

30 July 2021

June 2021 Quarterly Activities Report

Highlights

- Mahalo Joint Venture discussions have been materially progressed during and post the quarter and are nearing completion.
- Comet Ridge expects to announce an update of these discussions imminently.
- Comet Ridge is focused on providing a pathway for the multi-block Mahalo Gas Hub to provide meaningful gas volumes into the strengthening east coast gas market.
- Mahalo Far East block (ATP 2063) awarded during the quarter.

Mahalo Gas Hub Area, Bowen Basin, QLD

Comet Ridge holds equity in four blocks in the Mahalo Gas Hub area, with three of these currently held at 100% equity. The total net area for Comet Ridge across the Mahalo Gas Hub is substantial at 1250 km² with a large part of these blocks sitting over the highest productivity Mahalo shallow fairway that saw the Mira 6 well in the Mahalo Gas Project produce 1.4 MMcfd (million standard cubic feet of gas per day) from a horizontal pilot well drilled only 924 metres in coal. Development wells over the Mahalo Gas Hub area are planned to be drilled 1,500 to 1,800 metres in coal, inferring production rates, based on Comet Ridge geological modelling, of 2.3 MMcfd to 2.7 MMcfd per well in similar quality coal reservoirs.

A summary of each of the permits in the Mahalo Gas Hub area and current status is shown in *Table 1* below.

Project name	Permit	COI % interest	Area (km ²)	Status
Mahalo Gas Project (CSG)	PL 1082, 1083; PCA 302, 303, 304	40%	911	Development ready, Government approved, pending JV FID pathway
Mahalo North (CSG)	ATP 2048	100%	450	Appraisal program planned for reserves certification
Mahalo East (CSG)	ATP 2061	100%	97	Data interpretation and appraisal program planning ongoing
Mahalo Far East (CSG & conventional gas)	ATP 2063	100%	338	ATP recently awarded and data interpretation ongoing

Table 1 – Comet Ridge permit and equity position in the large Mahalo Gas Hub area

A compelling east coast gas play

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Mahalo Gas Project (PL 1082 and 1083) – (Comet Ridge 40%)

The Mahalo Gas Project, with two Petroleum Leases (PL's) awarded, is Comet Ridge's flagship gas project and when in production, will provide the scale and infrastructure to underpin development of Comet Ridge's 100% owned blocks in the Mahalo Gas Hub. The Mahalo Gas Project, focussed initially on the shallow fairway in PL 1082 and 1083 (see Figure 1), is currently a joint venture between Comet Ridge (40%), Santos (30%) and APLNG (30%).

