



ANNUAL  
REPORT  
2021

# CONTENTS

|           |   |
|-----------|---|
| <b>1</b>  | Overview of Activities  |
| <b>10</b> | Chairman and Managing Director Letter to the Shareholders               |
| <b>12</b> | 2021 Annual Reserves Statement  |
| <b>15</b> | Corporate Governance Overview Statement                                 |
| <b>16</b> | Directors' Report   |
| <b>30</b> | Auditor's Independence Declaration                                      |
| <b>31</b> | Consolidated Statement of Profit or Loss and Other Comprehensive Income |
| <b>32</b> | Consolidated Statement of Financial Position                            |
| <b>33</b> | Consolidated Statement of Changes in Equity                             |
| <b>34</b> | Consolidated Statement of Cash Flows                                    |
| <b>35</b> | Notes to the Financial Statements                                       |
| <b>59</b> | Directors' Declaration  |
| <b>60</b> | Independent Auditor's Report  |
| <b>66</b> | Additional Information  |
| <b>68</b> | Corporate Directory   |

## Overview of Activities

### Highlights

- Transformative acquisition of APLNG's 30% interest in the Mahalo Gas Project (announced 3 August 2021), taking Comet Ridge's interest to 70%, adding significant increases to 2P and 3P Reserves and Contingent Resources - to be developed for near-term supply into the strengthening east coast gas market.
- Funding for acquisition provided by continuing Mahalo JV partner, Santos Ltd (STO) in exchange for options to increase STO's equity to 50% in the Mahalo Gas Project and to acquire a 50% interest in Comet Ridge's 100% Mahalo North (ATP 2048) and Mahalo East (ATP 2061) assets.
- \$10 million loan facility agreed with Pure Asset Management to support the Company's Mahalo Gas Hub project development strategy, with Tranche 1 drawdown of \$6.5 million completed 17 September 2021.
- Placement of \$5.0 million (net of costs) completed 16 September 2021.

### Operations

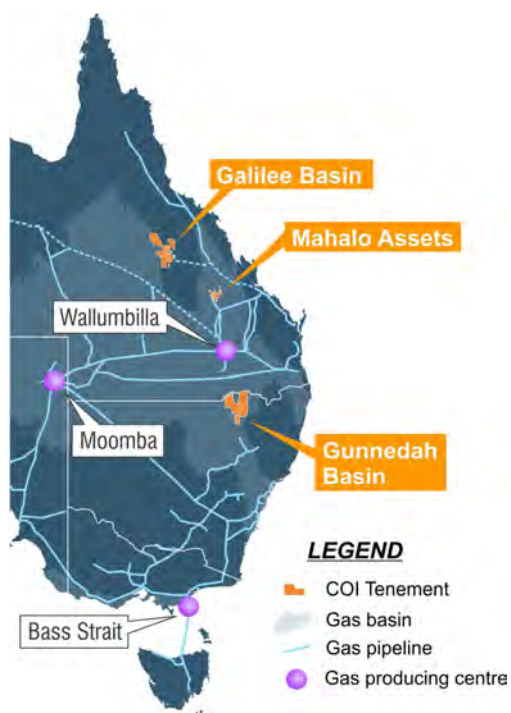
- Two additional 100% block bids - Mahalo East (ATP 2061) and Mahalo Far East (ATP 2063) - won via Queensland Government competitive tender, then formally awarded in FY21, following Mahalo North (ATP 2048) win and award in FY20.
- MOU signed to assess the feasibility of the supply of Mahalo North pilot gas to displace diesel and/or for the generation of behind-the-fence power in nearby coal mines.
- Mahalo North drilling program advanced and two well locations finalised for drilling in 2Q FY22, followed by production testing during 3Q and 4Q FY22.

### Corporate

- Underlying loss after tax of \$6.96 million (2020: \$10.39 million).
- Cash balance of \$3.39 million at 30 June 2021.
- R&D tax incentives received in FY21 totalling \$3.25 million.

### Project Overview

Comet Ridge has highly prospective, large footprint gas assets in three basins in eastern Australia (Figure 1 and Table 1):



1. **Southern Bowen Basin, Queensland** – comprising the significantly appraised Mahalo Gas Project, and three recently awarded 100% blocks to the north (collectively referred to by Comet Ridge as the Mahalo Gas Hub area). The Mahalo Gas Hub is close to infrastructure and the Gladstone LNG market. It is being targeted by Comet Ridge for near-term production, using the modular development model from the nearby Santos-operated Arcadia coal seam gas (CSG) field (located to the south).
2. **Galilee Basin, Queensland** – three permits that cover a large area in the eastern part of the basin and are prospective for both CSG and conventional gas (Deeps).
3. **Gunnedah Basin, NSW** – two large permits located in the northern part of the basin that are prospective for both CSG and conventional gas.

**Figure 1** – Map of East Australia detailing Comet Ridge's Permits



# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

| Comet Ridge Permits  | State | CSG Interest     | Conventional Interest | Area (km <sup>2</sup> ) |
|--|-------|------------------|-----------------------|-------------------------|
| <b>Mahalo Gas Hub, southern Bowen Basin</b>                      |       |                  |                       |                         |
| Mahalo Gas Project (PL 1082, PL 1083, PCA 302, PCA 303, PCA 304) | QLD   | 40% <sup>2</sup> | n/a <sup>1</sup>      | 911 <sup>2</sup>        |
| Mahalo North (ATP 2048)  | QLD   | 100%             | n/a                   | 450                     |
| Mahalo East (ATP 2061)   | QLD   | 100%             | n/a                   | 97                      |
| Mahalo Far East (ATP 2063)                                       | QLD   | 100%             | 100%                  | 338                     |
| <b>Galilee Basin</b>   |       |                  |                       |                         |
| ATP 743 <sup>3</sup>   | QLD   | 100%             | 70%                   | 3,195                   |
| ATP 744 <sup>4</sup>   | QLD   | 100%             | 70%                   | 4,296                   |
| ATP 1015   | QLD   | 100%             | 70%                   | 2,194                   |
| <b>Gunnedah Basin <sup>5</sup></b>                               |       |                  |                       |                         |
| PEL 6  | NSW   | 29.55%           | 97.5%                 | 5,162                   |
| PEL 427  | NSW   | 59.09%           | 100%                  | 5,764                   |

**Table 1 – Summary of Comet Ridge Permits at 30 June 2021**

- <sup>1</sup> Comet Ridge has rights for gas down to the level of the lower Mantuan coals.
- <sup>2</sup> Becoming 70% equity and 989 km<sup>2</sup> after the transaction with APLNG completes.
- <sup>3</sup> ATP 743 expired on 3 September 2021 and is currently subject to permit renewal and Potential Commercial Area (PCA) applications. As part of the permit renewal and PCA application process, Comet Ridge will relinquish a large area of the ATP which is not supported by petroleum discoveries and Contingent Resources.
- <sup>4</sup> ATP 744 expires on 31 October 2021 and, prior to expiry, will be subject to permit renewal and Potential Commercial Area (PCA) applications. Comet Ridge expects a large part of the existing permit area will be retained under the permit renewal and PCA applications.
- <sup>5</sup> Comet Ridge relinquished its interests in PEL 428, effective from 22 May 2021. PEL 6 and PEL 427 are currently subject to renewal application.

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

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

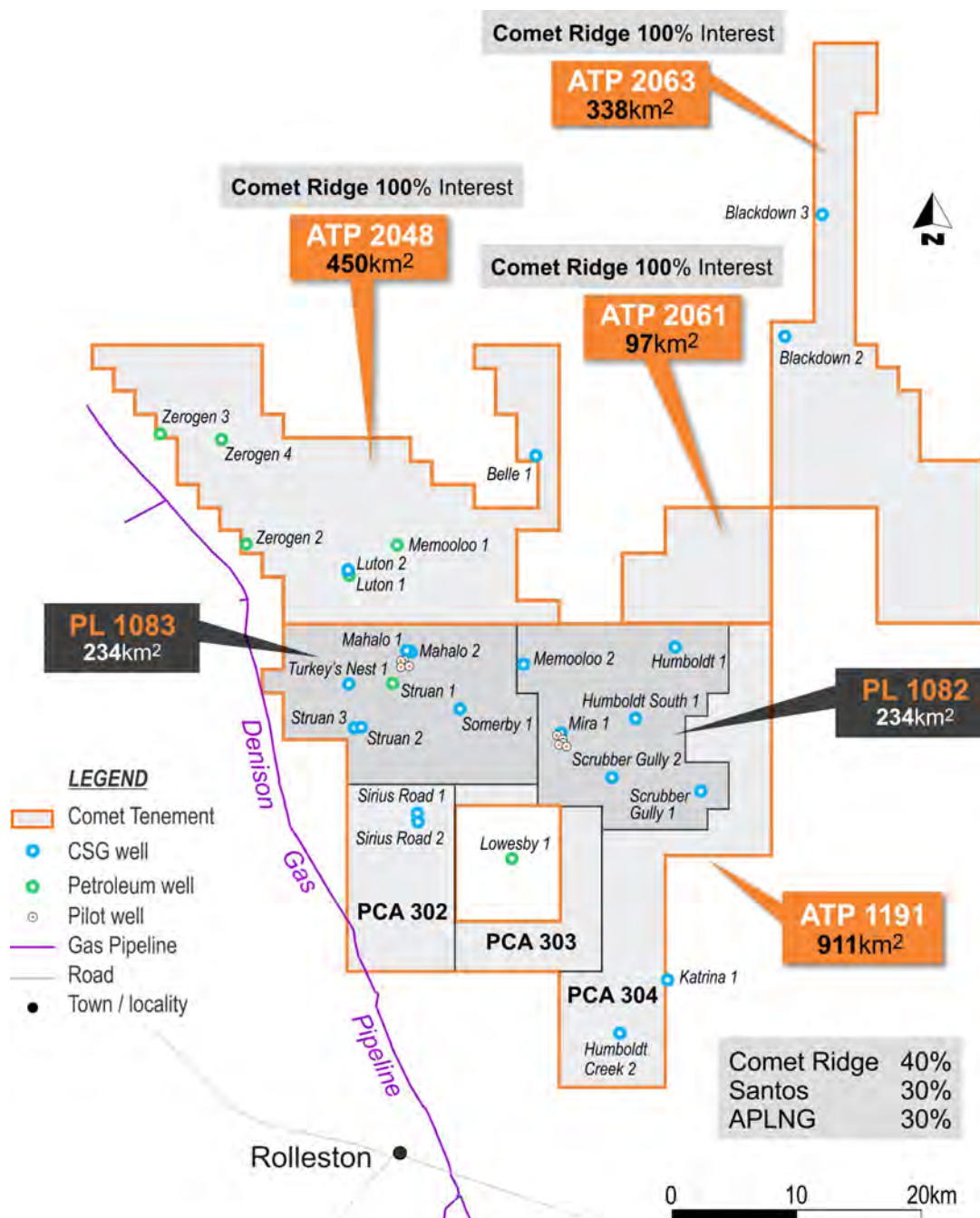
**Overview** - Comet Ridge's Mahalo Gas Project is located in the Denison Trough, approximately 240km west of Gladstone in the southern Bowen Basin and currently covers an area of 911km<sup>2</sup>, however this will expand after the recently announced transaction completes. The initial focus for development of the Project will be in the two Petroleum Lease (PL 1082 and PL 1083) areas that were awarded to the Mahalo joint venture participants in June 2020, and have been heavily appraised to date, with strong flow rates and reserves independently certified (see Figure 2). The project is located 65km to the north of infrastructure connecting to the east coast gas market and Gladstone LNG export terminals (see Figure 3). Comet Ridge has entered into a binding agreement to acquire Australia Pacific LNG Pty Limited's (APLNG) 30% interest in the Mahalo Gas Project, taking Comet Ridge's interest from 40% to 70% on completion (Acquisition).

**Increased equity** – During the financial year Comet Ridge and its Joint Venture partners invested significant time and effort into preparing to take the Mahalo Gas Project forward. This led to Comet Ridge announcing, subsequent to year end, the acquisition of APLNG's 30% interest in the Project. At the same time, Comet Ridge executed a funding and option agreement with continuing Mahalo Gas Project partner, Santos Limited. The key terms of the Acquisition and Santos agreements are:

- Cash consideration of \$12 million payable to APLNG at completion of the Acquisition and \$8 million post-completion payment in deferred tranches.
- Comet Ridge has access to \$13.15 million of debt funding from Santos to fully fund the upfront Acquisition consideration (\$12 million) and stamp duty costs (\$1.15 million), due later in CY 2021.
- In exchange for receiving loan funding for the Acquisition, Comet Ridge is providing Santos with the following rights to acquire various interests in the Mahalo Gas Hub area:
  - Option 1 - Santos may elect (for a period up to six months post-completion of the Acquisition) to purchase a 12.86% interest in the Mahalo Gas Project from Comet Ridge at proportional Acquisition value (\$8.57 million); and

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

- Expansion option – Santos has an exclusive right to negotiate, on commercial terms to be agreed, to purchase from Comet Ridge, an additional 7.14% interest in Mahalo Gas Project (equalising Santos and Comet Ridge interest at 50% each) as well as 50% interests in Mahalo North (ATP 2048) and Mahalo East (ATP2061). The expansion option is subject to Option 1 being exercised by Santos.



**Figure 2 – Map of Mahalo Gas Project PL areas and location of CSG and historic conventional wells drilled to date**

**Development Plan** – The arrangements with Santos to potentially equalise equity interests across Mahalo Gas Project, Mahalo North and Mahalo East provides for a larger initial development project focused on the high productivity fairway inside these three permits. The final step prior to a development decision is to undertake appraisal in Mahalo North and Mahalo East, which will put the joint Venture in a position to take a final investment decision later in 2022.



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

## **Mahalo North – ATP 2048**

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

**Subsurface Analysis** - Comet Ridge has undertaken subsurface analysis utilising the significant volume of detailed well and seismic data that exists for the permit, principally from historical coal and petroleum exploration. The third party, high quality, seismic data has increased our confidence in the productive coal fairway and the ability of strategically placed pilots to deliver meaningful gas volumes and means that appraisal and initial development well locations can be chosen based on the available data.

## **Mahalo East – ATP 2061**

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

**Subsurface Analysis** – Whilst the amount of well and seismic data in this block is less than is available for Mahalo North, there is still sufficient drilling data to confirm the extension of the high-quality fairway from the Mahalo PL areas towards the northeast, with good coal development and a number of high-quality drilling locations for appraisal and development.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Planned Drilling Program for Mahalo North and Mahalo East

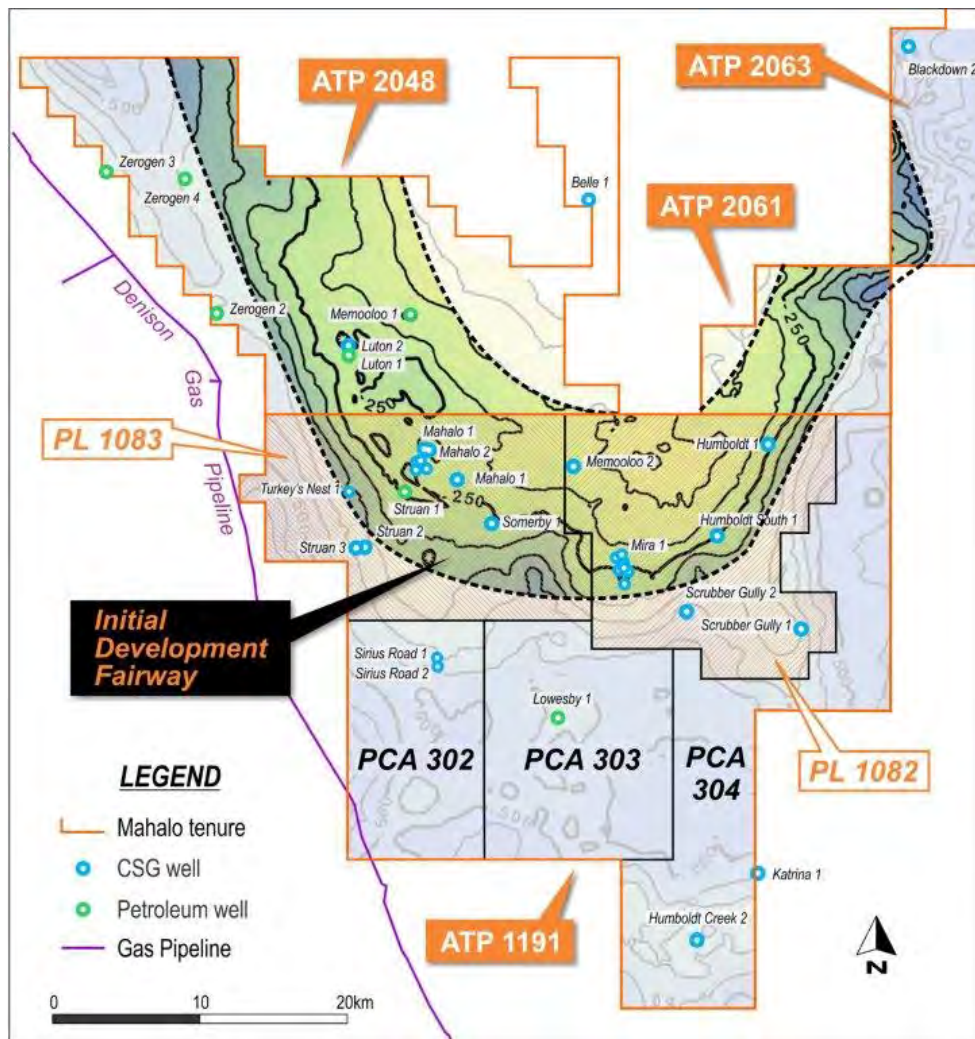
Comet Ridge's forward plan for the Mahalo Gas Hub area is to undertake appraisal of the high productivity fairway, extending north from the PL areas in the Mahalo Gas Project, and located in the Mahalo North and Mahalo East blocks (see Figure 4). The work program will comprise pilot well drilling, production testing, and step-out core holes in each of the blocks. This should be the final appraisal work required prior to a final investment decision (FID) for the Mahalo Gas Hub area.

The first phase of the work program will be funded by Comet Ridge from the Pure Asset Management facility and the recently completed equity placement. The drilling activity is expected to commence in Q2 FY22 and will comprise:

- a Mahalo North Pilot production test comprising a vertical core hole (to become a production well) and a dual lateral well planned to intersect more than 2,000m of coal.
- one step-out core hole either in Mahalo North or Mahalo East (pending final technical assessment).

The objectives of this first phase work program are to:

- demonstrate the production potential of development-length wells in the shallow, high-productivity coals.
- certify a meaningful volume of additional 2P and 3P Gas Reserves – making Mahalo Gas Hub project at least 30% bigger.
- plan a pilot production test at Mahalo East and any additional step out core holes prior to FID (to add further 2P and 3P Reserves).



**Figure 4** – Map showing the location of the development (high productivity) fairway for the Mahalo Gas Hub, comprising PL 1082 (Humboldt) and PL 1083 (Mahalo), ATP 2048 (Mahalo North) and ATP 2061 (Mahalo East)



# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Mahalo Far East – ATP 2063

**Overview** – This very large 338km<sup>2</sup> block was formally awarded to Comet Ridge on a 100% equity basis on 10 May 2021. Mahalo Far East contains coals that are generally deeper and have notably higher natural gas content than the main Mahalo high productivity fairway, adding 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, for which Comet Ridge also holds 100% equity.

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

## 2. Galilee Basin Permits

Historically, Comet Ridge has held a large acreage position of 9,685km<sup>2</sup> in the eastern part of the Galilee Basin. This acreage contains (gross) 2,287 PJ of 3C Contingent Resources, which have been independently certified at two stratigraphic levels. These comprise the sandstones or “Deeps” (from a depth of approximately 2,500 metres) in the Albany structure and also CSG or “Shallows” in the Gunn Project Area (from a depth down to approximately 1,000 metres). In November 2017, Comet Ridge and Vintage Energy Limited (Vintage) signed a Joint Venture Agreement, where Vintage has earned a 30% interest in the Galilee “Deeps” Joint Venture (GDJV).

Activities in the Galilee Basin projects in the current financial year have focused on completing technical work that will:

- secure tenure via renewal of certain areas of ATP 743 and ATP 744 and
- underpin securing the large resource areas (see Figure 5 below) with Potential Commercial Area (PCA) applications to the Queensland Government.

