

29 April 2022

## March 2022 Quarterly Activities Report

### Highlights

- **Mahalo Joint Venture - acquisition of APLNG's 30%** interest materially progressed with government conditions satisfied during the quarter.
- **Mahalo North 1 production test dewatering** from 14 January 2022 and has now moved to gas production.
- **Gas supply MOU** entered into for a proposed green biofuel project to be located near Gladstone.
- **Strong cash position** at end of March 2022 of \$7.6m (unaudited).

### Mahalo Gas Hub Area, Bowen Basin, QLD

Comet Ridge holds 100% equity in three project areas in the Mahalo Gas Hub area, and a 40% interest (increasing to 70%) in the Mahalo Gas Project. The current net acreage area for Comet Ridge across the Mahalo Gas Hub is substantial at 1,250 km<sup>2</sup>, with a large part of these blocks sitting over the high productivity Mahalo shallow fairway. This is the fairway that has been extensively appraised and importantly has produced 1.4 MMcfd (million standard cubic feet of gas per day) from a lateral pilot well (Mira 6) drilled only 924 metres in coal (refer ASX announcement 26 June 2018).

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

Project name and opportunity	Permit	COI % interest	Area (km <sup>2</sup> )	Status
<b>Mahalo Gas Project</b> (CSG)	PL 1082, 1083; PCA 302, 303, 304	40%*	911**	Finalising acquisition of APLNG interest, moving Comet Ridge to 70% on completion (with option for Santos to increase their equity).
<b>Mahalo North</b> (CSG & deeper conventional gas)	ATP 2048	100%	450	Production test ongoing - targeting gas flow and initial reserves certification.
<b>Mahalo East</b> (CSG and deeper conventional gas)	ATP 2061	100%	97	Appraisal program being finalised.
<b>Mahalo Far East</b> (CSG & deeper conventional gas)	ATP 2063	100%	338	Data interpretation is ongoing.

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

\*COI equity interest increasing to 70%; \*\*Mahalo Gas Project area will increase slightly on deal completion

A compelling east coast gas play

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## Mahalo North (ATP 2048) – Comet Ridge 100%

### Overview

Mahalo North (Comet Ridge 100%, Operator) is a highly prospective (450km<sup>2</sup>) block located directly north of, and contiguous with, the Mahalo Gas Project. The block was awarded to Comet Ridge by the Queensland Government in 2020. 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).

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 the Company's confidence in the productive coal fairway and the ability of strategically placed pilots to deliver meaningful gas volumes.

### Appraisal Program

During the prior quarter, Comet Ridge completed the following appraisal program at Mahalo North:

- Drilled Mahalo North 1 vertical well and cored to confirm key coal reservoir data from lab analysis;
- Drilled a dual lateral well (Mahalo North 2), which intersected Mahalo North 1 through the target coal reservoir with a total in-coal intercept of 1884 metres;
- Completed Mahalo North 1 with downhole pump, production tubing and pressure gauge in preparation for production testing; and
- Installed surface production equipment including water storage tanks, gas-water separator, flowlines and flare stack.

### Production testing moves to gas production stage

The Mahalo North production test commenced on 14 January 2022 with the downhole pump in the vertical Mahalo North 1 well started at low speed and water being produced to the on-site water storage tanks.

During the quarter, the pumping rate was steadily increased with the corresponding very high and increasing water rate confirming the expected high productivity potential of the well.

After a controlled period of dewatering to ensure the reservoir integrity was maintained, Comet Ridge announced on 11 April 2022 that the Mahalo North 1 well had moved into the gas production phase with a significant increase in gas pressure inside the casing annulus. The well has been flowing through a production separator for the past few weeks and has been delivering a steadily increasing flow of gas.

