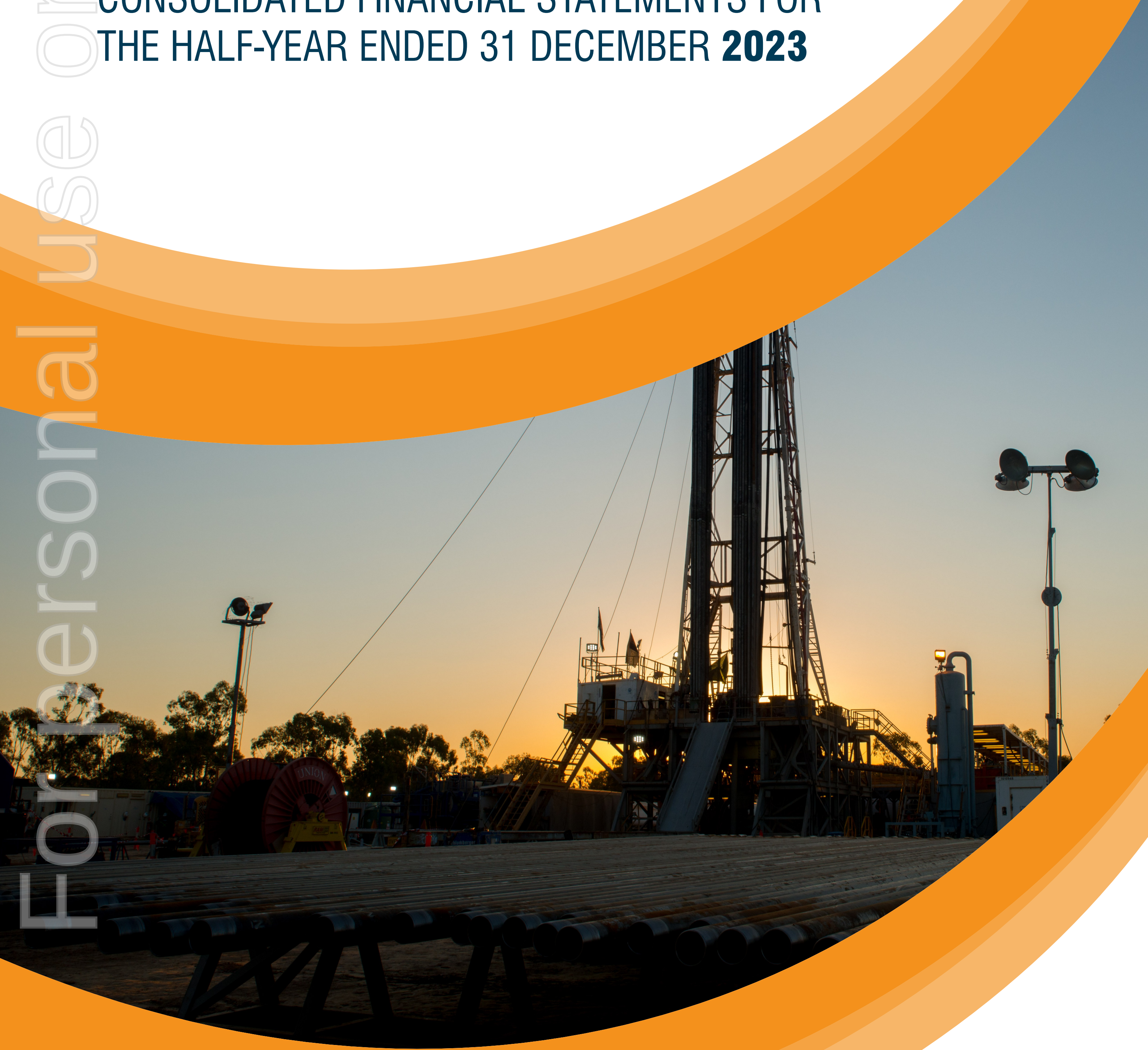
Comet Ridge

CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER **2023**



Comet Ridge Ltd
ABN: 47 106 092 577

Contents

Corporate Directory

Directors

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

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Securities Exchange Listing
Australian Securities Exchange Ltd
Home Exchange: Brisbane
ASX Code: COI

Auditors
Pitcher Partners
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Telephone: +61 7 3222 8444

The Directors present their report on the consolidated group ("the Group") consisting of Comet Ridge Limited ("Comet Ridge" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

The names of the Directors who held office at any time during the half-year and up to the date of this report are:

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

All Directors have been in office since the start of the half-year to the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year were to carry out exploration, appraisal and development activities for natural gas. The Group has permit interests and exploration, evaluation and development activities in eastern Australia.

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

REVIEW OF OPERATIONS AND RESULTS

The loss for the half-year to 31 December 2023 after providing for income tax amounted to $5,745,000 (December 2022: loss $3,668,000). The increased loss was predominantly due to non-cash movements of financial liabilities at fair value.

OPERATING ACTIVITIES

Highlights – First half FY23

- **Comet Ridge's inaugural Gas Sales Agreement (GSA)** with CleanCo Queensland Ltd was executed on 18 September 2023 and approved by CleanCo's shareholding ministers on 15 December 2023.
- **Mahalo Joint Venture Project development activities** progressed with Santos (as Development Operator) continuing the Concept Select phase of the project as a precursor to Front End Engineering Design (FEED) which is scheduled to commence in the second half of FY24. Discussions with Jemena were progressed with the objective of commencing pipeline FEED at the same time as Santos begins FEED for the Mahalo field (upstream of the pipeline connection).
- **Mahalo North development activities** progressed with an application for an initial Petroleum Lease submitted to the Queensland Department of Resources, an Environmental Application submitted to the Queensland Department of Environment and Science and a referral submitted to the Federal Department of Climate Change, Energy, the Environment and Water under the EPBC Act.
- **Gas Code exemption** received by Comet Ridge from the ACCC, meaning Comet Ridge's domestic gas supply contracts are not subject to price caps.
- **Mahalo North 3P Gas Reserves increased** by 39 Petajoules (35%) to 149 Petajoules.
- **Dataroom process** commenced to assess project funding options for Comet Ridge's share of capital costs for the Mahalo North and Mahalo Joint Venture gas developments.
- **Cash position** at end of December 2023 of $7,768,000 strengthened post half-year with a $15,045,000 placement (before costs) completed in mid-February 2024.

Development activities

During the half-year Comet Ridge prioritised it activities towards the ongoing development of its Mahalo Gas Hub assets in the Bowen Basin (Central Queensland) which the Company believes will be the key to developing significant short to medium term gas supplies that are vital for Australia's east coast energy needs.

Mahalo Gas Hub overview

Comet Ridge has established a significant coal seam gas asset position (see Figure 1 below) in the Mahalo Gas Hub area, comprising:

- Mahalo Joint Venture Project (PLs 1082 and 1083; PCAs 302, 303 and 304) – Comet Ridge 57.14% equity interest (Santos 42.86% and Operator);
- Mahalo North (ATP 2048) – Comet Ridge 100% equity interest and Operator;
- Mahalo East (ATP 2061) – Comet Ridge 100% equity interest and Operator; and
- Mahalo Far East (ATP 2063) – Comet Ridge 100% equity interest and Operator.

