	Minimum \$1.5 million cash balance
Security:	First ranking general security over all present and after-acquired property of the Company and subsidiaries, excluding the Mahalo Gas Project

#### Accounting Policy

Borrowings are interest bearing and are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

### Note 16 Provisions

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>Current</b>		
Employee benefits	550	484
Restoration & rehabilitation	99	670
	649	1,154
<b>Non-current</b>		
Employee benefits	20	33
Restoration & rehabilitation	2,926	1,075
	2,946	1,108
	3,595	2,262

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 16 Provisions (continued)

	June 2022	June 2021
	\$000's	\$000's
<b>Movements in carrying amounts of restoration and rehabilitation</b>		
Balance at the beginning of the year	1,745	1,779
Additions/(Reductions) capitalised to exploration and evaluation expenditure	1,255	(49)
Unwind of discount - finance charges	25	15
Balance at the end of the year	<u>3,025</u>	<u>1,745</u>

#### Accounting Policy

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.

#### Rehabilitation Provision

The Group records the present value of the estimated cost of legal and constructive obligations to restore disturbances in the period in which the obligation arises. The nature of rehabilitation activities includes the abandonment of wells, removal of facilities and restoration of affected areas. Typically, the obligation arises when the well is spudded (commences drilling) or the infrastructure is installed.

When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related asset. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an expense within finance costs.

The carrying amount capitalised is amortised over the useful life of the related asset. The assets' useful lives are currently estimated at between one and fifteen years (once production commences). Costs incurred which relate to an existing condition caused by past operations, and which do not give rise to a future economic benefit, are expensed.

Where the underlying cost to rehabilitate has increased, this is capitalised to the asset and amortised over the remaining life of the asset once in production.

#### Critical accounting estimates and judgements

The Group estimates the future rehabilitation costs of gas wells and associated infrastructure at the time of installation. In most instances, rehabilitation of assets occurs many years into the future. This requires assumptions to be made on the rehabilitation date, the extent of rehabilitation activities required, requirements of future environmental legislation, methodology and technologies used to determine the future rehabilitation cost.

The rehabilitation obligation is discounted to present value using a ten-year government bond discount rate as this is reflective of the risk-free rate over the period to rehabilitation of the assets. These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets and the value of rehabilitation obligations at each reporting date.

### Note 17 Financial liability at fair value

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>Current</b>		
CleanCo Queensland Limited – financial liability	24,594	22,662
PURE Asset Management – warrant shares	5,538	-
APLNG - deferred consideration	1,789	-
	<u>31,921</u>	<u>22,662</u>
<b>Non-current</b>		
APLNG - deferred consideration	4,289	-
	<u>4,289</u>	<u>-</u>
	<u>36,210</u>	<u>22,662</u>

# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

## Note 17 Financial liability at fair value (continued)

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>Movements in financial liability at fair value</b>		
Balance at the beginning of the year	22,662	19,206
Additions to financial liability at fair value	9,911	-
Movement in financial liability at fair value	3,637	3,456
Balance at the end of the year	<b>36,210</b>	22,662

### Accounting Policy

Financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for a similar liability, either directly or indirectly; and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the liability that are not based on observable market data (unobservable inputs).

### Critical accounting estimates and judgements

#### CleanCo liability

On 17 June 2019, Comet Ridge executed an agreement with Stanwell Corporation Limited (Stanwell), which amended the 2014 Deed of Option between the parties, extending the Final Option Date under the Deed to 30 September 2022. The 2019 Agreement removed Stanwell's option to select either a Gas Sales Agreement (GSA) or a cash settlement from the 2014 Agreement as well as terminating the 2018 Agreement. This option was replaced with the ability for Comet Ridge Mahalo Pty Ltd (CML) to commence negotiations on a GSA by 29 September 2021, or if CML does not commence negotiations, Stanwell may commence negotiations for a GSA by 8 October 2021. Stanwell transferred its rights to CleanCo under the Government Owned Corporations (Generator Restructure-CleanCo) Regulation 2019.

On 21 September 2021, Comet Ridge issued a notice to CleanCo to commence GSA negotiations and on 15 December 2021 both parties agreed to extend the negotiation period to 30 June 2022. On 21 June 2022, both parties agreed to further extend the negotiation period to 31 December 2022. The 2019 Agreement provides for CML and CleanCo to negotiate a market priced GSA and fixed gas volumes, conditional on the development of the Mahalo Gas Project.

If CML and CleanCo are unable to come to an agreement on a GSA by 31 December 2022, then a cash settlement of approximately \$24.6 million based on current estimates (\$20 million indexed for CPI from March 2014), would be triggered on or before 30 January 2023 (Payment Amount), unless extended. Upon payment by Comet Ridge of the Payment Amount, if required to do so, the obligations under the 2014 Agreement and the 2019 Agreement will have been fully discharged between the parties.

#### Fair value measurement

Given the change in nature of the 2019 Agreement, Comet Ridge revisited the assumptions of the transaction in preparation of the 2019 Annual Report and in particular who is the potential market participant and what they would seek as compensation for taking on the financial obligations now included in the 2019 Agreement.

In this instance, the liability is the obligation to either 1) provide a discount to the price that would be applied to a GSA to supply gas from the Mahalo Project or 2) to provide cash consideration. The principal market and market participant could essentially include any producer or trader. It would be expected that any market participant would take a conservative view on the liability and therefore want to be compensated for the present value of the greatest liability.

If CML and CleanCo are unable to come to an agreement on a GSA by 31 December 2022, then a cash settlement would be triggered on or before 30 January 2023. In considering the above, Comet Ridge has determined that a cash settlement continues to represent the maximum liability under the 2019 Agreement.

