



ASX Announcement

27 October 2023

September 2023 Quarterly Activities Report

Highlights

- *Inaugural Gas Sales Agreement for Mahalo Gas Hub* executed with CleanCo Queensland Limited.
- *Project development activities for Mahalo North* continued during the quarter with a new Petroleum Lease application, as well as Queensland and Federal environmental applications lodged in October 2023.
- Technical and commercial due diligence in relation to *project development funding* continuing.
- *Pipeline connection* arrangements for Mahalo Gas Hub to access domestic and LNG markets were progressed during the quarter with a proposed Jemena build, own, operate solution.
- *Commercial discussions for additional GSA contracts continued* with Orica and other potential domestic gas buyers for future Mahalo North and Mahalo Joint Venture gas supply.
- The Australian Government's mandatory *Gas Market Code* (Gas Code) commenced on 11 July 2023, with *Comet Ridge exempt from price caps* as a domestic supplier.
- *\$9.6 million of cash* at end of September 2023 (unaudited).

1. Federal Government Mandatory Gas Market Code

The Australian Government released its mandatory *Gas Market Code* (Gas Code) for the east coast gas market, effective 11 July 2023, with a two-month transition period. *Deemed exemptions* from the gas price cap rules now automatically apply to small suppliers who produce less than 100 Petajoules (PJ) of gas per year and who supply only to the domestic market. *Comet Ridge qualifies for this deemed exemption*. Further conditional exemptions are available to all producers upon application.

EnergyQuest commented in its September 2023 Energy Market quarterly report that the absence of new investment in supply (as a result of market intervention) doesn't bode well for the east coast market. More supply will be needed in coming years. The key question is where this new supply will come from. In the absence of new projects or LNG imports, the potential for Government intervention to secure supplies from foundation Queensland LNG contracts will grow.

A compelling east coast gas play

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EnergyQuest also highlighted that with the ability of the Federal Government to now make quarterly decisions on whether to activate the Australian Domestic Gas Security Mechanism (ADGSM), the Australian Competition and Consumer Commission’s (ACCC’s) reports on the east coast gas market are now more frequent. The latest ACCC ‘interim’ report of 30 June 2023 noted the following:

- There are much fewer gas supply contracts being offered to the market.
- Most supply offers being made for 2024 are not subject to the \$12/GJ cap and are slightly above it – adding weight to the observation that \$12/GJ has become a new floor rather than a cap, especially when retail offers around \$20/GJ are considered.
- Gas users are facing worsening market conditions, a predictable outcome given the extent of market intervention and ongoing uncertainty as participants have awaited the final version of the Mandatory Code of Conduct.

2. Mahalo Gas Hub Area, Bowen Basin, QLD

Overview

Comet Ridge holds 100% equity in three project areas in the Mahalo Gas Hub area, and a 57.14% interest in the Mahalo Joint Venture Project (with Santos QNT Pty Ltd (Santos) holding 42.86% as Operator). See Figure 1.

The current net acreage position for Comet Ridge across the Mahalo Gas Hub is substantial at 1,450 km², with a large portion of these blocks sitting over the Mahalo Gas Hub’s high quality, shallow fairway.

This fairway has been extensively appraised and, importantly, has produced 1.4 MMcf/d (million standard cubic feet of gas per day) from a lateral pilot well (Mira 6) drilled only 924 m in coal. Further confirmation of the high productivity fairway has been demonstrated from the Mahalo North 1 pilot well (in ATP 2048, Comet Ridge 100% equity), which has achieved a very impressive gas flow of 1.75 MMcf/d from a single vertical pilot production well intersected by a dual lateral well.

Comet Ridge has certified 2P Gas Reserves in two of its Mahalo Gas Hub Projects, being the Mahalo Joint Venture and Mahalo North Gas Projects, where commercial gas flows have been established from pilot production tests.