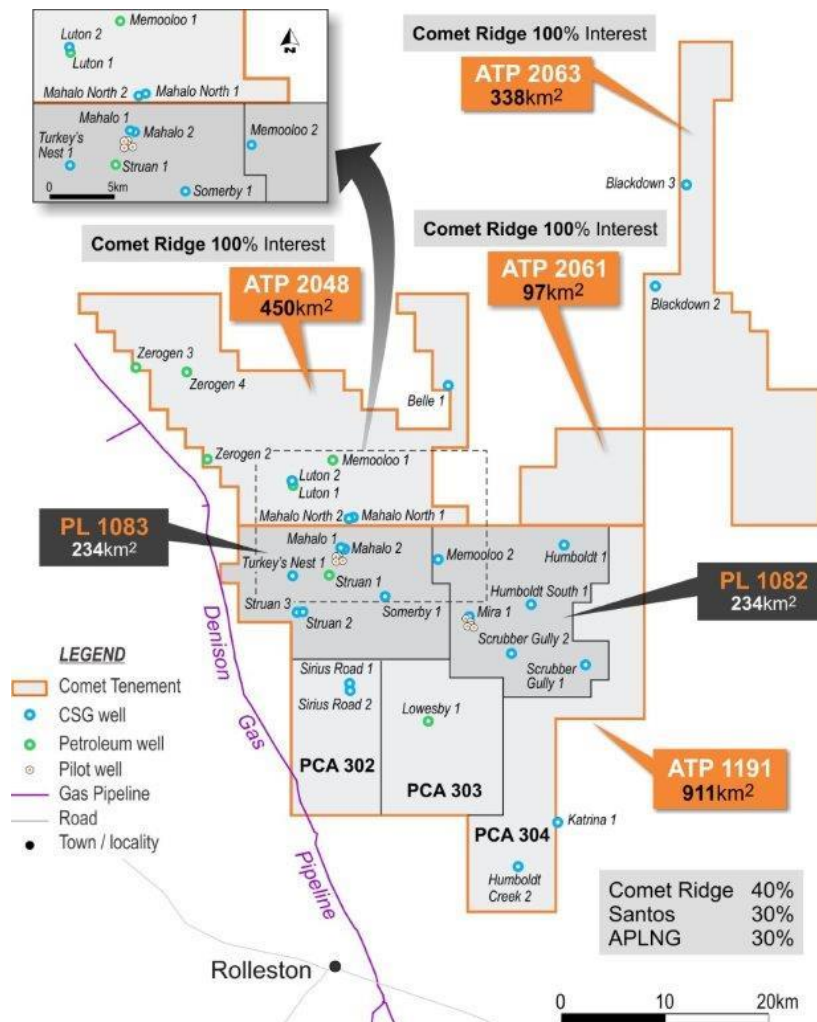
Refer to Comet Ridge's ASX releases of 17 January 2022, 27 January 2022, 10 February 2022, 1 March 2022, 22 March 2022, 11 April 2022 and 28 April 2022 for Mahalo North operations updates.



## Mahalo Gas Project (PL 1082 & 1083, PCA 302 to 304) – Comet Ridge 40%, increasing to 70%

### Overview

The Mahalo Gas Project, with two Petroleum Leases (PLs) awarded, is Comet Ridge’s flagship gas project and once in production, will provide the scale and infrastructure to underpin development of Comet Ridge’s 100% owned blocks in the Mahalo Gas Hub. The Mahalo Gas Project, focussed initially on the shallow fairway in PL 1082 and PL 1083 (see *Figure 1*), is currently a joint venture between Comet Ridge (40%), Santos QNT Limited (Santos) (30%) and Australia Pacific LNG Pty Limited (APLNG) (30%). Comet Ridge and APLNG have agreed a transaction for APLNG to exit the block, with Comet Ridge acquiring APLNG’s equity share (refer ASX announcements on 3 August 2021).



**Figure 1** – Mahalo Gas Project, showing the initial development focus area of PL 1082 and 1083 and the wider Mahalo Gas Hub area (including Comet Ridge’s 100% owned ATP 2048, 2061 and 2063)

The initial focus for development will be in the two Petroleum Lease (PL 1082 and 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 2P reserves independently certified. The Mahalo Gas Project is located 65km to the north of infrastructure connecting to the east coast gas market and Gladstone LNG export terminals (see *Figure 2*).