The liability to CleanCo Queensland Limited (CleanCo) arising from the renegotiated agreements is recognised as a "financial liability at fair value through profit or loss". An expense of \$1,932,011 has been recorded in the 2022 financial year.

## Note 17 Financial liability at fair value (continued)

### Valuation techniques and process used to determine fair values at 30 June 2022

The fair value of the CleanCo liability is based on the anticipated financial liability arising from the 2019 Agreement. The CleanCo liability is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs (refer to Note 25 for further definitions of the fair value hierarchy). The inputs used in the calculation of the fair value of the financial liability at fair value are as follows:

1. The option with the greatest liability that a market participant would want to be compensated for is a cash settlement based on neither party commencing negotiations representing the maximum liability under the 2019 Agreement. As a result, the \$20 million, indexed for CPI, will be the basis for determining the liability.
2. The earliest date for the cash payment under point 1 is 30 January 2023, giving a period of indexation of 8.9 years from March 2014.
3. The CPI rate used to index the \$20 million cash payment from March 2014 is based on actual quarterly CPI rates from March 2014 to 30 June 2022 and forecast at 1.22% per quarter for the remaining period to 30 January 2023.

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
Agreement term	If Comet Ridge's negotiations with CleanCo are unsuccessful by the extended GSA negotiation period of 31 December 2022, the cash payment would be payable no earlier than 30 January 2023.
CPI rate	If the 1.22% per quarter forecast CPI rate reduces/increases to a low of 0.72% per quarter or a high of 1.72% per quarter, the indexed liability will reduce or increase by approximately 1.1% or \$273,113 respectively.

### Parent Entity Guarantee

Comet Ridge Limited has provided a parent company financial guarantee Comet Ridge Mahalo Pty Ltd (CRM) in favour of Comet Ridge Mahalo's potential \$20 million liability (indexed at CPI from 2014) to CleanCo Queensland Limited.

The guarantee represents a contingent liability of the parent should CRM not be able to settle the obligation if and when it falls due.

### Deferred consideration – APLNG

On 28 June 2022, Comet Ridge acquired Australia Pacific LNG Pty Ltd's (APLNG) 30% interest in the Mahalo Gas Project for a total consideration of \$20 million payable in staged payments. Comet Ridge paid a \$1 million deposit on 5<sup>th</sup> August 2021 and the upfront payment balance of \$11 million was paid to APLNG on 28 June 2022. The remaining \$8 million of deferred consideration is payable in four annual instalments of \$2 million each commencing from June 2023, unless a post completion trigger event occurs requiring earlier payment. The trigger events that require earlier repayment are any of the following:

- a) a final investment decision is made for development of gas from the Mahalo Gas Project;
- b) gas production from the Mahalo Gas Project equalling or exceeding 10 Terajoules per day,
- c) a change in control of the Group;
- d) Comet Ridge disposing of more than a 15% interest in the Mahalo Gas Project; or
- e) Comet Ridge is subject to an insolvency event.

### Fair value measurement

The fair value of the deferred consideration is initially recognised as the present value of the \$8 million payable in 4 equal annual instalments and has been capitalised to the Mahalo Gas Project exploration and evaluation asset. For subsequent measurements, the unwinding of the discount applied will be expensed to profit and loss.

The APLNG liability is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs (refer to Note 25 for further definitions of the fair value hierarchy). The inputs used in the calculation of the financial liability at fair value are as follows:

1. The agreed cash settlement of \$8 million payable in \$2 million instalment over 4 years commencing June 2023.
2. The pre-tax discount rate applied being 12%

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
Risk-adjusted discount rate	The discount rate used is adjusted for the Group's own credit risk. A change in the discount rate by 200 basis points would increase/decrease the fair value by \$265,034 and \$247,273 respectively

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 17 Financial liability at fair value (continued)

#### Warrant shares – PURE Asset Management Pty Ltd

On 9 September 2021, Comet Ridge executed a binding agreement with PURE Asset Management Pty Ltd (PURE) to provide Comet Ridge access to a secured term loan facility of up to \$10 million. As at 30 June 2022, the facility has been fully drawn in two tranches of \$6.5 million and \$3.5 million respectively.

The loan agreement with PURE also contains detached warrant shares, with Comet Ridge issuing a total of 65,909,091 warrant shares in two tranches (as per below) exercisable for a period of 48 months from utilisation of the Tranche 1 loan on 17 September 2021.

- Tranche 1: 39,393,939 warrant shares issued on 12 August 2021 exercisable at \$0.165 per share
- Tranche 2: 26,515,152 warrant shares issued on 31 March 2022 exercisable at \$0.132 per share

#### Fair value measurement

The fair value of the warrant share financial liability is calculated using a Black-Scholes valuation methodology. The key inputs into the fair value calculation are:

- Exercise price of each tranche of warrants;
- Expected volatility (expressed in percentage terms) of the Company's share price, reflecting the assumption that historical volatility is indicative of future trends (which may not necessarily be the actual outcome);
- Share price of the Company on each warrant issuance date (noting that no allowance has been made for discounting the share price to reflect the issue price of an alternate equity raising if the warrants had not been issued); and
- Expected term of the warrants (expressed in years).

The warrant share financial liability has been classified as Level 3 in the fair value hierarchy and is recognised as a "financial liability at fair value through profit or loss". An expense of \$1,704,546 has been recorded in the 2022 financial year.