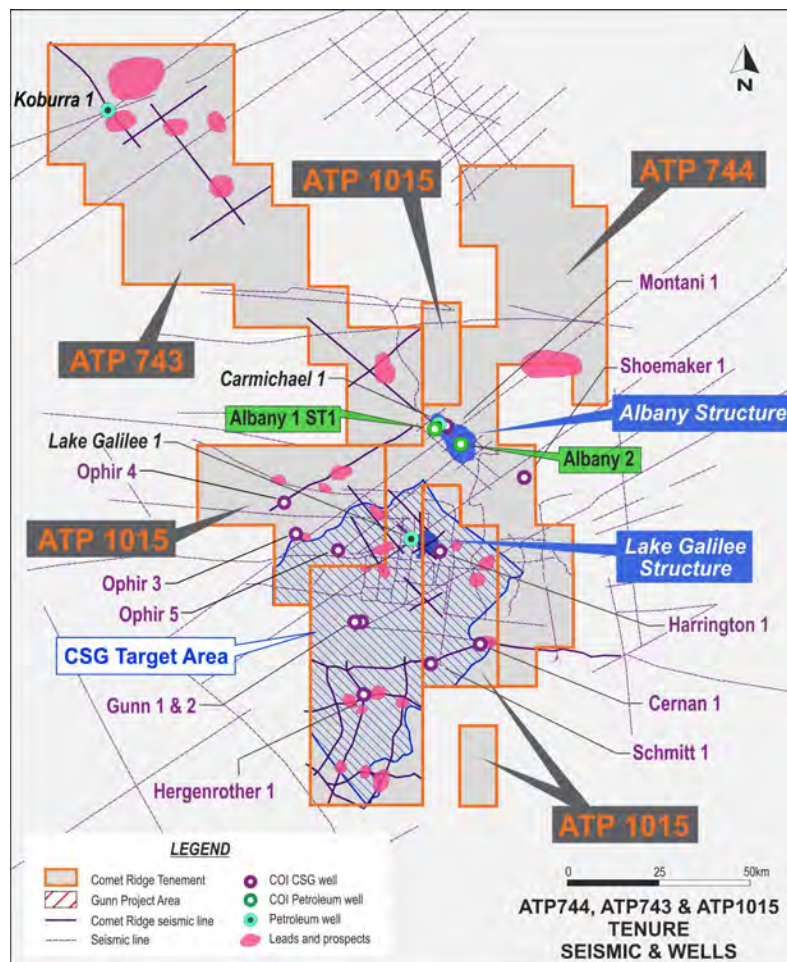


Figure 5 – Galilee ATP 743, ATP 744 and ATP 1015 - seismic leads, conventional (sandstone) and CSG wells drilled to date



## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

**ATP 743** – The permit expired on 3 September 2021 with all work program commitments up to date and the permit in good-standing with the Queensland Government. Comet Ridge has applied for permit renewal and PCA applications over the most prospective areas of this permit, namely the Koburra structure in the north-west of the permit (PCA 318) and an area in the south-east of the permit (PCA 319), being an extension of the Albany structure in ATP 744. Most of the remaining area of the ATP will be relinquished as part of the permit renewal and PCA applications, which were submitted to the DoR and formally accepted for evaluation. The GDJV is targeting retention of approximately 30% of the area of this block under PCAs with the remainder relinquished.

**ATP 744** - The permit expires on 31 October 2021, with all work program commitments up to date and the permit in good-standing with the Queensland Government. Comet Ridge has submitted a PCA application over the Albany Structure (PCA 320) within ATP 744 alongside the ATP 743 PCA applications as logically, this entire area would be appraised and potentially developed concurrently. In addition, Comet Ridge will submit a permit renewal application for ATP 744 and a PCA application over the Gunn CSG project area within ATP 744 prior to 30 September 2021. A significant portion of ATP 744 is targeted to be retained by the GDJV due to a combination of the prospectivity and size of the Albany Structure (conventional sandstone gas) and also the CSG Contingent Resource areas held 100% by Comet Ridge.

**ATP 1015** – The tenure on ATP 1015 is current until November 2022 and as such, planning for tenure renewal and PCA applications is ongoing. Similarly to ATP 744, Comet Ridge is targeting retention of a significant portion of the permit area given the prospectivity and size of the CSG Contingent Resource areas.

### 3. New South Wales Permits

Comet Ridge's two contiguous NSW licences (PEL 428 and PEL 6) cover a total area of 10,926km<sup>2</sup> and are located in the northern Gunnedah Basin, immediately north and northeast of Santos' Narrabri CSG Project in the Bohena Trough.

Comet Ridge currently holds between 29.55% and 59.09% CSG equity interests across these licences and between 97.5% and 100% conventional equity interest. Comet Ridge is the conventional operator whilst Santos operates the CSG interest.

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 has been removed from the Company's statement of reserves and contingent resources. This 3C Contingent Resource represents only 2.5% of the total 3C contingent resource held by Comet Ridge and is not considered material.

Following the relinquishment of PEL 428, the NSW Government published its Future of Gas Statement on 21 July 2021. In this Statement, the NSW Government on one hand seems to support a gas industry for manufacturing, but at the same time has undertaken to restrict gas activity outside the Narrabri Gas Project area. The Company is 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.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## International Activities

During the 2016 financial year, Comet Ridge submitted an application to surrender its interest in PMP50100 in New Zealand. This is currently being processed by New Zealand Petroleum and Minerals.

During the 2019 financial year, Comet Ridge undertook a program to plug and abandon (make permanently safe) all the wells in its New Zealand acreage as part of the process to surrender PMP50100. As of 30 June 2021, all wells except for Murcott 1 (awaiting site access), have been successfully plugged and abandoned (made safe by cementing the reservoir section and permanently isolating from surface).

## Health, Safety and Environment

Comet Ridge has been very cognisant of Covid-19 risks during the 2021 financial year, which resulted in some staff working from home (particularly in April to early May 2020), with regular morning Teams 'check in' meetings to maintain team cohesiveness and wellbeing. We were still able (with appropriate Covid provisions) to travel to the field for scouting of well site locations and landholder meetings in the newly acquired Mahalo North (ATP 2048) lease later in 2020.

With minimal field operations, the total hours worked has decreased significantly from the previous year to a total of 18,900 hours. There were no injuries, health or environmental incidents reported for the period 1 July 2020 through to 30 June 2021.

The HSE focus for the previous 12 months has been on preparing for the recommencement of operations in the 2022 financial year.

The risk management focus has been on preparing for the upcoming operations via the systematic identification of the strategic level risks associated with the Mahalo Hub drilling campaign. This work has largely been communicated to the business via the Risk Committee.

COVID 19 remains the most significant risk to operations moving forward. The supporting COVID 19 contingency plans aim to ensure the business is well prepared for any COVID 19 outbreak that may affect operations either in the field or in the supporting office environment.

We have continued to work closely with the Regulatory Authorities to understand the implication of the Resources Safety and Health Act 2020 and the raising of a new regulatory function being "Resources Safety and Health Queensland".

## Community

Comet Ridge takes its corporate social responsibility very seriously. This is reflected in a deep commitment, at all levels of the Company, to working with community stakeholders in the regions where it operates. This commitment has ensured external and stakeholder relationships continue to be extremely positive. Due to COVID-19, Comet Ridge has intentionally reduced direct face to face contact with key landholders and community representatives for the bulk of 2021.

During 2020, and early in 2021 Comet Ridge has:

- Maintained its financial membership of the Leucaena Society, to allow knowledge gathering and networking in anticipation of future gas field development.
- Commenced land access negotiations with key landholders in the Mahalo North lease area.
- Attended and contributed to a number of Government and Industry organised workshops.

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

Comet Ridge believes that co-existence and mutual respect are the cornerstones of community relations. The Company has built on the strong relationships developed over previous years and continues to enjoy excellent relationships with landowners, Local Government, the wider community, and all relevant stakeholders.

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

Through membership of APPEA, the Company interacts with other regional explorers and more widely with Government representatives and directly with other agencies such as the Queensland GasFields Commission. Comet Ridge maintains strong relationships with the relevant Queensland Government Departments, including the Department of Resources (DoR) and the Department of Environment and Science (DES).

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Cultural Heritage

Comet Ridge is legislatively required to protect and secure Indigenous Cultural Heritage when conducting in-field activities and takes responsibilities in these matters with the utmost seriousness. Protecting, preserving and respecting Indigenous culture, Aboriginal peoples' deep connection to the land and ensuring artefacts and items of cultural significance are secured, are all very important to the Company. An example of this was the successful completion of a Right to Negotiate (RTN) with a local Native Title Group in the Mahalo Far East region, which was a requirement for the awarding of ATP 2063.



# Chairman and Managing Director

## letter to shareholders



Dear Shareholder

The 2021 financial year has been a very unusual one for all of us and to widely varying degrees. We are learning to communicate and transact less face to face, by taking advantage of numerous technologies from video conferencing to document management.

As we look back to the start of the COVID-19 pandemic, which then led into the start of the 2021 financial year, the Comet Ridge Board made some prudent decisions to manage cash during a period of great uncertainty. We reduced our contractor head count, all our staff took significant pay reductions (senior staff up to 50%) and the board went to zero cash payments (net of superannuation and tax payments) for the period up to the November AGM, where shareholders approved remuneration in shares.

Whilst we were unable to get into the field to commence work on our exciting and newly awarded Mahalo North (ATP 2048) 100% block, the Queensland Department of Resources wisely continued with its plans for a new block bidding round. Pleasingly, two further blocks to the northeast of the Mahalo Gas Project area were put up for competitive tender and subsequently awarded to Comet Ridge. The combined area of these blocks is a very significant 435 km<sup>2</sup>. This dovetailed into our strategy to transform the Mahalo Gas Project into a much larger development area by including the northern extension of the high-productivity fairway in the new blocks towards both the northwest and the northeast. The award of the two new blocks gives us a significant tenure footprint in the area for gas development (1874 km<sup>2</sup>) and makes the Mahalo Gas Hub an exciting gas development project for Comet Ridge, close to infrastructure and the Gladstone market.

Concurrent with the above, publicly available production data showed us that our Mahalo JV partner holding 30% equity, APLNG, was experiencing production success in its existing fields. This success could potentially have delayed the start of the Mahalo Gas Project. With Comet Ridge's three 100% block wins right across the north of the Mahalo Gas Project, it was our view that the project should progress to development as soon as possible, particularly with Production Licences awarded in June 2020.

Subsequently we executed an agreement to acquire APLNG's 30% share of the Mahalo Gas Project, and we were also very pleased to have Santos join Comet Ridge in the transaction via funding and option arrangements. These arrangements were finalised and announced just after the end of the financial year on 3 August 2021.

This now points us towards a very exciting future. We are currently preparing to drill our first development-style long dual lateral well in Mahalo North which we plan to spud in October and production test through the remainder of 2021 and into 2022. The Company has been recapitalised through a \$10m corporate facility (with attached warrants), with the first \$6.5 million tranche drawn at the date of this report. We also recently conducted a small and targeted equity raising to bring some high-quality institutional investors onto our register.

Subsequently, the Company now has over \$15 million in available cash reserves and facilities. We also recently provided CleanCo with a notice to commence gas sales negotiations in accordance with the agreement executed by both parties in 2019. Comet Ridge has full rights to market and sell its equity share of production from the Mahalo Gas Project and its 100% owned Mahalo North (ATP 2048), East (ATP 2061) and Far East (ATP 2063) blocks.

The emergence of COVID-19 is not the only change in our external environment. "Fossil fuel" - that cheap and abundant energy that has provided prosperity, a high standard of living and longevity to billions of people around the world for centuries, now seems to have become a term that is ideologically maligned and for some investors, to be avoided. This has all happened very quickly.

The irony is that many of us don't even realise how inextricably our lives are intertwined with fossil fuels. Some people in our community expect (or hope) renewable energy will displace natural gas quickly. But nothing could be further from the truth. Natural gas will play a key role in support of renewable energy for decades. Genuine long-term forecasts on renewable penetration by knowledgeable experts, rely on natural gas as an important source of transitional supply of energy.

In addition, natural gas, the lowest carbon density fossil fuel, is actually much more heavily utilised in manufacturing, home heating and cooking, than in power generation. More than 70% of the natural gas used in Australia is for the manufacture of many of the products that we use day to day such as plastics, fertilisers, glass, bricks and clothing fibres – the list is very long.

And then there is Liquefied Natural Gas (LNG) that is produced here in Australia and exported to mostly Asian countries. Australian LNG is cleaning up the air in a number of international cities and providing an energy source that can start up at the push of a button, at any time of the day or night, and in any weather conditions.

Comet Ridge is proudly a natural gas appraisal and development Company, soon to move into production. Our near-term focus is to supply the ever-increasing energy requirements of east-coast Australia and support our LNG export industry, by progressing our large Mahalo Gas Hub through the final stages of appraisal and into production.

Gas market forecasters point to a continuing demand for natural gas into Australia's eastern seaboard, and for LNG into Asia. This demand will run for decades, and we believe Comet Ridge can provide competitively priced gas into this market opportunity. We look forward to providing operational updates over the coming months on our appraisal program in Mahalo North, with an objective of booking inaugural 2P and 3P reserves in this area. This will build a larger development area at the Mahalo Gas Hub. We expect the gas market in eastern Australia (and Asia and Europe) to continue to tighten and expect an exciting future for Comet Ridge.

We would like to sincerely thank our many stakeholders, particularly our landholders, the communities we work with and our shareholders for your continued support. A special thanks is extended to our staff and contractors who have endured some challenging times in the last 18 months but have worked tirelessly to help deliver the transformational block wins, acquisition and funding deals for our Mahalo Gas Hub assets.



**James McKay**

Chairman



**Tor McCaul**

Managing Director

## 2021 Annual Reserves Statement

Comet Ridge is pleased to present its Annual Reserves Statement for the period ending 30 June 2021:

| Comet Ridge Limited – Net Recoverable Reserves and Resources <sup>1</sup> |                                 |                  |                            |         |         |         |         |         |  |         |         |         |         |                    |
|---|---------------------------------|------------------|----------------------------|---------|---------|---------|---------|---------|--|---------|---------|---------|---------|--------------------|
|   |                                 |                  | Reserves (PJ) <sup>1</sup> |         |         |         |         |         | Contingent Resources (PJ) <sup>1</sup> |         |         |         |         |                    |
|   |                                 |                  | 1P                         | 1P      | 2P      | *2P     | 3P      | 3P      | 1C                                     | 1C      | 2C      | **2C    | 3C      | 3C                 |
|   |                                 |                  | 30-6-20                    | 30-6-21 | 30-6-20 | 30-6-21 | 30-6-20 | 30-6-21 | 30-6-20                                | 30-6-21 | 30-6-20 | 30-6-21 | 30-6-20 | 30-6-21            |
| Southern Bowen Basin, QLD   | Mahalo Gas Project (ATP 1191) + | 40%              | *-                         | *-      | *106    | *106    | 183     | 183     | 53                                     | 53      | **89    | **89    | 154     | 154                |
| Galilee Basin, QLD  | Gunn Project Area (ATP 744)     | 100%             | -                          | -       | -       | -       | -       | -       | -                                      | -       | **67    | **67    | 1,870   | 1,870              |
| Galilee Basin, QLD  | Albany Structure (ATP 744)      | 70%              | -                          | -       | -       | -       | -       | -       | 39                                     | 39      | **107   | **107   | 292     | 292                |
| Gunnedah Basin, NSW   | PEL 6<br>PEL 427                | 29.55%<br>59.09% | -                          | -       | -       | -       | -       | -       | -                                      | -       | -       | -       | 562     | 489 <sup>2</sup>   |
| Total   |                                 |                  | *-                         | *-      | *106    | *106    | 183     | 183     | 92                                     | 92      | **263   | **263   | 2,878   | 2,805 <sup>2</sup> |

Table 2 – Comet Ridge Limited – Reserves and Resources Annual Statement

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

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

<sup>2</sup> PEL 428 has been relinquished (effective on 21 May 2021) which results in the decrease of the 3C Resources figures for the Gunnedah Basin Permits from 562PJ to 480PJ which is approximately a 13% decrease. This reduction represents approximately a 2.5% decrease of the Company's total 3C position.

### ASX Listing Rules Annual Report Requirements

\* Listing Rule 5.39.1:

- All 2P petroleum reserves recorded in Table 2 as at 30 June 2021 are undeveloped and are attributable to unconventional gas.
- 100% of the 2P petroleum reserves are located in the Southern Bowen Basin.
- No 1P petroleum reserves were recorded for the period ending 30 June 2021 – Please refer to ASX Announcement “Mahalo Reserves and Resources Revision” 30 October 2020 for details.

\* Listing Rule 5.39.2:

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

Listing Rule 5.39.3:

- Table 2 records a comparison of the 1P, 2P and 3P petroleum reserves as at 30 June 2021 as against the previous year and discloses that the petroleum reserves (1P, 2P and 3P) have not changed.

Listing Rule 5.39.4:

- Comet Ridge first reported certified petroleum reserves for the Mahalo Gas Project on 27 August 2014 and these reserves have remained undeveloped for greater than 5 years since the date initially reported.
- The Mahalo Joint Venture has yet to reach a Final Investment Decision on the Mahalo Gas Project, which needs the approval of all Joint Venture participants. Lateral well drilling was undertaken by Comet Ridge, as agent for the exploration Operator (Santos), during 2017 and 2018, to demonstrate and confirm the most likely development well style. During the first half of 2020, both Federal and State environmental approvals were received for the Mahalo Gas Project and then on 30 June 2020 the Petroleum Leases (PLs) were awarded by the Queensland Government. This allows the Mahalo Joint Venture to now finalise the development concept and proceed to make a Final Investment Decision (FID).
- Comet Ridge announced 3 August 2021 a funded acquisition of APLNG's 30% interest in the Mahalo Joint Venture which will allow the unlocking of the Mahalo Gas Project by providing a pathway to project development with Comet Ridge appointed appraisal operator (as agent) to drive the project towards a Final Investment Decision, with Santos to then carry out the development as development operator.



## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

- Concurrent with this, Comet Ridge now holding a large 100% operated acreage position immediately adjacent to the Mahalo Gas Project to the north, is appraising these areas, to certify further gas reserves and resources and to develop these in a similar fashion, making use of infrastructure that will be available to the Mahalo Gas Project following FID.

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

- Comet Ridge has obtained all of its gas Reserves and Resources reported as at 30 June 2021 from external independent consultants who are qualified petroleum Reserves and Resources evaluators as prescribed by the ASX Listing Rules.
- Comet Ridge estimates and reports its petroleum Reserves and Resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2018, published by the Society of Petroleum Engineers (SPE PRMS).
- To ensure the integrity and reliability of data used in the reserves estimation process, the raw data is reviewed by senior reservoir engineering and geological staff at Comet Ridge before being provided to the independent reserve certifiers. Comet Ridge has not and does not currently intend to conduct internal reviews of petroleum reserves preferring to appoint independent external experts prior to reporting any updated estimates of reserves or resources so as to ensure an independent and rigorous review of its data.
- Comet Ridge reviews and updates its gas Reserves and Resources position on a regular basis to ensure that if there is any new data that might affect the reserves or resources estimates of the Company, steps can be taken to ensure that the estimates are adjusted accordingly.

### Listing Rule 5.40.1:

- All 2C contingent resources at 30 June 2021 are undeveloped. Approximately 78% of the reported 2C Contingent Resource is attributable to unconventional gas with the remainder attributable to a sandstone reservoir referred to in Table 2 as the Albany Structure.
- The geographical areas where the 2C Contingent Resources are located appear in the far-left column of Table.

### Listing Rule 5.40.2:

- Table 2 records a comparison of the 1C, 2C and 3C Contingent Resources as at 30 June 2021, against the previous year and discloses that:
  - the net 1C, 2C and 3C Contingent Resources for the Albany Structure remained unchanged during the period.
  - the net 1C, 2C and 3C Contingent Resources for the Mahalo Gas Project remained unchanged during the period. However subsequent to 30 June 2021 the Company announced the acquisition of ALNG's 30% interest in the Mahalo Joint Venture which will see an increase (through acquisition) to the 1C, 2C and 3C Contingent Resources the details of which can be found in the Company's ASX announcement of 3 August 2021.
  - The net 3C Contingent Resources of 73 PJ for PEL 428 have been removed as the permit was relinquished by Comet Ridge (effective on 21 May 2021).
  - There were no other changes to the 1C, 2C and 3C Contingent Resources from those recorded as at 30 June 2020.

