

30 April 2020

## March 2020 Quarterly Activities Report

### Mahalo North (ATP 2048)

#### ATP 2048 Update

Comet Ridge has been focusing on required approvals to formally obtain long-term tenure and completing preparations for an initial work program on the Mahalo North block. Comet Ridge has completed all environmental requirements and during April, finalised the Native Title process. Authority to Prospect No 2048 (ATP 2048) was formally signed off by the Queensland Department of Natural Resources & Mines on 29 April 2020 and was the subject of a separate announcement to the ASX earlier today.

Concurrent with the above, the Company has worked to refine its technical understanding of the highly prospective CSG Fairway (see Figure 1) in order to optimise the value from the large 450 km<sup>2</sup> block which it holds with 100% equity. This additional subsurface analysis, combined with optimisation of well design and an ongoing review of additional third party seismic (that runs through both Mahalo and Mahalo North), has allowed Comet Ridge to increase its confidence in the extension of the production fairway from Mahalo into the Mahalo North acreage.

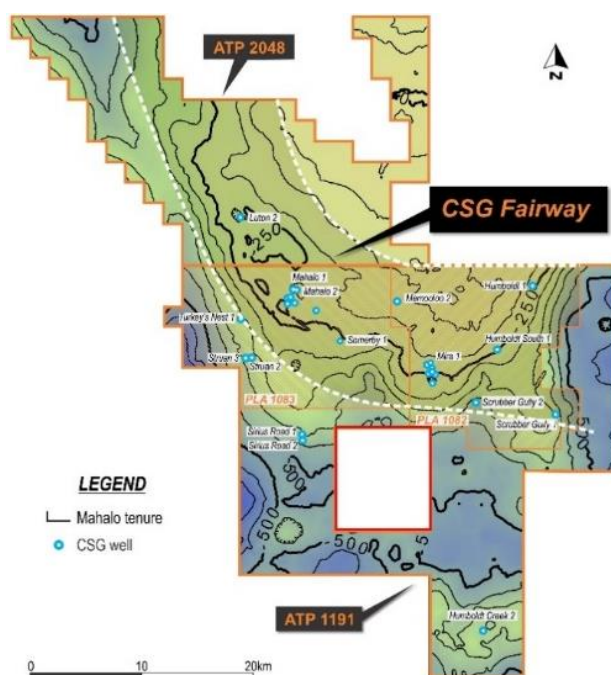


Figure 1 – Map of the CSG Fairway running from Mahalo into the Mahalo North acreage.

A compelling east coast gas play

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Based on the extensive data set within the Mahalo Gas Project, Comet Ridge has modelled that a dual lateral well in this fairway, if drilled to 1500m in length, could flow in the range of 2 to 3 MMscf/d (millions of standard cubic feet of gas per day). This is consistent with observed well performance from both Mahalo 7 and Mira 6 lateral wells and will be refined following testing of the initial Mahalo North pilot wells. Both the Mahalo 7 and Mira 6 lateral wells at Mahalo, although drilled in the same highly prospective fairway at the same depth range, were significantly shorter wells than is currently planned for Mahalo North.

Additionally, modelling of Mahalo North production, suggests that the block has the potential to deliver up to 20 TJ/d, which at 100% equity provides a very meaningful gas sales volume in addition to Comet Ridge's 40% share of production from the Mahalo Gas Project.

### Comet Ridge & LogiCamms combine to develop Mahalo North pipeline solution

During the March quarter, Comet Ridge signed an agreement with LogiCamms to consider an export solution via building a new pipeline, which would transport not only Comet Ridge's 100% interest in Mahalo North gas, but could also accommodate Comet Ridge's 40% share of Mahalo JV gas, located immediately to the south of Mahalo North. This solution will be worked concurrently with other options (including the Mahalo JV) for transportation of Mahalo North gas to market. The Company is focussed on optimising as appropriate around offtake rate and start-up timing.