### Note 18 Equity

	Consolidated			
	June 2022		June 2021	
	Number of Shares		\$000's	
Ordinary shares - fully paid			145,693	140,379
<b>Movements in ordinary shares</b>	<b>June 2022</b>	<b>June 2021</b>	<b>June 2022</b>	<b>June 2021</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>	<b>\$000's</b>	<b>\$000's</b>
Balance at the beginning of the period	791,211,719	789,000,030	140,379	140,200
Directors' fees paid in equity @ 8.5 cents per share	-	2,211,689	-	181
Share placement @ 8.25 cents per share	64,472,726		5,319	-
Performance rights vested	4,350,000		344	-
Share issue costs	-	-	(349)	(2)
Balance at the end of the year	860,034,445	791,211,719	145,693	140,379

#### Accounting Policy

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.

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.



## Note 19 Reserves

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
Foreign currency translation	1,254	1,251
Share-based payments	835	382
	<b>2,089</b>	<b>1,633</b>
	June 2022	June 2021
	\$000's	\$000's
The movements in the Share-based Payments' Reserve during the year are as follows:		
Balance at the beginning of the year	382	(50)
Shares issued on vesting of performance rights	(344)	-
Share-based payments during the year	797	432
Balance at the end of the year	<b>835</b>	<b>382</b>

## Accounting Policy

## Foreign Currency Translation Reserve

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

## Share-based Payments Reserve

The Share-based Payments Reserve is used to record the expense associated with options and Performance Rights 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 20 Consolidated Statement of Cashflows reconciliation

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>(a) Reconciliation of cash flow from operations</b>		
Loss for the year	(8,634)	(6,960)
Depreciation	71	65
Exploration and evaluation assets written-off	384	765
Share-based payments	797	613
Discount unwinding on rehabilitation provision and fair value liabilities	385	15
Net exchange differences	3	-
Movement in financial liability at fair value	3,637	3,456
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in trade and other receivables	(43)	24
Decrease in inventories	-	4
Decrease in prepayments and deposits paid	19	26
Increase in property, plant and equipment	-	(3)
Decrease in trade payables and accruals	(28)	(36)
Increase in provisions	50	47
	<b>(3,359)</b>	<b>(1,984)</b>
<b>(b) Non-cash financing and investing activities</b>		

There were no investing and financing transactions undertaken during the current year that did not require the use of cash or cash equivalents.

## Note 21 Segment information

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

## 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 internal reports used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocations of resources is cash flow reporting of exploration and evaluation activities as one segment.

**Note 22 Share-based payments****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	
	June 2022	June 2021
	\$000's	\$000's
<b>Statement of Comprehensive Income</b>		
Share-based payments' expense included in employee benefits' expense	797	432

Annual assessment of the likelihood of Performance Rights meeting vesting conditions was performed and as a result it is now being considered unlikely that some of the performance metrics will be met. This resulted in the reversal of those expenses.

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

**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 over the expected vesting period. 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.

**Employee Performance 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 and refreshed at the 2016 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 is determined at grant date. The value of Performance Rights that are issued subject only to non-market conditions such as a service condition or subject to a service condition and a performance condition e.g. reserves certification, 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. Total Shareholder Return performance 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.

Performance Rights may only be issued if the number of shares underlying the Performance Rights, when aggregated with the number of Performance Rights on issue and the number of shares issued during the previous five years under the plan or any other employee incentive scheme, do not exceed 5% of the total number of shares on issue.

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### Note 22 Share-based payments (continued)

The following table shows the number and movements of Performance Rights during the 2022 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2021	Granted			No. of Rights 30 June 2022	
				During the Year	Vested During the Year	Expired During the Year		
31-Dec-19	31-Dec-21	19.0	750,000	-	-	(750,000)	-	
31-Dec-19	31-Dec-22	19.0	750,000	-	-	-	750,000	
31-Dec-19	30-Jun-23	19.0	1,000,000	-	-	-	1,000,000	
07-Aug-20	01-Jul-21	7.9	4,350,000	-	(4,350,000)	-	-	
07-Aug-20	01-Jul-22	7.9	2,510,000	-	-	-	2,510,000	
16-Nov-21	31-Dec-22	12.5	-	2,580,000	-	-	2,580,000	
16-Dec-21	31-Dec-23	10.0	-	9,555,000	-	-	9,555,000	
				<b>9,360,000</b>	<b>12,135,000</b>	<b>(4,350,000)</b>	<b>(750,000)</b>	<b>16,395,000</b>

At 30 June 2022, Performance Rights were subject to market and non-market vesting conditions.

The following table shows the number and movements of Performance Rights during the 2021 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2020	Granted			No. of Rights 30 June 2021	
				During the Year	Vested During the Year	Expired During the Year		
23-Nov-17	31-Jan-21	26.5	1,000,000	-	-	(1,000,000)	-	
20-May-18	31-Jan-21	36.5	250,000	-	-	(250,000)	-	
31-Dec-18	31-Jan-21	32.5	350,000	-	-	(350,000)	-	
31-Dec-19	31-Dec-21	19.0	750,000	-	-	-	750,000	
31-Dec-19	31-Dec-22	19.0	750,000	-	-	-	750,000	
31-Dec-19	30-Jun-23	19.0	1,000,000	-	-	-	1,000,000	
07-Aug-20	01-Jul-21	7.9	-	5,220,000	-	(870,000)	4,350,000	
07-Aug-20	01-Jul-22	7.9	-	2,510,000	-	-	2,510,000	
				<b>4,100,000</b>	<b>7,730,000</b>	<b>-</b>	<b>(2,470,000)</b>	<b>9,360,000</b>

### Accounting Policy

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 option pricing method 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.

### Note 23 Contingent liabilities

There are no contingent liabilities of the Group as at 30 June 2022.