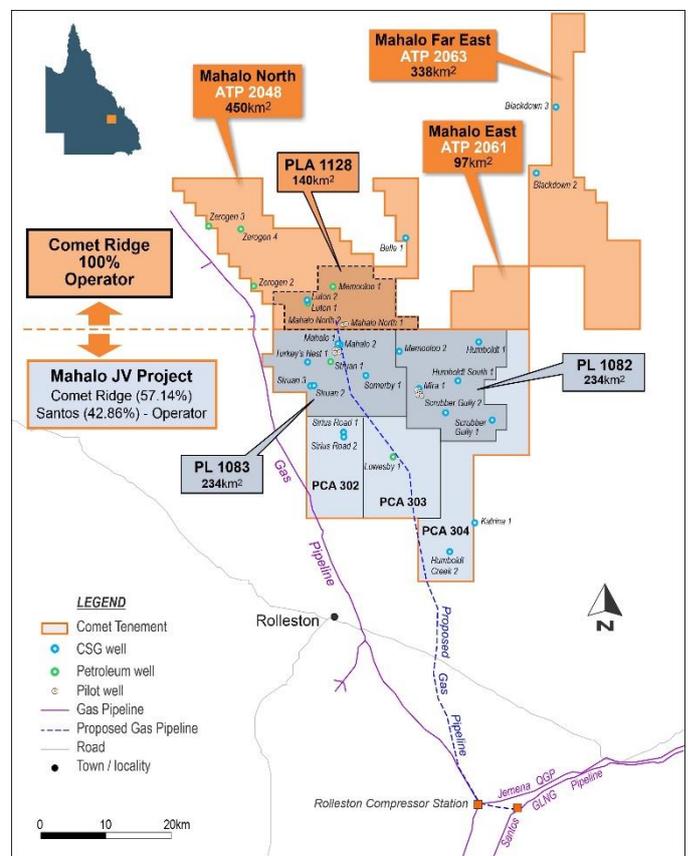


Figure 1 – Mahalo Gas Hub area



Certified Gas Reserves and Contingent Resources

Comet Ridge’s share of 2P Gas Reserves and 2C Contingent Gas Resources at the Mahalo Gas Hub is a very material 406 Petajoules as shown in Figure 2 below.