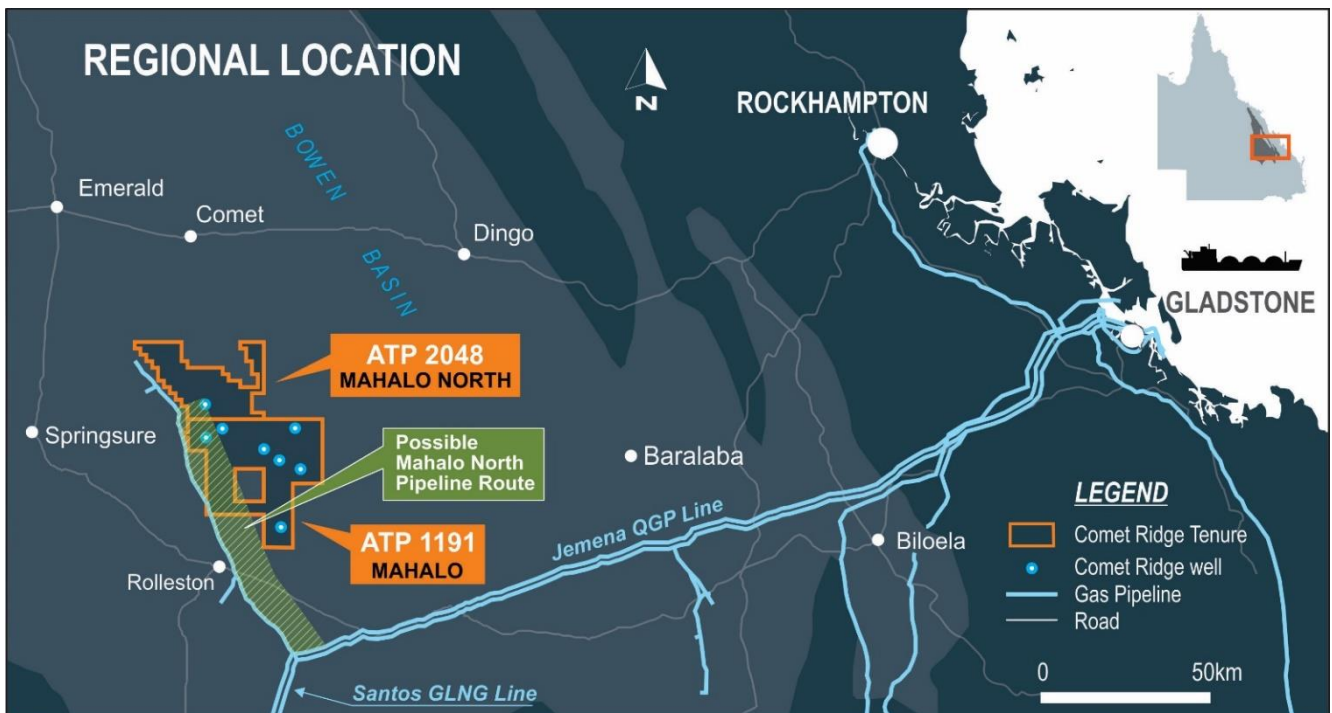


Figure 2 – Map of Mahalo North and Mahalo area showing possible 6 to 8 inch diameter pipeline route towards the south to connect to market.



## **Mahalo (ATP 1191 becoming PLA 1082 and 1083)**

### **Continued refinement of the Initial Development Plan**

While the Company's focus has recently been primarily on Mahalo North, Comet Ridge has been continuing to work with our JV partners to drive the optimum development outcome for the Mahalo Gas Project. The Mahalo Joint Venture currently requires three government approvals for the Mahalo Gas Project to move forward, and each of these is currently being progressed through State and Federal Government processes.

Discussions with the Mahalo Joint Venture Partners are ongoing. The Mahalo Gas Project FID will not occur in mid-2020 as originally envisaged. The company will provide updates on the revised Mahalo timing in the coming months.

It remains the expectation that a Mahalo North development will be primarily financed by debt and gas presales arrangements. Discussions with potential debt funding partners will be concluded once both Mahalo and Mahalo North reach FID.

## **Galilee Basin, Qld - ATP 743, 744 & 1015 (Comet Ridge 100% in "Shallows", 70% in "Deeps")**

### **Albany Drilling Campaign**

After successfully stimulating three intervals in the Albany 2 well in December 2019, Comet Ridge recommenced field activities in January 2020. The Company continued to flow back the well, with the assistance of nitrogen, with over 90% of the stimulation fluid being recovered.

In late January 2020, due to heavy local rainfall at the Albany 2 site, operations were initially suspended. With continuing rain and further rain expected, equipment was demobilised from the Galilee Basin to avoid standby charges over the wet season.

Since the decision to demobilise, COVID-19 developments have caused Comet Ridge to suspend the planning of field operations in the Galilee, to ensure the safety and well-being of their employees and contractors. This includes any further stimulation testing at Albany. The Company will continue to monitor the impact and advice regarding COVID-19 on an ongoing basis.