### Listing Rule 5.44:

- The estimates of Reserves and Contingent Resources appearing in the 2021 Annual Reserves Statement for Comet Ridge Limited and its subsidiaries are based on, and fairly represent, information and supporting documentation determined by the various qualified petroleum reserves and resource evaluators listed below.
- The Contingent Resource for the Albany Structure in ATP 744 are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, an independent petroleum reserve and resource evaluation company. The Contingent Resources information in the form and context in which they appear herein has been issued with the previous consent of Dr McConachie in the form and context in which they appear in this Annual Reserves Statement for 2021. His qualifications and experience meet the requirements to act as a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42 to report petroleum reserves in accordance with the Society of Petroleum Engineers ("SPE") 2018 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 Guidelines for Application of the Petroleum Resources Management System
- The unconventional (CSG) Contingent Resource estimates for ATP 744 in the Annual Reserves Statement for 2021 were determined by Mr John Hattner of Netherland, Sewell and Associates Inc. (NSAI) in accordance with Petroleum Resource Management System guidelines. Mr Hattner is a full-time employee of NSAI and is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the resource figures in the form and context in which they appear in the Annual Reserves Statement.
- The estimate of Reserves and Contingent Resources for the Mahalo Gas Project, as part of ATP 1191+ provided in the Annual Reserves Statement was determined by and under the supervision of Mr Timothy L. Hower of MHA Petroleum Consultants LLC in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA and is a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42. Mr Hower is a Licensed Professional Engineer in the States of Colorado and Wyoming as well as being a member of The Society of Petroleum Engineers. Mr Hower has previously consented to the publication of the Reserve and Contingent Resource estimates for Mahalo in the form and context in which they appear in this Annual Reserves Statement for 2021.

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

- The Contingent Resource estimates for PEL 6 and PEL 427 were also determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC. Mr Hower consented to the publication of the resource figures which appeared in the announcement of 7 March 2011 made by Eastern Star Gas Limited (ASX:ESG) and any reference and reliance on the resource figures for PEL 6 and PEL 427 in the table is only a restatement of the information contained in the ESG announcement.

Notes to Net Recoverable Reserves and Resources Table:

- 1) Gas Reserve and Resource numbers have been rounded to the nearest whole number.
- 2) Comet Ridge's net reserves have not been adjusted for fuel or shrinkage (estimated at approximately 3%) and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).

## Corporate Governance Overview Statement

The Directors and management of Comet Ridge are committed to the creation of shareholder value and recognise the need for high standards of corporate governance as integral to that objective.

The Board is pleased to report that during the year ending 30 June 2021 the Company's corporate governance practices and policies have substantially accorded with those outlined in the ASX Corporate Governance Council's Principles and Recommendations (4<sup>th</sup> Edition) (ASX Recommendations or ASX Guidelines), except as outlined in the Company's annual Corporate Governance Statement. Even where there is a deviation from the recommendations the Company continues to review and update its policies and practices in order that these keep abreast of the growth of the Company, the broadening of its activities, current legislation and good practice.

The ASX Corporate Governance Council's (the Council) recommendations are not prescriptive but rather they are guidelines. If certain recommendations are not appropriate for the Company given its circumstances, it may elect not to adopt that particular practice in limited circumstances.

Where the Company's Corporate Governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the recommended practices are appropriate due to either the size of the Board or the management team or due to the current activities and operations being carried on by and within the Company.

A copy of Comet Ridge's 2021 Corporate Governance Statement, which provides detailed information about governance and a copy of Comet Ridge's Appendix 4G which sets out the Company's compliance with the ASX Recommendations, is available on the corporate governance section of the Company's website at:

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



## Directors' Report

Your Directors present their report on Comet Ridge Limited (Comet Ridge or the Company) and the consolidated entity (the Group) for the financial year ended 30 June 2021. The Company was incorporated on 23 August 2003 and listed on the Australian Securities Exchange on 19 April 2004.

### 1. Information on Directors

The following persons were the Directors of Comet Ridge Limited who held office for the whole or part of the year and up to the date of this Report.

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

##### Special Responsibilities

Chairman

Member of the Remuneration Committee

##### Experience

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

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

Mr McKay is also a director and shareholder of Centenary Memorial Gardens Pty Ltd, a major Brisbane cemetery and crematorium. He is a past president of the Australasian Cemeteries and Crematoria Association, having served on its board for over 8 years.

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

##### Interest in Shares and Options

38,076,275 ordinary shares

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

Firefinch Limited (formerly Birimian Limited) (resigned 13 November 2018)

#### Tor McCaul B.E. (Hons/Petroleum), B.Econ, MBA, Managing Director (Director since 16 April 2009)

##### Special Responsibilities

Managing Director

Member of the Risk Committee

##### Experience

Tor McCaul was appointed Managing Director of Comet Ridge in April 2009 when the Company merged with Chartwell Energy Limited (Chartwell). He previously held the position of Chief Executive Officer of Chartwell having commenced with the Company in 2008. Tor has over 30 years' experience in the oil and gas industry. He graduated in Petroleum Engineering from UNSW in 1987 and spent the next 9 years based in Brisbane working with operating companies in technical roles on projects in Queensland, New Zealand and PNG, which included a secondment to Chevron Niugini.

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

Mr McCaul was elected to the APPEA Board in November 2018 and is the Chair of the APPEA Exploration Committee.

##### Interest in Shares and Options

6,501,053 ordinary shares

2,500,000 Performance Rights

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

Nil.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

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

Appointed Executive Director 17 June 2015.

### Special Responsibilities

Nil

### Experience

Chris Pieters is the Managing Director and co-founder of Walcot Capital, a private venture capital business specialising in early-stage commodity investments, and the former Managing Director of Tlou Energy Limited, when it was a private unlisted public company with CSG exploration interests in Southern Africa.

Previously he was Chief Commercial Officer at Sunshine Gas Limited prior to its merger with the Queensland Gas Company in 2008. Mr Pieters also held other technical and business development roles at Sunshine Gas.

He is a member of the Petroleum Exploration Society of Australia.

### Interest in Shares and Options

1,576,178 ordinary shares

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

Nil.

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

### Special Responsibilities

Chairperson of the Audit Committee

### Experience

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

Gillian is a past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and a lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company and was a member of the Paladin Energy Ltd Board for a period of 10 years. In August 2015, she stepped down from her role at Paladin as Company Secretary and EGM-Corporate Services. She also serves on the board of ASX listed Deep Yellow Limited and Panoramic Resources Ltd. Gillian is also a member of the West Australian Division Council of the Australian Institute of Company Directors.

### Interest in Shares and Options

295,372 ordinary shares

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

Deep Yellow Limited

Panoramic Resources Ltd

Firefinch Limited (formerly Birimian Limited) (Resigned 13 November 2018)

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

### Special Responsibilities

Chairperson of the Risk Committee

Member of the Remuneration Committee

Member of the Audit Committee

### Experience

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

### Interest in Shares and Options

850,895 ordinary shares

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

Nil.

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

## Special Responsibilities

Chairperson of the Remuneration Committee  
Member of the Audit Committee

## Experience

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

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

## Interest in Shares and Options

1,038,074 ordinary shares

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

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

## 2. Company Secretary

Stephen Rodgers was appointed Company Secretary on 16 April 2009 and continues in office at the date of this report. He is a lawyer with over 30 years' experience and holds a Bachelor of Laws degree from Queensland University of Technology.

After practising law with several firms in Brisbane over a 12-year period he then operated his own specialist commercial and property law practice for 7 years. Mr Rodgers then joined the successful team at Sunshine Gas Limited, where he was the in-house Legal and Commercial Counsel; a broad role which also included assisting the Company Secretary with many of the facets of that position. During this period, Mr Rodgers gained invaluable experience in the operation and running of an ASX200 coal seam gas company as well as being an instrumental member of the team which led the takeover negotiations and implementation of QGC's friendly acquisition of that Company.

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

## 3. Principal Activities

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

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

## 4. Operating and Financial Review

The loss after tax of the Group for the financial year ended 30 June 2021 amounted to \$6.96 million (2020: loss of \$10.4 million), including write-offs of Galilee Basin seismic costs (\$0.62 million) and current year Gunnedah Basin expenditure (\$0.14 million).

During the financial year, the Group capitalised exploration expenditure of \$0.4 million (2020: \$2.5 million) on the Mahalo Gas Project, \$0.3 million (2020: \$11.8 million) on the Galilee Deeps Joint Venture, \$0.7 million (2020: \$0.8 million) on Mahalo North, and \$0.3 million (2020: \$0) combined on Mahalo East and Far East.

At 30 June 2021, the Group had \$3.39 million in cash on hand and net current liabilities of \$20.36 million (which includes the CleanCo (previously Stanwell) liability disclosed as a current obligation for the first time this financial year).

Comet Ridge has future exploration commitments for its Galilee, Mahalo and 100% owned Mahalo northern projects which will be funded as required when they fall due. These commitments will be funded via existing cash, a placement completed on 16 September 2021 (\$5.0 million, net of costs) and PURE Asset Management \$10.0 million loan facility.

Also, if Comet Ridge were to enter into commercial discussions regarding a gas sales agreement with CleanCo (assigned from Stanwell), and an agreement not come to fruition, a cash payment would arise, which is not presently funded. **Note 2 (d) Going Concern**, and the independent auditor's report both acknowledge the existence of these matters and the material uncertainty that exists as a consequence. If Comet Ridge was not able to secure funding to meet this payment, that may cast significant doubt about the Group's ability to continue as a going concern.

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

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

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

### 5. Significant Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year ended 30 June 2021:

#### (a) Mahalo Gas Project Petroleum Lease Approvals

On 7 July 2020 it was announced that the Mahalo Gas Project had been granted Queensland State Government Petroleum Leases (PLs) 1082 (Humboldt) and 1083 (Mahalo). These were issued for a term of 30 years.

#### (b) Award of Mahalo East block (ATP 2061)

Comet Ridge was notified on 21 September 2020 as the successful bidder via a tender process by the Queensland Government for two additional blocks in the Mahalo Gas Hub area. The first of these blocks, Mahalo East was formally awarded to Comet Ridge as ATP 2061 as 100% equity holder and operator. ATP 2061 covers an area of 97km<sup>2</sup> and is located immediately to the north of the Mahalo Gas Project and east of Mahalo North in the same high productivity gas fairway.

#### (c) Award of Mahalo Far East block (ATP 2063)

Comet Ridge was awarded ATP 2063 (Mahalo Far East), being the second block from its successful Queensland Government tender process notified in September 2020, following award of an environmental authority and Native Title agreement. ATP 2063 covers an area of 338km<sup>2</sup> and is located northeast of the Mahalo Gas Project. Mahalo Far East contains coal that are generally deeper and have notably higher gas content than the main Mahalo high production fairway, adding a significant additional gas-in-place volume to Comet Ridge's portfolio.

### 6. Dividends Paid or Recommended

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

### 7. Post Balance Date Events

#### (a) Performance Rights

On 12 July 2021, Comet Ridge issued 4,350,000 ordinary shares as a result of vesting of the same number of Performance Rights. In addition, Comet Ridge announced on the same date, the lapse of 870,000 Performance Rights because the retention condition was not satisfied.

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

On 3 August 2021, Comet Ridge announced it had executed a binding agreement with Australia Pacific LNG Pty Ltd (APLNG) to acquire their 30% interest in the Mahalo Gas Project. The consideration payable to APLNG is \$20 million, payable in staged payments. The first payment of \$12 million is due on completion of the acquisition (expected in late 2021), with \$8 million deferred and payable in four annual instalments of \$2 million each unless a post completion trigger event occurs requiring earlier payment. Comet Ridge has paid a deposit of \$1 million which will be deducted from the \$12 million completion payment. The acquisition significantly increases Comet Ridge gas reserves and contingent resources, on favourable deal metrics, and provides the Mahalo JV the alignment required to move the Mahalo Gas Project to development on a time and cost-efficient basis.

#### (c) Santos loan and option agreements

On 3 August 2021, Comet Ridge also announced it had executed binding agreements with Santos Ltd to provide loan funding of \$13.15 million to fund the upfront consideration (and stamp duty costs) payable by Comet Ridge to APLNG for the acquisition noted in (b) above in exchange for Santos receiving options to acquire increased equity in certain Mahalo permits. These options comprise:

- a firm option for Santos to acquire a 12.86% in Mahalo Gas Project from Comet Ridge at proportional acquisition value of the APLNG acquisition; and
- a right for Santos to negotiate, on terms to be agreed, to purchase from Comet Ridge, an additional 7.14% in Mahalo Gas Project (equalising Santos and Comet Ridge interest at 50% each) and 50% interests in Mahalo North (ATP 2048) and Mahalo East (ATP 2061). This is subject to the option above being exercised by Santos.

(d) PURE Asset Management \$10 million loan facility

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

(e) Completion of placement on new shares

Comet Ridge announced on 10 August 2021, a placement to institutional and sophisticated investors to raise \$5.0 million (net of costs). The placement comprised the issue of 64,472,726 new shares at an issue price of \$0.0825 per share. The placement shares were allotted to investors on 17 September 2021.

(f) Permit renewal and Potential Commercial Area (PCA) applications for Galilee permits

Comet Ridge lodged an application for renewal of ATP 743 in the Galilee Basin with the Queensland Department of Resources (DoR) on 4 August 2021. The permit renewal was accompanied by PCA applications over the two most prospective areas within the permit, being the Koburra area and Albany NW area. These applications were accepted by the DoR and PCA 318 (750 km<sup>2</sup>) and PCA 319 (257 km<sup>2</sup>) respectively awarded to Comet Ridge. The remaining areas of ATP 743 will be relinquished as part of the permit renewal application. It will take a number of months for the permit renewal and PCA applications to be considered by DoR prior to their award. Assuming the application is successful, the permit will be renewed for a further 12-year term.

Comet Ridge has also submitted a PCA application over the Albany Structure within ATP 744 alongside the ATP 743 PCA applications as logically, this entire area would be appraised and potentially developed concurrently. This application was accepted by DoR and PCA 320 (363 km<sup>2</sup>) awarded to the Company. Comet Ridge is also finalising a permit renewal application for ATP 744 and a PCA application over the entire Gunn CSG project area prior to 30 September 2021, which, if awarded, will secure the long-term tenure of a significant portion of the current permit area.

(g) Notice of intention to negotiate a gas sales agreement with CleanCo

Comet Ridge issued a notice to CleanCo Queensland Limited (CleanCo) on 21 September 2021 to commence gas sale agreement negotiations. CleanCo has responded to the notice and both parties intend to undertake these negotiations over the coming months.

## 8. Principal Risks

### Risk Management Framework

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

The Comet Ridge risk management procedure incorporates an enterprise level view of risk, an understanding of risk management options and the use of consistently developed risk information. This is a continuous process and provides the foundation for the execution of business management activities. The use of common language around risk identification, management and reporting across field and office-based teams enables management, the employees and contractors who work for the company to focus on the key risks to achieve organisational goals.

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

### Material Risks at 30 June 2021

The material business risks for Comet Ridge at 30 June 2021 are outlined in this section. These risks may materialise independently, concurrently or in combination. The active management of these risks through our risk management framework is imperative to Comet Ridge meeting strategic objectives and delivering shareholder value. This summary is neither an exhaustive list of risks that may affect Comet Ridge, nor are the risks listed in order of importance.



## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

| Operational Risks |   |
|-------------------|---|
| Risk              | <b>Joint Venture arrangements</b> – Comet Ridge is in several joint ventures for some of the assets it owns and, as such, is dependent on technical and commercial alignment with our Joint Venture partners.   |
| Cause             | Misalignment between Joint Venture partners can lead to inefficient utilisation of available capital and may impact approaches to prioritisation of exploration or development opportunities.   |
| Impact            | Delayed approvals of development plans may impact on the timing of Comet Ridge's growth.  |
| Mitigations       | We ensure that our team works closely with our Joint Venture partners to achieve mutually beneficial outcomes.  |
| Risk              | <b>Exploration and development</b> – Our growth is dependent on our ability to successfully discover, develop and deliver new resources and reserves.   |
| Cause             | Exploration and drilling activities are highly uncertain and dependent on capital funding and the acquisition and analysis of data.   |
| Impact            | Comet Ridge's ability to deliver our strategy may be impacted by the success of our exploration and development efforts.  |
| Mitigations       | To ensure the highest possibility of success and therefore confidence of investors, we seek to employ the most technically capable staff, who analyse our existing acreage for drilling prospects by applying best-in-class technologies and process for exploration and development. Comet Ridge seeks partnering and farm-in opportunities to diversify risk.   |
| Risk              | <b>Access to infrastructure</b> – Comet Ridge's growth strategy is largely dependent on access to infrastructure owned by third parties.  |
| Cause             | We rely on third parties to process, transport and market the product Comet Ridge is seeking to produce.  |
| Impact            | Comet Ridge's growth may be impacted by the failure to obtain access to appropriate supporting facilities.  |
| Mitigations       | We seek to work closely with suppliers of infrastructure to mitigate the risk of not obtaining access and we continue to explore alternative routes to market to diversify risk where possible.   |
| Risk              | <b>Renewal of Tenure</b> - All permits and tenure are subject to compliance with certain requirements, including but not limited to meeting minimum exploration work commitments, lodgement of reports, payment of fees and compliance with environmental conditions and legislation.   |
| Cause             | We rely on a number of external factors as well as internal to ensure that we are able to satisfy these conditions which might not be able to be met on time or at all due to various factors some of which may be out of the control of the Company.   |
| Impact            | Comet Ridge could lose title to or its interest in any of the permits or tenure to any of its assets if these requirements are not met.   |
| Mitigation        | We have a very experienced team who are familiar with the regulatory environment and continue to monitor the Company's progress as against work commitments and reporting obligations. These commitments are continually reviewed throughout the year not only by the operations team level but also are overseen by the Risk Committee who reports directly to the Board who has the authority to secure further resources and funding to ensure commitments are not missed. |
| Risk              | <b>Land Access</b> – Land access is critical for the success of Comet Ridge's exploration and development activities.   |
| Cause             | We rely on being able to negotiate with landholders and other stakeholders' access and entry agreements onto private and public lands over which Comet Ridge's exploration and production tenures overlay.  |
| Impact            | Comet Ridge's exploration operations and profitability may be adversely impacted or delayed in the event of a dispute with a landowner or user that delays or prevents the Company carrying out its projects and this could materially adversely affect its financial position and performance.   |
| Mitigations       | We seek to work closely with landholders and other stakeholders and engage with them as early as possible to ensure that they are kept apprised of our proposed activities and seek to develop working partnerships with these parties where possible.  |

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

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

## 9. Future Developments and Expected Results

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

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

## 10. Environmental Regulations

The Group's operations are subject to environmental regulation under the federal and state laws of Australia, where it undertakes its exploration, development and production activities. It is the Group's policy to engage appropriately experienced contractors and consultants to advise on, and ensure compliance with, its environmental performance obligations.

There have been no reports of breaches of any environmental regulations or obligations in the financial year and as at the date of this report.

## 11. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2021 has been received and is attached to this report as required under section 307c of the Corporations Act 2001.

## 12. Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the financial year ended 30 June 2021 and the number of meetings attended by each Director were:

|           | Board                     |                 | Audit Committee           |                 | Remuneration Committee    |                 | Risk Committee            |                 |
|-----------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|---------------------------|-----------------|
|           | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| J McKay   | 7                         | 7               | *                         | *               | 2                         | 2               | *                         | *               |
| T McCaul  | 7                         | 7               | *                         | *               | *                         | *               | 2                         | 2               |
| G Swaby   | 7                         | 7               | 3                         | 3               | *                         | *               | *                         | *               |
| C Pieters | 7                         | 6               | *                         | *               | *                         | *               | *                         | *               |
| S Scott   | 7                         | 7               | 3                         | 3               | 2                         | 2               | *                         | *               |
| M Riley   | 7                         | 7               | 3                         | 3               | 2                         | 2               | 2                         | 2               |

\* Not a member of the relevant committee

## 13. Remuneration Report – Audited

This report outlines the remuneration arrangements in place for the Non-executive Directors, Executive Directors and other Key Management Personnel of the Company.