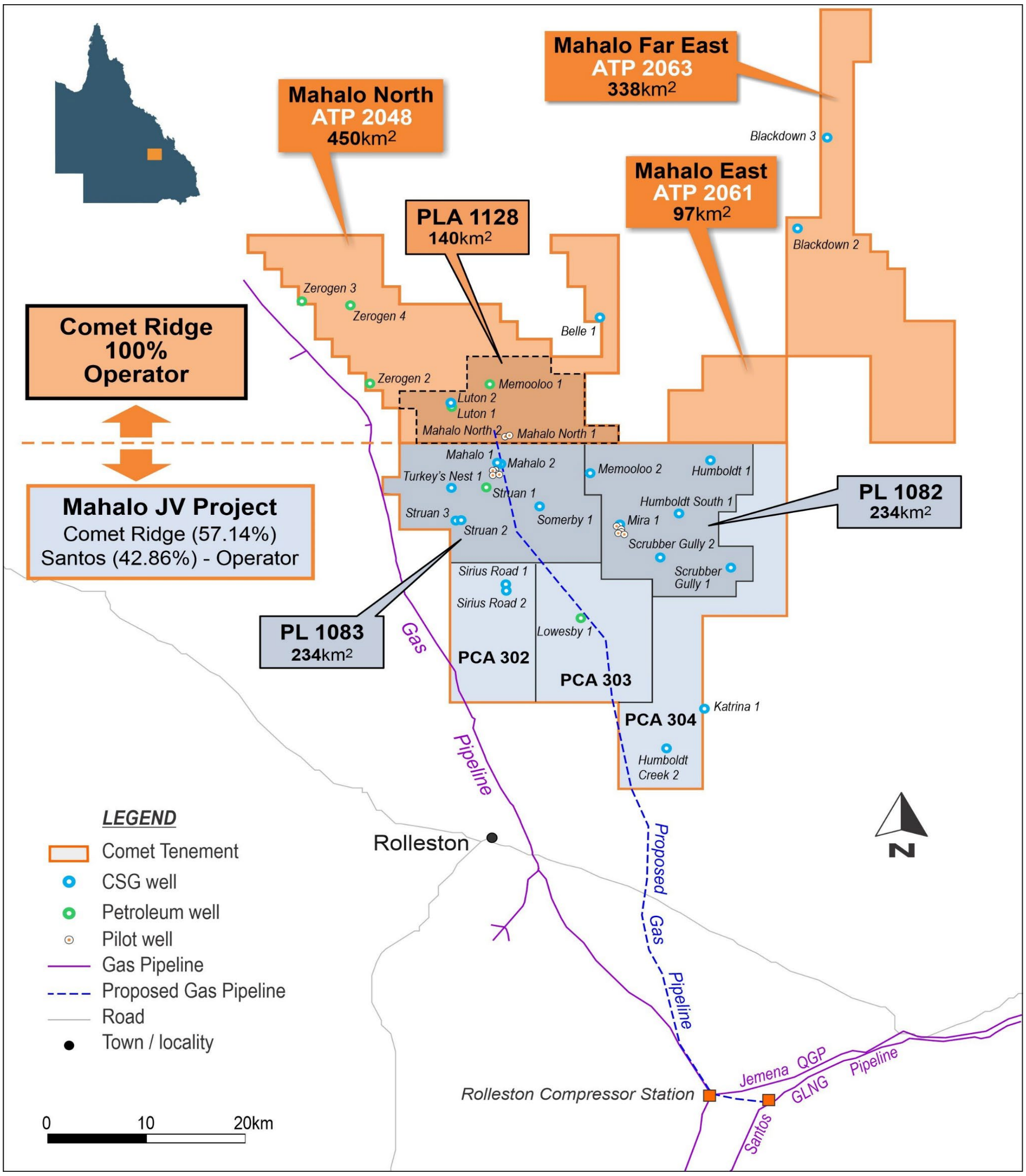

Figure 1: Mahalo Gas Hub assets (Mahalo Joint Venture in grey and Comet Ridge 100% assets in orange)

Comet Ridge's share of 2P Gas Reserves (2P) and 2C Contingent Gas Resources (2C) at the Mahalo Gas Hub is a very material 406 Petajoules (see table below). Our Gas Reserves and Resources have the potential to supply approximately 10% of Queensland's current domestic gas usage of 280 Petajoules per annum for up to 15 years.

Gas Reserves and Resources with a clear pathway to development are keenly sought after in eastern Australia as a valuable feed source for use in domestic manufacturing and mining, power generation and for export as LNG. Comet Ridge has contracted approximately 6% of its certified 2P+2C Gas Reserves and Resources, leaving a very material position to be contracted on favourable terms or to provide project funding via farmout or selldown arrangements.

Mahalo Gas Hub permits	COI Interest	Net Reserves (PJ)			Net Contingent Resources (PJ)			Totals (COI net share)	
	%	1P	2P	3P	1C	2C	3C	2P+2C	3P+3C
Mahalo JV project (PL 1082, 1083) (PCA 302, 303, 304)	57.14	-	152	262	109	180	294	**332**	**556**
Mahalo North (PLA 1128, ATP 2048)	100	12	43	149	-	-	-	**43**	**149**
Mahalo East (ATP 2061)	100	-	-	-	8	31	122	**31**	**122**
Mahalo Far East (ATP 2063)	100	-	-	-		Being evaluated		**-**	**-**
Totals		12	195	411	117	221	416	406	827

The Mahalo Joint Venture Project (PLs 1082 and 1083; PCAs 302, 303 and 304) has been streamlined

The Mahalo Joint Venture Project is permitted to commence development, with both Queensland and Federal environmental approvals and two Petroleum Leases (PL) awarded. The Joint Venture has been streamlined following Comet Ridge's acquisition of Australia Pacific LNG Pty Limited's (APLNG) 30% interest, which Santos subsequently elected to acquire their pro-rate share of. The Joint Venture now comprises Comet Ridge with a 57.14% equity interest and Santos (Operator) with a 42.86% equity interest.

Comet Ridge's share of the independently certified Gas Reserves and Contingent Resources for the Mahalo Joint Venture Project are set out in the table below.

Comet Ridge Limited		**Gas Reserves (PJ)**			**Contingent Gas Resources (PJ)**	
Mahalo Joint Venture Project	**1P**	**2P**	**3P**	**1C**	**2C**	**3C**
Comet Ridge – 57.14% interest	0	152	262	109	180	294

Notes:

- *1P Reserves = Proved Reserves; 2P Reserves = Proved + Probable Reserves; 3P Reserves = Proved + Probable + Possible Reserves.*
- *Refer to Comet Ridge's ASX announcement dated 26 September 2022 for additional information on this independent Reserves certification required by ASX Listing Rules.*
- *Gas Reserves stated in the table above assume no fuel or shrinkage losses as production activities such as wellsite pumping, compression and water treatment are planned to be powered using electricity from the local grid and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).*

During the half-year, Santos as Operator, continued to progress through the Concept Select phase of the project, which is aimed at optimising the planned sales gas offtake rate, selecting key technology for gas and water processing facilities, and identifying the number of wells to be drilled in the first phase of the development. The JV is considering a large diameter transmission pipeline and is evaluating the concepts that have been applied at Santos' successful nearby operations for gas and water plant design. Preliminary field layouts and well designs have been completed and are currently under Joint Venture review. It is anticipated that the Concept Select phase will be completed late Q1 2024 as a precursor to a full Front End Engineering Design (FEED) for the Mahalo Field.

FEED studies will be undertaken by Santos on gas field infrastructure (including well layout, well design) in parallel with the pipeline approval and design process. Once completed, Comet Ridge will be able to utilise this pipeline connection for its share of Mahalo JV gas production as well as production from its 100% held Mahalo North, East and Far East projects.

Combining all Mahalo Hub gas into one large diameter pipeline provides economies of scale for the transportation of natural gas to the connection points for both domestic gas and LNG markets.

Mahalo North (ATP 2048) progressing towards development with permitting and environmental applications

During the half-year, Comet Ridge significantly progressed the Mahalo North Project towards first gas production, including applications for an initial Petroleum Lease with the Queensland Department of Resources, an Environmental Application submitted to the Queensland Department of Environment and Science and a referral submitted to the Federal Department of Climate Change, Energy, the Environment and Water under the EPBC Act.