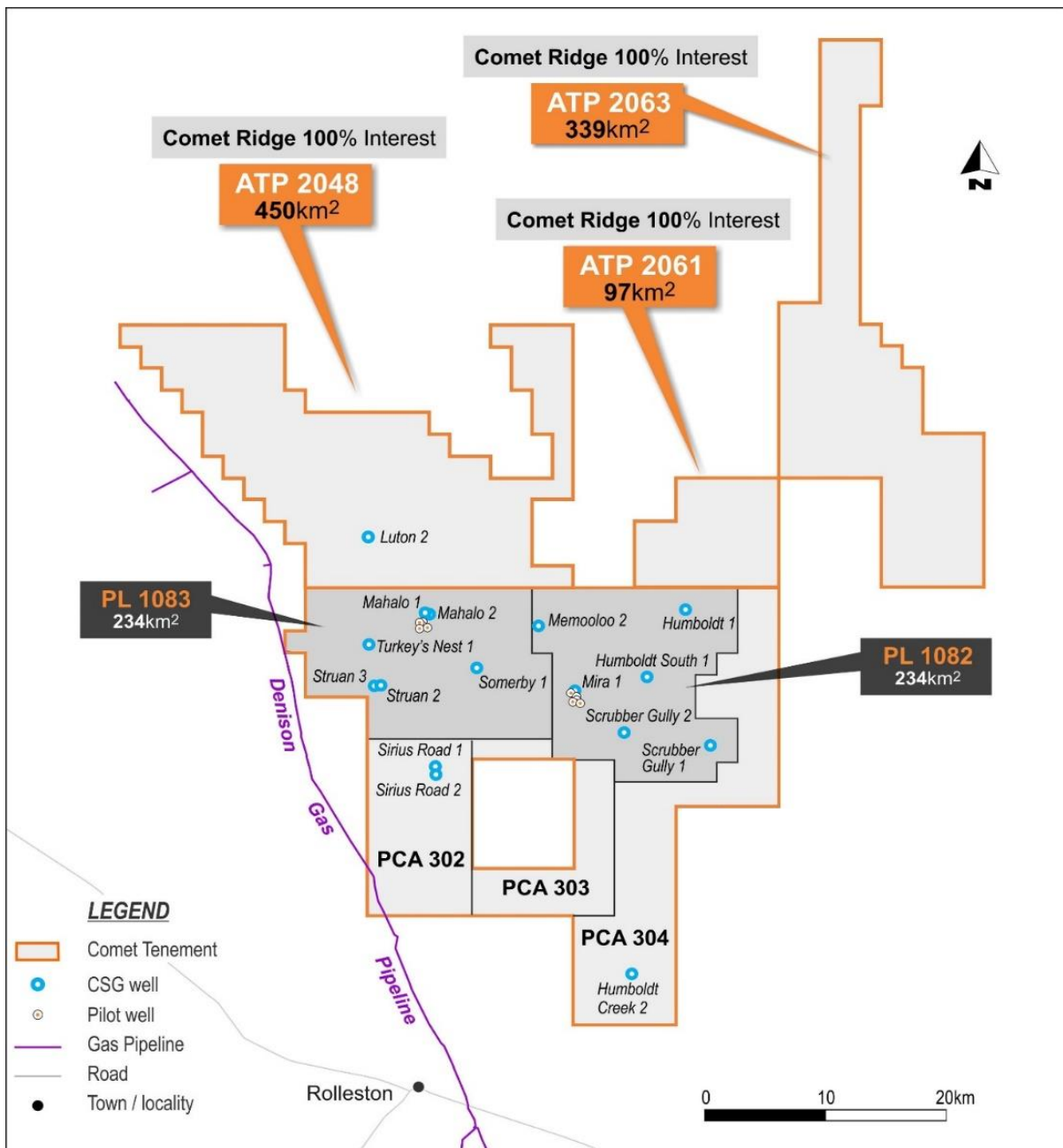


Figure 1 – Comet Ridge's growing Mahalo Gas Hub Area, with initial development focus in PL 1082 and PL 1083 and extension into the shallow fairway areas of Mahalo North and Mahalo East



As disclosed in the prior quarterly report, the Joint Venture parties have invested significant time and effort in assessing the best way to take the Mahalo Gas Project forward, in order to meet the timing and value expectations of each of the parties in the JV. These discussions are nearing completion and Comet Ridge expects to announce an update of these discussions imminently.

Comet Ridge has a clear objective of optimising the pathway for bringing the Mahalo Gas Project into production and in doing so, also unlocking the inherent value contained in the Company's analogous, shallow fairway areas of its 100% owned blocks (Mahalo North and Mahalo East) to the north of Mahalo.

Mahalo Far East (ATP 2063) – (Comet Ridge 100%, ATP awarded)

Comet Ridge announced on 10 May 2021 that following the Company's selection by the Queensland Government as preferred tenderer for two additional gas blocks in September 2020, the second and largest of these blocks, Mahalo Far East (ATP 2063), had formally been granted Authority to Prospect (ATP) status.

The award of ATP 2063, a 338 km² natural gas block, follows the award of Mahalo North (ATP 2048) in April 2020 and Mahalo East (ATP 2061) in September 2020. All of these permits are held 100% by Comet Ridge with a combined total area of 885 km². Combining these blocks and sharing one large development for the whole Mahalo Hub area will provide greater capital efficiency, as well as a material injection of natural gas into the east coast market, at a critical time with southern gas production declining and gas prices strengthening.

Mahalo Far East contains coals that are generally deeper and have notably higher natural gas content than the main Mahalo high production fairway, adding a very 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, which Comet Ridge will also hold at 100% equity. Given the size of this block and multi-target plays for both CSG and conventional gas, Comet Ridge is considering project funding options to advance exploration and appraisal activities.

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

Tenure Renewal and Potential Commercial Area applications

Activities in the Galilee Basin projects in the current quarter have continued to focus on technical work that will (i) secure tenure via renewal of certain areas of ATP 743 and ATP 744 and (ii) underpin securing the large resource areas (see *Figure 2* below) with Potential Commercial Area (PCA) applications to the Queensland Government. Applications will be submitted in early August for ATP 743 and late September for ATP 744. A similar process for ATP 1015 will be undertaken in 2022 prior to permit expiry.