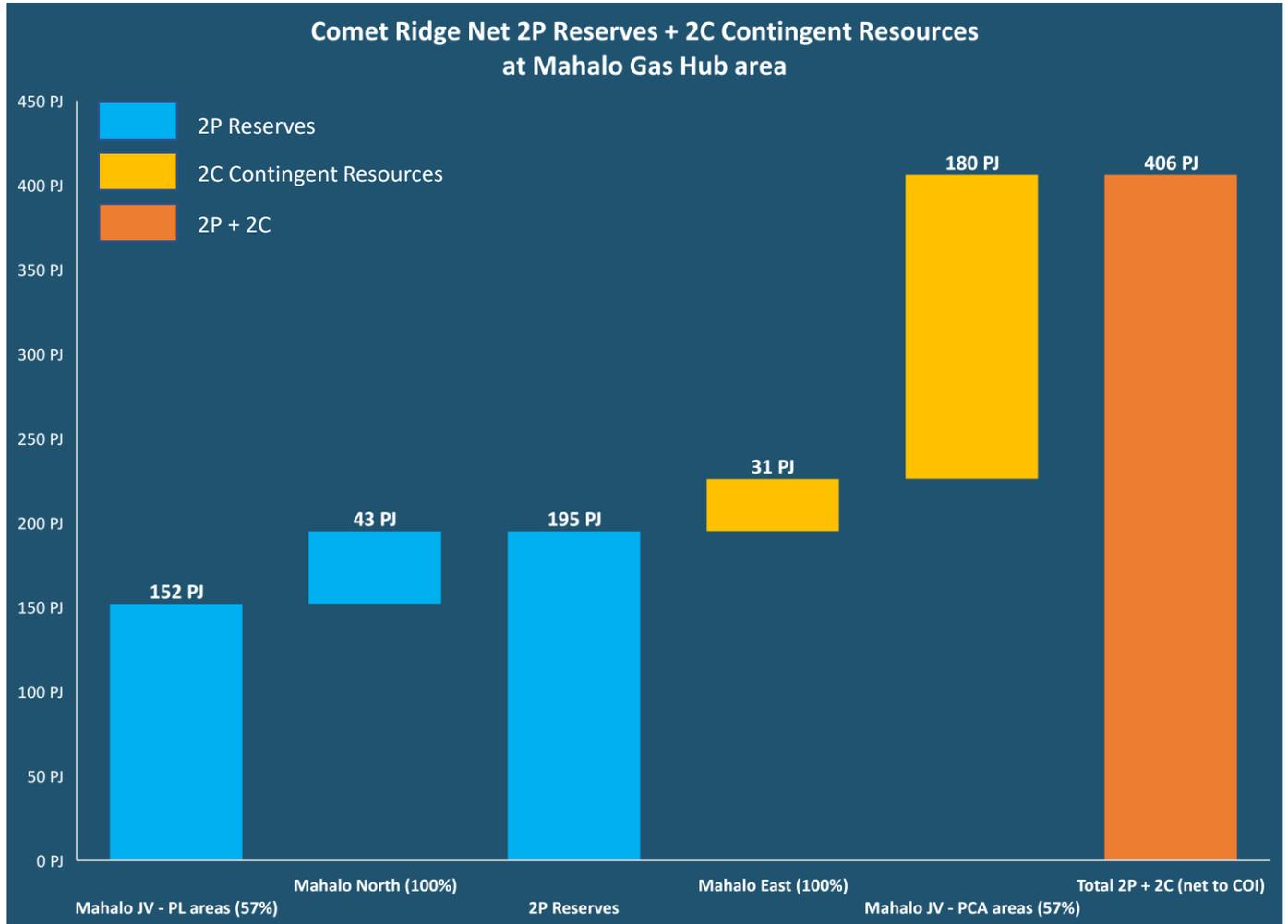


Figure 2 – Comet Ridge share of 2P* Reserves + 2C* Contingent Resources at Mahalo Gas Hub.

* Refer to Listing Rule 5.42 disclosure on page 9 of this report.

Project Development Activities- September 2023 Quarter

Comet Ridge plans to transition its Mahalo Gas Hub assets into meaningful gas supply for the east coast gas market, commencing with initial production at Mahalo North, followed by the larger, Santos operated, Mahalo Joint Venture Project. This significant gas supply opportunity will be further supplemented by gas from Comet Ridge’s other 100% held permits at Mahalo East and Mahalo Far East. (See Figure 1)



Mahalo North (Comet Ridge 100%) - Development Activities

Comet Ridge has progressed all development activities at Mahalo North for the planned supply of gas into the east coast market via a staged development up to an initial planned production rate of 10 Terajoules per day (TJ/d).

The status of Mahalo North development activities at the date of this report are summarised in Figure 3 below:

	<p>Independently Certified Reserves</p>	<ul style="list-style-type: none"> • Extensive geological and production model developed. • Significant well and seismic database, well logs, core data from petroleum and coal exploration activities and laboratory analysis. • 43 PJ of 2P Reserves and 110 PJ of 3P Reserves certified in November 2022, leveraging the highly successful Mahalo North pilot production results. • 3P Reserve upgrade assessment currently in progress to further build reserves base.
	<p>Approval applications</p>	<ul style="list-style-type: none"> • Petroleum Lease application (PLA) submitted to the Queensland Department of Resources in early October 2023 with permit application number PLA 1128 assigned. • This was followed with applications for State and Federal Government environmental approvals. • Extensive field environmental studies and assessments were undertaken to support approvals including air, noise, CSG water, ecology (terrestrial and aquatic), strategic cropping, and groundwater.
	<p>Proposed drilling and facilities</p>	<ul style="list-style-type: none"> • Development plan based on real field data from successful Mahalo North pilot production test. • Pipeline specification gas with very low CO₂. • Planning several new lateral production wells to meet production targets. • Simple facilities comprise 5 TJ/d compressor units, dehydration and water handling package.
	<p>Proposed pipeline connection to Jemena's Queensland Gas Pipeline</p>	<ul style="list-style-type: none"> • Pre-FEED study completed by Jemena to progress route selection, project schedule, capital costs and indicative tariffs. • Jemena FEED study to be completed with the capacity to accommodate all Mahalo Hub Gas via a single pipeline. • Joint FEED study completed with Denison Gas Limited for an alternate, shorter and faster connection to existing Denison infrastructure for Mahalo North gas.