### Remuneration Committee

The Board has established a Remuneration Committee which provides advice and specific recommendations on the remuneration packages and other terms of employment for Non-executive Directors, Executive Directors and other senior executives, including:

- the level of Non-executive Director fees;
- the amount and nature of remuneration arrangements for Executive Directors and other executives; and
- the type and nature of incentive arrangements including key performance targets effecting the remuneration of the executive team.

The objective of the Remuneration Committee is to ensure that the remuneration policies and arrangements are fair and competitive and aligned with the long-term interest of the Company.

The level of remuneration and other terms and conditions of employment for Executive Directors and Company executives are reviewed annually having regard to performance and relevant comparative information and are approved by the Board after the Remuneration Committee has sought independent professional advice, as required. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility.

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

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

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

## Key Management Personnel

For 2021, the Key Management Personnel (KMP) for Comet Ridge comprised:

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

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

## Non-executive Director Remuneration

The Board's policy is to remunerate Non-executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The latest determination was at the Annual General Meeting held on 11 November 2009 when shareholders approved an aggregate remuneration of \$500,000 per year.

Fees for Non-executive Directors are not linked to the performance of the Group, however, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. There is no minimum holding prescribed in the Constitution.

During the 2019 financial year the Committee engaged with BDO on a Board Remuneration report, which compared Comet Ridge's current fees against comparative companies in the same industry. The Committee discussed the report and recommended the increase from the lower end of the scale provided effective from 1 December 2018. This was the first increase since 2009. No increases to Non-Executive Directors fees have been made in 2021. In response to the COVID-19 pandemic and the need to conserve cash resources, the Company announced on 31 March 2020 that all Directors (other than the Managing Director) elected to receive their net fees in equity rather than cash from 1 April 2020 until 31 October 2021 (which was approved by shareholders at the Company's 2020 Annual General Meeting). The applicable Superannuation and PAYG relating to Directors fees continued to be paid in cash during this period. The Non-executive Directors' remuneration shown below is reported on a gross basis, notwithstanding net wages were not paid in cash between 1 July 2020 and 31 October 2020 but were settled in shares.

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

| Director fees                              | 2021<br>\$ | 2020<br>\$ |
|--|------------|------------|
| <b>Base Fees</b>                           |            |            |
| Chair                                      | 156,000    | 156,000    |
| Other Non-executive Directors              | 81,000     | 81,000     |
| <b>Additional Fees</b>                     |            |            |
| Chair of Audit Committee                   | 10,000     | 10,000     |
| Chairs of Remuneration and Risk Committees | 5,000      | 5,000      |
| Members of committees                      | 3,000      | 3,000      |

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Executive Remuneration Framework

The objective of the executive remuneration policy is to ensure that the Group's remuneration arrangements are competitive and reasonable, enabling it to attract and retain the right calibre of staff and to align the remuneration of Executive Directors and other executives with shareholder and business objectives. Executive remuneration arrangements comprise a fixed remuneration component and may also include specific incentives based on key performance areas affecting the Group's financial and/or operational results as follows:

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

The Remuneration Committee reviews executive remuneration arrangements annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

Executive and Non-executive Directors and other employed executives receive the superannuation guarantee contribution required by the Commonwealth Government. For the year ended 30 June 2021 the rate was 9.5% up to a maximum contribution of \$21,694. Executive and Non-executive Directors and other employed executives do not receive any other retirement benefits; however, some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

In response to the COVID-19 pandemic and the need to conserve cash resources, the Company reduced the salary of the Managing Director by 50% from 1 July 2020 to 15 August 2020, adjusted to a 20% reduction between 16 August 2020 and 30 September 2020 with full salary resuming on 1 October 2020.

## Share Trading Policy

Shares issued under any of the Group's employee equity plans are subject to, and conditional upon, compliance with the Group's Securities Trading Policy. Executives are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

## Details of Remuneration

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

| Benefits and Payments<br>Year Ended 30 June 2021 | Short-term Benefits<br>& Fees |                                   | Post-<br>Employment | Long-term<br>Benefits | Share-based<br>Payments     |                       | Total          |
|--|-------------------------------|-----------------------------------|---------------------|-----------------------|-----------------------------|-----------------------|----------------|
|  | Paid in<br>Cash               | Settled in<br>Shares <sup>1</sup> | Super-<br>annuation | Long Service<br>Leave | Total Fixed<br>Remuneration | Performance<br>Rights |                |
| Directors  | \$                            | \$                                | \$                  | \$                    | \$                          | \$                    | \$             |
| J McKay  | 113,875                       | 31,330                            | 13,794              | -                     | 159,000                     | -                     | 159,000        |
| T McCaul   | 389,203                       | -                                 | 21,513              | 8,240                 | 418,956                     | 31,692                | 450,648        |
| G Swaby  | 69,255                        | 13,850                            | 7,895               | -                     | 91,000                      | -                     | 91,000         |
| C Pieters  | 57,131                        | 16,842                            | 7,027               | -                     | 81,000                      | -                     | 81,000         |
| M Riley  | 62,876                        | 21,142                            | 7,982               | -                     | 92,000                      | -                     | 92,000         |
| S Scott  | 60,738                        | 20,541                            | 7,721               | -                     | 89,000                      | -                     | 89,000         |
| <b>Total KMP</b>                                 | <b>753,078</b>                | <b>103,705</b>                    | <b>65,933</b>       | <b>8,240</b>          | <b>930,956</b>              | <b>31,692</b>         | <b>962,648</b> |

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



## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

| Benefits and Payments<br>Year Ended 30 June 2020 | Short-term Benefits<br>& Fees |                                   | Post-<br>Employment | Long-term<br>Benefits | Share-based<br>Payments     |                           |                  |
|--|-------------------------------|-----------------------------------|---------------------|-----------------------|-----------------------------|---------------------------|------------------|
|  | Paid in<br>Cash               | Settled in<br>Shares <sup>1</sup> | Super-<br>annuation | Long Service<br>Leave | Total Fixed<br>Remuneration | Performance<br>Rights     | Total            |
| Directors  | \$                            | \$                                | \$                  | \$                    | \$                          | \$                        | \$               |
| J McKay  | 122,759                       | 23,497                            | 13,894              | -                     | 160,150                     | -                         | 160,150          |
| T McCaul   | 348,595                       | -                                 | 20,554              | 18,787                | 387,936                     | 44,716                    | 432,652          |
| G Swaby  | 85,280                        | 10,387                            | 7,932               | -                     | 103,599                     | -                         | 103,599          |
| C Pieters  | 144,759                       | 12,631                            | 7,115               | -                     | 164,505                     | (223) <sup>2</sup>        | 164,282          |
| M Riley  | 68,179                        | 15,857                            | 7,983               | -                     | 92,016                      | -                         | 92,016           |
| S Scott  | 41,253                        | 15,406                            | 5,383               | -                     | 62,042                      | -                         | 62,042           |
| <b>Total KMP</b>                                 | <b>810,822</b>                | <b>77,778</b>                     | <b>62,861</b>       | <b>18,787</b>         | <b>970,248</b>              | <b><sup>1</sup>44,493</b> | <b>1,014,741</b> |

<sup>1</sup> Net fees (after superannuation and PAYG obligations) were not paid in cash between 1 April 2020 and 30 June 2020, due to COVID-19 cash management strategies, rather they have been settled in shares as per shareholder approval in the 2020 AGM.

<sup>2</sup> The Company reassessed the likelihood of non-market vesting conditions attached to a tranche of Performance Rights being satisfied. It was determined that it is no longer probable that this tranche of Performance Rights will vest. As a result, the expense associated with these rights has been reversed.

The relative proportions of actual remuneration recognised are as follows:

|                           | Fixed Remuneration |        | At Risk<br>Short-term Incentives |      | At Risk<br>Long-term Incentives |       |
|---------------------------|--------------------|--------|----------------------------------|------|---------------------------------|-------|
|                           | 2021               | 2020   | 2021                             | 2020 | 2021                            | 2020  |
| <b>Executive Director</b> |                    |        |                                  |      |                                 |       |
| T McCaul                  | 93.0%              | 89.7%  | 0.0%                             | 0.0% | 7.0%                            | 10.3% |
| C Pieters                 | 100.0%             | 100.0% | 0.0%                             | 0.0% | 0.0%                            | 0.0%  |

Long-term incentives are provided by way of Performance Rights and the percentages disclosed above are based on the value of the Performance Rights expensed during the year.

### Comparison of KMP Remuneration to Company Performance

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

| Relation to performance         | 2021    | 2020                | 2019    | 2018      | 2017    |
|---------------------------------|---------|---------------------|---------|-----------|---------|
| Total remuneration (\$)         | 962,648 | 1,014,741           | 935,250 | 1,041,323 | 711,635 |
| Loss per share cents            | (0.88)  | <sup>1</sup> (1.36) | (0.56)  | (0.34)    | (0.64)  |
| Dividends paid                  | -       | -                   | -       | -         | -       |
| Share price at year end (cents) | 6.2     | 9.2                 | 26      | 36        | 13      |

<sup>1</sup> The loss for 2020 includes a non-cash write-off of \$5.48 million (0.69 cents) of capitalised exploration and evaluation expenditure for previously drilled CSG wells in the Galilee Basin.

### Service Agreements

Remuneration and other terms of employment for the Managing Director and the Executive Director are formalised in employment contracts. The contracts provide for the provision of performance related bonuses and participation in the Comet Ridge Employee Performance Rights Plan. Other major provisions of the employment agreements are set out below.

|                      |   |
|----------------------|---|
| <b>Tor McCaul</b>    | Managing Director (Appointed 16 April 2009)   |
| Term of Agreement:   | No fixed term   |
| Base Salary:         | \$450,000 per annum (inclusive of superannuation)   |
| Termination Benefit: | Three (3) months' base salary is to be paid in lieu of notice of termination. Twelve (12) months is payable if services are terminated due to change of control event. Subject to Board discretion, a further six (6) months can be paid in addition. |
| Termination Notice:  | The Company or Mr McCaul may terminate the Agreement at any time providing each other a minimum of three (3) months' notice. No termination benefit is required if terminated for cause.  |

## Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

|                      |  |
|----------------------|--|
| <b>Chris Pieters</b> | Executive Director (appointed 17 June 2015)                                      |
| Term of Agreement:   | Four months with options for parties to extend as needed                         |
| Remuneration:        | Services provided as a consultant at \$1,500 per day                             |
| Termination Benefit: | No termination benefits payable  |
| Termination Notice:  | Either party may terminate the Agreement with a minimum of fourteen days' notice |
| KPIs:                | A bonus of \$50,000 for each KPI achieved listed below:                          |

- Agreement for the commercial offtake of more than 50% of the gas from Mahalo
- FID Mahalo
- Agreement for the commercial offtake of more than 50% of the gas from Galilee
- FID Galilee Basin; and
- Farmout of the Shallow Coals in the Galilee.

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

### Share-based Compensation

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

### Performance Rights

The terms and conditions of each grant of Performance Rights during the year affecting remuneration in the current or a future period with respect to KMP are shown in the table below. In addition to the performance condition, KMP must satisfy a service condition of continuous employment with the Company up to and including the date when the performance conditions are achieved. Performance Rights are issued for no consideration and no amount is payable on vesting.

| Grant Date              | No. of Rights    | Expiry Date | Vesting Date | Fair Value at Grant date Cents | Performance Condition  | Vested % |
|-------------------------|------------------|-------------|--------------|--------------------------------|--|----------|
| <b>T McCaul</b>         |                  |             |              |                                |  |          |
| 31-Dec -19 <sup>1</sup> | 750,000          | 31-Dec-21   | 31-Dec-21    | 19.00                          | Delivery of first commercial gas production                            | 0%       |
| 31-Dec -19              | 750,000          | 31-Dec-22   | 31-Dec-22    | 19.00                          | Commercial gas production for 30 consecutive days averaging 15Tj/d net | 0%       |
| 31-Dec -19              | 1,000,000        | 30-Jun-23   | 30-Jun-23    | 19.00                          | Commercial gas production for 30 consecutive days averaging 20Tj/d net | 0%       |
|                         | <u>2,500,000</u> |             |              |                                |  |          |

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

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

| Grant Date      | Vesting Date | Number at Beginning of Year | Granted as Remuneration During the Year | Number of Rights Vested | Number of Rights Lapsed | Number at End of Year |
|-----------------|--------------|-----------------------------|---|-------------------------|-------------------------|-----------------------|
| <b>T McCaul</b> |              |                             |   |                         |                         |                       |
| 23-Nov-17       | 31-Jan-21    | 1,000,000                   | -                                       | -                       | (1,000,000)             | -                     |
| 31-Dec-19       | 31-Dec-21    | 750,000                     | -                                       | -                       | -                       | 750,000               |
| 31-Dec-19       | 31-Dec-22    | 750,000                     | -                                       | -                       | -                       | 750,000               |
| 31-Dec-19       | 30-Jun-23    | 1,000,000                   | -                                       | -                       | -                       | 1,000,000             |
|                 |              | <u>3,500,000</u>            | -                                       | -                       | <u>(1,000,000)</u>      | <u>2,500,000</u>      |

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Key Management Personnel Shareholdings

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

| 30 June 2021 | Balance at beginning of the year | Shares purchased | Other Movements <sup>1</sup> | Balance at end of the year |
|--------------|----------------------------------|------------------|------------------------------|----------------------------|
| J McKay      | 37,408,105                       | -                | 668,170                      | 38,076,275                 |
| T McCaul     | 6,501,053                        | -                | -                            | 6,501,053                  |
| G Swaby      | -                                | -                | 295,372                      | 295,372                    |
| C Pieters    | 1,217,000                        | -                | 359,178                      | 1,576,187                  |
| M Riley      | 400,000                          | -                | 450,895                      | 850,895                    |
| S Scott      | 600,000                          | -                | 438,074                      | 1,038,074                  |
| <b>Total</b> | <b>46,126,158</b>                | <b>-</b>         | <b>2,211,689</b>             | <b>48,337,847</b>          |

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

| 30 June 2020 | Balance at beginning of the year | Shares purchased | Other Movements | Balance at end of the year |
|--------------|----------------------------------|------------------|-----------------|----------------------------|
| J McKay      | 37,295,470                       | 112,635          | -               | 37,408,105                 |
| T McCaul     | 6,343,159                        | 157,894          | -               | 6,501,053                  |
| G Swaby      | -                                | -                | -               | -                          |
| C Pieters    | 1,217,000                        | -                | -               | 1,217,000                  |
| M Riley      | -                                | 400,000          | -               | 400,000                    |
| S Scott      | -                                | 600,000          | -               | 600,000                    |
| <b>Total</b> | <b>44,855,629</b>                | <b>1,270,529</b> | <b>-</b>        | <b>46,126,158</b>          |

## END OF AUDITED REMUNERATION REPORT

### 14. Performance Rights

Movements in the number of Performance Rights on issue during the year ended 30 June 2021 as a result of new grants and expiring of Performance Rights during the year are as follows:

| Grant Date | Expiry Date | Share Price at Grant Date (cents) | No. of Rights 30 June 2020 | Granted during the year | Vested during the year | Expired during the year | No. of Rights 30 June 2021 |
|------------|-------------|-----------------------------------|----------------------------|-------------------------|------------------------|-------------------------|----------------------------|
| 23-Nov-17  | 31-Jan-21   | 26.50                             | 1,000,000                  | -                       | -                      | (1,000,000)             | -                          |
| 20-May-18  | 31-Jan-21   | 36.50                             | 250,000                    | -                       | -                      | (250,000)               | -                          |
| 31-Dec-18  | 31-Jan-21   | 32.50                             | 350,000                    | -                       | -                      | (350,000)               | -                          |
| 31-Dec-19  | 31-Dec-21   | 19.00                             | 750,000                    | -                       | -                      | -                       | 750,000                    |
| 31-Dec-19  | 31-Dec-22   | 19.00                             | 750,000                    | -                       | -                      | -                       | 750,000                    |
| 31-Dec-19  | 30-Jun-23   | 19.00                             | 1,000,000                  | -                       | -                      | -                       | 1,000,000                  |
| 07-Aug-20  | 01-Jul-21   | 7.90                              | -                          | 5,220,000               | -                      | (870,000)               | 4,350,000                  |
| 07-Aug-20  | 01-Jul-22   | 7.90                              | -                          | 2,510,000               | -                      | -                       | 2,510,000                  |
|            |             |                                   | <b>4,100,000</b>           | <b>7,730,000</b>        | <b>-</b>               | <b>(2,470,000)</b>      | <b>9,360,000</b>           |

Since the end of the financial year and up to the date of this report no performance rights have been issued. Post 30 June 2021 and prior to the date of this report, 4,350,000 ordinary shares were issued by Comet Ridge as a result of vesting of the same number of Performance Rights. In addition, 870,000 Performance Rights lapsed because the retention condition was not satisfied.

### 15. Insurance of Directors and Officers

The Company has entered into agreements with Directors to indemnify them against any claims and related expenses that may arise in their capacity as Directors and Officers of the Company or a related body corporate, except where the liability arises out of conduct involving a lack of good faith and subject to the provisions of the Corporations Act 2001.

During the financial year, the Company paid premiums for Directors' and Officers' Liability Insurance. The contract prohibits disclosure of the details of the nature of the liabilities covered or the premium paid.

The Company has not during or since the end of the financial period indemnified or agreed to indemnify an Auditor of the Company.

### 16. Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

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

Pursuant to Legislative Instrument 2016/191 issued by the Australian Securities & Investments Commission, amounts in the Financial Report have been rounded off to the nearest thousand dollars unless otherwise indicated.

### 18. Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Group did not pay the auditor for any non-audit services.

The Board of Directors will continuously consider the position and, in accordance with advice received from the Audit Committee, ensure that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services (where applicable) by the auditor, does not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services will be reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services (where applicable) undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in Note 5 Auditors' Remuneration.

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



Tor McCaul

Managing Director  
Brisbane, Queensland, 28 September 2021



## *Auditor's Independence Declaration*

As lead auditor for the audit of Comet Ridge Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'Michael Shewan', with a long horizontal flourish extending to the right.