## **Corporate**

### **COVID – 19 and Low Oil Price Environment**

Leading up to 31 March 2020, Comet Ridge implemented a number of measures in relation to COVID-19 to ensure the safety and well-being of our employees and contractors to support the long-term viability of the business. The Company is not currently conducting field operations, nor planning field operations for the period whilst the COVID-19 virus is directly impacting the Australian economy.



Since 1 April 2020, Comet Ridge has successfully worked from home and interacted by a variety of means, including video conferencing. Key technical, planning and studies work has progressed, whilst restricting our movements and avoiding gatherings.

As a result of COVID-19 and the current low oil price, the Board have made decisions in order to slow the rate of expenditure to further support the business during this period and a Board sub-committee has been formed to monitor the situation on a weekly basis. Whilst these low points in the oil price cycle cause markets concern and a significant reduction in oil and gas company valuations usually occurs, these times are often an opportunity for companies to review their cost basis and prioritise capital allocation.

The Board have elected to stop receiving cash payments and to have their fees paid in equity, subject to shareholder approval at the next shareholder meeting, effective from 1 April 2020 (see below for further detail).

To further conserve cash during this period, the Company has also significantly reduced contractor hours, the salary of all staff by 30% to 50% and dramatically reduced other costs. Comet Ridge has already accessed some Federal and State Government support programs and will seek to access others as they become available. We will reassess these changes to reduce cash spend as we move through this year and monitor the progress of the COVID-19 virus and ongoing oil price environment.

The Board is confident that these decisions give the company a long runway late into 2021 utilising existing cash resources while continuing to keep all assets in good standing and positioned to move quickly once economic stability returns.

### Conversion of Directors Fees to Equity

As detailed above, the Board has, with effect from 1 April 2020, elected to suspend receiving the cash component of their monthly director's fees and instead will be paid the cash component in equity. This remains of course subject to shareholder approval at the next meeting of shareholders, which at this moment is expected to be the AGM to be held later this year.

The Company will continue to remain responsible for and continue to pay the PAYG and statutory superannuation payments that make up part of the Directors fees.

If the necessary approvals to implement this arrangement cannot be secured, then the default position will see the directors remain entitled to receive their fees.

The number of the shares to be issued to each Director will be calculated as at the commencement of each calendar month and the price for the shares will be determined as the Volume Weighted Average Price of Comet Ridge's shares for the 10 days prior to calculation date. By way of example, if the cash component of a director's fee for the month of April is \$3,000 and the average weighted price of the shares for the last 10 days of April was \$0.065 then the number of shares to be allotted for April would be approximately 46,153.

It is proposed that while the Company is being impacted by the COVID-19 virus and other external influences this arrangement will remain in place until this year's AGM or for a yet to be determined period beyond that date.



## Strategic Review

The Board announced a Strategic Review of its assets in November 2019 and indicated this would be finalised during the first quarter of 2020. Refer to a release to the ASX on 31 March 2020.

Comet Ridge has key gas assets in three basins in eastern Australia split into two groups:

- The Galilee and Gunnedah Basin assets, that cover extremely large areas and are in the exploration and appraisal phase; and
- The Mahalo North and Mahalo blocks, that are much closer to infrastructure and existing producing fields and are subsequently better suited for near-term production.

The Board believes that near term production possibilities via Mahalo North (and Mahalo), and the scale provided by the large exploration and appraisal assets in the Galilee and Gunnedah areas, remain complementary and valuable. As a result, the Board has determined that at the moment and in this environment, value to shareholders is currently best achieved by:

- 1) keeping both groups of assets in the portfolio under one corporate structure; and
- 2) primarily focussing on the 100% held Mahalo North (ATP 2048) block and bringing it into production in a low cost and fit for purpose development.

## Cash Position

As at 31 March 2020, Comet Ridge had \$8.981m cash on hand (un-audited).

## Shares and Performance Rights Position

No shares were issued during the quarter, with the total number of shares on issue at 31 March 2020 at 789,000,030.

During the quarter 1,600,000 performance rights lapsed, resulting in 4,100,000 performance rights on issue at 31 March 2020.

**By Authority of Board per: Tor McCaul, Managing Director**  
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## About Comet Ridge

Comet Ridge Limited (ASX: COI) is a publicly-listed Australian energy company focused on the development of gas resources for the east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland and New South Wales. Our flagship Mahalo and Mahalo North projects are low cost, sales spec gas plays close to Gladstone. Our exploration assets in the Galilee and Gunnedah basins offer further upside amid increasing domestic and international demand for gas as a source of cleaner energy.