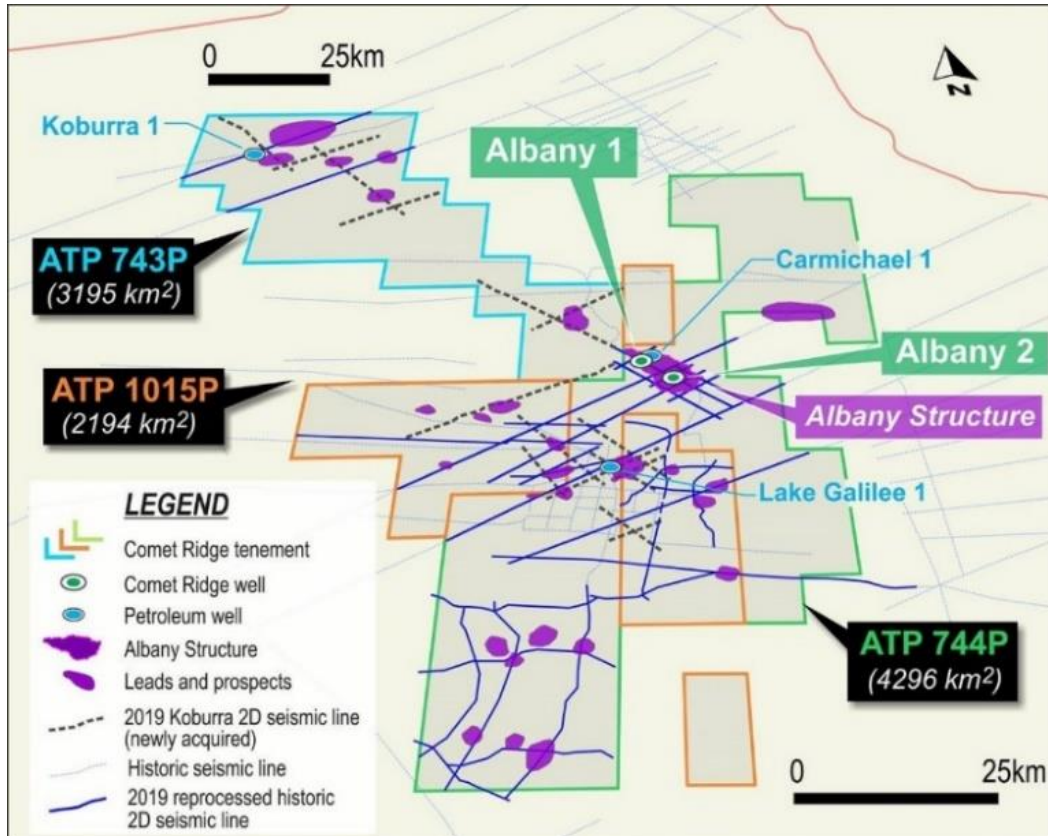


Figure 2 – Comet Ridge’s extensive Galilee Basin position in both “Shallows” for coal targets and “Deeps” for conventional targets

Updating and quantifying very large CSG resource potential

Detailed geological and geophysical work continues to progress to refine the geological model for the Gunn CSG Project Area across ATP 744 and ATP 1015. This area is in excess of 2,100 km² in total with an initial CSG focus area of approximately 950 km².

This upgraded model will be used to identify development options using geological characteristics and concept well designs. The geological model will also underpin a revised CSG resource assessment for the Gunn CSG Project area over ATP 744 and ATP 1015.

Gunnedah Basin, NSW – PEL 6, PEL 427 (Comet Ridge 29.55% to 100%)

In late May 2021, Renewal Application Amendments were submitted for PEL 6 and PEL 427, the most prospective of Comet Ridge’s NSW permits, on the understanding that, after a decade of waiting, the Department of Regional NSW would favourably consider renewals of these permits. Discussions with the Department indicated that a minimum relinquishment of 25% of each block area was required and amended renewal applications were submitted by Comet Ridge on that basis. At the same time and at the request of the Department, it was agreed that the outstanding permit renewal for PEL 428 should be withdrawn, on the understanding that PEL 6 and PEL 427 would be renewed. Comet Ridge was prepared to accept the relinquishment of the Company’s least prospective permit, in order to retain 75% of the two most prospective permits, particularly given the conventional gas potential in PEL 6 and the benefits for NSW to be able to supply its own gas to consumers and industry.



Formal acknowledgement of the PEL 428 withdrawal of renewal application was received from the Department of Regional NSW, effective 21 May 2021. Consequently, PEL 428 has ceased and Comet Ridge no longer has an interest in this permit. A 3C Contingent Resource of 73PJ was independently certified in PEL 428 in 2011 and will be removed from the Company's statement of reserves and contingent resources at the next reporting date. This 3C Contingent Resource represents only 2.5% of the total 3C contingent resource held by Comet Ridge and is not considered material.

Figure 4 below shows the current acreage position for the Company following the PEL 428 relinquishment.