Sproule Incorporated, a global energy consulting and advisory firm, provided independent certification of Gas Reserves for the Mahalo North Project (ATP 2048) at 31 October 2022 with an upgrade to 3P Reserves certified at 30 November 2023.

Comet Ridge Limited	Independently Certified Gas Reserves (PJ)		
30 November 2023	**1P**	**2P**	**3P**
Mahalo North (ATP 2048) – 100% equity interest	11.9	42.9	149.2

Notes:

- *1P Reserves = Proved Reserves; 2P Reserves = Proved + Probable Reserves; 3P Reserves = Proved + Probable + Possible Reserves.*
- *Refer to Comet Ridge's ASX announcements dated 2 November 2022 and 20 December 2023 for additional information on these independent Reserves certifications required by ASX Listing Rules.*
- *Gas Reserves stated in the table above assume no fuel or shrinkage losses as production activities such as wellsite pumping, compression and water treatment are planned to be powered using electricity from the local grid and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).*
- *1P Gas Reserves for Mahalo North have been included in this Reserves certification on the basis that a development decision by Comet Ridge (as 100% owner and operator of the project) is planned as soon as transport arrangements and Petroleum Lease applications are concluded.*

Mahalo East (ATP 2061) potential on the high quality, shallow fairway confirmed via Contingent Gas Resource certification

Mahalo East is part of the Mahalo Gas Hub Area and is a natural northeast geologic extension of the gas accumulation in the Bandanna Formation coals of the Mahalo Joint Venture and Mahalo North Gas Project areas. It has very similar geological characteristics to the Mahalo Joint Venture Project area, with the geological model confirmed by seismic data and many coal exploration bore wireline logs, as well as core and gas desorption data.

Sproule Incorporated provided the following independent certification of Contingent Gas Resources for the Mahalo East Project (ATP 2061) at 19 December 2022.

Comet Ridge Limited	Independently Certified Contingent Gas Resources (PJ)		
19 December 2022	**1C**	**2C**	**3C**
Mahalo East (ATP 2061) – 100% equity interest	8.4	30.9	122.3

Notes:

- *1C = Low estimate of Contingent Resources; 2C = Best estimate of Contingent Resources; 3C = High Estimate of Contingent Resources.*
- *Refer to Comet Ridge's ASX announcement dated 19 December 2022 for additional information on this independent Reserves certification required by ASX Listing Rules.*
- *There are no estimated Petroleum Reserves or Prospective Resources recorded (Listing Rule 5.25.4).*
- *Gas Resources stated in the table above assume no fuel or shrinkage losses as production activities such as wellsite pumping, compression and water treatment are planned to be powered using electricity from the local grid and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).*

This material volume of Contingent Gas Resources (2C = 31 PJ & 3C = 122 PJ) will underpin further appraisal investment in Mahalo East within the high productivity fairway of the Mahalo Gas Hub (see Figure 2 below) with the intention of converting these Contingent Resources to Gas Reserves.

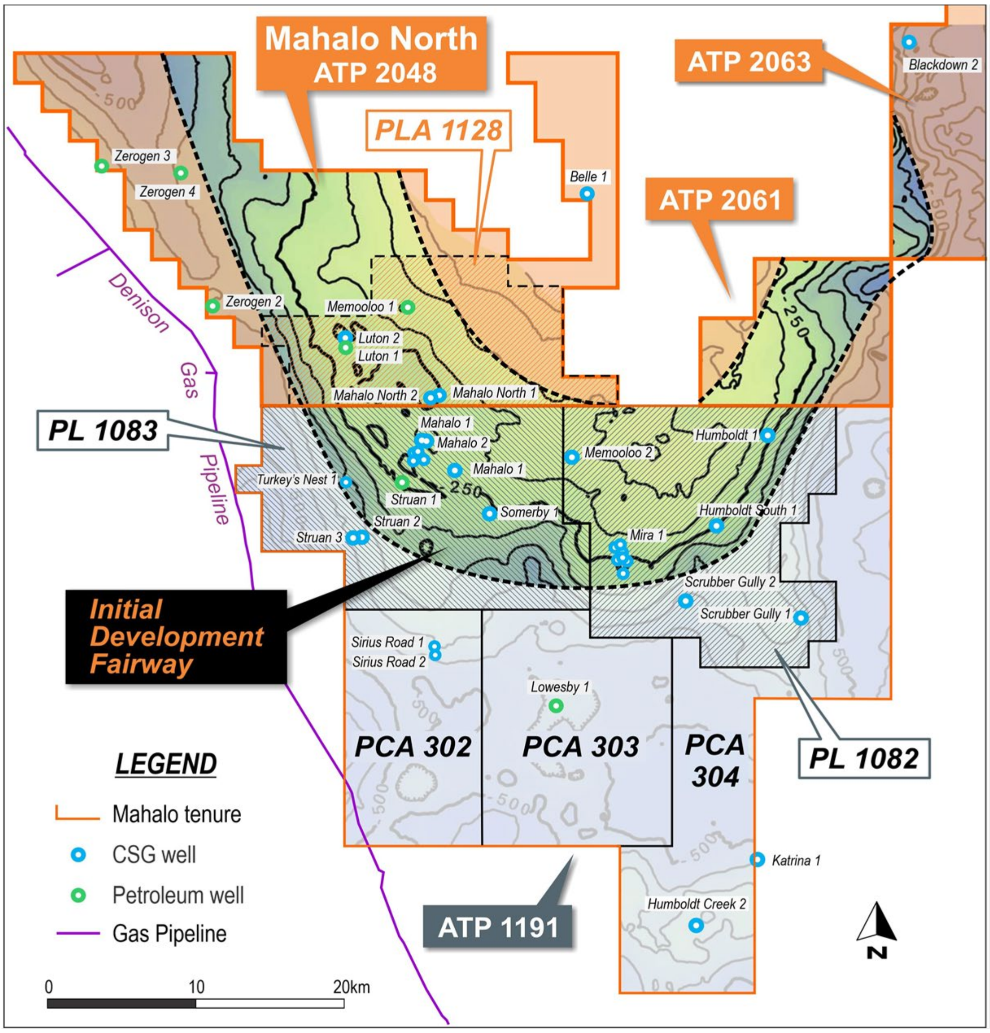

Figure 2: High productivity fairway within the Mahalo Gas Hub area
(Mahalo Joint Venture in grey and Comet Ridge 100% assets in orange)

Galilee Basin (ATP 743, 744 and 1015) permits have long-term tenure

Comet Ridge was awarded six Potential Commercial Areas (PCA), numbered PCA 319 to 324 (see Figure 3 below), by the Queensland Department of Resources (Department) for a term of 15 years ending September 2037. The underlying permits, ATPs 743, 744 and 1015, have also been renewed for a further term of 12 years, ending 3 September 2033, 31 October 2033 and 30 November 2034 respectively.

The Galilee Basin permits contain two play types:

- A sandstone or "Deeps" project comprising a joint venture between Comet Ridge (70% equity interest and Operator) and Vintage Energy Limited (30% equity interest – ASX:VEN) centred from the Albany Structure and further south onto the Tomahawk Structure across ATPs 744 and 1015; and
- A coal seam gas or "Shallows" project held 100% by Comet Ridge and focused on the Gunn CSG Project Area.

With Galilee Basin tenure now secured for the long-term, Comet Ridge is working through the next phase of appraisal with its joint venture partner in the Deeps, Vintage Energy. Comet Ridge and Vintage Energy have agreed a desk top work program and budget for FY2024, focused on several studies to extend technical knowledge on charge (source & migration), reservoir, seal and trap.