Michael Shewan  
Partner  
PricewaterhouseCoopers

Brisbane  
28 September 2021

---

**PricewaterhouseCoopers, ABN 52 780 433 757**  
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001  
T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2021

### Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

|   |      | Consolidated         |                      |
|---|------|----------------------|----------------------|
|   | Note | June 2021<br>\$000's | June 2020<br>\$000's |
| <b>Other income</b>   |      |                      |                      |
| Interest received   |      | 17                   | 93                   |
| Gain on sale of property, plant and equipment                         |      | 3                    | -                    |
| <b>Expenses</b>   |      |                      |                      |
| Employee benefits' expense  | 4    | (1,364)              | (1,036)              |
| Contractors' & consultancy costs                                      |      | (399)                | (400)                |
| Exploration and evaluation expenditure written-off                    | 4    | (765)                | (5,630)              |
| Professional fees   |      | (184)                | (407)                |
| Corporate expenses  |      | (193)                | (203)                |
| Fair value movement of financial liability at fair value              | 16   | (3,456)              | (2,015)              |
| Occupancy costs   | 4    | (141)                | (138)                |
| Finance costs   |      | (15)                 | (23)                 |
| Other expenses  |      | (398)                | (569)                |
| Depreciation  |      | (65)                 | (67)                 |
| <b>LOSS BEFORE INCOME TAX</b>   |      | <b>(6,960)</b>       | <b>(10,395)</b>      |
| Income tax expense/(benefit)  | 6    | -                    | -                    |
| <b>LOSS FOR THE YEAR</b>  |      | <b>(6,960)</b>       | <b>(10,395)</b>      |
| <b>Other Comprehensive Income, Net of Income Tax</b>                  |      |                      |                      |
| <b>Items that may be reclassified subsequently to profit and loss</b> |      |                      |                      |
| Exchange differences on translation of foreign operations             |      | -                    | 3                    |
| <b>TOTAL OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX</b>              |      | <b>-</b>             | <b>3</b>             |
| <b>TOTAL COMPREHENSIVE LOSS</b>                                       |      | <b>(6,960)</b>       | <b>(10,392)</b>      |
| <b>Loss attributable to:</b>  |      |                      |                      |
| Owners of the parent  |      | <b>(6,960)</b>       | <b>(10,395)</b>      |
| <b>Total Comprehensive Loss attributable to:</b>                      |      |                      |                      |
| Owners of the parent  |      | <b>(6,960)</b>       | <b>(10,392)</b>      |
| <b>LOSS PER SHARE</b>   |      | <b>Cents</b>         | <b>Cents</b>         |
| Basic loss per share  | 7    | <b>(0.88)</b>        | <b>(1.36)</b>        |
| Diluted loss per share  | 7    | <b>(0.88)</b>        | <b>(1.36)</b>        |

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

# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2021

## Consolidated Statement of Financial Position as at 30 June 2021

|  | Note | Consolidated<br>June 2021<br>\$000's | June 2020<br>\$000's |
|--|------|--------------------------------------|----------------------|
| <b>CURRENT ASSETS</b>                  |      |                                      |                      |
| Cash and cash equivalents              | 8    | 3,390                                | 4,636                |
| Trade and other receivables            | 9    | 90                                   | 1,384                |
| Inventories                            | 10   | -                                    | 4                    |
| Other assets                           | 11   | 877                                  | 752                  |
| <b>TOTAL CURRENT ASSETS</b>            |      | <b>4,357</b>                         | <b>6,776</b>         |
| <b>NON-CURRENT ASSETS</b>              |      |                                      |                      |
| Property, plant and equipment          | 12   | 26                                   | 97                   |
| Exploration and evaluation expenditure | 13   | 71,848                               | 72,738               |
| <b>TOTAL NON-CURRENT ASSETS</b>        |      | <b>71,874</b>                        | <b>72,835</b>        |
| <b>TOTAL ASSETS</b>                    |      | <b>76,231</b>                        | <b>79,611</b>        |
| <b>CURRENT LIABILITIES</b>             |      |                                      |                      |
| Trade and other payables               | 14   | 898                                  | 1,398                |
| Financial liability at fair value      | 16   | 22,662                               | -                    |
| Provisions                             | 15   | 1,154                                | 538                  |
| <b>TOTAL CURRENT LIABILITIES</b>       |      | <b>24,714</b>                        | <b>1,936</b>         |
| <b>NON-CURRENT LIABILITIES</b>         |      |                                      |                      |
| Financial liability at fair value      | 16   | -                                    | 19,206               |
| Provisions                             | 15   | 1,108                                | 1,711                |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   |      | <b>1,108</b>                         | <b>20,917</b>        |
| <b>TOTAL LIABILITIES</b>               |      | <b>25,822</b>                        | <b>22,853</b>        |
| <b>NET ASSETS</b>                      |      | <b>50,409</b>                        | <b>56,758</b>        |
| <b>EQUITY</b>                          |      |                                      |                      |
| Contributed equity                     | 17   | 140,379                              | 140,200              |
| Reserves                               | 18   | 1,633                                | 1,201                |
| Accumulated losses                     |      | (91,603)                             | (84,643)             |
| <b>TOTAL EQUITY</b>                    |      | <b>50,409</b>                        | <b>56,758</b>        |

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

## Comet Ridge Limited — Annual Report for the Year Ended 30 June 2021

### Consolidated Statement of Changes in Equity for the year ended 30 June 2021

|   | Contributed<br>Equity<br>\$000's | Foreign<br>Currency<br>Translation<br>Reserve<br>\$000's | Share-based<br>Payments<br>Reserve<br>\$000's | Accumulated<br>Losses<br>\$000's | Total<br>\$000's |
|---|----------------------------------|--|---|----------------------------------|------------------|
| <b>Balance at 1 July 2019</b>                               | 129,110                          | 1,248  | 65  | (74,248)                         | 56,175           |
| Loss for the period   | -                                | -  | -   | (10,395)                         | (10,395)         |
| Other comprehensive loss for the period                     | -                                | 3  | -   | -                                | 3                |
| Total comprehensive loss for the period                     | -                                | 3  | -   | (10,395)                         | (10,392)         |
| <b>Transactions with owners in their capacity as owners</b> |                                  |  |   |                                  |                  |
| Contributions of equity net of transaction costs            | 11,090                           | -  | -   | -                                | 11,090           |
| Shares issued on vesting of Performance Rights              | -                                | -  | -   | -                                | -                |
| Share-based payments  | -                                | -  | (115)   | -                                | (115)            |
|   | 11,090                           | -  | (115)   | -                                | 10,975           |
| <b>Balance at 30 June 2020</b>                              | 140,200                          | 1,251  | (50)  | (84,643)                         | 56,758           |
| <b>Balance at 1 July 2020</b>                               | 140,200                          | 1,251  | (50)  | (84,643)                         | 56,758           |
| Loss for the period   | -                                | -  | -   | (6,960)                          | (6,960)          |
| Other comprehensive loss for the period                     | -                                | -  | -   | -                                | -                |
| Total comprehensive loss for the period                     | -                                | -  | -   | (6,960)                          | (6,960)          |
| <b>Transactions with owners in their capacity as owners</b> |                                  |  |   |                                  |                  |
| Shares issued to Directors net of transaction costs         | 179                              | -  | -   | -                                | 179              |
| Shares issued on vesting of Performance Rights              | -                                | -  | -   | -                                | -                |
| Share-based payments  | -                                | -  | 432   | -                                | 432              |
|   | 179                              | -  | 432   | -                                | 611              |
| <b>Balance at 30 June 2021</b>                              | 140,379                          | 1,251  | 382   | (91,603)                         | 50,409           |

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

**Consolidated Statement of Cash Flows**  
for the year ended 30 June 2021

|   |      | Consolidated   |                 |
|---|------|----------------|-----------------|
|   | Note | June 2021      | June 2020       |
|   |      | \$000's        | \$000's         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>           |      |                |                 |
| Interest received                                     |      | 22             | 125             |
| Payments to suppliers and employees                   |      | (2,006)        | (2,438)         |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>          | 19   | <b>(1,984)</b> | <b>(2,313)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |      |                |                 |
| Payments for exploration and evaluation assets        |      | (2,372)        | (17,112)        |
| Research and development tax offset received          |      | 3,254          | -               |
| Movements in restricted cash                          |      | (151)          | (14)            |
| Proceeds from sale of property, plant and equipment   |      | 10             | -               |
| Payment for property, plant and equipment             |      | (1)            | (13)            |
| <b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES</b> |      | <b>740</b>     | <b>(17,139)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>           |      |                |                 |
| Proceeds from issue of shares                         |      | -              | 11,614          |
| Share issue costs                                     |      | (2)            | (524)           |
| <b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>   |      | <b>(2)</b>     | <b>11,090</b>   |
| Net decrease in cash held                             |      | (1,246)        | (8,362)         |
| Cash at the beginning of the year                     |      | 4,636          | 12,998          |
| <b>CASH AT THE END OF THE YEAR</b>                    | 8    | <b>3,390</b>   | <b>4,636</b>    |

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

## Notes to the Financial Statements

### Note 1 General information

These financial statements include the consolidated financial statements and notes of Comet Ridge Limited (the Company or Comet Ridge) and its controlled entities (the Group). Comet Ridge Limited is a for-profit entity for the purpose of preparing the financial statements. Disclosures with respect to the parent entity are included in Note 28. The financial statements were approved for issue by the Directors on 28 September 2021.

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

### Note 2 Summary of significant accounting policies

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

#### a. Compliance with Accounting Standards

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

#### b. Compliance with IFRS

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

#### c. Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

#### d. Going concern

The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2021, the Group had \$3.4 million in cash on hand and net current liabilities of \$20.4 million (which includes the CleanCo financial liability disclosed as a current obligation for the first time this financial year).

As described in Note 16, Stanwell Corporation Limited has transferred the 2019 Agreement to CleanCo Queensland Limited (CleanCo). On 21 September 2021, Comet Ridge sent a notice to CleanCo to commence GSA negotiations. If, following the commencement of these GSA negotiations, a GSA cannot be negotiated or an extension to the timeframe is not agreed by 21 December 2021 then a cash payment of approximately \$22.74 million based on current estimates (\$20 million, indexed for CPI), would be due within 30 days. Should GSA negotiations continue and a binding GSA is not executed prior to the sunset date of 30 September 2022, then a cash payment of \$20 million, indexed for CPI, would be due within 30 days.

Through interaction with the Department of Resources and Comet Ridge's joint venture partners, there are a number of commitments to continue to progress the Company's Mahalo Gas Hub permits and Galilee permits. These commitments are made over various timeframes, with funding to be raised as appropriate to meet these commitments. Exploration commitments required to be spent by 30 June 2022 amount to \$7.9 million as disclosed in Note 23.

On 3 August 2021, Comet Ridge announced that it has entered into a binding agreement with Australia Pacific LNG Pty Ltd (APLNG) to acquire their 30% interest in the Mahalo Gas Project for \$20 million, with an initial cash payment of \$12.0 million on completion and deferred consideration of \$8.0 million payable in four annual installments of \$2.0 million. A deposit of \$1.0 million was paid to APLNG in August 2021. Concurrent with the APLNG acquisition, Comet Ridge has entered into loan and option agreements with Santos QNT Ltd (Santos). Under these agreements, Santos is providing loan funding of \$13.15 million to Comet Ridge to fund the initial consideration payable to APLNG and stamp duty costs. In exchange Santos has an option to acquire 3/7ths of the 30% APLNG interest at transaction value (\$5.14 million of the initial consideration). If the option is exercised by Santos, the loan amount owing to Santos by Comet Ridge is reduced by a corresponding amount. The APLNG acquisition is expected to complete in late 2021 once all of the conditions precedent have been satisfied. Following completion of the APLNG acquisition and assuming Santos exercises its option, Comet Ridge and Santos must pay their proportional share of the \$8.0 million deferred consideration payable to APLNG (either in four annual instalments post completion of \$2.0 million each or earlier) upon a trigger event occurring.

Subsequent to year end, Comet Ridge entered into a binding term sheet with PURE Asset Management relating to a corporate loan facility of \$10.0 million, to be drawn in two tranches. The first tranche of \$6.5 million was drawn by Comet Ridge on 17 September 2021. In addition, Comet Ridge completed a placement of new shares to raise \$5.0 million (net of costs) on 16 September 2021.

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



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

As a result of these matters, the existence of the CleanCo (previously Stanwell) agreement and ongoing exploration commitments there is 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.

At the date of this report, Comet Ridge has a cash position of \$12.2 million, taking into account the net proceeds of the PURE tranche 1 loan drawdown of \$6.3 million, the net proceeds of the placement of \$5.0 million and the \$1.0 million deposit paid for the APLNG acquisition. Comet Ridge continues to actively pursue a number of potential funding transactions to progress the appraisal and development of the Group's projects including 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, the Directors have a reasonable expectation that the Group will be successful with its future funding initiatives and, as a result, will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

### e. Rounding of amounts

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

### f. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### g. Comparatives

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

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

The new Australian Accounting Standards and Interpretations either adopted or issued but not yet adopted for the 30 June 2021 annual reporting period are set out below.

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

In March 2021, the IFRS Interpretations Committee (IFRIC) issued an agenda decision to clarify the accounting treatment for Software-as-a-Service (SaaS) arrangement, including the accounting for related implementation, customisation and configuration costs.

The IFRIC clarified that SaaS arrangements are service contracts that provide the Group with the right to access the cloud provider's software over a period of time. As a result, the underlying software the Group has the right to access is not controlled by the Group and therefore ongoing access fees as well as costs incurred to implement, customise and configure the cloud provider's software are recognised as an expense when incurred.

There was no material impact on the financial report as a result of the adoption of this interpretation.

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

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

## Note 3 Material balances - critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Group's accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

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

- Going concern – Note 2
- Exploration and Evaluation assets – Note 13
- Rehabilitation provisions – Note 15
- Financial liability at fair value – Note 16

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

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 4 Other expenditure

| Expenses   | Consolidated   |                |
|--|----------------|----------------|
|  | June 2021      | June 2020      |
| Loss before income tax includes the following specific expenses: | \$000's        | \$000's        |
| <b>(a) Employee benefits' expense</b>                            |                |                |
| Employee benefits' expense                                       | (755)          | (943)          |
| Share-based payments' expense (Refer to Note 21)                 | (432)          | 115            |
| Defined contribution superannuation expense                      | (177)          | (208)          |
|  | <b>(1,364)</b> | <b>(1,036)</b> |
| <b>(b) Occupancy costs</b>                                       |                |                |
| Rental expense relating to operating leases                      | (131)          | (116)          |
| Other occupancy costs  | (10)           | (22)           |
|  | <b>(141)</b>   | <b>(138)</b>   |
| <b>(c) Exploration and evaluation expenses</b>                   |                |                |
| Exploration and evaluation asset write-off (Refer to Note 13)    | (620)          | (5,481)        |
| Exploration and evaluation expense (Refer to Note 13)            | (145)          | (149)          |
|  | <b>(765)</b>   | <b>(5,630)</b> |

## Accounting Policies

### Other income

Interest income is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

### Employee benefits

#### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when actual settlement is expected to occur.

### Superannuation

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

### Foreign currency translation

#### Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Comet Ridge Limited's functional and presentation currency.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 4 Other expenditure (continued)

### Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in Other Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated as a separate component of equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences that have been accumulated in equity are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

## Note 5 Auditors' remuneration

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

|  | Consolidated   |                |
|--|----------------|----------------|
|  | June 2021      | June 2020      |
|  | \$             | \$             |
| <b>PricewaterhouseCoopers Australia</b>        |                |                |
| Auditing or reviewing the financial statements | 110,000        | 110,000        |
| Other assurance services                       | -              | -              |
|  | <b>110,000</b> | <b>110,000</b> |

## Note 6 Income tax

|   | Consolidated |           |
|---|--------------|-----------|
|   | June 2021    | June 2020 |
|   | \$000's      | \$000's   |
| <b>(a) Recognised in the Statement of Profit and Loss and Other Comprehensive Income</b>          |              |           |
| Current tax   | -            | -         |
| Deferred tax expense  | -            | -         |
| Income tax expense  | -            | -         |
| <b>(b) Numerical reconciliation of income tax expense to prima facie tax on accounting profit</b> |              |           |
| Loss before income tax  | (6,960)      | (10,395)  |
| Tax benefit at the Australian tax rate of 30% (2020: 30%)   | 2,088        | 3,119     |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:           |              |           |
| Share options expensed  | (129)        | 35        |
| Government COVID-19 cashflow boost  | 15           | 15        |
| Other non-deductible items  | (13)         | (4)       |
| Current year tax losses not recognised in deferred tax assets                                     | (1,961)      | (3,165)   |
| Income tax expense  | -            | -         |

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from the deferred tax assets.

The income tax expense/(benefit) for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

### Accounting Policies

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 6 Income tax (continued)

|  | Consolidated    |                 |
|--|-----------------|-----------------|
|  | June 2021       | June 2020       |
|  | \$000's         | \$000's         |
| Deferred tax asset                           | -               | -               |
| The balance of deferred tax asset comprises: |                 |                 |
| <b>Deferred tax assets</b>                   |                 |                 |
| Tax losses                                   | 29,277          | 28,187          |
| Capital costs deductible over 5 years        | 223             | 361             |
| Provisions                                   | 2,681           | 1,769           |
|  | <b>32,181</b>   | <b>30,317</b>   |
| <b>Deferred tax liabilities</b>              |                 |                 |
| Exploration and evaluation expenditure       | (17,132)        | (17,228)        |
| Accrued interest                             | -               | (1)             |
|  | <b>(17,132)</b> | <b>(17,229)</b> |
| <b>Net deferred tax asset</b>                | <b>15,049</b>   | <b>13,088</b>   |
| Deferred tax asset not recognised            | (15,049)        | (13,088)        |
| Deferred tax asset recognised in accounts    | -               | -               |
| <b>Movements in deferred tax asset</b>       |                 |                 |
| Opening balance                              | -               | -               |
| Deferred tax (credited) to profit or loss    | -               | -               |
| Closing balance                              | -               | -               |

## Accounting Policies

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets have not been recognised with respect to the following items:

|   | Consolidated  |               |
|---|---------------|---------------|
|   | June 2021     | June 2020     |
|   | \$000's       | \$000's       |
| Australian temporary differences and tax losses | 14,720        | 12,753        |
| Offshore tax losses                             | 329           | 335           |
|   | <b>15,049</b> | <b>13,088</b> |

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right of offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is recognised in Other Comprehensive Income or directly in equity, respectively.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 6 Income tax (continued)

### Tax consolidation

Comet Ridge Limited and its wholly owned Australian subsidiaries (Chartwell Energy Limited, Comet Ridge Mahalo Pty Ltd, Comet Ridge Mahalo North Pty Ltd, Comet Ridge Mahalo East Pty Ltd, Comet Ridge Mahalo Far East Pty Ltd, Comet Ridge Gunnedah Pty Ltd, Davidson Prospecting Pty Ltd, and Comet Ridge NZ Pty Ltd) have implemented the tax consolidation legislation and formed a tax consolidated group from 1 July 2009. The members of the tax consolidated Group have entered into a tax funding agreement such that each member recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means:

- i. the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances;
- ii. the subsidiaries recognise all current and deferred tax amounts relating to its own transactions, events and balances; and
- iii. current tax liabilities and deferred tax assets arising with respect to losses in subsidiaries are transferred from the subsidiaries to the parent entity as inter-company payables or receivables.

The tax consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default of the parent entity to meet its payment obligations.

## Note 7 Earnings per share

|  | June 2021<br>\$000's | June 2020<br>\$000's |
|--|----------------------|----------------------|
| (a) Reconciliation of earnings used in calculating basic and diluted earnings per share:   |                      |                      |
| Loss for the year  | 6,960                | 10,395               |
| Loss used in the calculation of the basic and dilutive earnings per share  | 6,960                | 10,395               |
| (b) Weighted average number of ordinary shares used as the denominator   | Number               | Number               |
| Weighted average number of ordinary shares used in calculating basic earnings per share  | 791,211,719          | 789,000,030          |
| Adjustments for the calculation of diluted earnings per share:   |                      |                      |
| Options/Performance Rights   | -                    | -                    |
| Weighted average number of ordinary shares used in calculating diluted earnings per share  | 791,211,719          | 789,000,030          |
| (c) Options and Performance Rights are considered to be "potential ordinary shares" and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details relating to options and Performance Rights are set out in Note 21. |                      |                      |

## Accounting Policies

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## Note 8 Cash and cash equivalents

|                          | Consolidated<br>June 2021<br>\$000's | June 2020<br>\$000's |
|--------------------------|--------------------------------------|----------------------|
| Cash at bank and on hand | 3,390                                | 4,636                |

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

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 9 Trade and other receivables

|                   | Consolidated |              |
|-------------------|--------------|--------------|
|                   | June 2021    | June 2020    |
|                   | \$000's      | \$000's      |
| <b>Current</b>    |              |              |
| Trade receivables | 53           | 67           |
| Other receivables | 37           | 1,317        |
|                   | <b>90</b>    | <b>1,384</b> |

Other receivables mainly comprise GST refunds - 97% (2020: 2%). The carrying amount of trade debtors and other receivables is assumed to approximate their fair values due to their short-term nature.

### Accounting Policy

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected more than 12 months after reporting date.

### Impairment of trade receivables

The Group considers an allowance for expected credit losses (ECL) for trade debtors. The Group applies a simplified approach in calculating ECLs. The Group bases its ECL assessment on its historical credit loss experience, adjusted for factors specific to the debtors and the economic environment including, but not limited to, financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and delinquency in payments. In 2021 and 2020 all of the Group's trade receivables and other current receivables which the Group measures at amortised cost are short-term (i.e. expected settlement within 12 months) and the Group has credit assessment and risk management policies in place. As a result, the expected credit losses on trade receivables were not considered material.

### Other debtors

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

## Note 10 Inventories

|                       | Consolidated |           |
|-----------------------|--------------|-----------|
|                       | June 2021    | June 2020 |
|                       | \$000's      | \$000's   |
| Consumables - at cost | -            | 4         |

### Accounting Policy

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the specific identification basis.

## Note 11 Other assets

|                 | Consolidated |            |
|-----------------|--------------|------------|
|                 | June 2021    | June 2020  |
|                 | \$000's      | \$000's    |
| Prepayments     | 298          | 300        |
| Restricted cash | 579          | 452        |
|                 | <b>877</b>   | <b>752</b> |

### Restricted cash

Restricted cash represents funds held on term deposit which support guarantees provided by the Group's bankers to the States of Queensland and New South Wales in respect of the Group's exploration permits and environmental guarantees. Refer Note 23.