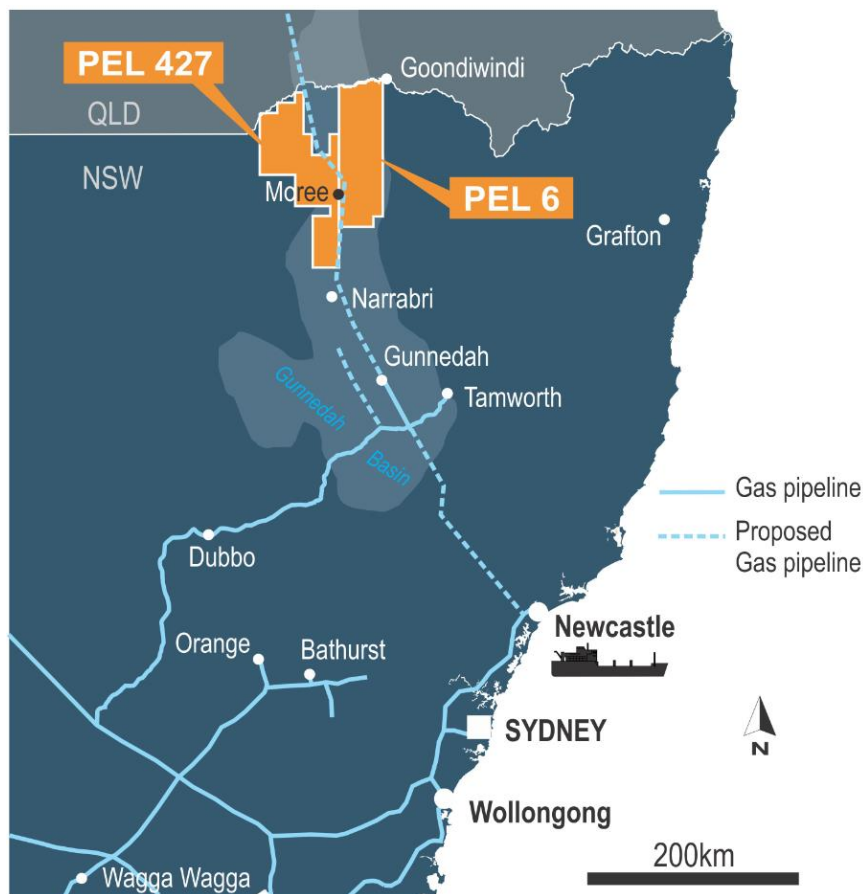


Figure 4 – Comet Ridge's NSW permits PEL 427 and PEL 6, following relinquishment of PEL 428.

Following the relinquishment of PEL 428, the NSW Government recently 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. There has been no consultation with the Company in respect of this and we are therefore unclear on the NSW Government's intentions for renewal of PEL 6 and PEL 427. 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.

The Company will keep the market updated on developments.



Corporate Activities

Cash Position

As at 30 June 2021, Comet Ridge had \$3.39m cash on hand (unaudited).

Payments to Related Parties

The aggregate value of payments to related parties and their associates of \$241k for the June quarter (shown in item 6.1 of the attached Quarterly Cashflow Report) relates to the salary of the Managing Director and fees paid to Directors (including PAYG and superannuation payments made on their behalf).

Shares and Performance Rights Position

The total number of shares on issue at 30 June 2021 was 791,211,719. The Company also had 10,230,000 performance rights on issue at 30 June 2021.

Post 30 June 2021, 4,350,000 performance rights vested and 870,000 performance rights lapsed. The resulting number of shares on issue at the date of this report is 795,561,719 and the number of performance rights on issue is 5,010,000.

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 Gas Hub projects are low cost, sales spec gas blocks, 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

COMET RIDGE LIMITED

ABN

47 106 092 577

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for:		
	(a) exploration & evaluation	(2)	(10)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(124)	(738)
	(e) administration and corporate costs	(241)	(1,289)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	21
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other - JV recoveries	(7)	14
1.9	Net cash from / (used in) operating activities	(370)	(2,002)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(1)
	(d) exploration & evaluation	(512)	900
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	10	10
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Restricted cash term deposits)	21	(151)
2.6	Net cash from / (used in) investing activities	(481)	758


Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(2)
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	4,241	4,636
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(370)	(2,002)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(481)	758
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(2)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period - refer to end note regarding post quarter cash	3,390	3,390
5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,390	4,241
5.2	Call Deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above) - refer to end note regarding post quarter cash	3,390	4,241
6. Payments to related parties of the entity and their associates		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1		241
6.2	Aggregate amount of payments to related parties and their associates included in item 2		-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>			
7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the source of finance available to the entity.</i>			
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have not been entered into or are proposed to be entered into after the quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(370)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(512)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(882)
8.4	Cash and cash equivalents at quarter end (item 4.6)	3,390
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	3,390
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.8
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows from the time being and, if not, why not?	
	Answer:	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<p><i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i></p>		

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30/07/2021

Authorised by: 

By the Authority of the Board

Print Name: Stephen Rodgers
Company Secretary

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
- If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
- If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.