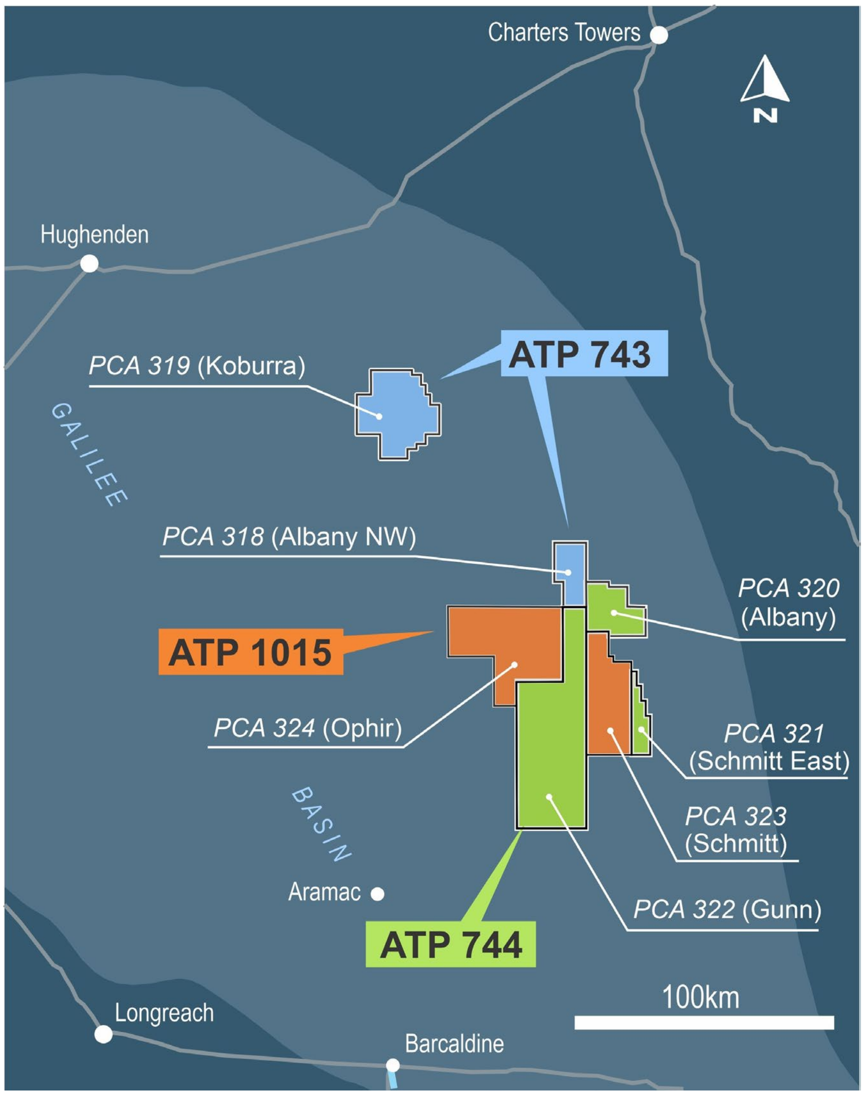

Figure 3 – Galilee permits showing the recently awarded PCAs within permits ATP 743, ATP 744 and ATP 1015

People, environment and community

In respect to safety of people, Comet Ridge has undertaken all of the Company's activities during the half-year, incident and accident free. Our strong corporate and team focus on health, safety, environment, security and indigenous outcomes continued through executive staff site visits, and via our formal Risk Committee processes. This includes close supervision and support of all contractor activities. Strict COVID-19 protocols and business continuity measures remain a key priority towards keeping our people and communities safe.

Comet Ridge continued its commitment to high standards of environmental performance during the half-year, with no incidents occurring or reported. Comet Ridge is committed to high-quality engagement with our landholders, Traditional Owners and the local community, using local contractors and services wherever we can to support the areas where we operate.

Corporate activities

Federal Government Gas Policy

The Federal Government released its Mandatory Gas Code of Conduct (Gas Code) on 10 July 2023. The Gas Code mandates a $12 per Gigajoule price cap for large producers, which remains in place until June 2025. Pleasingly small producers, like Comet Ridge, are exempt from the price cap providing they supply 100% of production to domestic customers and remain below 100 Petajoules per annum of natural gas production. Comet Ridge is subsequently exempt from the price caps by the ACCC.

CleanCo GSA

Comet Ridge and CleanCo Queensland Limited (CleanCo) executed a gas sales agreement (GSA) for supply of gas by Comet Ridge into CleanCo's Swanbank E gas-fired power station, which supports CleanCo's renewable projects. The GSA received approval from CleanCo's shareholding ministers in December 2023. This is Comet Ridge's first GSA and is an important milestone for the Company. The natural gas will be produced from the Mahalo Gas Hub in Central Queensland, where CleanCo will offtake 3 Petajoules per annum (with an option to increase to 3.6 Petajoules per annum prior to FID) of natural gas. Comet Ridge and CleanCo have agreed for supply to commence in a twelve-month window between 1 July 2025 and 30 June 2026, which will allow Comet Ridge flexibility ahead of a Final Investment Decision (FID) on its Mahalo Gas Hub projects.

The GSA is subject to a number of conditions as disclosed in Note 10 of the accompanying financial statements, including Comet Ridge securing finance (by 15 April 2024) and gas transportation/processing agreements (by 15 June 2024) to satisfy the supply requirements under the GSA. Failure to satisfy these conditions or negotiate an extension if required to do so, may result in the GSA being terminated which would trigger a cash payment to CleanCo. Based on the longstanding relationship between the parties and the progress Comet Ridge has made with development of the Mahalo Gas Hub permits and its dataroom funding process, Comet Ridge believes it will be able to meet these timelines or agree extensions (if required), noting the window for gas supply under the GSA is 1 July 2025 and 30 June 2026.

Dataroom process

Comet Ridge has previously announced that a dataroom process was established to facilitate its project funding requirements. Significant progress has been achieved in the latter part of the half-year in relation to various corporate priorities for the Company, starting with project funding and now expanded to infrastructure access, additional gas supply along with funding prepayment and corporate transactions. Comet Ridge's dataroom has been accessed by several parties who have undertaken the necessary due diligence, and commercial discussions are progressing towards term sheet stage. Whilst this process is, in Comet Ridge's view, progressing positively, these discussions are at an early stage, incomplete and confidential and there is no guarantee that a final proposal will be received or received on commercially acceptable terms, or that any transaction will eventuate.

Performance rights

The Company issued 4,000,000 performance rights in November 2023 to staff and long-term contractors, including 1,000,000 performance rights to Mr Tor McCaul (Managing Director). During the half-year 5,140,470 performance rights vested and 3,878,280 were cancelled, taking the balance at 31 December 2023 to 4,000,000.

Cash position

At 31 December 2023, Comet Ridge had $7,768,000 cash on hand and this was strengthened post half-year with a $15,045,000 placement completed in mid-February 2024.

ROUNDING OF AMOUNTS

Pursuant to ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 the amounts in the Directors' Report and financial report, have been rounded off to the nearest thousand dollars, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration, as required under Section 307C of the *Corporations Act 2001,* accompanies this report.

Signed in accordance with a resolution of the Board of Directors.