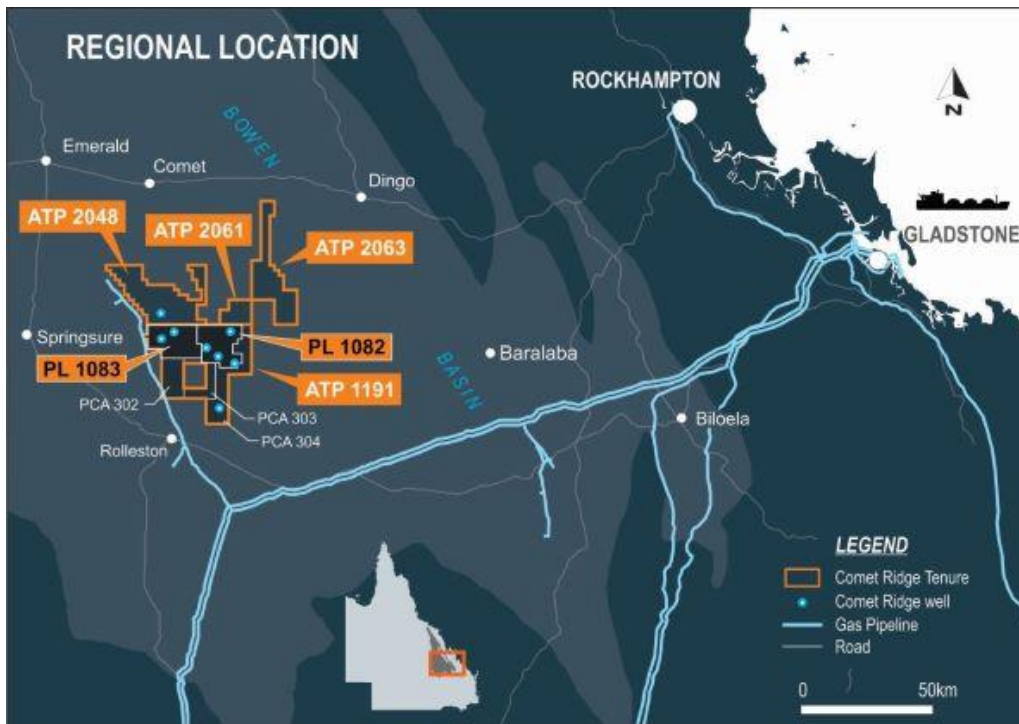


Figure 2 – Regional location of the very large Mahalo Gas Hub area showing proximity to pipeline infrastructure and domestic and LNG markets

### APLNG acquisition update

Comet Ridge entered into a binding agreement to acquire APLNG’s 30% interest in the Mahalo Gas Project, announced on 3 August 2021, taking Comet Ridge’s interest from 40% to 70% on completion (**Acquisition**). At the same time, Comet Ridge executed a funding and option agreement with continuing Mahalo Gas Project partner, Santos, whereby Santos may increase its equity interest in Mahalo from 30% to 50% and acquire 50% interests in Mahalo North (ATP 2048) and Mahalo East (ATP 2061).

During the March 2022 quarter, the Mahalo Joint Venture parties have materially progressed the conditions required to be satisfied prior to completion of the Acquisition. Importantly, the required government approvals were completed during the quarter and the final condition precedent relates to finalisation of joint venture documentation (refer *Table 2* below).

Condition category	Status	Comments
Financing	Completed	Loan agreement executed by Comet Ridge and Santos in August 2021. Drawdown will occur at completion of the Acquisition.
Environmental Authority (EA) for Mahalo (PL 1082 and PL 1083)	Completed	A new Mahalo EA has been awarded by the Queensland Department of Environment and Science for PL 1082 and PL 1083 following de-amalgamation from the historical Denison Trough (APLNG and Santos) EA.
Indicative approval for the transfer of PL 1082 and PL 1083	Completed	Application has received indicative approval by the Minister of the Queensland Department of Resources.
Mahalo Joint Venture agreements and approvals	Nearing completion	Documentation and approvals are nearing finalisation for pending approval of the Mahalo Joint Venture parties.