### Prepayments

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



# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 12 Property, plant and equipment

|   | Consolidated |           |
|---|--------------|-----------|
|   | June 2021    | June 2020 |
|   | \$000's      | \$000's   |
| Plant and equipment at cost   | 217          | 274       |
| Accumulated depreciation  | (191)        | (177)     |
|   | <b>26</b>    | <b>97</b> |
| <b>Movements in carrying amounts of property, plant and equipment</b> |              |           |
| Balance at the beginning of year                                      | 97           | 150       |
| Additions   | 1            | 14        |
| Disposals   | (7)          | -         |
| Depreciation  | (65)         | (67)      |
| Balance at the end of year  | <b>26</b>    | <b>97</b> |

### Accounting Policy

Plant and equipment are measured on the cost basis less depreciation and impairment losses. The depreciable amount of all plant and equipment is calculated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. The range of useful life is:

#### Class of fixed asset

Plant and Equipment 3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

## Note 13 Exploration and evaluation assets

|  | Consolidated  |               |
|--|---------------|---------------|
|  | June 2021     | June 2020     |
|  | \$000's       | \$000's       |
| <b>Exploration and evaluation expenditure</b>          |               |               |
| Exploration and evaluation expenditure                 | 96,169        | 96,295        |
| Less provision for impairment                          | (24,321)      | (23,557)      |
|  | <b>71,848</b> | <b>72,738</b> |
| <b>Movements in exploration and evaluation phase</b>   |               |               |
|  | June 2021     | June 2020     |
|  | \$000's       | \$000's       |
| Balance at the beginning of year                       | 72,738        | 63,142        |
| Exploration and evaluation expenditure during the year | 1,885         | 16,366        |
| Research and development tax offset                    | (1,961)       | (1,293)       |
| Exploration and evaluation expenditure written-off     | (765)         | (5,630)       |
| Restoration and rehabilitation asset                   | (49)          | 153           |
| Balance at the end of year                             | <b>71,848</b> | <b>72,738</b> |

### Accounting Policy

#### Cost

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are expensed in the profit or loss.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

#### Recognition

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

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

## Note 13 Exploration and evaluation assets (continued)

Once the technical feasibility and commercial viability of the area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant and equipment.

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

### Research and development tax incentives

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

### Critical accounting estimates and judgements

#### Exploration expenditure commitments

In order to maintain an interest in the exploration tenements in which it is involved, the Group is required to meet certain conditions imposed by the various statutory authorities granting the exploration tenements or that are imposed by the joint venture agreements entered into by the Group. These conditions include minimum expenditure commitments. The timing and amount of minimum exploration expenditure obligations of the Group may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest.

The Group's minimum expenditure obligations, which are not provided for in the financial statements are set out in Note 23.

#### Recoverability of exploration and evaluation expenditure

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash-generating unit shall not be larger than the area of interest.

The Group assesses the recoverability of the carrying value of capitalised exploration and evaluation assets at each reporting date (or during the year should the need arise). In completing this assessment, regard is given to the Group's intentions with respect to proposed future exploration and development plans for individual areas, to the success or otherwise of activities undertaken in individual areas, to the likely success of future planned exploration activities, and to any potential plans for divestment of individual areas. Any required impairment of capitalised exploration and evaluation expenditure is completed based on the results of the assessment. Furthermore, for various areas of interest, exploration and evaluation activities may not have reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. Accordingly, exploration and evaluation assets may be subject to further impairment in the future.

In the second half of the 2020 financial year, the Mahalo Gas Project received Commonwealth and Queensland environmental approvals and finally, Petroleum Leases (PL 1082 and PL 1083) for a term of 30 years. In addition, the remaining tenure of ATP 1191 has been secured with the award of three Potential Commercial Areas (PCA 302, PCA 303 and PCA 304) for a term of 5 years. Subsequent to year end, Comet Ridge signed a binding agreement with APLNG to acquire their 30% interest in the Mahalo Gas Project for \$20 million. Consideration was given to this transaction in forming the view that no impairment is required at 30 June 2021.

The Company was awarded ATP 2048 (Mahalo North project) in April 2020. The Mahalo North project contains a north-west extension of the same coal reservoirs as the Mahalo Gas Project. Capitalised exploration and evaluation expenditure at 30 June 2021 totals \$1.46 million, relating to office-based geological and geophysical interpretation and analysis. Comet Ridge is planning an appraisal programme at Mahalo North during the 2022 financial year. The Company was also awarded two new Mahalo extension blocks in the 2021 financial year. The first block was ATP 2061 (Mahalo East project), awarded in September 2020, which contains a north-east extension of the same coal reservoirs as the Mahalo Gas Project. Capitalised exploration and evaluation expenditure at 30 June 2021 totals \$0.13 million, relating to office-based geological and geophysical interpretation and analysis. The second block was ATP 2063 (Mahalo Far East project), awarded in May 2021. Mahalo Far East contains coals that are generally deeper and have notably higher gas content than the main Mahalo high production fairway, adding a significant additional gas-in-place volume to Comet Ridge's portfolio. Capitalised exploration and evaluation expenditure at 30 June 2021 totals \$0.15 million, relating to native title negotiations and office-based geological and geophysical interpretation and analysis. Each of Mahalo North, Mahalo East and Mahalo Far East have not yet reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves.

ATP743, ATP 744 and ATP1015 are still under evaluation for both "Shallow" CSG and Conventional "Deeps" and have not yet reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. The Company is also in the process of applications to the Queensland Department of Resources to secure the long-term tenure on these permits via Potential Commercial Areas (PCAs). As part of the PCA application process, it is likely that acreage within the Galilee permits will be relinquished where Contingent Resources do not exist. As a result of this, Comet Ridge has reviewed the carrying value of capitalised exploration and evaluation expenditure in the Galilee permits at 30 June 2021 and has decided to write-off \$0.62 million of capitalised cost of prior seismic costs for ATP 743 that lie in areas that may be relinquished as part of the PCA application process.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 13 Exploration and evaluation assets (continued)

The write-off by permit is as follows:

| Permit       | Consolidated         |                      |
|--------------|----------------------|----------------------|
|              | June 2021<br>\$000's | June 2020<br>\$000's |
| ATP 743      | 620                  | -                    |
| ATP 744      | -                    | 3,924                |
| ATP 1015     | -                    | 1,557                |
| <b>Total</b> | <b>620</b>           | <b>5,481</b>         |

The Gunnedah Basin permits have been fully impaired because of the current uncertainty around the CSG industry in NSW which has created significant limitations on the Company's ability to undertake any exploration or development activity. During the 2021 financial year an amount of \$145,000 (2020: \$149,000) of exploration and evaluation expenditure was written-off for the Gunnedah Basin permits (PEL427, PEL428 and PEL6). The Company relinquished its interests in PEL 428 in May 2021.

| Permit       | Consolidated         |                      |
|--------------|----------------------|----------------------|
|              | June 2021<br>\$000's | June 2020<br>\$000's |
| PEL 427      | 53                   | 24                   |
| PEL 428      | 57                   | 82                   |
| PEL 6        | 35                   | 43                   |
| <b>Total</b> | <b>145</b>           | <b>149</b>           |

The New Zealand permit PMP50100 is in the process of being surrendered and the carrying value of its exploration and evaluation assets has been written-off.

### Interest in joint operations

The Group's exploration activities are often conducted through joint arrangements. Joint arrangements are classified as joint operations or joint ventures depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement.

In accordance with AASB 11 *Joint Arrangements*, all of the Groups' interests in joint arrangements are classified as joint operations. A joint operation involves joint control of the assets contributed or acquired for the purpose of the joint operation. Each party may take their share of the output of the joint operation and each bears its share of the expenses incurred. The interests of the Group in joint operations are brought to account by recognising the Group's share of jointly controlled assets, liabilities, revenue and expenses.

The carrying amount of exploration and evaluation expenditure includes the Group's interest in the exploration and evaluation expenditure of a number of joint operations. Comet Ridges share of the respective joint operations is as follows:

|  | GDJV<br>70.0%<br>\$000's | ATP1191<br>40.0%<br>\$000's | PEL427<br>59.1%<br>\$000's | PEL428<br>68.4%<br>\$000's | PEL6<br>29.6%<br>\$000's | Total<br>\$000's |
|--|--------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|------------------|
| <b>30 June 2021</b>                      |                          |                             |                            |                            |                          |                  |
| <b>Current assets</b>                    |                          |                             |                            |                            |                          |                  |
| Cash and cash equivalents                | 164                      | -                           | 7                          | 4                          | -                        | 175              |
| Trade and other receivables              | -                        | 6                           | -                          | -                          | -                        | 6                |
| <b>Total current assets</b>              | <b>164</b>               | <b>6</b>                    | <b>7</b>                   | <b>4</b>                   | <b>-</b>                 | <b>181</b>       |
| <b>Non-current assets</b>                |                          |                             |                            |                            |                          |                  |
| Exploration and evaluation expenditure   | 19,206                   | 25,306                      | 753                        | 728                        | 430                      | 46,423           |
| <b>Total non-current assets</b>          | <b>19,206</b>            | <b>25,306</b>               | <b>753</b>                 | <b>728</b>                 | <b>430</b>               | <b>46,423</b>    |
| <b>Total assets</b>                      | <b>19,370</b>            | <b>25,312</b>               | <b>760</b>                 | <b>732</b>                 | <b>430</b>               | <b>46,604</b>    |
| <b>Current liabilities</b>               |                          |                             |                            |                            |                          |                  |
| Trade and other payables                 | 267                      | -                           | 15                         | 10                         | 5                        | 297              |
| <b>Total current liabilities</b>         | <b>267</b>               | <b>-</b>                    | <b>15</b>                  | <b>10</b>                  | <b>5</b>                 | <b>297</b>       |
| <b>Share of joint venture net assets</b> | <b>19,103</b>            | <b>25,312</b>               | <b>745</b>                 | <b>722</b>                 | <b>425</b>               | <b>46,307</b>    |

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 13 Exploration and evaluation assets (continued)

|  | GDJV<br>85.0%<br>\$000's | ATP1191<br>40.0%<br>\$000's | PEL427<br>59.1%<br>\$000's | PEL428<br>68.4%<br>\$000's | PEL6<br>29.6%<br>\$000's | Total<br>\$000's |
|--|--------------------------|-----------------------------|----------------------------|----------------------------|--------------------------|------------------|
| <b>30 June 2020</b>                      |                          |                             |                            |                            |                          |                  |
| <b>Current assets</b>                    |                          |                             |                            |                            |                          |                  |
| Cash and cash equivalents                | 39                       | -                           | 16                         | -                          | 12                       | 67               |
| Trade and other receivables              | 259                      | -                           | -                          | -                          | -                        | 259              |
| <b>Total current assets</b>              | <b>298</b>               | <b>-</b>                    | <b>16</b>                  | <b>-</b>                   | <b>12</b>                | <b>326</b>       |
| <b>Non-current assets</b>                |                          |                             |                            |                            |                          |                  |
| Exploration and evaluation expenditure   | 18,860                   | 25,306                      | 705                        | 680                        | 406                      | 45,957           |
| <b>Total non-current assets</b>          | <b>18,860</b>            | <b>25,306</b>               | <b>705</b>                 | <b>680</b>                 | <b>406</b>               | <b>45,957</b>    |
| <b>Total assets</b>                      | <b>19,158</b>            | <b>25,306</b>               | <b>721</b>                 | <b>680</b>                 | <b>418</b>               | <b>46,283</b>    |
| <b>Current liabilities</b>               |                          |                             |                            |                            |                          |                  |
| Trade and other payables                 | 55                       | 566                         | 23                         | 9                          | 16                       | 669              |
| <b>Total current liabilities</b>         | <b>55</b>                | <b>566</b>                  | <b>23</b>                  | <b>9</b>                   | <b>16</b>                | <b>669</b>       |
| <b>Share of joint venture net assets</b> | <b>19,103</b>            | <b>24,740</b>               | <b>698</b>                 | <b>671</b>                 | <b>402</b>               | <b>45,614</b>    |

As at 30 June 2021, the principal place of business for PEL 6, 427 is c/- Santos Limited, Level 5, 60 Flinders Street, Adelaide SA 5000. For ATP1191, the principal place of business is c/- Origin Energy, as upstream operator for APLNG, Level 24, 180 Ann Street, Brisbane QLD 4000. For GDJV, the principal place of business is c/- Comet Ridge Ltd, Level 3, 410 Queen Street, Brisbane QLD 4000.

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

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

|                                  | <b>Consolidated</b> |                  |
|----------------------------------|---------------------|------------------|
|                                  | <b>June 2021</b>    | <b>June 2020</b> |
|                                  | <b>\$000's</b>      | <b>\$000's</b>   |
| Minimum expenditure requirements |                     |                  |
| • not later than 12 months       | 425                 | 1,056            |
| • between 12 months and 5 years  | 200                 | 2,257            |
|                                  | <b>625</b>          | <b>3,313</b>     |

## Note 14 Trade and other payables

|                | <b>Consolidated</b> |                  |
|----------------|---------------------|------------------|
|                | <b>June 2021</b>    | <b>June 2020</b> |
|                | <b>\$000's</b>      | <b>\$000's</b>   |
| <b>Current</b> |                     |                  |
| Trade payables | 898                 | 1,398            |

Trade payables includes \$143,000 (2020: \$669,000) for the Group's share of joint operation liabilities (refer Note 13).

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from reporting date. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

## Note 15 Provisions

|                              | <b>Consolidated</b> |                  |
|------------------------------|---------------------|------------------|
|                              | <b>June 2021</b>    | <b>June 2020</b> |
|                              | <b>\$000's</b>      | <b>\$000's</b>   |
| <b>Current</b>               |                     |                  |
| Employee benefits            | 484                 | 436              |
| Restoration & rehabilitation | 670                 | 102              |
|                              | <b>1,154</b>        | <b>538</b>       |
| <b>Non-current</b>           |                     |                  |
| Employee benefits            | 33                  | 34               |
| Restoration & rehabilitation | 1,075               | 1,677            |
|                              | <b>1,108</b>        | <b>1,711</b>     |
|                              | <b>2,262</b>        | <b>2,249</b>     |

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 15 Provisions (continued)

|  | June 2021<br>\$000's | June 2020<br>\$000's |
|--|----------------------|----------------------|
| <b>Movements in carrying amounts of restoration and rehabilitation</b>       |                      |                      |
| Balance at the beginning of the year   | 1,779                | 1,605                |
| (Reductions)/Additions capitalised to exploration and evaluation expenditure | (49)                 | 153                  |
| Utilisation of provision   | -                    | -                    |
| Unwind of discount - finance charges   | 15                   | 23                   |
| Foreign exchange movements   | -                    | (2)                  |
| Balance at the end of the year   | 1,745                | 1,779                |

## Accounting Policy

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

### Rehabilitation Provision

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

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

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

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

### Critical accounting estimates and judgements

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

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

## Note 16 Financial liability at fair value

|  | Consolidated         |                      |
|--|----------------------|----------------------|
|  | June 2021<br>\$000's | June 2020<br>\$000's |
| <b>Current</b>   |                      |                      |
| Financial liability at fair value – CleanCo Queensland Limited | 22,662               |                      |
| <b>Non-current</b>   |                      |                      |
| Financial liability at fair value – CleanCo Queensland Limited | -                    | 19,206               |
|  |                      |                      |
| <b>Movements in financial liability at fair value</b>          |                      |                      |
| Balance at the beginning of the year                           | 19,206               | 17,191               |
| Movement in financial liability at fair value                  | 3,456                | 2,015                |
| Balance at the end of the year                                 | 22,662               | 19,206               |

The liability to CleanCo Queensland Limited (CleanCo) (previously Stanwell Corporation Limited) arising from the renegotiated agreements is recognised as a "financial liability at fair value through profit or loss".

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 16 Financial liability at fair value (continued)

### Critical accounting estimates and judgements

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

If CML and CleanCo are unable to come to an agreement on a GSA or neither party commence negotiations for a GSA, then a cash settlement of \$20 million, indexed for CPI from March 2014, would be triggered on or before 8 November 2021 (Payment Amount). On 21 September 2021, Comet Ridge issued a notice to CleanCo to commence GSA negotiations. If a GSA cannot be negotiated or an extension to the timeframe is not agreed by 21 December 2021 then a cash payment of approximately \$22.74 million based on current estimates (\$20 million, indexed for CPI), would be due within 30 days. Should GSA negotiations continue and a binding GSA is not executed prior to the sunset date of 30 September 2022, then a cash payment of \$20 million, indexed for CPI, would be due within 30 days.

### Fair value measurement

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

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

Notwithstanding that Comet Ridge has issued a notice to CleanCo on 21 September 2021 to commence GSA negotiations, in considering the options above, Comet Ridge has determined that a cash settlement continues to represent the maximum liability under the 2019 Agreement.

An expense of \$3,456,425 has been recorded in the 2021 financial year as shown in the movements in financial liability at fair value above.

### Valuation techniques and process used to determine fair values at 30 June 2021

The fair value of the CleanCo liability is based on the anticipated financial liability arising from the 2019 Agreement. The CleanCo liability is classified as level 3 in the fair value hierarchy due to the use of unobservable inputs (refer to Note 24 for further definitions of the fair value hierarchy). The inputs used in the calculation of the fair value of the financial liability at fair value are as follows:

1. The option with the greatest liability that a market participant would want to be compensated for is a cash settlement based on neither party commencing negotiations representing the maximum liability under the 2019 Agreement. As a result, the \$20 million, indexed for CPI, will be the basis for determining the liability.
2. The earliest date for the cash payment under point 1 is 8 November 2021, giving a period of indexation of 7.7 years from March 2014.
3. The CPI rate used to index the \$20 million cash payment from March 2014 is based on actual quarterly CPI rates from March 2014 to 30 June 2020 and forecast at 1.13% per annum for the remaining period to 8 November 2021.

The relationships between the unobservable inputs and the fair value of the financial liability at fair value are as follows:

| Unobservable input | Relationship to fair value   |
|--------------------|--|
| Agreement term     | If Comet Ridge begins negotiations with CleanCo that are unsuccessful, the cash payment would be payable earlier than 8 November 2021, and the carrying amount of the financial liability at fair value will decrease. |
| CPI rate           | If the 1.13% pa forecast CPI rate reduces/increases to a low of 0.5% pa or a high of 2.5% pa, the indexed liability will reduce by approximately 0.4% or \$79,750; or increase by approximately 0.4% or \$79,870.      |

### Parent Entity Guarantee

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

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



# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 17 Equity

|  |                                       |                                       | Consolidated<br>June 2021<br>\$000's | June 2020<br>\$000's         |
|--|---------------------------------------|---------------------------------------|--------------------------------------|------------------------------|
| Ordinary shares - fully paid                         |                                       |                                       | 140,379                              | 140,200                      |
| <b>Movements in ordinary shares</b>                  | <b>June 2021<br/>Number of Shares</b> | <b>June 2020<br/>Number of Shares</b> | <b>June 2021<br/>\$000's</b>         | <b>June 2020<br/>\$000's</b> |
| Balance at the beginning of the period               | 789,000,030                           | 727,876,423                           | 140,200                              | 129,110                      |
| Share placement @ 19 cents per share                 |                                       | 52,631,579                            |                                      | 10,000                       |
| Share Purchase Plan @ 19 cents per share             |                                       | 8,492,028                             |                                      | 1,614                        |
| Directors' fees paid in equity @ 8.5 cents per share | 2,211,689                             |                                       | 181                                  |                              |
| Share issue costs                                    | -                                     | -                                     | (2)                                  | (524)                        |
| Balance at the end of the year                       | 791,211,719                           | 789,000,030                           | 140,379                              | 140,200                      |

### Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll, each share is entitled to one vote.

## Note 18 Reserves

|  | Consolidated<br>June 2021<br>\$000's | June 2020<br>\$000's |
|--|--------------------------------------|----------------------|
| Foreign currency translation   | 1,251                                | 1,251                |
| Share-based payments   | 382                                  | (50)                 |
|  | 1,633                                | 1,201                |
|  | June 2021<br>\$000's                 | June 2020<br>\$000's |
| The movements in the Share-based Payments' Reserve during the year are as follows: |                                      |                      |
| Balance at the beginning of the year   | (50)                                 | 65                   |
| Share-based payments during the year   | 432                                  | (115)                |
| Balance at the end of the year   | 382                                  | (50)                 |

### Accounting Policy

#### Foreign Currency Translation Reserve

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

#### Share-based Payments Reserve

The Share-based Payments Reserve is used to record the expense associated with options and Performance Rights granted to employees under equity-settled share-based payment arrangements. It is also used to record fair value of options granted for other goods and services as well as acquisition of other assets.