Tor McCaul
Managing Director

Brisbane, Queensland, 12 March 2024

PITCHER PARTNERS

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The Audit Committee
Comet Ridge Limited
Level 3, 410 Queen Street
Brisbane QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2023, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Comet Ridge Limited and the entities it controlled during the period.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
12 March 2024

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	December 2023 $000's	December 2022 $000's
Revenue and other income			
Interest received		**81**	55
Expenses			
Employee benefits' expense		**(1,239)**	(919)
Contractors' & consultancy costs		**(268)**	(222)
Exploration and Evaluation expense written off		**(42)**	(3)
Professional fees		**(67)**	(121)
Corporate expenses		**(213)**	(133)
Occupancy costs		**(9)**	(7)
Fair value movement of financial liability at fair value	10	**(2,271)**	(382)
Finance costs	6	**(1,371)**	(1,568)
Other expenses		**(278)**	(302)
Depreciation		**(63)**	(61)
LOSS BEFORE INCOME TAX		**(5,740)**	(3,663)
Income tax benefit/(expense)		**-**	-
LOSS FOR THE PERIOD		**(5,740)**	(3,663)
Other comprehensive loss, net of income tax			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**(5)**	(5)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX		**(5)**	(5)
TOTAL COMPREHENSIVE LOSS		**(5,745)**	(3,668)
Loss attributable to:			
Owners of the parent		**(5,740)**	**(3,663)**
Total comprehensive loss attributable to:			
Owners of the parent		**(5,745)**	(3,668)
LOSS PER SHARE		**Cents**	Cents
Basic and diluted loss per share		**(0.568)**	(0.384)

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

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	December 2023 $000's	June 2023 $000's
CURRENT ASSETS			
Cash and cash equivalents		**7,768**	11,651
Trade and other receivables		**87**	59
Financial asset at fair value	7	**833**	809
Other assets		**811**	875
TOTAL CURRENT ASSETS		**9,499**	13,394
NON-CURRENT ASSETS			
Property, plant and equipment		**8**	10
Right-of-use assets	9	**135**	187
Financial asset at fair value	7	**1,527**	1,483
Exploration and evaluation expenditure	8	**97,725**	96,288
TOTAL NON-CURRENT ASSETS		**99,395**	97,968
TOTAL ASSETS		**108,894**	111,362
CURRENT LIABILITIES			
Trade and other payables		**1,080**	1,115
Lease liabilities	9	**128**	-
Financial liability at fair value	10	**34,695**	32,300
Provisions		**675**	696
TOTAL CURRENT LIABILITIES		**36,578**	34,111
NON-CURRENT LIABILITIES			
Borrowings	13	**7,445**	7,018
Lease liabilities	9	**11**	187
Financial liability at fair value	10	**3,050**	2,847
Provisions		**2,666**	2,886
TOTAL NON-CURRENT LIABILITIES		**13,172**	12,938
TOTAL LIABILITIES		**49,750**	47,049
NET ASSETS		**59,144**	64,313
EQUITY			
Contributed equity	11	**170,239**	169,542
Reserves		**1,366**	1,573
Accumulated losses		**(112,461)**	(106,802)
TOTAL EQUITY		**59,144**	64,313

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

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Contributed Equity $000's	Foreign Currency Translation Reserve $000's	Share Based Payments' Reserve $000's	Accumulated Losses $000's	Total $000's
Balance at 1 July 2022	145,693	1,254	835	(100,237)	47,545
Loss for the period	-	-	-	(3,663)	(3,663)
Other comprehensive loss for the period	-	(5)	-	-	(5)
Total comprehensive loss for the period	-	(5)	-	(3,663)	(3,668)
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	22,746	-	-	-	22,746
Shares issued on vesting of performance rights	1,103	-	(1,103)	-	-
Share-based payments' expense	-	-	202	-	202
	23,849	-	(901)	-	22,948
Balance at 31 December 2022	169,542	1,249	(66)	(103,900)	66,825
Balance at 1 July 2023	**169,542**	**1,250**	**323**	**(106,802)**	**64,313**
Loss for the period	**-**	**-**	**-**	**(5,740)**	**(5,740)**
Other comprehensive loss for the period	**-**	**(5)**	**-**	**-**	**(5)**
Total comprehensive loss for the period	**-**	**(5)**	**-**	**(5,740)**	**(5,745)**
Transactions with owners in their capacity as owners					
Transfer of previous performance rights to accumulated losses	**-**	**-**	**(81)**	**81**	**-**
Share issue costs on vested performance rights	**(6)**	**-**	**-**	**-**	**(6)**
Shares issued on vesting of performance rights	**703**	**-**	**(703)**	**-**	**-**
Share-based payments' expense	**-**	**-**	**582**	**-**	**582**
	697	**-**	**(202)**	**81**	**576**
Balance at 31 December 2023	**170,239**	**1,245**	**121**	**(112,461)**	**59,144**

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

COMET RIDGE LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	December 2023 $000's	December 2022 $000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	**81**	54
Interest and borrowing costs	**(311)**	(418)
Payments to suppliers and employees	**(1,631)**	(1,550)
NET CASH USED IN OPERATING ACTIVITIES	**(1,861)**	(1,914)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation assets	**(2,023)**	(3,743)
Payment for property, plant and equipment	**-**	(11)
Restricted cash and deposits paid	**(42)**	(90)
Restricted cash and deposits received	**105**	-
NET CASH USED IN INVESTING ACTIVITIES	**(1,960)**	(3,844)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	**-**	(8,006)
Proceeds from issue of shares	**-**	24,000
Share issue costs	**(6)**	(1,254)
Payment of principle portion of lease liabilities	**(56)**	(68)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	**(62)**	14,672
Net (decrease)/increase in cash held	**(3,883)**	8,914
Cash at the beginning of the period	**11,651**	7,423
CASH AT THE END OF THE PERIOD	**7,768**	16,337

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

1. Principal activities

Comet Ridge Limited and Subsidiaries' (the Group) principal activities are to carry out gas exploration, appraisal and development. The Group has permit interests and exploration, evaluation and development activities in eastern Australia.

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

2. Basis of preparation

The interim consolidated financial statements (the interim financial statements) are for the half-year ended 31 December 2023 and are presented in Australian Dollars ($AUD) which is the functional currency of the Parent Company. The interim financial statements are prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim 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 non-current assets, financial assets and financial liabilities.

The interim financial statements do not include all of the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the Group together with any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Pursuant to ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 the amounts in the Directors' Report and financial report, have been rounded off to the nearest thousand dollars, unless otherwise indicated.

3. Material accounting policy information

The accounting policies adopted in the preparation of this interim financial report are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the new Accounting Standards and Interpretations described below.

The accounting policies have been applied consistently by the Group for the purpose of preparation of the interim financial statements.

New and amended standards adopted by the Company
There are no new or amended accounting standards effective in the reporting period commencing 1 July 2023 that have a material impact on the Group's financial report.

New standards and interpretations 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 Group in the current or future reporting year/periods and on foreseeable future transactions.

4. Going concern

The 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 31 December 2023, the Group had $7,768,000 in cash on hand and net current liabilities of $27,079,000 which includes the CleanCo Queensland Limited (CleanCo) financial liability of $26,200,000, PURE warrant financial liability of $6,626,000 and APLNG deferred consideration payable of $1,869,000 (disclosed as current obligations). Comet Ridge boosted its cash position in February 2024 with a $15,045,000 placement to institutional and sophisticated investors. On a proforma basis, including the impact of the placement of $15,045,000 (before offer costs), the cash position at 31 December 2023 would be $22,813,000 and net current liabilities would be $12,034,000.

On 18 September 2023, Comet Ridge and CleanCo executed a long-term GSA for Comet Ridge to supply gas to CleanCo from its Mahalo Gas Hub permits. The GSA remains subject to a number of conditions precedent, with the first of these requiring Comet Ridge to obtain finance to satisfy the supply requirements under the GSA by 15 April 2024. If this condition is not met, extended or waived, the GSA may terminate and within 30 days (being 15 May 2024) a cash payment of approximately $26,200,000 ($20,000,000 financial liability indexed for CPI) would be due.

Comet Ridge and Santos have a liability to pay their proportional share of $6,000,000 of remaining deferred consideration to APLNG (in three annual instalments of $2,000,000 or earlier upon a trigger event occurring). At 31 December 2023, $6,000,000 deferred consideration remains to be paid with Comet Ridge's share (after payments from Santos in Note 7) being $3,428,000.