### Note 24 Commitments

#### Lease commitments

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

	Consolidated	
	June 2022 \$000's	June 2021 \$000's
Payable – minimum lease payments		
• not later than 12 months	2	73
• between 12 months and 5 years	-	2
	<b>2</b>	<b>75</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

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 24 Commitments (continued)

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.

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>Minimum expenditure requirements</b>		
• not later than 12 months	3,327	7,949
• between 12 months and 5 years	16,413	15,225
	<b>19,740</b>	<b>23,174</b>

#### Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling \$579,000 (2021: \$579,000) as follows:

- \$379,000 (2021: \$379,000) to the State of Queensland - Group's exploration permits and environmental guarantees; and
- \$200,000 (2021: \$200,000) to the State of NSW - Group's exploration permits and environmental guarantees.

The bank guarantees are secured by term deposits.

### Note 25 Risk management

#### Overview

The Group's principal financial instruments comprise receivables, payables, 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.

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 which are carried at amortised cost unless otherwise stated:

	Consolidated	
	June 2022	June 2021
	\$000's	\$000's
<b>Financial Assets</b>		
Cash and cash equivalents	7,423	3,390
Trade and other receivables	140	90
Restricted cash	579	579
	<b>8,142</b>	<b>4,059</b>
<b>Financial Liabilities</b>		
Trade and other payables	2,568	898
Lease liabilities	116	-
Warrant shares	5,538	-
Deferred consideration	6,078	-
Borrowings	19,320	-
Financial liability at fair value – CleanCo Queensland Limited	24,594	22,662
	<b>58,214</b>	<b>23,560</b>

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### Note 25 Risk management (continued)

#### 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. Borrowings are fixed rate borrowings and not exposed to fluctuations in interest rates.

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 whilst preserving liquidity.

#### 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.

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
	\$000's	\$000's	\$000's	\$000's
<b>2022 – Consolidated</b>				
Cash and cash equivalents and restricted cash	80	(80)	80	(80)
<b>2021 – Consolidated</b>				
Cash and cash equivalents and restricted cash	40	(40)	40	(40)

#### 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 resources 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. With respect to the liability to CleanCo arising from the Renegotiated Mahalo Option Agreement, the Group will manage this liquidity risk by negotiating a Gas Supply Agreement (GSA) with CleanCo. In the event a GSA is not negotiated then a cash payment of \$20 million escalated by CPI until the date of payment will be required and has been disclosed in the below table.

The following table details the remaining contractual maturity for non-derivative financial liabilities.

				Total	Carrying Amount
	<1 year	Between 1 to 3 years	Between 3 to 5 years	Contractual Cash Flows	
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Consolidated - 30 June 2022</b>					
Trade and other payables	2,568	-	-	2,568	2,568
Lease liabilities	116	-	-	116	116
Borrowings	14,356	2,403	10,302	27,061	19,320
Deferred consideration – APLNG	2,000	4,000	2,000	8,000	6,078
Financial liability at fair value – CleanCo Queensland Limited	24,594	-	-	24,594	24,594
	<b>43,634</b>	<b>6,403</b>	<b>12,302</b>	<b>62,339</b>	<b>52,676</b>
<b>Consolidated - 30 June 2021</b>					
Trade and other payables	898	-	-	898	898
Financial liability at fair value – CleanCo Queensland Limited	22,662	-	-	22,662	22,662
	<b>23,560</b>	<b>-</b>	<b>-</b>	<b>23,560</b>	<b>23,560</b>

#### 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 New Zealand.

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## Note 25 Risk management (continued)

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 NZ dollars at the time of transaction.

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

	2022	2021
	NZD	NZD
	\$000's	\$000's
<b>Financial Assets</b>		
Cash and cash equivalents	4	3
Trade and other receivables	-	-
<b>Financial Liabilities</b>		
Trade and other payables	(11)	(12)

Based on financial instruments held at 30 June 2022 and 30 June 2021, had the Australian dollar strengthened/weakened by 10%, there would be an immaterial impact on the Group's profit or loss and equity.

### 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 charges to joint operations. 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 2022 \$nil, (2021: \$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. 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.

### 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 evaluation 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.

### 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:

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 25 Risk management (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- 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 2022 (refer Note 17).

Financial Liabilities - Level 3	Consolidated	
	June 2022 \$000's	June 2021 \$000's
CleanCo Queensland Limited	24,594	22,662
APLNG deferred consideration	6,078	-
PURE warrant shares	5,538	-
	<b>36,210</b>	<b>22,662</b>
Balance at the beginning of the year	22,662	19,206
Movement in financial liability at fair value	13,548	3,456
Balance at the end of the year	<b>36,210</b>	<b>22,662</b>

### 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 26 Group structure

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of Incorporation	Class of Shares	Equity Holding %	
			2022	2021
Chartwell Energy Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Limited	Australia	Ordinary	100	100
Comet Ridge NZ Pty Ltd	Australia	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
Comet Ridge Galilee Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Mahalo North Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Mahalo East Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Mahalo Far East Pty Ltd	Australia	Ordinary	100	100

### Accounting Policies

#### Subsidiaries

Subsidiaries are all 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.

## Note 26 Group structure (continued)

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.

### Joint arrangements

The Group has interests in the following Joint Arrangements:

ATP 1191 Mahalo	–	70.00% <sup>1</sup>
ATP 743 Galilee	–	70.00%
ATP 744 Galilee	–	70.00%
ATP 1015 Galilee	–	70.00%
PEL 427 Gunnedah	–	59.09%

<sup>1</sup> interest increased from 40% to 70% on completion of APLNG's 30% interest acquisition

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 parties 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.