## Note 19 Consolidated Statement of Cashflows reconciliation

|  | Consolidated<br>June 2021<br>\$000's | June 2020<br>\$000's |
|--|--------------------------------------|----------------------|
| <b>(a) Reconciliation of cash flow from operations</b> |                                      |                      |
| Loss for the year                                      | (6,960)                              | (10,395)             |
| Depreciation   | 65                                   | 67                   |
| Exploration and evaluation assets written-off          | 765                                  | 5,630                |
| Share-based payments                                   | 613                                  | (115)                |
| Net exchange differences                               | -                                    | 3                    |
| Movement in financial liability at fair value          | 3,456                                | 2,015                |

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 19 Consolidated Statement of Cashflows reconciliation (continued)

### Changes in assets and liabilities

|  |                |                |
|--|----------------|----------------|
| Decrease in trade and other receivables            | 24             | 355            |
| Decrease in inventories                            | 4              | 53             |
| Decrease in prepayments and deposits paid          | 26             | 567            |
| (Decrease)/Increase in trade payables and accruals | (36)           | (621)          |
| Decrease in property, plant and equipment          | (3)            | -              |
| Increase in provisions                             | 62             | 128            |
|  | <b>(1,984)</b> | <b>(2,313)</b> |

### (b) Non-cash financing and investing activities

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

## Note 20 Segment information

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

### Identification of reportable segments

The principal operating activities of the Group are the exploration and evaluation of its tenements for oil and gas reserves. The internal reports used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocations of resources is cash flow reporting of exploration and evaluation activities as one segment.

## Note 21 Share-based payments

### Share-based payments

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

|  | Consolidated<br>June 2021<br>\$000's | June 2020<br>\$000's |
|--|--------------------------------------|----------------------|
| <b>Statement of Comprehensive Income</b>                             |                                      |                      |
| Share-based payments' expense included in employee benefits' expense | 432                                  | (115)                |

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

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

### Share-based payments

Share-based compensation benefits are provided to employees under the Comet Ridge Share Incentive Option Plan, the Comet Ridge Limited Employee Performance Share Rights Plan or under terms and conditions as determined by the Directors.

The fair value of options granted is recognised as an employee benefits' expense with a corresponding increase in equity over the expected vesting period. The total amount expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### Employee Performance Rights

Employee Performance Rights are provided to certain employees via the Comet Ridge Limited Employee Performance Share Rights Plan as approved by shareholders at the 2010 Annual General Meeting and refreshed at the 2016 Annual General Meeting. Performance Rights are granted on terms determined by the Directors.

Performance Rights, which have a maximum term of seven years, are issued for no consideration and provide an equity-based reward for employees that is linked with the success of performance conditions determined when the Performance Rights are granted. The performance criteria are determined on a case by case basis by the Board. These performance criteria are likely to be matters such as length of employment, successful operational results and/or direct increase in shareholder value linked to the share price of the Company or reserve targets.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 21 Share-based payments (continued)

The fair value of Performance Rights is determined at grant date. The value of Performance Rights that are issued subject only to non-market conditions such as a service condition or subject to a service condition and a performance condition e.g. reserves certification, is determined by reference to the quoted price of the Company's shares on the ASX. The fair value of Performance Rights at grant date issued subject to a market condition e.g. Total Shareholder Return performance is determined using generally accepted valuation techniques including Black-Scholes option pricing model and Monte Carlo simulation that take into account the term of the performance right, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the performance right and an appropriate probability weighting to factor the likelihood of the satisfaction of non-vesting conditions.

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

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

| Grant Date | Expiry Date | Share Price at Grant Date (cents) | No. of Rights 30 June 2020 | Granted During the Year | Vested During the Year | Expired During the Year | No. of Rights 30 June 2021 |
|------------|-------------|-----------------------------------|----------------------------|-------------------------|------------------------|-------------------------|----------------------------|
| 23-Nov-17  | 31-Jan-21   | 26.50                             | 1,000,000                  | -                       | -                      | (1,000,000)             | -                          |
| 20-May-18  | 31-Jan-21   | 36.50                             | 250,000                    | -                       | -                      | (250,000)               | -                          |
| 31-Dec-18  | 31-Jan-21   | 32.50                             | 350,000                    | -                       | -                      | (350,000)               | -                          |
| 31-Dec-19  | 31-Dec-21   | 19.00                             | 750,000                    | -                       | -                      | -                       | 750,000                    |
| 31-Dec-19  | 31-Dec-22   | 19.00                             | 750,000                    | -                       | -                      | -                       | 750,000                    |
| 31-Dec-19  | 30-Jun-23   | 19.00                             | 1,000,000                  | -                       | -                      | -                       | 1,000,000                  |
| 07-Aug-20  | 01-Jul-21   | 7.90                              | -                          | 5,220,000               | -                      | (870,000)               | 4,350,000                  |
| 07-Aug-20  | 01-Jul-22   | 7.90                              | -                          | 2,510,000               | -                      | -                       | 2,510,000                  |
|            |             |                                   | <b>4,100,000</b>           | <b>7,730,000</b>        | <b>-</b>               | <b>(2,470,000)</b>      | <b>9,360,000</b>           |

At 30 June 2021, all Performance Rights were subject to non-market vesting conditions.

The following table shows the number and movements of Performance Rights during the 2020 year:

| Grant Date | Expiry Date | Share Price at Grant Date (cents) | No. of Rights 30 June 2019 | Granted During the Year | Vested During the Year | Expired During the Year | No. of Rights 30 June 2020 |
|------------|-------------|-----------------------------------|----------------------------|-------------------------|------------------------|-------------------------|----------------------------|
| 1-Dec-16   | 31-Dec-19   | 7.00                              | 1,875,000                  | -                       | -                      | (1,875,000)             | -                          |
| 23-Nov-17  | 31-Jan-20   | 26.50                             | 1,000,000                  | -                       | -                      | (1,000,000)             | -                          |
| 23-Nov-17  | 31-Jan-21   | 26.50                             | 1,000,000                  | -                       | -                      | -                       | 1,000,000                  |
| 20-May-18  | 31-Jan-20   | 36.50                             | 250,000                    | -                       | -                      | (250,000)               | -                          |
| 20-May-18  | 31-Jan-21   | 36.50                             | 250,000                    | -                       | -                      | -                       | 250,000                    |
| 31-Dec-18  | 31-Dec-19   | 23.50                             | 400,000                    | -                       | -                      | (400,000)               | -                          |
| 31-Dec-18  | 31-Jan-20   | 32.50                             | 350,000                    | -                       | -                      | (350,000)               | -                          |
| 31-Dec-18  | 31-Jan-21   | 32.50                             | 350,000                    | -                       | -                      | -                       | 350,000                    |
| 31-Dec-19  | 31-Dec-21   | 19.00                             | -                          | 750,000                 | -                      | -                       | 750,000                    |
| 31-Dec-19  | 31-Dec-22   | 19.00                             | -                          | 750,000                 | -                      | -                       | 750,000                    |
| 31-Dec-19  | 30-Jun-23   | 19.00                             | -                          | 1,000,000               | -                      | -                       | 1,000,000                  |
|            |             |                                   | <b>5,475,000</b>           | <b>2,500,000</b>        | <b>-</b>               | <b>(3,875,000)</b>      | <b>4,100,000</b>           |

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 21 Share-based payments (continued)

### Accounting Policy

The amount assessed as fair value at the grant date is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using the Black-Scholes option pricing method that takes into account the exercise price, the terms of the option, the vesting and market related criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the risk of the underlying share and the risk-free interest rate for the term of the option.

There were no employee share options on issue at the beginning of the year and none were granted during the year ended 30 June 2021.

## Note 22 Contingent liabilities

There are no contingent liabilities of the Group as at 30 June 2021.

## Note 23 Commitments

### Lease commitments

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

|                                  | Consolidated |           |
|----------------------------------|--------------|-----------|
|                                  | June 2021    | June 2020 |
|                                  | \$000's      | \$000's   |
| Payable – minimum lease payments |              |           |
| • not later than 12 months       | 73           | 79        |
| • between 12 months and 5 years  | 2            | 8         |
|                                  | <b>75</b>    | <b>87</b> |

### Exploration expenditure

In order to maintain an interest in the exploration tenements in which the parent is involved, the parent is committed to meet the conditions under the agreements. The timing and amount of exploration expenditure and obligations of the parent are subject to the minimum work or expenditure requirements of the permit conditions or farm-in agreements (where applicable) and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. The obligations are not provided for in the financial statements.

|                                  | Consolidated  |               |
|----------------------------------|---------------|---------------|
|                                  | June 2021     | June 2020     |
|                                  | \$000's       | \$000's       |
| Minimum expenditure requirements |               |               |
| • not later than 12 months       | 7,949         | 1,056         |
| • between 12 months and 5 years  | 15,225        | 13,683        |
|                                  | <b>23,174</b> | <b>14,739</b> |

### Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling \$579,000 (2020: \$452,000) as follows:

- \$379,000 (2020: \$252,000) to the State of Queensland - Group's exploration permits and environmental guarantees; and
- \$200,000 (2020: \$200,000) to the State of NSW - Group's exploration permits and environmental guarantees.

The bank guarantees are secured by term deposits.

## Note 24 Risk management

### Overview

The Group's principal financial instruments comprise receivables, payables, cash, term deposits and financial liabilities at fair value. The main risks arising from the Group's financial assets and liabilities are interest rate risk, price risk, foreign currency risk, credit risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Key risks are monitored and reviewed as circumstances change (e.g. acquisition of new entity or project) and policies are created or revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purpose of making speculative gains. As the Group's operations change, the Directors will review this policy.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

The Group holds the following financial instruments which are carried at amortised cost unless otherwise stated:

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 24 Risk Management (continued)

|  | Consolidated  |               |
|--|---------------|---------------|
|  | June 2021     | June 2020     |
| Financial Assets   | \$000's       | \$000's       |
| Cash and cash equivalents                                      | 3,390         | 4,636         |
| Trade and other receivables                                    | 90            | 1,384         |
| Restricted cash  | 579           | 452           |
|  | <b>4,059</b>  | <b>6,472</b>  |
| <b>Financial Liabilities</b>                                   |               |               |
| Trade and other payables                                       | 898           | 1,398         |
| Financial liability at fair value – CleanCo Queensland Limited | 22,662        | 19,206        |
|  | <b>23,560</b> | <b>20,604</b> |

### Interest rate risk

Exposure to interest rate risk arises on cash and term deposits recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

A forward business cash requirement estimate is made, identifying cash requirements for the following period (generally up to one year) and interest rate term deposit information is obtained from a variety of banks over a variety of periods (usually one month up to six month term deposits) accordingly. The funds to invest are then scheduled in an optimised fashion to maximise interest returns whilst preserving liquidity.

### Interest rate sensitivity

A sensitivity of 1% interest rate has been selected as this is considered reasonable given the current market conditions. A 1% movement in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

|   | Profit or Loss |             | Equity      |             |
|---|----------------|-------------|-------------|-------------|
|   | 1% increase    | 1% decrease | 1% increase | 1% decrease |
|   | \$000's        | \$000's     | \$000's     | \$000's     |
| <b>2021 – Consolidated</b>                    |                |             |             |             |
| Cash and cash equivalents and restricted cash | 40             | (40)        | 40          | (40)        |
| <b>2020 – Consolidated</b>                    |                |             |             |             |
| Cash and cash equivalents and restricted cash | 51             | (51)        | 51          | (51)        |

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient resources to meet its obligations when due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. This is based on the undiscounted cash flows of the financial liabilities based on the earliest date on which they are required to be paid. With respect to the liability to CleanCo arising from the Renegotiated Mahalo Option Agreement, the Group will manage this liquidity risk by negotiating a Gas Supply Agreement (GSA) with CleanCo. In the event a GSA is not negotiated then a cash payment of \$20m escalated by CPI until the date of payment will be required and has been disclosed in the below table.

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

|  | < 1 year      | 1 to 3 years  | Total Contractual Cash Flows | Carrying Amount |
|--|---------------|---------------|------------------------------|-----------------|
|  | \$000's       | \$000's       | \$000's                      | \$000's         |
| <b>Consolidated - 30 June 2021</b>                             |               |               |                              |                 |
| Trade and other payables                                       | 898           | -             | 898                          | 898             |
| Financial liability at fair value – CleanCo Queensland Limited | 22,662        | -             | 22,662                       | 22,662          |
|  | <b>23,560</b> | <b>-</b>      | <b>23,560</b>                | <b>23,560</b>   |
| <b>Consolidated - 30 June 2020</b>                             |               |               |                              |                 |
| Trade and other payables                                       | 1,398         | -             | 1,398                        | 1,398           |
| Financial liability at fair value – CleanCo Queensland Limited | -             | 22,397        | 22,397                       | 19,206          |
|  | <b>1,398</b>  | <b>22,397</b> | <b>23,795</b>                | <b>20,604</b>   |

## Note 24 Risk Management (continued)

### Foreign exchange risk

As a result of activities overseas, the Group's Statement of Financial Position can be affected by movements in exchange rates. The Group also has transactional currency exposures. Such exposures arise from transactions denominated in currencies other than the functional currency of the Group. The Group's exposure to foreign currency risk primarily arises from the Group's operations overseas, namely in New Zealand.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk. The Group's policy is to generally convert its local currency to NZ dollars at the time of transaction.

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

|                              | 2021<br>NZD<br>\$000's | 2020<br>NZD<br>\$000's |
|------------------------------|------------------------|------------------------|
| <b>Financial Assets</b>      |                        |                        |
| Cash and cash equivalents    | 3                      | 2                      |
| Trade and other receivables  | -                      | 1                      |
| <b>Financial Liabilities</b> |                        |                        |
| Trade and other payables     | (12)                   | (16)                   |

Based on financial instruments held at 30 June 2021 and 30 June 2020, had the Australian dollar strengthened/weakened by 10% there would be an immaterial impact on the Group's profit or loss and equity.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, restricted cash, and trade and other receivables. The Group exposure and the credit ratings of its counterparties are continuously monitored by the Board of Directors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table above.

### Credit risk exposures

#### Trade and other receivables

Trade and other receivables comprise primarily of charges to joint operations. Where possible the Group trades with recognised, creditworthy third parties. The receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is not significant. At 30 June 2021 \$nil, (2020: \$nil) of the Group's receivables were past due. The Group has no other significant concentration of credit risk.

#### Cash and cash equivalents, restricted cash and term deposits

The Group has a significant concentration of credit risk with respect to cash deposits with banks. AAA rated banks are mostly used and non-AAA banks are utilised where commercially attractive returns are available.

### Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group is exposed to commodity price risk. Commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

### Capital risk management

When managing capital, management's objective is to ensure the Group continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the Group may seek to issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of forecast exploration and evaluation expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve. Total capital is calculated as 'equity' as shown in the Statement of Financial Position.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

### Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

### Fair value hierarchy

AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level as determined by the following fair value measurement hierarchy:



# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 24 Risk Management (continued)

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the 'fair value measurement hierarchy' classification of the Group's assets and liabilities measured and recognised at fair value at 30 June 2021 (refer Note 16).

| Financial Liabilities - Level 3                                | Consolidated         |                      |
|--|----------------------|----------------------|
|  | June 2021<br>\$000's | June 2020<br>\$000's |
| Financial liability at fair value - CleanCo Queensland Limited | <b>22,662</b>        | 19,206               |
| Balance at the beginning of the year                           | <b>19,206</b>        | 17,191               |
| Movement in financial liability at fair value                  | <b>3,456</b>         | 2,015                |
| Balance at the end of the year                                 | <b>22,662</b>        | 19,206               |

### Other fair value disclosures

The Directors consider that the carrying amount of trade receivables and payables recorded in the financial statements approximates their fair values due to their short-term nature.

## Note 25 Group structure

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

| Name of entity                      | Country of Incorporation | Class of Shares | Equity Holding % |      |
|-------------------------------------|--------------------------|-----------------|------------------|------|
|                                     |                          |                 | 2021             | 2020 |
| Chartwell Energy Pty Ltd            | Australia                | Ordinary        | <b>100</b>       | 100  |
| Comet Ridge Limited                 | Australia                | Ordinary        | <b>100</b>       | 100  |
| Comet Ridge NZ Pty Ltd              | Australia                | Ordinary        | <b>100</b>       | 100  |
| Davidson Prospecting Pty Ltd        | Australia                | Ordinary        | <b>100</b>       | 100  |
| Comet Ridge Mahalo Pty Ltd          | Australia                | Ordinary        | <b>100</b>       | 100  |
| Comet Ridge Gunnedah Pty Ltd        | Australia                | Ordinary        | <b>100</b>       | 100  |
| Comet Ridge Galilee Pty Ltd         | Australia                | Ordinary        | <b>100</b>       | 100  |
| Comet Ridge Mahalo North Pty Ltd    | Australia                | Ordinary        | <b>100</b>       | 100  |
| Comet Ridge Mahalo East Pty Ltd     | Australia                | Ordinary        | <b>100</b>       | -    |
| Comet Ridge Mahalo Far East Pty Ltd | Australia                | Ordinary        | <b>100</b>       | -    |

## Accounting Policies

### Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity. Investments in subsidiaries are accounted for at cost in the separate financial statements of Comet Ridge Limited.

### Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent entity.

## Note 25 Group Structure (continued)

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that any amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss where appropriate.

### Joint arrangements

The Group has interests in the following Joint Arrangements:

|                  |   |             |
|------------------|---|-------------|
| ATP 1191 Mahalo  | – | 40.00%      |
| ATP 743 Galilee  | – | 70.00% *, # |
| ATP 744 Galilee  | – | 70.00%      |
| ATP 1015 Galilee | – | 70.00%      |
| PEL427 Gunnedah  | – | 59.09% *    |
| PEL6 Gunnedah    | – | 29.55% *    |

\* subject to renewal application

# As part of the ATP 743 renewal application, Comet Ridge has applied for two PCAs (PCA 318 and PCA 319) covering approximately 30% of the current permit area

In accordance with AASB 11 *Joint Arrangements*, the accounting treatment adopted for these joint arrangements depends upon an assessment of the rights and obligations of the parties to the arrangement that are established in each of the joint operating agreements (JOAs) or the farm-in agreement as the case may be. The JOA or farm-in agreement sets out the voting rights of the parties to the agreement. The voting rights determine who has control i.e. the power to direct the operating activities of the joint arrangement.

Based on the analysis of each JOA and farm-in agreement, the Group has classified each of its joint arrangements as a “joint operation” in accordance with the requirements of AASB 11 in that:

1. there is joint control because all decisions about the operating activities requires unanimous consent of all parties, or a Group of parties considered collectively; and
2. each party to the joint operation has rights to its respective interest in the assets and revenue of the arrangement, and obligations for its share of the liabilities and expenditure.

As a result, the Group recognises in its financial statements its share of the revenue, expenses, assets and liabilities of each of the joint operations in which it has an interest.

## Note 26 Related party transactions

### Parent entity

The legal parent entity is Comet Ridge Limited. Details of controlled entities are set out in Note 25.

### Key Management Personnel

There were no transactions with KMP during the year, other than those disclosed in Note 27.

### Transactions with controlled entities

Transactions between Comet Ridge Limited and its subsidiaries during the year included:

- loans advanced to/repayments from subsidiaries; and
- investments in subsidiaries.

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

### Loans to subsidiaries and investments in subsidiaries

The parent entity has recorded investments in subsidiaries at cost of \$44.25 million (2020: \$44.25 million) less provisions for impairment \$44.08 million (2020: \$44.08 million).

The parent entity has also loaned funds to its subsidiaries of net \$30.97 million (2020: \$28.48 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by \$16.06 million (2020: \$11.86 million). The impairment of the investments and loans has been based on the underlying net assets of the subsidiaries.

# Comet Ridge Limited – Annual Report for the Year Ended 30 June 2021

## Note 26 Related party transactions (continued)

In future periods, as the underlying exploration and evaluation activities progress on various tenements, and with changes in other market conditions, the carrying amounts of the investments and loans may need to be reassessed in line with the net asset position of the subsidiaries or as otherwise appropriate.