The Group has a number of commitments to continue to progress the Mahalo Gas Hub permits and Galilee permits. These commitments are made over various timeframes with exploration commitments required to be spent by 31 December 2024 amounting to $7,091,000 as disclosed in Note 14.

The ability of the Group to continue to adopt the going concern basis of preparation will depend upon a number of matters including the successful raising in the future of necessary funding through debt, equity, selldown or farm-out of assets, meeting the conditions precedent under the GSA with CleanCo, and/or the successful exploitation of the Group's tenements to meet these commitments as they arise.

The existence at 31 December 2023 of the CleanCo financial liability, deferred consideration payable to APLNG as well as exploration expenditure 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 Group's projects including debt and equity funding, selldown, 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 the significant acreage, equity and 2P+2C Reserves and Resources position that the Group 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.

5. 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.

The critical estimates and judgements applied in the preparation of the interim financial statements are consistent with those at 30 June 2023, and are as follows:

- Going concern – refer Note 4
- Financial asset at fair value – refer Note 7
- Exploration and evaluation assets – refer Note 8
- Financial liability at fair value – refer Note 10
- Borrowings – refer Note 13

6. Finance costs

	December 2023 $000's	December 2022 $000's
Interest expense on borrowings	**(607)**	(704)
Effective interest charge on PURE loan	**(427)**	(428)
Unwinding of discount on Santos deferred consideration receivable	**68**	88
Unwinding of discount on APLNG deferred consideration payable	**(327)**	(409)
Unwinding of discount on rehabilitation and restoration provision	**(69)**	(110)
Lease liability expense	**(9)**	(5)
	(1,371)	(1,568)

7. Financial asset at fair value

	December 2023 $000's	June 2023 $000's
Current		
Santos – deferred consideration receivable	**833**	809
	833	809
Non-current		
Santos – deferred consideration receivable	**1,527**	1,483
	1,527	1,483
	2,360	2,292

Movements in financial asset at fair value	December 2023 $000's	December 2022 $000's
Balance at the beginning of the period	**2,292**	-
Initial recognition of financial asset at fair value	**-**	2,971
Unwinding of discount	**68**	88
Balance at the end of the period	**2,360**	3,059

Santos deferred consideration

On 28 June 2022, Comet Ridge acquired Australia Pacific LNG Pty Ltd's (APLNG) 30% interest in the Mahalo Joint Venture Project for a total consideration of $20,000,000 payable in staged payments. Comet Ridge paid a $1,000,000 deposit in August 2021 and the upfront payment balance of $11,000,000 to APLNG on 28 June 2022. The remaining $8,000,000 of deferred consideration is payable in four annual instalments of $2,000,000 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 Joint Venture Project;
b) gas production from the Mahalo Joint Venture 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 Joint Venture Project; or
e) Comet Ridge is subject to an insolvency event.

At the same time as entering into the agreement with APLNG, Comet Ridge executed funding and option agreements with Santos QNT limited (Santos) to provide loan funding of $13,150,000 to fund the initial consideration payable to APLNG and stamp duty costs. In exchange, Santos was given an option to purchase 12.86% of the APLNG interest acquired by Comet Ridge at proportional acquisition value of $8,573,000.

Comet Ridge received a notice from Santos to exercise their option on 23 September 2022, and the sale agreement was executed by both parties on 26 September 2022. At that date, the $13,150,000 loan owing to Santos was fully repaid via a reduction of $5,143,000 (being Santos' share of the $12,000,000 initial consideration paid to APLNG) and cash repayment of $8,007,000 by Comet Ridge. Santos also assumed liability for its pro-rata share of the $8,000,000 deferred consideration payable to APLNG, being $3,429,000.

On 26 June 2023, Comet Ridge received the first-year deferred consideration payment from Santos of $857,000. The remaining balance of $2,571,000 (June 2023: $2,571,000) is payable by Santos in equal annual instalments with the next instalment due in June 2024. The present value of the remaining payments due is $2,360,000 (June 2023: $2,292,000).

The upfront consideration of $5,143,000 and the present value of the deferred consideration receivable of $2,971,000 was recognised against the Mahalo Joint Venture Project exploration and evaluation asset at 31 December 2022 to reflect a partial sale of the asset (refer to Note 8). Interest income on the unwinding of the applied discount of $68,000 (December 2022: $88,000) has been recognised in the six-month period to 31 December 2023.

Fair value measurement

The fair value of the deferred consideration receivable is initially recognised at fair value through profit or loss as the present value of the $3,429,000 receivable in 4 equal annual instalments. For subsequent measurements, the present value is adjusted for the yearly instalments received from Santos and the unwinding of the applied discount credited to profit or loss.

The Santos deferred consideration asset is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs. The inputs used in the calculation of the financial asset at fair value are as follows:

1. The remaining agreed cash settlement of $2,571,000 (June 2023: $2,571,000) receivable in equal instalments over 3 years commencing June 2024; and
2. The pre-tax discount rate applied being 6% (June 2023: 6%).

Unobservable input	Relationship to fair value
Risk-adjusted discount rate	The discount rate used reflects Santos' credit risk. A change in the discount rate by 100 basis points would increase/decrease the fair value by $33,000 and $32,000 (June 2023: $43,000 and $42,000) respectively.

8. Exploration and evaluation expenditure

	December 2023 $000's	June 2023 $000's
Exploration and evaluation expenditure	**122,436**	120,993
Less provision for impairment	**(24,711)**	(24,705)
	97,725	96,288

Movements in exploration and evaluation phase	December 2023 $000's	December 2022 $000's
Balance at the beginning of period	**96,288**	100,816
Reduction in up-front APLNG Mahalo JV acquisition cost upon Santos option exercise	-	(5,144)
Santos deferred consideration receivable	-	(2,971)
Movement in deferred consideration payable to APLNG	-	(330)
Exploration and evaluation expenditure during the period	**1,443**	1,904
Exploration and evaluation expenditure written off	**(6)**	(3)
Balance at the end of period	**97,725**	94,272

Recoverability of exploration and evaluation expenditure

The Group assesses the recoverability of the carrying value of capitalised exploration and evaluation expenditure 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 impairment in the future.

During the half-year, all exploration expenditure incurred on the remaining Gunnedah Basin permit was impaired. This is consistent with the policy adopted at 30 June 2023 to fully impair the expenditure with respect to Gunnedah. In addition, because the New Zealand permit is to be relinquished, any expenditure in New Zealand during the half-year has been expensed to exploration permit expenditure (see Note 8).

Given the Conventional Deeps evaluation is ongoing and the upside potential of the CSG Resources along with long-term extension of the underlying permits, Comet Ridge is comfortable with the recoverability of exploration and evaluation expenditure for the Galilee permits and therefore no impairment has been made during the half-year. The Mahalo Joint Venture Project has Petroleum Leases awarded and the joint ventures partners, Comet Ridge and Santos, are focused on moving the project into development. The Mahalo North Project has certified Gas Reserves and the Company submitted two environmental applications and a Petroleum Lease application in October 2023 as a precursor to enable project development and construction activities to commence. For the other two 100% owned Mahalo permits (Mahalo East and Mahalo Far East), Comet Ridge is still in the evaluation phase for these projects with the aim of certifying Gas Reserves for these projects. For these reasons Comet Ridge is comfortable with the recoverability of exploration and evaluation expenditure for the Mahalo Gas Hub permits as at 31 December 2023.