## Note 27 Related party transactions

### Parent entity

The legal parent entity is Comet Ridge Limited. Details of controlled entities are set out in Note 26.

### Key Management Personnel

There were no transactions with KMP during the year, other than those disclosed in Note 28.

### 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.



## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 27 Related party transactions (continued)

The loans and investments have been impaired as shown in the parent entity disclosures section of this note. The loans to subsidiaries are interest free, repayable in cash at call and are unsecured.

#### Loans to subsidiaries and investments in subsidiaries

The parent entity has recorded investments in subsidiaries at cost of \$44.25 million (2021: \$44.25 million) less provisions for impairment \$44.08 million (2021: \$44.08 million).

The parent entity has also loaned funds to its subsidiaries of net \$38.06 million (2021: \$30.97 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by \$18.16 million (2021: \$16.06 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.

### Note 28 Key Management Personnel

#### Details of Key Management Personnel

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

James McKay	Non-executive Chairman
Tor McCaul	Managing Director
Christopher Pieters	Executive Director
Gillian Swaby	Non-executive Director
Martin Riley	Non-executive Director
Shaun Scott	Non-executive Director

	Consolidated	
	June 2022	June 2021
	\$	\$
Short-term employee benefits	875,239	856,783
Post-employment benefits	70,326	65,933
Long-term employment benefits	8,552	8,240
Share-based payments	91,843	31,692
	<b>1,045,961</b>	<b>962,648</b>

### Note 29 Parent entity disclosures

	June 2022	June 2021
	\$000's	\$000's
Current assets	8,261	4,254
Non-current assets	55,256	50,155
<b>Total assets</b>	<b>63,517</b>	<b>54,409</b>
Current liabilities	13,057	1,738
Non-current liabilities	2,454	1,826
<b>Total liabilities</b>	<b>15,511</b>	<b>3,564</b>
<b>Net assets</b>	<b>48,006</b>	<b>50,845</b>
Contributed equity	160,302	154,989
Share-based payments' reserve	4,597	4,144
Accumulated losses	(116,893)	(108,288)
<b>Total equity</b>	<b>48,006</b>	<b>50,845</b>
Loss for the period	8,605	7,314
Other comprehensive income	-	-
<b>Total Comprehensive Income</b>	<b>8,605</b>	<b>7,314</b>

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### Note 29 Parent entity disclosures (continued)

#### Bank guarantees

Bank guarantees are disclosed in Note 24.

#### Contingent liabilities

Contingent liabilities are disclosed in Note 23.

#### Parent Entity Guarantee

Comet Ridge Limited has provided a parent company financial guarantee for Comet Ridge Mahalo Pty Ltd (CRM) in favour of Comet Ridge Mahalo's potential \$20 million liability (indexed at CPI from 2014) to CleanCo.

The guarantee represents a contingent liability of the parent should CRM not be able to settle the obligation if and when it falls due.

### Note 30 Post balance date events

#### (a) Completion of placement on new shares

Comet Ridge announced on 8 September 2022, a placement to institutional and sophisticated investors to raise \$24.0 million (before costs). The placement comprised the issue of 137,142,858 new shares at an issue price of \$0.175 per share. The placement shares were allotted to investors on 15 September 2022. Part of the proceeds of the placement were used to repay the net loan amount to Santos, being \$8.1 million (including accrued interest) paid on 28 September 2022.

#### (b) Renewal of Galilee Basin permits and award of Potential Commercial Area (PCA) applications

On 12 September 2022, Comet Ridge announced its applications for renewal of the most prospective areas of ATP 743 and 744 had been awarded by the Queensland Department of Resources (DoR) for a further period of 12 years ending 3 September 2033 and 31 October 2033 respectively. The permit renewals were accompanied by PCA applications over six highly prospective areas within the Galilee Basin permits. These PCAs, numbered PCA 319 to 324, have also been awarded to Comet Ridge by DoR for a term of 15 years ending 9 September 2037.

#### (c) Notice received from Santos to increase Mahalo Gas Project equity

On 26 September 2022, Comet Ridge announced it had received a notice from Santos to purchase their 12.86% option interest in the Mahalo Gas Project from Comet Ridge. Subsequent to the receipt of the exercise notice, on 26 September 2022, the parties executed the Sale Agreement to give effect to the transfer of the 12.86% option interest.

The effect of this 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 with Comet Ridge repaying the net amount plus accrued interest of \$0.1 million on 28 September 2022;
- 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; and
- Comet Ridge retains a very material net interest of 332 Petajoules of 2P Gas Reserves + 2C Contingent Gas Resources in the Mahalo Gas Project. There is no impact from this option exercise 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.

#### (d) Performance Rights

On 28 September 2022, Comet Ridge issued 13,195,782 ordinary shares as a result of vesting of the same number of Performance Rights, including 2,260,000 ordinary shares issued to Tor McCaul, Managing Director. In addition, Comet Ridge announced on the same date, the lapse of 30,469 Performance Rights due to the vesting condition for a parcel not being fully satisfied.

## 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 2022 and of the performance for the year ended on that date of the consolidated entity.
- 2) As stated in Note 2, 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, 30 September 2022

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“

Your Company is in a great position. We have proven assets in the right location, along with some exciting growth opportunities that we can integrate into our Mahalo Gas Hub development.

”



## Independent auditor's report

To the members of Comet Ridge Limited

### Report on the audit of the financial report

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#### Our opinion

In our opinion:

The accompanying financial report of Comet Ridge Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2022
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

#### Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### Material uncertainty related to going concern

We draw attention to Note 2(d) in the financial report, which describes that under an agreement with CleanCo Queensland Limited (CleanCo), contract terms exist whereby a cash payment of approximately \$24.6 million may become payable. In addition, the Group will require additional funding for its ongoing commitments to continue its normal business operations, including the progression of its Mahalo Gas Hub permits and Galilee permits.