Figure 3 – Mahalo North development activities

The Mahalo North PL application area (PLA 1128) is shown in Figure 4 below within Comet Ridge's existing ATP 2048.

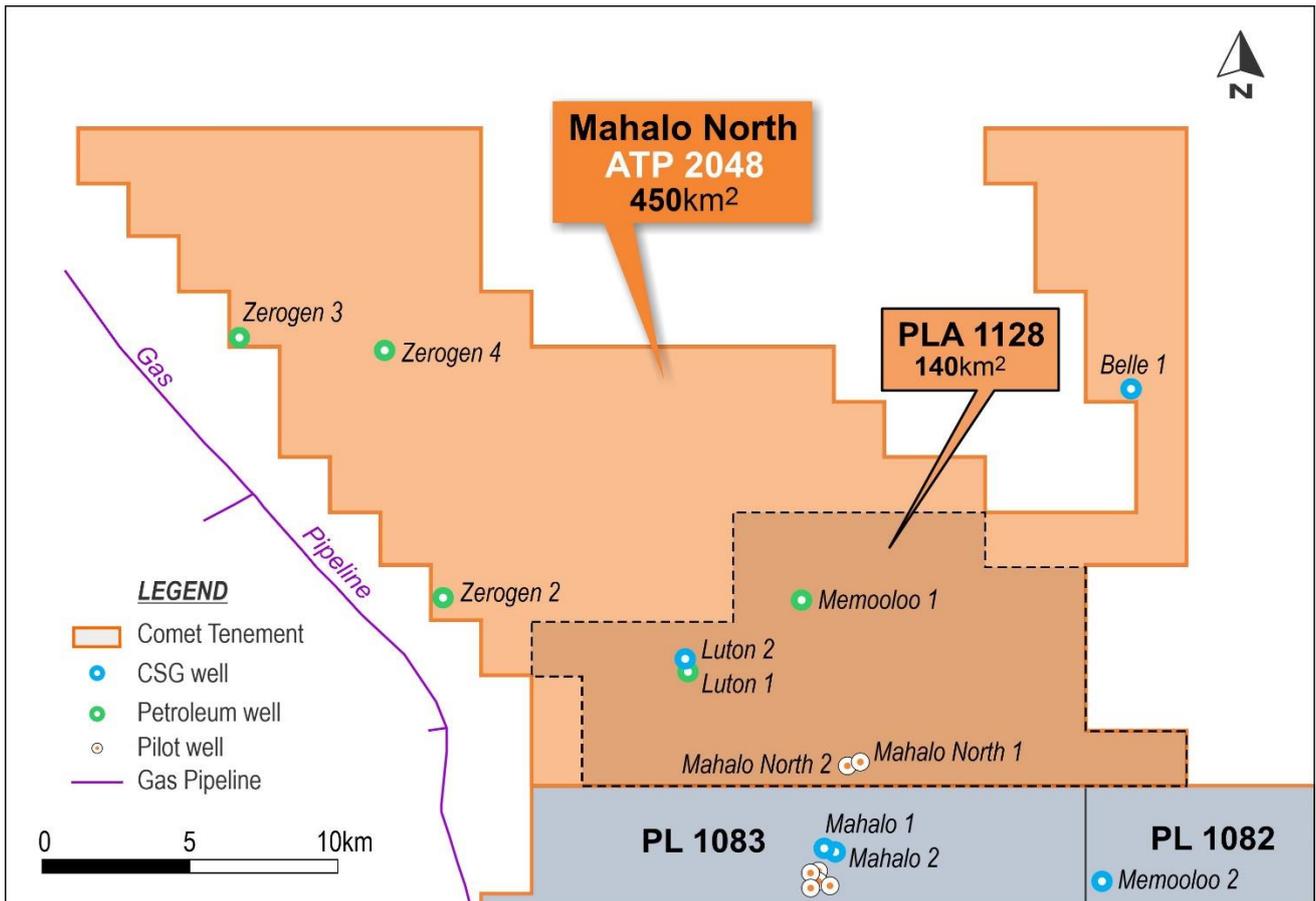


Figure 4 – Mahalo North PLA 1128 application area (within ATP 2048)