Table 2 – Status of conditions relating to the Acquisition of APLNG’s 30% Mahalo interests



## Mahalo East (ATP 2061) – Comet Ridge 100%

Mahalo East (Comet Ridge 100%, Operator) is also a highly prospective block (97km<sup>2</sup>) located directly north of, and contiguous with, the high productivity fairway of the Mahalo Gas Project. The block was awarded to Comet Ridge by the Queensland Government in late 2020. 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).

Given the success to date of the Mahalo North 1 pilot well, Comet Ridge is finalising plans for a work program in Mahalo East during 2022. This program may comprise drilling of one or two core holes, to optimally locate future pilot well(s) in the high productivity fairway in the north-east of the Mahalo Gas Hub.

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

Activities in the Galilee Basin projects in the current quarter have continued to focus on the renewal of tenure in certain areas of Authorities to Prospect (ATP) 743, ATP 744 and ATP 1015, via Potential Commercial Area (PCA) applications to the Queensland Government.

Figure 3 shows the PCA application areas that have been lodged with the Queensland Government Department of Resources for approval and award as well as extension of the underlying ATPs.

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

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

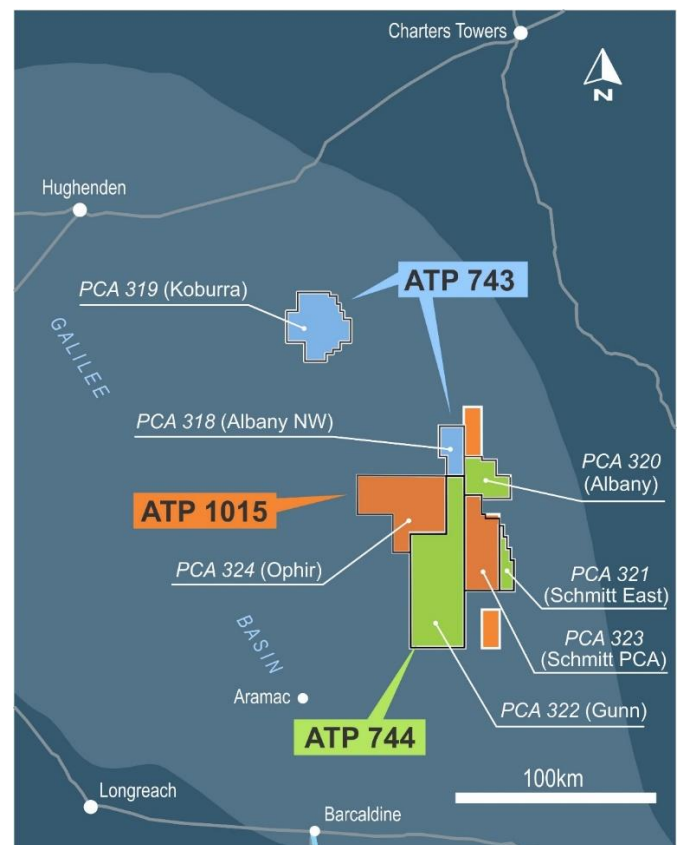


Figure 3 – Comet Ridge PCA application areas with the Galilee Basin permits



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

Comet Ridge's NSW licences (PEL 427 and PEL 6) are located in the northern Gunnedah Basin, immediately north and northeast of Santos' Narrabri Gas Project in the Bohena Trough. These licences have been the subject of renewal applications to the NSW Government for up to a decade.

There has been minimal activity in the NSW licences following the NSW Government's Future of Gas Statement released on 21 July 2021 which appears to restrict gas activity significantly outside the Narrabri Gas Project area. Following the release of this statement, on 15 March 2022, the NSW Government gazetted the designation of an area where petroleum titles are not to be granted – this included PEL 6 and part of PEL 427. Since the publication of the statement and gazettal, Comet Ridge has been unclear on the status of renewal of these licences. At the request of the NSW Government, Comet Ridge provided several submissions in response to the above matters for consideration.

Since the end of the March 2022 quarter, Comet Ridge has received correspondence from the NSW Government where renewal of only 12 of the 57 blocks sought in the PEL 427 renewal application has been suggested and there has been rejection of the PEL 6 renewal application entirely. Whilst Comet continues to focus on the development of its Queensland assets it has reserved its rights in relation to these matters and will explore all legal and commercial avenues available.