9. Leases

	December 2023 $000's	June 2023 $000's
(a) Amounts recognised in the Consolidated Statement of Financial Position		
Right-of-use assets		
Office premises	**362**	354
Less: Accumulated depreciation	**(227)**	(167)
	135	187
Lease liabilities		
Current	**128**	-
Non-current	**11**	187
	139	187

	December 2023 $'000's	December 2022 $'000's
(b) Amounts recognised in the Consolidated Statement of Profit or Loss		
Depreciation on right-of-use assets	**60**	58
Interest expense (included in finance cost)	**9**	5
	63	63

10. Financial liability at fair value

	December 2023 $000's	June 2023 $000's
Current		
CleanCo Queensland Limited – financial liability	**26,200**	25,656
PURE Asset Management – warrant shares	**6,626**	4,900
APLNG – deferred consideration payable	**1,869**	1,744
	34,695	32,300
Non-current		
APLNG – deferred consideration payable	**3,050**	2,847
	3,050	2,847
	37,745	35,147

Movements in financial liability at fair value	December 2023 $000's	December 2022 $000's
Balance at the beginning of the period	**35,147**	36,210
Adjustment to discount rate applied on initial recognition	**-**	(329)
Unwinding of discount	**327**	411
Movement in financial liability at fair value	**2,271**	382
Balance at the end of the period	**37,745**	36,674

Fair value measurement

(a) CleanCo liability

The liability to CleanCo Queensland Limited (CleanCo) arising from the completed agreements is recognised as a 'financial liability at fair value through profit or loss'.

On 18 September 2023, Comet Ridge Mahalo Pty Ltd (CML) executed a seven-year Gas Sales Agreement (GSA) with CleanCo, subject to approval by CleanCo's shareholding Ministers within 90 days, and the 2014 Deed of Option was terminated. Approval by the shareholding Ministers approvals was subsequently confirmed by CleanCo on 15 December 2023.

A summary of the key GSA terms are as follows:

Commencement Date	Between 1 July 2025 and 30 June 2026
Volume	3 PJ per annum. CleanCo has the option to increase the volume to 3.6 PJ per annum prior to FID
Delivery Point	Wallumbilla
Contract Period	The contract is for a seven-year period, with CleanCo having the option to reduce this to five years, and both parties having the option to agree to extend for up to a further five years.
Price	Pricing is market-based, with CPI escalation in Australian dollars.
Monthly Repayments	CML to make monthly loan repayments during the GSA term to account for previous investment made in CML and the Mahalo JV by Stanwell Limited, prior to the arrangement being assigned to CleanCo.
Conditions	1. Approval by CleanCo's Shareholding Ministers (satisfied prior to 31 December 2023); 2. Approval by Comet Ridge's Board of Directors (satisfied prior to 31 December 2023); 3. CML obtains reserves certificate for 115% of total GSA volume; 4. CML obtaining finance to satisfy the supply requirements under the GSA; and 5. CML entering into gas transportation agreements to provide gas to the Delivery Point.

Comet Ridge has sufficient certified gas reserves to satisfy condition 3 above and does not foresee any issue with this condition being satisfied. If CML is unable to satisfy condition 4 or have the condition extended (if required) or waived by 15 April 2024, then the GSA may be terminated, and a cash settlement would be triggered on or before 15 May 2024. If CML is unable to satisfy condition 5 or have the condition extended (if required) or waived by 15 June 2024, then the GSA may be terminated, and a cash settlement would be triggered on or before 15 July 2024. The amount owing to CleanCo has been recognised as a current liability as the Group does not have a right to defer settlement for at least twelve months.

Based on the longstanding relationship between the parties and the progress Comet Ridge has made with development of the Mahalo Gas Hub permits and its dataroom funding process, Comet Ridge believes it will be able to meet these timelines or agree extensions (if required), noting the window for gas supply under the GSA is 1 July 2025 and 30 June 2026.

In considering the above, Comet Ridge has determined that a cash settlement continues to represent the maximum liability under the GSA. An expense of $545,000 (December 2022: $600,000), being the movement in the financial liability at fair value, has been recorded in the six-month period to 31 December 2023.

Valuation techniques and process used to determine fair value

The fair value of the CleanCo liability is based on the anticipated financial liability arising from the executed GSA dated 18 September 2023. The CleanCo liability is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs. 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 the conditions precedent contained within the executed GSA not being met or waived, representing the maximum liability under the GSA. As a result, approximately $26,200,000 (June 2023: $25,656,000) based on current estimates ($20,000,000 indexed for CPI), is used as the basis for determining the present value of the liability at 31 December 2023.

2. The earliest date for the cash payment under point 1 above is 15 May 2024 (June 2023: 30 September 2023), giving a period of indexation of 10.1 years (June 2023: 9.5 years) from March 2014.

3. The CPI rate used to index the $20,000,000 cash payment from March 2014 is based on actual quarterly CPI rates from March 2014 to 31 December 2023 and forecast at 1.31% (June 2023: 1.28%) per quarter for the remaining period to 15 May 2024.

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 CML is unsuccessful in satisfying the conditions 3 and 4 specified in the GSA, or have them waived, the cash payment would be payable no earlier than 15 May 2024 (June 2023: 30 September 2023).
CPI rate	If the 1.31% (June 2023: 1.28%) per quarter forecast CPI rate reduces/increases to a low of 0.81% pa or a high of 1.81% pa, the indexed liability will reduce or increase by approximately 0.5% or $143,000 (June 2023: 1.3% or $327,000) respectively.

(b) Deferred Consideration – APLNG

On 28 June 2022, Comet Ridge acquired Australia Pacific LNG Pty Ltd's (APLNG) 30% interest in the Mahalo Joint Venture Project for a total consideration of $20,000,000 payable in staged payments. Comet Ridge paid a $1,000,000 deposit in August 2021 and the upfront payment balance of $11,000,000 to APLNG on 28 June 2022. The remaining $8,000,000 of deferred consideration is payable in four annual instalments of $2,000,000 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 Joint Venture Project;
b) gas production from the Mahalo Joint Venture 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 Joint Venture Project; or
e) Comet Ridge is subject to an insolvency event.

Comet Ridge paid the first-year completion deferred consideration payment of $2,000,000 to APLNG on 28 June 2023. The balance of $6,000,000 (June 2023: $6,000,000) is payable in equal annual instalments with the next instalment due in June 2024. The present value of the remaining payments due is $4,919,000 (June 2023: $4,591,000).

Fair value measurement

The fair value of the deferred consideration is initially recognised as the present value of the $8,000,000 liability payable in 4 equal annual instalments and has been capitalised to the Mahalo Joint Venture Project exploration and evaluation asset. For subsequent measurements, the present value is adjusted for yearly instalments paid to APLNG and the unwinding of the applied discount expensed to profit or loss.

The APLNG liability is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs. The inputs used in the calculation of the financial liability at fair value are as follows:

1. The remaining agreed cash settlement of $6,000,000 payable in equal instalments over 3 years commencing June 2024 (June 2023: $6,000,000 payable in equal instalments over 3 years commencing June 2024); and
2. The pre-tax discount rate applied being 14.7% (June 2023: 14.7%).

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 $123,000 and $117,000 (June 2023: $157,000 and $148,000) respectively.

(c) 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 $10,000,000. The facility has been fully drawn in two tranches of $6,500,000 and $3,500,000 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; and
- 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 option valuation methodology. The key inputs into the fair value calculation are:

a) Exercise price of each tranche of warrants (Tranche 1 $0.165 per share / Tranche 2 $0.132 per share);
b) Expected volatility of the Company's share price calculated at 57.7% (June 2023: 69.7%), reflecting the assumption that historical volatility is indicative of future trends (which may not necessarily be the actual outcome);
c) Share price of the Company on each balance date being $0.22 (June 2023: $0.165) (noting that no allowance has been made for discounting the share price to reflect the issue price of an alternative equity raising if the warrants had not been issued);
d) Expected remaining term of the warrants being 1.71 years (June 2023: 2.22 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". A loss of $1,726,000 (December 2022: gain of $217,000) has been recorded in the six-month period to 31 December 2023 to reflect the increase / reduction in the fair value of the warrant shares due to share price fluctuations since 30 June 2023.