Mahalo Joint Venture (Comet Ridge 57.14%) - Development Activities

The Mahalo Joint Venture participants, Comet Ridge and Santos, are progressing the Concept Select phase for the development of the Mahalo JV Gas Project. The development pathway has been streamlined over the past 12 months with APLNG exiting the project with Comet Ridge (40% to 57.14%) and Santos (30% to 42.86%) acquiring their proportional share of APLNG's 30% equity. Santos is the Development Operator of the project.

The Mahalo JV Gas Project has approvals in place for gas extraction and processing requirements, with the final step being approval of a new ~80 km pipeline connection to both Jemena's Queensland Gas Pipeline (for domestic gas supply) and GLNG's pipeline to its Gladstone LNG facility. The pipeline connection will require a Queensland Government pipeline licence and landholder access arrangements.

FEED studies will be undertaken by Santos on gas field infrastructure (including well layout, well design) in parallel with the pipeline approval and design process.

The first stage of the Santos FEED study is the Concept Select phase which involves gas and water facilities, power generation, electrification and environmental compliance. This phase has been approved by the Joint Venture participants and should be completed over the December quarter.



The Joint Venture participants are working with Jemena to finalise agreed terms and sizing for the pipeline FEED study for a Jemena build, own, and operate solution. Comet Ridge will be able to utilise this pipeline connection for its share of Mahalo JV gas production as well as production from its 100% owned Mahalo North, East and Far East projects. Combining all Mahalo Hub gas into one Jemena pipeline provides scale economies for transportation of natural gas to the connection point for both domestic gas and LNG markets.

Key attributes of the Mahalo JV Gas Project (see Figure 5 below) are:

- ✓ Two Petroleum Leases approved (PL 1082 and PL 1083) by the Queensland Government.
- ✓ State and Federal environmental approval in place for up to 95 production wells.
- ✓ A material volume of gross 2P Reserves (266 PJ independently certified by Comet Ridge) and gross 3P Reserves (458 PJ independently certified by Comet Ridge) in the PL areas alone.
- ✓ Additional gross 2C Resource upside (316 PJ independently certified by Comet Ridge) in the three PCA areas further south.
- ✓ Targeting an initial production rate of 60 to 70 TJ/d (approximately 22 to 25 PJ/a) which would generate gross revenue of approximately \$260 to \$300 million annually for the term of the project if the \$12/GJ price cap is applied.
- ✓ Large scale development of sales spec gas with very low CO₂.
- ✓ Designed to benefit from Santos' modular and low-cost approach already implemented at nearby Arcadia and Arcadia North.