The ability of the Group to continue as a going concern depends upon a number of matters, including successfully raising necessary funding through debt, equity, selldown or farm-out of the Group's tenements to meet these commitments as they arise. These conditions, along with other matters set forth in Note 2(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope
<ul style="list-style-type: none"> <li>For the purpose of our audit we used overall Group materiality of \$1,096,000, which represents approximately 1% of the Group's total assets.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> </ul>	<ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>The Group undertakes exploration and evaluation activities for gas in respect to its tenements located in Queensland and New South Wales.</li> </ul>



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- We chose Group total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured whilst in the exploration phase.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.
- The accounting processes are structured around the Groups finance function at the Group's head office in Brisbane.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter(s) described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Carrying value of Exploration and Evaluation assets</b>  <i>Refer to note 12, \$100.8 million</i></p> <p>Exploration and Evaluation (E&amp;E) assets represent the Mahalo and Galilee Deeps Joint Ventures (JVs), Mahalo North, Mahalo East, Mahalo Far East and the Gunnedah and Galilee Basin tenements.</p> <p>E&amp;E assets totalling \$237k relating to certain Galilee Basin exploration in areas that were relinquished during the year have been written-off.</p> <p>All expenditure in relation to the Gunnedah Basin (\$147k) has been written-off during the year.</p> <p>On 28 June 2022, the Group completed the acquisition of Australia Pacific LNG Pty Ltd's (APLNG) 30% interest in the Mahalo Gas Project resulting in a \$19.2 million increase in E&amp;E assets.</p> <p>We considered the carrying value of the E&amp;E assets to be a key audit matter given the significance of the E&amp;E asset balance to the financial statements and judgements regarding future exploration plans in determining whether the assets should continue to be capitalised.</p>	<p>The following procedures, amongst others, were performed in relation to the carrying value of the E&amp;E assets:</p> <ul style="list-style-type: none"> <li>• Considered the Group's accounting position paper on the ability to continue to capitalise E&amp;E assets for each area of interest.</li> <li>• Agreed the licence expiry date of the respective tenements to the official tenement documentation provided by the Queensland Department of Resources, to confirm currency of tenure and the Group's right to explore.</li> <li>• Assessed the Group's financial year 2023 budget to determine if exploration expenditure had been included for the respective tenements to demonstrate continued exploration activity.</li> <li>• Discussed likely developments and future plans for the respective tenements with Management.</li> <li>• Evaluated the reasonableness of disclosures included in the financial report against the requirements of Australian Accounting Standards.</li> </ul>



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Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of CleanCo financial liability</b> <i>Refer to note 17, \$24.6 million</i></p> <p>The CleanCo arrangement originated in 2014 and reflects the Group's obligation to settle the acquisition of a 5% interest in the Mahalo Gas Project.</p> <p>On 21 June 2022, the Group and CleanCo agreed to extend the Gas Sale Agreement (GSA) negotiating period to 31 December 2022 under the terms of the arrangement.</p> <p>In estimating the fair value of the financial liability under the arrangement, the Group have made judgements including the:</p> <ul style="list-style-type: none"> <li>• timing of any cash payments under the arrangement</li> <li>• discount rate to be applied</li> <li>• forecast inflation rates.</li> </ul> <p>Given the magnitude of the liability and judgements made in determining the fair value of the liability, the complexities of the CleanCo arrangement, and the significance of the arrangement to the financial report, we consider the accounting for the CleanCo arrangement to be a key audit matter.</p> <p><b>Acquisition of APLNG's 30% interest in the Mahalo Gas Project</b> <i>Refer to note 12 and 15</i></p> <p>On 28 June 2022, the Group completed the acquisition of APLNG's 30% interest in the Mahalo Gas Project (MGP) for \$20.0 million, comprising \$12.0 million initial consideration and \$8.0 million deferred consideration payable in four equal instalments over four years.</p> <p>On completion of the transaction the Group's interest in the MGP increased to 70%.</p> <p>Concurrent with the acquisition, Comet Ridge entered into loan and option agreements with Santos QNT Pty Ltd (Santos).</p>	<p>The following procedures, amongst others, were performed in relation to the valuation and presentation of the CleanCo financial liability:</p> <ul style="list-style-type: none"> <li>• Read the relevant terms of the CleanCo agreements, to develop an understanding of the arrangement.</li> <li>• Agreed the extension of the GSA negotiating period to 31 December 2022 to the Negotiation Notice agreed between CleanCo and the Group.</li> <li>• Considered the reasonableness of the timing of any potential cash outflow with reference to the conditions in the agreements.</li> <li>• Considered the reasonableness of the forecast inflation rates over the remaining timeframe of the arrangement.</li> <li>• Tested the mathematical accuracy of the calculations of the financial liability through recalculation.</li> <li>• Evaluated the reasonableness of disclosures included in the financial report against the requirements of Australian Accounting Standards.</li> </ul> <p>The following procedures, amongst others, were performed in relation to the acquisition of APLNG's 30% interest in the Mahalo Gas Project:</p> <ul style="list-style-type: none"> <li>• Read the relevant terms of the APLNG sale agreement and Santos loan and options agreements to develop an understanding of the arrangements.</li> <li>• Assessed whether the arrangements impacted on the joint control of the MGP and the Group's accounting for its interest in the MGP in accordance with Australian Accounting Standards.</li> </ul>