11. Contributed equity

	December 2023 $000's	June 2023 $000's
Ordinary shares – fully paid	**170,239**	169,542

Movements in ordinary shares	December 2023	December 2022	December 2023	December 2022
	Number of Shares		$000's	$000's
Balance at the beginning of the period	**1,010,373,085**	860,034,445	**169,542**	145,693
Share placement @ 17.5 cents per share[1]	-	137,142,858	-	24,000
Performance rights vested	**5,140,470**	13,195,782	**703**	1,103
Share issue costs[1&2]	-	-	**(6)**	(1,254)
Balance at the end of the period	**1,015,513,555**	1,010,373,085	**170,239**	169,542

[1] On 8 September 2022, Comet Ridge announced a placement of new shares to institutional and sophisticated investors to raise $24,000,000 (before share issue 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. Share issue costs of $1,254,000 were payable by Comet Ridge in relation to the placement.

[2] Share issue costs of $6,000 were payable by Comet Ridge in relation to the 5,140,470 shares issued for vested performance rights during the six-month period to 31 December 2023.

12. Share-based payments

The share-based payments' expense included in the financial statements with respect to performance rights issued during the half-year and already issued in prior years is as follows:

	December 2023 $000's	December 2022 $000's
Consolidated Statement of Comprehensive Income		
Share-based payments' expense included in employee benefits' expense	**582**	202

The object of the plan is to:

(a) provide an incentive for employees/contractors to remain in their employment and continue to provide services to the Group in the long term;
(b) recognise the ongoing efforts and contributions of employees/contractors to the long-term performance and success of the Group; and
(c) provide employee/contractors with the opportunity to acquire performance rights, and ultimately shares in Comet Ridge Limited.

All performance rights granted during the half-year are subject to performance conditions and the completion of a specified period of employment/engagement. Since 1 July 2023, a total of 4,000,000 performance rights have been issued to employees and long-term contractors, including the issue of 1,000,000 performance rights to the Comet Ridge Managing Director, Tor McCaul (approved at the Annual General Meeting held on 22 November 2023). These performance rights are included in the following table.

The following table shows the movements of performance rights during the half-year:

Grant date	Expiry date	No. of rights 30 June 2023	Granted during the half-year	Vested during the half-year	Cancelled during the half-year	No. of rights 31 December 2023
16-Nov-21	31-Dec-22	320,000	-	-	(320,000)	-
16-Dec-21	31-Dec-23	1,098,750	-	(416,250)	(682,500)	-
25-Nov-22	31-Dec-25	1,320,000	-	(720,720)	(599,280)	-
22-Dec-22	31-Dec-25	6,280,000	-	(4,003,500)	(2,276,500)	-
23-Nov-23	31-Dec-24	-	4,000,000	-	-	4,000,000
		9,018,750	**4,000,000**	**(5,140,470)**	**(3,878,280)**	**4,000,000**

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 and an appropriate probability weighting to factor the likelihood of the satisfaction of these conditions. 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 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.

Inputs in determining the fair value of performance rights granted during the half-year period are as follows:

Performance rights	Grant date	Vesting conditions	Fair value inputs	Fair value per right
Market-based tranches	23 November 2023	Calculated by reference to Comet Ridge share price performance and relative to peer group performance for the period September 2023 to September 2024	Exercise price per share: Nil Expiry date: 31 Dec 2024 Share price at grant date: $0.17 Expected price volatility: 49% Expected dividend yield: Nil Risk-free interest rate: 3.69% Relative peer group: ASX:CTP, ASX:GLL, ASX:BLU and ASX:GAS	Relative: $0.116 Absolute: $0.09
	23 November 2023	Calculated by reference to Comet Ridge share price performance and relative to peer group performance for the period September 2023 to September 2024	Exercise price per share: Nil Expiry date: 31 Dec 2024 Share price at grant date: $0.17 Expected price volatility: 49% Expected dividend yield: Nil Risk-free interest rate: 3.69% Relative peer group: ASX:CTP, ASX:GLL, ASX:BLU, ASX:GAS, ASX:EEG and ASX:VEN	Relative: $0.115 Absolute: $0.09
Non-market based tranche	23 November 2023	Lost Time Injury Frequency Rate (LTIFR) measured from September 2023 to September 2024 to be in top quartile of peer performance and no environmental incidents or spills of any form.	Based on share price at date of grant of $0.17 with nil expected dividends. Fair value adjusted by a probability factor that vesting conditions will be met based on historical evidence and management judgement at the date of grant. Nil exercise price paid upon vesting. The maximum term of the rights is 1.1 years.	$0.17

13. Borrowings

	December 2023	June 2023
Non-current	**$000's**	**$000's**
Loan payable to PURE Asset Management Pty Ltd	**7,445**	7,018
	7,445	7,018

Comet Ridge entered into a binding facility agreement with PURE Asset Management Pty Ltd to provide the Company access to a term loan facility of $10,000,000 provided in two tranches of $6,500,000 and $3,500,000 respectively. 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.

	December 2023 $000's	December 2022 $000's
Opening balance	**7,018**	6,170
Effective interest charge	**427**	428
Carrying value of loan payable	**7,445**	6,598

The warrants are separately recognised as a financial liability at fair value through the Consolidated Statement of Profit or Loss and Other Comprehensive Income as disclosed in Note 10. In line with the accounting policy, the difference between the face value of the loan (repayment amount) and determined fair value on issuance is recognised in the profit or 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 $10,000,000 of cash which can be used to repay the loan amount.

The key terms of the loan are:

Lender:	PURE Asset Management Pty Ltd
Structure:	Term loan with detached warrants
Interest:	Prior to Mahalo Joint Venture Project FID: 12% Post Mahalo Joint Venture 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 $1,500,000 cash balance
Security:	First ranking general security over all present and after-acquired property of the Company and subsidiaries

14. Commitments

	December 2023	June 2023
Detailed Exploration and Evaluation	**$000's**	**$000's**
- not later than 12 months	**7,091**	4,913
- between 12 months and 5 years	**12,050**	18,136
	19,141	23,049

Exploration expenditure

In order to maintain an interest in the exploration permits in which the Group is involved, the Group is committed to meet the conditions under the agreements. The timing and amount of exploration expenditure and obligations of the Group are subject to the 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.

Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling $444,000 (June 2023: $549,000) as follows:

- $399,000 (June 2023: $399,000) to the State of Queensland in respect of the Group's exploration permits and environmental guarantees; and
- $45,000 (June 2023: $150,000) to the State of New South Wales in respect of the Group's exploration permits and environmental guarantees.

The bank guarantees are secured by term deposits.

15. Segment information

Operating segments are reported in a manner with the internal reporting 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 principle operating activities of the Group are the exploration and evaluation of its tenements and gas reserves. The internal reports used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources is cash flow reporting of exploration and evaluation activities as one segment.

16. Events occurring after balance date

Completion of placement of new shares

Comet Ridge announced on 14 February 2024 a placement to institutional and sophisticated investors to raise $15,045,000 (before costs). The placement comprised the issue of 88,500,000 new shares at an issue price of $0.17 per share. The placement shares were allotted to investors on 21 February 2024.

Except for the matter noted above, no item, transaction or event of a material and unusual nature has arisen between the end of the half-year and the date of this report likely, in the opinion of the Directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

COMET RIDGE LIMITED
DIRECTORS' DECLARATION

The Directors declare that:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001* including:

I. complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and

II. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.

(b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Tor McCaul
Managing Director

Brisbane, Queensland, 12 March 2024

PITCHER PARTNERS

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Comet Ridge Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Comet Ridge Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Comet Ridge Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of Comet Ridge Limited's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 4 in the financial report, which describes that under an agreement with CleanCo Queensland Limited (CleanCo), contract terms exist whereby a cash payment of approximately $26.2 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 4, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
12 March 2024