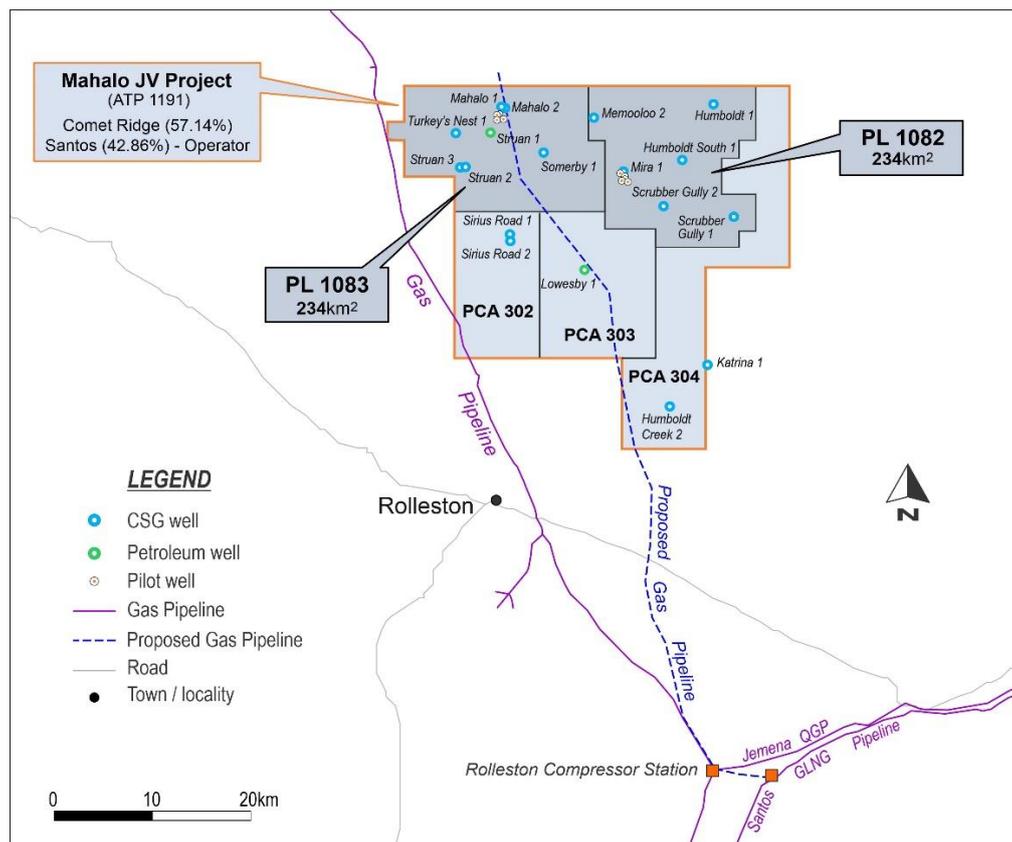


Figure 5 – 989 km² Mahalo Joint Venture PL and PCA areas, showing CSG wells drilled



Project Funding

In conjunction with approvals and project development activities, Comet Ridge is progressing plans for its share of the funding required for development of Mahalo North and Mahalo Joint Venture Gas Projects. Comet Ridge has established a dataroom and several parties are engaged in technical and commercial due diligence as a precursor to concluding funding proposals that may take the form of GSA prepayment, project farm-in, acquisition of equity interests in these projects or other arrangements. Whilst Comet Ridge is confident that this funding process is progressing positively, there is no guarantee that a final proposal will be received, or received on commercially acceptable terms.

Gas marketing activities

CleanCo GSA

During the September quarter, Comet Ridge and CleanCo Queensland Limited (CleanCo) executed a gas sales agreement (GSA) for supply of gas by Comet Ridge into CleanCo's Swanbank E gas-fired power station.

This is Comet Ridge's first GSA and is therefore an important milestone for the Company. The natural gas will be produced from the Mahalo Gas Hub in Central Queensland, where CleanCo will offtake 3 PJ per annum of natural gas. Comet Ridge and CleanCo have agreed for supply to commence in a 12-month window between 1 July 2025 and 30 June 2026, which will allow Comet Ridge flexibility ahead of a Final Investment Decision on its Mahalo Gas Hub projects.

The GSA is subject to approval from CleanCo's shareholding ministers prior to 15 December 2023.

Orica

Comet Ridge executed a memorandum of understanding (MOU) with Orica Australia Pty Ltd (Orica) in May 2023 to progress commercial arrangements on a long-term gas offtake from Comet Ridge's Mahalo North (ATP 2048) gas project.

Orica is the global leader in ammonia related products supplied to the mining and infrastructure industries, and has been a long term and reliable buyer of natural gas in Queensland and New South Wales for its facilities at Yarwun (near Gladstone) and Kooragang Island (near Newcastle). The MOU positions Orica to assist Comet Ridge in gas production from Mahalo North to initially support Orica's Yarwun facility (see Figure 6 below).

Since the execution of the MOU, Orica has completed a technical due diligence phase on Mahalo North. The parties have progressed commercial discussions including Orica's financial participation in the project, in addition to gas supply terms.