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Key audit matter	How our audit addressed the key audit matter
<p>We considered the Acquisition of APLNG’s 30% interest in the MGP and associated financing arrangements with Santos to be a key audit matter given the significance of the transaction to the financial report and judgement in determining the:</p> <ul style="list-style-type: none"> <li>• appropriate accounting treatment for the Santos options and loan</li> <li>• impact on the assessment of joint control of the MGP</li> <li>• fair value of the deferred consideration.</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed the purchase price and deferred consideration payable to the APLNG Sale and Purchase Agreement.</li> <li>• Assessed whether the Group accounted for the Santos loan and options in accordance with Australian Accounting Standards and agreed the relevant terms of the Santos loan and options to the Santos Loan and Option Agreements.</li> <li>• Agreed the drawdown of funds from the Santos Loan and payment to APLNG to the Group’s bank statements.</li> <li>• With the assistance of PwC valuation experts, assessed whether the discount rate applied to determine the fair value of the deferred consideration was reflective of a market rate.</li> <li>• Tested the mathematical accuracy of the calculations for the present value of the deferred consideration.</li> <li>• Evaluated the reasonableness of the relevant disclosures included in the financial report against the requirements of Australian Accounting Standards.</li> </ul>
<p><b>PURE Asset Management Financing Facility including the valuation of warrants issued</b> <i>Refer to note 15 and 17</i></p> <p>The Group executed a binding agreement with PURE Asset Management Pty Ltd (PURE) on 9 September 2021, to provide a term loan facility of up to \$10 million.</p> <p>The agreement contains attached warrants, with Comet Ridge granting Pure 65,909,091 warrant shares, entitling PURE to 1 ordinary share in Comet Ridge for each warrant, should PURE exercise the warrants and pay Comet Ridge the exercise price.</p> <p>We considered the accounting for the PURE loan and warrants to be a key audit matter given the judgement involved in:</p>	<p>The following procedures, amongst others, were performed in relation to the PURE Financing Facility and the valuation of the PURE Warrants:</p> <ul style="list-style-type: none"> <li>• Read the relevant terms of the PURE Financing Facility and warrant agreements to develop an understanding of the arrangements.</li> <li>• Assessed whether the PURE warrants should be accounted for as a financial liability or equity instrument and recognised separately to the loan in accordance with Australian Accounting Standards.</li> </ul>



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Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>determining whether the warrants are accounted for as a separate financial liability or equity instrument to the loan</li> <li>determining the fair value of the warrants and the loan.</li> </ul>	<ul style="list-style-type: none"> <li>Agreed the number of warrants, exercise price and relevant terms of the warrants issued to the PURE warrant agreements.</li> <li>Agreed the face value of the loan and relevant terms of the loan to the PURE Financing Facility Agreement.</li> <li>With the assistance of PwC valuations experts, assessed:               <ul style="list-style-type: none"> <li>the fair value of the warrants utilising a Black Scholes valuation methodology</li> <li>the impact of the warrants fair value on the fair value of the loan.</li> </ul> </li> <li>Evaluated the reasonableness of the relevant disclosures included in the financial report against the requirements of Australian Accounting Standards.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our auditor's report.

### Report on the remuneration report

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#### Our opinion on the remuneration report

We have audited the remuneration report included in pages 23 to 28 of the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Comet Ridge Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

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#### Responsibilities

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.

PricewaterhouseCoopers

Michael Shewan  
Partner

Brisbane  
30 September 2022

## Additional Information

The additional information set out below was applicable at 15 September 2022:

### 1. Number of Equity Holders

Ordinary Share Capital

997,177,303 fully paid ordinary shares are held by 3,445 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	Percentage of Issued Capital*
1 - 1,000	184	9,567	0.001%
1,001 - 5,000	426	1,464,253	0.147%
5,001 - 10,000	484	3,899,561	0.391%
10,001 - 100,000	1,480	60,699,444	6.087%
100,001 - maximum	871	931,104,478	93.374%
	<b>3,445</b>	<b>997,177,303</b>	<b>100.000%</b>

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

The numbers of shareholders holding less than a marketable parcel (being 2,778 units or less) were:

317 Holders (286,942 Shares)

### 4. Substantial Shareholders

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

Name	Number of Shares Held	Percentage of Issued Capital
Awal Bank BSC	51,500,000	5.16%

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 Performance Rights:

The Company has 16,395,000 Performance Rights on issue, issued in accordance with the Employee Performance Share Rights Plan last approved by shareholders at the Company's AGM on 24 November 2016. The number of beneficial holders of Performance Rights totals 10.

#### Unlisted Warrant Shares:

The Company has 39,393,939 warrant shares on issue, exercisable at \$0.165 per share. These have been issued to PURE Asset Management Pty Ltd in connection with utilisation of the Tranche 1 loan of \$6.5 million. The warrant shares have a term of 48 months from the utilisation date of the Tranche 1 loan.

The Company has 26,515,152 warrant shares on issue, exercisable at \$0.132 per share. These have been issued to PURE Asset Management Pty Ltd in connection with the utilisation of the Tranche 2 loan of \$3.5 million. The Tranche 2 warrant shares have a term of 48 months from the utilisation date of the Tranche 1 loan drawn down on 17 September 2021.