## Note 27 Key Management Personnel

### Details of Key Management Personnel

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

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

|                               | Consolidated<br>June 2021 | June 2020        |
|-------------------------------|---------------------------|------------------|
|                               | \$                        | \$               |
| Short-term employee benefits  | 856,783                   | 888,600          |
| Post-employment benefits      | 65,933                    | 62,861           |
| Long-term employment benefits | 8,240                     | 18,787           |
| Share-based payments          | 31,692                    | 44,493           |
|                               | <b>962,648</b>            | <b>1,014,741</b> |

## Note 28 Parent entity disclosures

|                                   | June 2021<br>\$000's | June 2020<br>\$000's |
|-----------------------------------|----------------------|----------------------|
| Current assets                    | 4,274                | 6,696                |
| Non-current assets                | 50,155               | 54,965               |
| Total assets                      | <b>54,409</b>        | <b>61,661</b>        |
| Current liabilities               | 1,738                | 1,717                |
| Non-current liabilities           | 1,826                | 2,397                |
| Total liabilities                 | <b>3,564</b>         | <b>4,114</b>         |
| <b>Net assets</b>                 | <b>50,845</b>        | <b>57,547</b>        |
| Contributed equity                | 154,989              | 154,809              |
| Share-based payments' reserve     | 4,144                | 3,713                |
| Accumulated losses                | (108,288)            | (100,975)            |
| <b>Total equity</b>               | <b>50,845</b>        | <b>57,547</b>        |
| Loss for the period               | 7,314                | 11,719               |
| Other comprehensive income        | -                    | -                    |
| <b>Total Comprehensive Income</b> | <b>7,314</b>         | <b>11,719</b>        |

### Bank guarantees

Bank guarantees are disclosed in Note 23.

### Contingent liabilities

Contingent liabilities are disclosed in Note 22.

### Parent Entity Guarantee

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

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

## Note 29 Post balance date events

### (a) Performance Rights

On 12 July 2021, Comet Ridge issued 4,350,000 ordinary shares as a result of vesting of the same number of Performance Rights. In addition, Comet Ridge announced on the same date, the lapse of 870,000 Performance Rights because the retention condition was not satisfied.

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

On 3 August 2021, Comet Ridge announced it had executed a binding agreement with Australia Pacific LNG Pty Ltd (APLNG) to acquire their 30% interest in the Mahalo Gas Project. The consideration payable to APLNG is \$20 million, payable in staged payments. The first payment of \$12 million is due on completion of the acquisition (expected in late 2021), with \$8 million deferred and payable in four annual instalments of \$2 million each unless a post completion trigger event occurs requiring earlier payment. Comet Ridge has paid a deposit of \$1 million which will be deducted from the \$12 million completion payment. The acquisition significantly increases Comet Ridge gas reserves and contingent resources, on favour deal metrics, and provides the Mahalo JV alignment required to move the Mahalo Gas Project to development on a time and cost-efficient basis.

### (c) Santos loan and option agreements

On 3 August 2021, Comet Ridge also announced it had executed binding agreements with Santos Ltd to provide loan funding of \$13.15 million to fund the upfront consideration (and stamp duty costs) payable by Comet Ridge to APLNG for the acquisition noted in (b) above in exchange for Santos receiving options to acquire increased equity in certain Mahalo permits. These options comprise:

- a firm option for Santos to acquire a 12.86% in Mahalo Gas Project from Comet Ridge at proportional acquisition value of the APLNG acquisition; and
- a right for Santos to negotiate, on terms to be agreed, to purchase from Comet Ridge, an additional 7.14% in Mahalo Gas Project (equalising Santos and Comet Ridge interest at 50% each) and 50% interests in Mahalo North (ATP 2048) and Mahalo East (ATP 2061). This is subject to the option above being exercised by Santos.

### (d) PURE Asset Management \$10 million loan facility

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

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

Comet Ridge announced on 10 August 2021, a placement to institutional and sophisticated investors to raise \$5.0 million (net of costs). The placement comprised the issue of 64,472,726 new shares at an issue price of \$0.0825 per share. The placement shares were allotted to investors on 17 September 2021.

### (f) Potential Commercial Area applications for Galilee permits

Comet Ridge lodged an application for renewal of ATP 743 in the Galilee Basin with the Queensland Department of Resources (DoR) on 4 August 2021. The permit renewal was accompanied by PCA applications over the two most prospective areas within the permit, being the Koburra area and Albany NW area. These applications were accepted by the DoR and PCA 318 (750 km<sup>2</sup>) and PCA 319 (257 km<sup>2</sup>) respectively awarded to Comet Ridge. The remaining areas of ATP 743 will be relinquished as part of the permit renewal application. It will take a number of months for the permit renewal and PCA applications to be considered by DoR prior to their award. Assuming the application is successful, the permit will be renewed for a further 12 year term.

Comet Ridge has also submitted a PCA application over the Albany Structure within ATP 744 alongside the ATP 743 PCA applications as logically, this entire area would be appraised and potentially developed concurrently. This application was accepted by DoR and PCA 320 (363 km<sup>2</sup>) awarded to the Company. Comet Ridge is also finalising a permit renewal application for ATP 744 and a PCA application over the entire Gunn CSG project area prior to 30 September 2021, which, if awarded, will secure the long-term tenure of a significant portion of the current permit area.

### (g) Notice of intention to negotiate a gas sales agreement with CleanCo

Comet Ridge issued a notice to CleanCo Queensland Limited (CleanCo) on 21 September 2021 to commence gas sale agreement negotiations. CleanCo has responded to the notice and both parties intend to undertake these negotiations over the coming months.

### **Note 29    Post balance date events (continued)**

Other than the above events, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

## Directors' Declaration

In the Directors' opinion:

- 1) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the consolidated entity.
- 2) As stated in Note 2, the financial statements also comply with International Financial Reporting Standards.
- 3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Tor McCaul

Managing Director  
Brisbane, Queensland, 28 September 2021





## *Independent auditor's report*

To the members of Comet Ridge Limited

### *Report on the audit of the financial report*

---

#### *Our opinion*

In our opinion:

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### ***What we have audited***

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2021
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

---

#### *Basis for opinion*

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

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

#### ***Independence***

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

---

**PricewaterhouseCoopers, ABN 52 780 433 757**

480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001

T: +61 7 3257 5000, F: +61 7 3257 5999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



### *Material uncertainty related to going concern*

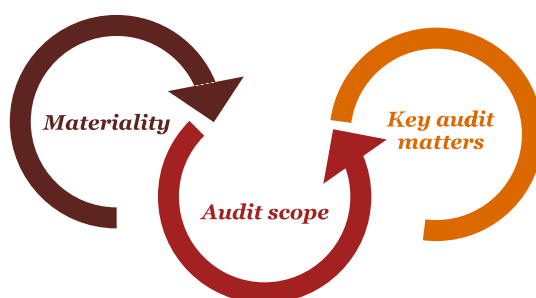
We draw attention to Note 2(d) in the financial report, which describes that under an agreement with CleanCo Queensland Limited (CleanCo), contract terms exist whereby a cash payment of approximately \$22.74m may become payable. In addition, the Group will require additional funding for its ongoing commitments 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, sell-down or farm-out of the Group's tenements to meet these commitments as they arise. These conditions, along with other matters set forth in Note 2(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Our audit approach*

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

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



| <i>Materiality</i>  | <i>Audit scope</i>   |
|---|--|
| <ul style="list-style-type: none"> <li>For the purpose of our audit we used overall Group materiality of \$762,000, which represents approximately 1% of the Group's total assets.</li> <li>We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.</li> </ul> | <ul style="list-style-type: none"> <li>Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.</li> <li>The accounting processes are structured around the Group finance function at the Group's head office in Brisbane. We have performed our audit procedures primarily at the Group's Brisbane office.</li> </ul> |



- We chose Group total assets because, in our view, it is the benchmark against which the performance of the Group is most commonly measured whilst in the exploration phase. We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

### Key audit matters

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

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

| Key audit matter   | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Carrying Value of the Exploration and Evaluation Assets</b></p> <p><i>Refer to note 13, Exploration and Evaluation expenditure</i></p> <p>Exploration and Evaluation (E&amp;E) assets represent the Mahalo and Galilee Deeps Joint Ventures (JVs), Mahalo North, Mahalo East, Mahalo Far East and the Gunnedah and Galilee Basin tenements, and have a carrying value of \$71,848,000 at 30 June 2021.</p> <p>E&amp;E Assets totalling \$620,000 relating to certain Galilee Basin exploration that relates to areas that may be relinquished have been written-off during the year.</p> <p>All expenditure in relation to the Gunnedah Basin (\$145,000) has been written-off during the year.</p> <p>Subsequent to year end, Comet Ridge entered into a binding agreement with Australia Pacific</p> | <p>The following procedures, amongst others, were performed in relation to the recoverability of the Exploration and Evaluation Assets:</p> <ul style="list-style-type: none"> <li>• Considered the Group's accounting position paper on the ability to continue to capitalise E&amp;E assets for each area of interest;</li> <li>• Agreed the licence expiry date of the respective tenements (ATP's, PL's and PCA's) to the Department of Natural Resources, Mines and Energy (DNRME) website to identify assets where expiry of the Group's right to explore had or will expire in the near term;</li> </ul> |



LNG Pty Ltd (APLNG) to acquire their 30% interest in the Mahalo Gas Project for \$20 million.

We considered the carrying value of the Exploration and Evaluation Assets to be a key audit matter given the significance of the Exploration and Evaluation Asset balance to the financial statements and judgements regarding future exploration plans and tenure status, in determining whether the assets should continue to be capitalised.

- Compared the minimum exploration spend commitments per the licence to actual exploration spend incurred;
- Assessed the FY22 budget to determine if exploration spend had been included for the respective tenements to demonstrate continued exploration activity;
- Discussed likely developments and future plans for the respective tenements with Management;
- Agreed the write-off of exploration assets to underlying records and considered the rationale for the write-off of these costs;
- Together with PwC Valuations experts, considered the impact of the APLNG transaction on the recoverable amount of the Mahalo Gas Project; and
- Assessed the appropriateness of disclosure included in the financial report.

### **Valuation and Presentation of CleanCo Queensland Limited (CleanCo) financial liability**

*Refer to note 16, Financial liability at fair value*

The CleanCo arrangement (previously Stanwell) originated in 2014 and reflects the Group's obligation to settle the acquisition of a 5% interest in the Mahalo Gas Project.

On 21 September 2021, Comet Ridge initiated Gas Sale Agreement (GSA) negotiations with CleanCo under the terms of the arrangement.

In estimating the fair value of the financial liability under the arrangement, the Group have made judgements regarding the determination of the fair value including:

- the timing of any cash payments under the arrangement;
- the discount rate to be applied; and
- forecast inflation rates.

The following procedures, amongst others, were performed in relation to the valuation and presentation of the CleanCo Financial Liability:

- Considered the Group's accounting position paper and key assumptions therein;
- Read the CleanCo agreements, to obtain an understanding of the arrangement;
- Considered the reasonableness of the timing of any potential cash outflow with reference to the conditions in the agreement;
- Considered the forecast inflation rates over the remaining timeframe of the arrangement;



Given the magnitude of the liability and judgements made in determining the fair value of the liability, the complexities of the CleanCo arrangement, and the significance of the arrangement to the financial statements, we consider the accounting for the CleanCo arrangement to be a key audit matter.

- Tested the mathematical accuracy of the calculations of the financial liability through recalculation of the liability;
- Obtained the notice issued to CleanCo to commence GSA negotiations; and
- Assessed the disclosures included in the financial report.

---

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

---

### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

---

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

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



if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

## *Report on the remuneration report*

---

### *Our opinion on the remuneration report*

We have audited the remuneration report included in pages 23 to 28 of the directors' report for the year ended 30 June 2021.

In our opinion, the remuneration report of Comet Ridge Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

---

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

The PricewaterhouseCoopers logo, featuring the company name in a stylized, handwritten-style font.

PricewaterhouseCoopers

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

Michael Shewan  
Partner

Brisbane  
28 September 2021

## Additional Information

The additional information set out below was applicable at 17 September 2021:

### 1. Number of Equity Holders

Ordinary Share Capital

860,034,445 fully paid ordinary shares are held by 2,510 individual shareholders.

### 2. Voting Rights

In accordance with the Company's constitution, on a show of hands every shareholder present in person or by a proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by a proxy, attorney or representative has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

### 3. Distribution of Shareholdings

| Holdings          | No. of Holders | Units              | Percentage of Issued Capital* |
|-------------------|----------------|--------------------|-------------------------------|
| 1 - 1,000         | 175            | 8,435              | 0.001%                        |
| 1,001 - 5,000     | 257            | 816,933            | 0.095%                        |
| 5,001 - 10,000    | 316            | 2,520,364          | 0.293%                        |
| 10,001 - 100,000  | 983            | 42,074,506         | 4.892%                        |
| 100,001 - maximum | 779            | 814,614,207        | 94.719%                       |
|                   | <b>2,510</b>   | <b>860,034,445</b> | <b>100.000%</b>               |

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

The numbers of shareholders holding less than a marketable parcel (being 4,546 units or less) were:

378 Holders (558,655 Shares)

### 4. Substantial Shareholders

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

| Name          | Number of Shares Held | Percentage of Issued Capital |
|---------------|-----------------------|------------------------------|
| Awal Bank BSC | 51,500,000            | 5.99%                        |

The above shareholdings are disclosed pursuant to section 671B (3) of the Corporations Act 2001 but the relevant interests shown do not necessarily represent the beneficial interest in the share capital of the Company or the parties concerned.

### 5. Unquoted Securities

Unlisted Performance Rights: The Company has 5,010,000 Performance Rights on issue, issued in accordance with the Employee Performance Share Rights Plan last approved by shareholders at the Company's AGM on 24 November 2016. The number of beneficial holders of Performance Rights totals 9.

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



# Comet Ridge Limited — Annual Report for the Year Ended 30 June 2021

## 6. The 20 Largest Holders of Ordinary Shares

|  | Number of Ordinary<br>Fully Paid Shares<br>Held | Percentage of<br>Issued Capital<br>% |
|--|---|--------------------------------------|
| 1. CITICORP NOMINEES PTY LIMITED   | 63,810,937                                      | 7.30%                                |
| 2. BNP PARIBAS NOMS PTY LTD <DRP>  | 24,155,346                                      | 2.81%                                |
| 3. BRIKIA INVESTMENTS LTD  | 20,744,001                                      | 2.41%                                |
| 4. MCKAY SUPER PTY LTD   | 20,253,129                                      | 2.35%                                |
| 5. GILBY RESOURCES PTY LTD   | 18,000,000                                      | 2.09%                                |
| 6. SIXTH ERRA PTY LTD  | 17,969,150                                      | 2.09%                                |
| 7. NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>                       | 17,660,000                                      | 2.05%                                |
| 8. KABILA INVESTMENTS PTY LTD  | 17,479,318                                      | 2.03%                                |
| 9. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                                   | 17,208,114                                      | 2.00%                                |
| 10. MR JOHN NAUGHTON   | 15,003,116                                      | 1.74%                                |
| 11. WATERFORD ATLANTIC PTY LTD   | 14,523,146                                      | 1.69%                                |
| 12. POWER INDUSTRIES PTY LTD <THE POWER PROPERTY A/C>                          | 13,463,297                                      | 1.57%                                |
| 13. NATIONAL NOMINEES LIMITED  | 11,544,142                                      | 1.34%                                |
| 14. MR CHRISTOPHER JOHN BLAMEY + MRS ANNE MARGARET BLAMEY <ACB SUPER FUND A/C> | 10,840,197                                      | 1.26%                                |
| 15. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2                          | 10,837,211                                      | 1.26%                                |
| 16. MICHAEL JOYCE PTY LTD  | 10,000,000                                      | 1.16%                                |
| 17. ZERO NOMINEES PTY LTD  | 10,000,000                                      | 1.16%                                |
| 18. BRAZIL FARMING PTY LTD   | 8,859,062                                       | 1.03%                                |
| 19. NAUGHTON SUPER PTY LTD <NAUGHTON SUPER A/C>                                | 8,700,000                                       | 1.01%                                |
| 20. BIAN GROUP PTY LTD   | 8,248,383                                       | 0.96%                                |
| <b>TOTAL</b>   | <b>338,298,549</b>                              | <b>39.34%</b>                        |

## 7. Restricted Securities

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

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

| ATP / PEL / PMP             | Location                  | Interest <sup>1</sup>            | Operator   |
|-----------------------------|---------------------------|----------------------------------|--|
| ATP1191 Mahalo <sup>2</sup> | Bowen Basin               | 40%                              | Origin Energy, as upstream operator for APLNG                          |
| ATP2048                     | Bowen Basin               | 100%                             | Comet Ridge Mahalo North Pty Ltd                                       |
| ATP2061                     | Bowen Basin               | 100%                             | Comet Ridge Mahalo East Pty Ltd  |
| ATP 2063                    | Bowen Basin               | 100%                             | Comet Ridge Mahalo Far East Pty Ltd                                    |
| ATP743 <sup>3</sup>         | Galilee Basin             | 70% Conventional<br>100% CSG     | Comet Ridge Limited  |
| ATP744 <sup>3</sup>         | Galilee Basin             | 70% Conventional<br>100% CSG     | Comet Ridge Limited  |
| ATP1015 <sup>3</sup>        | Galilee Basin             | 70% Conventional<br>100% CSG     | Comet Ridge Limited  |
| PEL427 <sup>4</sup>         | Gunnedah Basin            | 100% Conventional<br>59.09% CSG  | Comet Ridge Limited (Conventional)<br>Santos NSW (Betel) Pty Ltd (CSG) |
| PEL 6 <sup>4</sup>          | Gunnedah Basin            | 97.5% Conventional<br>29.55% CSG | Comet Ridge Limited (Conventional)<br>Santos NSW (Betel) Pty Ltd (CSG) |
| PMP50100 <sup>5</sup>       | South Island, New Zealand | 100% CSG                         | Comet Ridge NZ Pty Ltd   |

<sup>1</sup> The interest is held either by Comet Ridge Limited or one of its wholly owned subsidiaries

<sup>2</sup> Part of the ATP 1191 Mahalo Permit has been converted to Petroleum Lease (PL) 1082 and 1083 with the remaining area, covered by Petroleum Commercial Area (PCA) applications 302, 303 and 304. Subsequent to 30 June 2021, Comet Ridge has executed a binding agreement to acquire the 30% interest of APLNG (one the Mahalo JV participants), which will increase Comet Ridge's interest on completion to 70% and remove Origin Energy as operator.

<sup>3</sup> The Authorities to Prospect (ATPs) located in the Galilee Basin have been divided by way of a farm-in to Vintage Energy Limited into the Conventional (Deeps) and Unconventional (Shallows) joint ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these respective ATPs. ATP743 is currently subject to permit renewal and PCA applications.

<sup>4</sup> The Petroleum Exploration Permits located in the Gunnedah Basin are divided into Conventional oil and gas equity and CSG Joint Ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these respective permits. PEL 427 and PEL 6 are currently subject to renewal applications.

<sup>5</sup> As previously announced PMP 50100 has been relinquished by the Company. There is currently one outstanding well that requires final abandonment works to be completed to satisfy the NZPM's requirements.

## Corporate Directory

### Directors

**James McKay** – Non-executive Chairman

**Tor McCaul** – Managing Director

**Christopher Pieters** – Executive Director

**Gillian Swaby** – Non-executive Director

**Martin Riley** – Non-executive Director

**Shaun Scott** – Non-executive Director

**Company Secretary** – Stephen Rodgers

### Registered Office

Comet Ridge Limited

ABN 47 106 092 577

Level 3

410 Queen Street

Brisbane, Queensland, 4000

Telephone: +61 7 3221 3661

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

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

### Share Registry

Computershare Registry Services Pty Ltd

Level 1

200 Mary Street

Brisbane, Queensland, 4000

Telephone: +61 7 3237 2100

Facsimile: +61 7 3229 9860

### Auditors

PricewaterhouseCoopers

480 Queen Street

Brisbane, Queensland, 4000

Telephone: +61 7 3257 5000

### Securities Exchange Listing

Australian Securities Exchange Ltd

Home Exchange: Brisbane

ASX Code: **COI**



Comet Ridge



Comet Ridge

**A** Level 3  
410 Queen Street Brisbane  
QLD 4000  
**T** +61 7 3221 3661  
**W** [www.cometridge.com.au](http://www.cometridge.com.au)  
**E** [info@cometridge.com.au](mailto:info@cometridge.com.au)