Other gas supply opportunities

With the Safeguard Mechanism in place for many large businesses (which aims to reduce CO₂ emissions by 4.9% annually), the Company expects demand for natural gas in the commercial and industrial sector to increase, given that in many cases natural gas can be substituted for coal as an industrial fuel and heating source, significantly reducing CO₂ emissions. Analysis by the International Energy Agency shows that, on average, coal-to-gas switching reduces emissions by 50% when producing electricity and by 33% when providing heat.



Comet Ridge is progressing discussions with various parties in relation to new gas supply opportunities for coal substitution, industrial use and gas portfolio contracting.

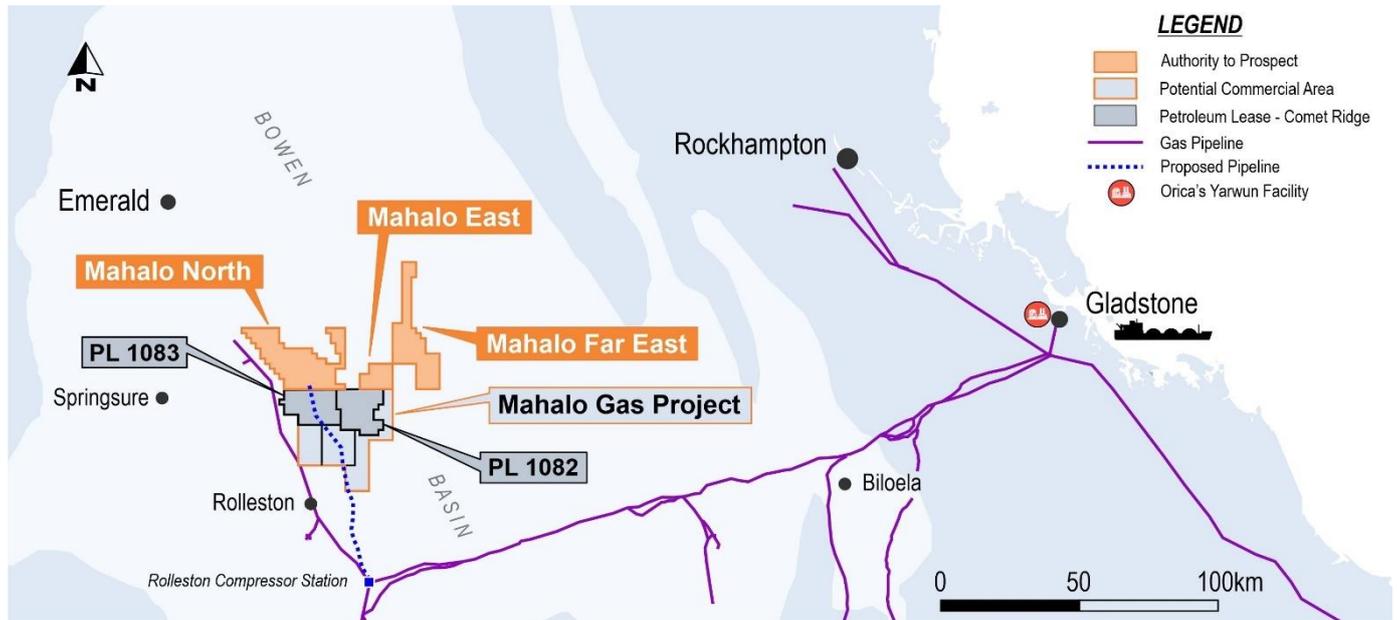


Figure 6 – Regional location of the Mahalo Gas Hub area showing proximity to pipeline infrastructure and Orica’s Yarwun facility

3. Corporate Activities

Cash position and debt facilities

At 30 September 2023, Comet Ridge had \$9.6 million cash on hand (unaudited).

Comet Ridge’s secured debt facilities with PURE Asset Management remained unchanged at 30 September 2023.