## **Corporate Activities**

### **Cash Position**

At 31 March 2022, Comet Ridge had \$7.6m cash on hand (unaudited) following the drawdown of the second tranche loan of \$3.5m from PURE Asset Management at the end of the quarter.

### **Gas Sales MOU**

On 23 March 2022, the Company announced, a Memorandum of Understanding (MOU) for the supply of gas to be used as feedstock for a proposed biofuel production facility (Biofuel Project) near Gladstone. The Biofuel Project, being developed by Iro Resources Pty Ltd, plans to produce up to 1 billion litres annually of lower carbon transport fuels to be synthesised from both sugar cane fibre and hydrogen extracted from gas, part of which is planned to be supplied from Comet Ridge's Mahalo Gas Hub. The ultra-clean renewable fuel is targeted to supply both Australian aviation and mining industries, resulting in a significant reduction in greenhouse emissions compared to conventional fuels.

### **Payments to Related Parties**

The aggregate value of payments to related parties and their associates of \$242k for the March quarter (shown in item 6.1 of the attached Quarterly Cashflow Report) relates to the salary of the Managing Director and fees paid to Directors (including PAYG and superannuation payments made on their behalf).

### **Shares and Performance Rights Position**

At 31 March 2022, the total number of shares on issue was 860,034,445 and the total number of warrant shares on issue was 65,909,091. The total number of performance rights on issue at 31 March 2022 was 16,395,000.



By Authority of Board per: Tor McCaul, Managing Director

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### About Comet Ridge

*Comet Ridge Limited (ASX: COI) is a publicly listed Australian energy company focused on the development of natural gas resources for the strained east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland and New South Wales. Our flagship Mahalo Gas Hub project consists of low cost, sales spec natural gas blocks close to Gladstone. 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.*



## 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")

**31 March 2022**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) exploration & evaluation	(2)	(4)
(b) development	-	-
(c) production	-	-
(d) staff costs	(208)	(661)
(e) administration and corporate costs (refer to note 6)	30	(1,403)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	4
1.5 Interest and other costs of finance paid	(193)	(387)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - JV recoveries	19	51
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(352)</b>	<b>(2,400)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(1)
(d) exploration & evaluation	(2,590)	(6,997)
(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 (Deposit relating to acquisition of APLNG Mahalo Interest )	-	(1,000)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(2,590)</b>	<b>(7,998)</b>



<b>Consolidated statement of cash flows</b>		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
<b>3. Cash flows from financing activities</b>			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,319
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	-	(349)
3.5	Proceeds from borrowings	3,500	10,000
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(105)	(339)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,395</b>	<b>14,631</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>			
4.1	Cash and cash equivalents at beginning of period	7,170	3,390
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(352)	(2,400)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,590)	(7,998)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,395	14,631
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period - refer to end note regarding post quarter cash</b>	<b>7,623</b>	<b>7,623</b>
<b>5. Reconciliation of cash and cash equivalents</b> 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	7,623	7,170
5.2	Call Deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above) - refer to end note regarding post quarter cash</b>	<b>7,623</b>	<b>7,170</b>
<b>6. Payments to related parties of the entity and their associates</b>		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1		242
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>			
<b>7. Financing facilities</b>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the source of finance available to the entity.</i>			
7.1	Loan facilities	10,000	10,000
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	<b>10,000</b>	<b>10,000</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.		
	Lender: Pure Asset Management Pty Ltd Interest Rate: 12% p.a. Maturity Date: 17 September 2025 Secured loan		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(352)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,590)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,942)
8.4	Cash and cash equivalents at quarter end (item 4.6)	7,623
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	7,623
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>2.6</b>
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows from the time being and, if not, why not?	
	Answer:	
	8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
	8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<p><i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i></p>		

### Compliance statement

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: 29/04/2022



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.
6. Administration and corporate costs for the current quarter have been offset by a GST refund received in January 2022 relating to expenditure in the Dec 2021 quarter.