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

### 6. The 20 Largest Holders of Ordinary Shares

	Number of Ordinary Fully Paid Shares Held	Percentage of Issued Capital %
1. CITICORP NOMINEES PTY LIMITED	94,430,404	9.47%
2. BNP PARIBAS NOMS PTY LTD <DRP>	37,153,603	3.73%
3. NATIONAL NOMINEES LIMITED	30,184,849	3.03%
4. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	22,331,815	2.24%
5. MCKAY SUPER PTY LTD	20,253,129	2.03%
6. BRIXIA INVESTMENTS LTD	19,355,501	1.94%
7. SIXTH ERRA PTY ALTD	18,039,150	1.81%
8. GILBY RESOURCES PTY LTD	17,150,000	1.72%
9. MR JOHN NAUGHTON	16,100,000	1.61%
10. BRAZIL FARMING PTY LTD	15,996,394	1.60%
11. JETAN PTY LTD	15,947,226	1.60%
12. WATERFORD ATLANTIC PTY LTD	14,523,146	1.46%
13. POWER INDUSTRIES PTY LTD <THE POWER PROPERTY A/C>	13,463,297	1.35%
14. MICHAEL JOYCE PTY LTD	12,000,000	1.20%
15. KABILA INVESTMENTS PTY LTD	11,663,318	1.17%
16. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,593,252	1.16%
17. MR CHRISTOPHER JOHN BLAMEY + MRS ANNE MARGARET BLAMEY <ACB SUPER FUND A/C>	10,450,000	1.05%
18. UBS NOMINEES PTY LTD	8,920,693	0.89%
19. NAUGHTON SUPER PTY LTD <NAUGHTON SUPER A/C>	8,700,000	0.87%
20. JAF SUPER PTY LTD <J&A FENNELL FAMILY SUPER A/C>	8,500,000	0.85%
<b>TOTAL</b>	<b>406,755,777</b>	<b>40.79%</b>

### 7. Restricted Securities

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

### 8. Interest in Petroleum Tenements - Authority to Prospect (ATP), Petroleum Lease (PL), Petroleum Commercial Area (PCA), Petroleum Exploration Lease (PEL), Petroleum Mining Permit (PMP) Interests

#### ATP / PL / PCA /

PEL / PMP	Location	Interest <sup>1</sup>	Operator
PL 1082 Mahalo <sup>2</sup>	Bowen Basin	70%	Santos QNT Pty Ltd
PL 1083 Mahalo <sup>2</sup>	Bowen Basin	70%	Santos QNT Pty Ltd
PCA 302 Mahalo <sup>2</sup>	Bowen Basin	70%	Santos QNT Pty Ltd
PCA 303 Mahalo <sup>2</sup>	Bowen Basin	70%	Santos QNT Pty Ltd
PCA 304 Mahalo <sup>2</sup>	Bowen Basin	70%	Santos QNT Pty Ltd
ATP 2048	Bowen Basin	100%	Comet Ridge Mahalo North Pty Ltd
ATP 2061	Bowen Basin	100%	Comet Ridge Mahalo East Pty Ltd
ATP 2063	Bowen Basin	100%	Comet Ridge Mahalo Far East Pty Ltd
ATP 743 <sup>3</sup>	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
ATP 744 <sup>3</sup>	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
ATP 1015 <sup>3</sup>	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
PEL 427 <sup>4</sup>	Gunnedah Basin	100% Conventional 59.09% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
PMP 50100 <sup>5</sup>	South Island, New Zealand	100% CSG	Comet Ridge NZ Pty Ltd

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2022

- <sup>1</sup> The interest is held either by Comet Ridge Limited or one of its wholly owned subsidiaries
- <sup>2</sup> Formally part of the ATP 1191 Mahalo Permit has been converted to Petroleum Leases (PLs) 1082 and 1083 with the remaining area covered by Petroleum Commercial Area (PCA) applications 302, 303 and 304. On 28 June 2022, Comet Ridge acquired the 30% interest of APLNG (one the original Mahalo JV participants), which has increased Comet Ridge's interest on completion to 70% and removed Origin Energy as operator.
- <sup>3</sup> The Authorities to Prospect (ATPs) located in the Galilee Basin have been divided by way of a farm-in to Vintage Energy Limited into the Conventional (Deeps) and Unconventional (Shallows) joint ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these respective ATPs. The Queensland Government has granted since 30 June 2022 6 PCAs numbered 319 to 324 totalling approximately 4700 km<sup>2</sup> for 15 years as well as renewing the underlying ATP 743 and ATP 744 for a further 12 years. ATP 1015 is currently subject to permit renewal.
- <sup>4</sup> The Petroleum Exploration Permits located in the Gunnedah Basin are divided into Conventional oil and gas equity and CSG Joint Ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these respective permits. PEL 427 was renewed in May 2022. The approved area was reduced to 12 blocks over an area of 900km<sup>2</sup>.
- <sup>5</sup> As previously announced PMP 50100 has been relinquished by the Company. There is currently one outstanding well that requires final abandonment works to be completed to satisfy the NZPM's requirements.

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# CORPORATE DIRECTORY

## Directors

**James McKay** – Non-executive Chairman

**Tor McCaul** – Managing Director

**Christopher Pieters** – Executive Director

**Gillian Swaby** – Non-executive Director

**Martin Riley** – Non-executive Director

**Shaun Scott** – Non-executive Director

**Company Secretary** – Stephen Rodgers

## Registered Office

Comet Ridge Limited

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Website: [www.cometridge.com.au](http://www.cometridge.com.au)

Email: [info@cometridge.com.au](mailto:info@cometridge.com.au)

## Share Registry

Computershare Investor Services Pty Ltd

Level 1

200 Mary Street

Brisbane, Queensland, 4000

Telephone: +61 7 3237 2100

Facsimile: +61 7 3229 9860

## Auditors

PricewaterhouseCoopers

480 Queen Street

Brisbane, Queensland, 4000

Telephone: +61 7 3257 5000

## Securities Exchange Listing

Australian Securities Exchange Ltd

Home Exchange: Brisbane

ASX Code: **COI**

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Comet Ridge

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