Lender	Amount Drawn	Maturity date	Comments
PURE Asset Management Pty Ltd (secured loan)	\$10.0m	17 Sep 2025	PURE has 65.9m warrants exercisable at an average price of \$0.152 per share. Upon exercise, Comet Ridge will receive \$10.0 million of cash which can be used to repay the loan amount.

Table 1 – Comet Ridge debt facilities

Payments to Related Parties

The aggregate value of payments to related parties and their associates of \$250k for the September 2023 quarter (shown in item 6.1 of the attached Quarterly Cashflow Report) relates to the salary of the Managing Director and fees paid to Directors (including PAYG and superannuation payments made on their behalf).



Shares and Performance Rights

At 30 September 2023, the total number of ordinary shares and warrants on issue was unchanged at 1,010,373,085 and 65,909,091 respectively. The total number of performance rights on issue at 30 September 2023 was 9,018,750, following the lapse on 5 July 2023 of 1,000,000 performance rights previously issued to the Managing Director.

By Authority of Board per: Tor McCaul, Managing Director

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About Comet Ridge

Comet Ridge Limited (ASX: COI) is a publicly listed Australian energy company focused on the development of natural gas resources for the strained east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland. Our flagship Mahalo Gas Hub project consists of low cost, sales spec natural gas blocks, close to Gladstone containing low CO₂, Gas Reserves. Our exploration assets offer further upside amid increasing domestic and international demand for natural gas as a source for cleaner energy and as a key manufacturing feedstock that makes thousands of products, used daily.

Comet Ridge plans to transition its Mahalo Gas Hub assets into meaningful gas supply into the east coast gas market, commencing with Mahalo North, followed by the larger Mahalo Gas Project, in joint venture with Santos QNT Pty Ltd (as the Development Operator).

More information regarding Comet Ridge is available at www.cometridge.com.au.

* Listing Rule 5.42

The details of the Reserves and Contingent Resources referenced throughout this release in respect to the Mahalo Gas Hub were announced to the market on 30 October 2019, 26 September 2022, 2 November 2022 and 19 December 2022. In accordance with Listing Rule 5.42.3, Comet Ridge confirms that it is not aware of any new information or data that materially affects the information in those announcements reporting the details of the Reserves and Contingent Resources for PL 1082, 1083; PCA 302, 303, 304; ATP 2048 or ATP 2061, and that all of the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.

Appendix 5B

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

Name of entity

COMET RIDGE LIMITED

ABN

47 106 092 577

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) exploration & evaluation	(5)	(5)
(b) development	-	-
(c) production	-	-
(d) staff costs	(357)	(357)
(e) administration and corporate costs	(538)	(538)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	42	42
1.5 Interest and other costs of finance paid	(302)	(302)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - JV recoveries	(20)	(20)
1.9 Net cash from / (used in) operating activities	(1,180)	(1,180)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(854)	(854)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Security deposits)	(8)	(8)
2.6 Net cash from / (used in) investing activities	(862)	(862)

Consolidated statement of cash flows		Current quarter	Year to date (3months)
		\$A'000	\$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	11,651	11,651
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,180)	(1,180)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(862)	(862)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period - refer to end note regarding post quarter cash	9,609	9,609
5. Reconciliation of cash and cash equivalents			
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	9,609	11,651
5.2	Call Deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above) - refer to end note regarding post quarter cash	9,609	11,651
6. Payments to related parties of the entity and their associates		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	250	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>			
7. Financing facilities			
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the source of finance available to the entity.</i>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	10,000	10,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	10,000	10,000
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have not been entered into or are proposed to be entered into after the quarter end, include a note providing details of those facilities as well.		
<p>Lender: Pure Asset Management Pty Ltd Loan facility: \$10,000,000 Interest Rate: 12% p.a. Maturity Date: 17 September 2025 Secured loan</p>			

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,180)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(854)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,034)
8.4 Cash and cash equivalents at quarter end (item 4.6)	9,609
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	9,609
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows from the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

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

Date: 27/10/2023



Authorised by: _____
By the Authority of the Board

Print Name: Stephen Rodgers
Company Secretary

Notes

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