

30 April 2021

March 2021 Quarterly Activities Report

Highlights

- Significant progress inside the Mahalo Joint Venture has been made during and after the first quarter of 2021, regarding the structure of the Mahalo Joint Venture and Comet Ridge's plans for significant progress in the Mahalo Hub Area.
- Comet Ridge expects to be able to further update the market on this progress over the coming weeks.
- Comet Ridge is positioning the multi-block Mahalo Gas Hub to provide meaningful gas volumes into the east coast gas market, where southern production is forecast to commence declining.
- Native title approvals completed successfully just after end of first quarter for Mahalo Far East block (to be ATP 2063).
- R&D tax incentive for FY20 expenditure of \$1.961 million received in January 2021.

East Coast Gas Market

ACCC affirms looming southern gas supply cliff

EnergyQuest noted in its December 2020 report, that as the months go by, southern Australia edges closer to its gas production supply cliff. EnergyQuest stated "production from offshore Victoria, which supplies not only Victoria but also Tasmania and a substantial share of NSW and South Australian demand, is forecast to decline from around 2023. It might be later, like 2024, but it might also be earlier like 2022".

The ACCC's latest Gas Inquiry report, released on 16 February 2021, affirms EnergyQuest's warning. According to the Commission, east coast gas supply is expected to see a shortfall of as much as 30 PJ by 2024 in the southern states. The ACCC report lists six projects approved for development and due to come online prior to the projected shortfall in supply. Of the six projects, the Gippsland Basin JV West Barracouta project operated by ExxonMobil is the largest and the only project located in the south. It is due to start production this year and is already included in EnergyQuest's forecast of a shortfall. The other five projects are located in the Bowen and Surat basins and only supply relatively small volumes of gas.

A compelling east coast gas play

Comet Ridge Limited | ABN 47 106 092 577 | ASX: COI

Level 3, 410 Queen Street
Brisbane Queensland 4000
GPO Box 798 Brisbane Qld 4001
Phone +61 7 3221 3661
Email: comet@cometridge.com.au
cometridge.com.au



The ACCC notes that production from the 2P reserves associated with these new projects has also already been factored into its long-term supply outlook when calculating the potential shortfall in supply from 2P reserves. Additional supply is likely to be required to avoid the projected shortfall in the southern states from either:

- an LNG import terminal located in the southern states; or
- domestic sources in the north (i.e., the Cooper Basin, Northern Territory or Queensland).

The ACCC notes correctly that if more supply is to come from the north, then further investment in north-south transportation capacity is likely to be required. While options are being explored to expand this transportation capacity, there are currently no firm plans to do so.

EnergyQuest also notes in its March 2021 report that progress on east coast development projects is mixed, particularly in the southern states. It is possible that EnergyQuest's production forecasts and those of ACCC are optimistic and the supply shortfall in the southern states occurs sooner than forecast.

Implications for Comet Ridge

Given the increasing need for further gas supply required into the East Coast Gas Market to replace declining southern production, Comet Ridge believes the Mahalo Gas Hub is well positioned to come on-line and deliver meaningful volumes of gas into that market, at a critical time. Comet Ridge believes the unit cost of Mahalo Gas Hub production from the shallow initial production fairway is very competitive with other new additional supply sources.

Mahalo Gas Hub Area, Bowen Basin, QLD

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

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

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



During and after the first quarter of 2021, the Joint Venture parties have expended significant time and effort in assessing the best way to take the Mahalo Gas Project forward, in order to meet the timing and value expectations of each of the parties in the JV. Comet Ridge also needs to consider how to best maximise value from the three 100% blocks (total 885 km²) that lie immediately north of the Mahalo Gas Project, that can benefit from a combined development concept to drive down unit costs and increase the total gas offtake from the combined Mahalo Hub Area.

Significant progress inside the Joint Venture has been made over the first quarter, around the structure of the Mahalo Joint Venture and plans for progress in the Mahalo Hub Area. Comet Ridge expects to be able to further update the market (in some detail) on this progress over the coming weeks.

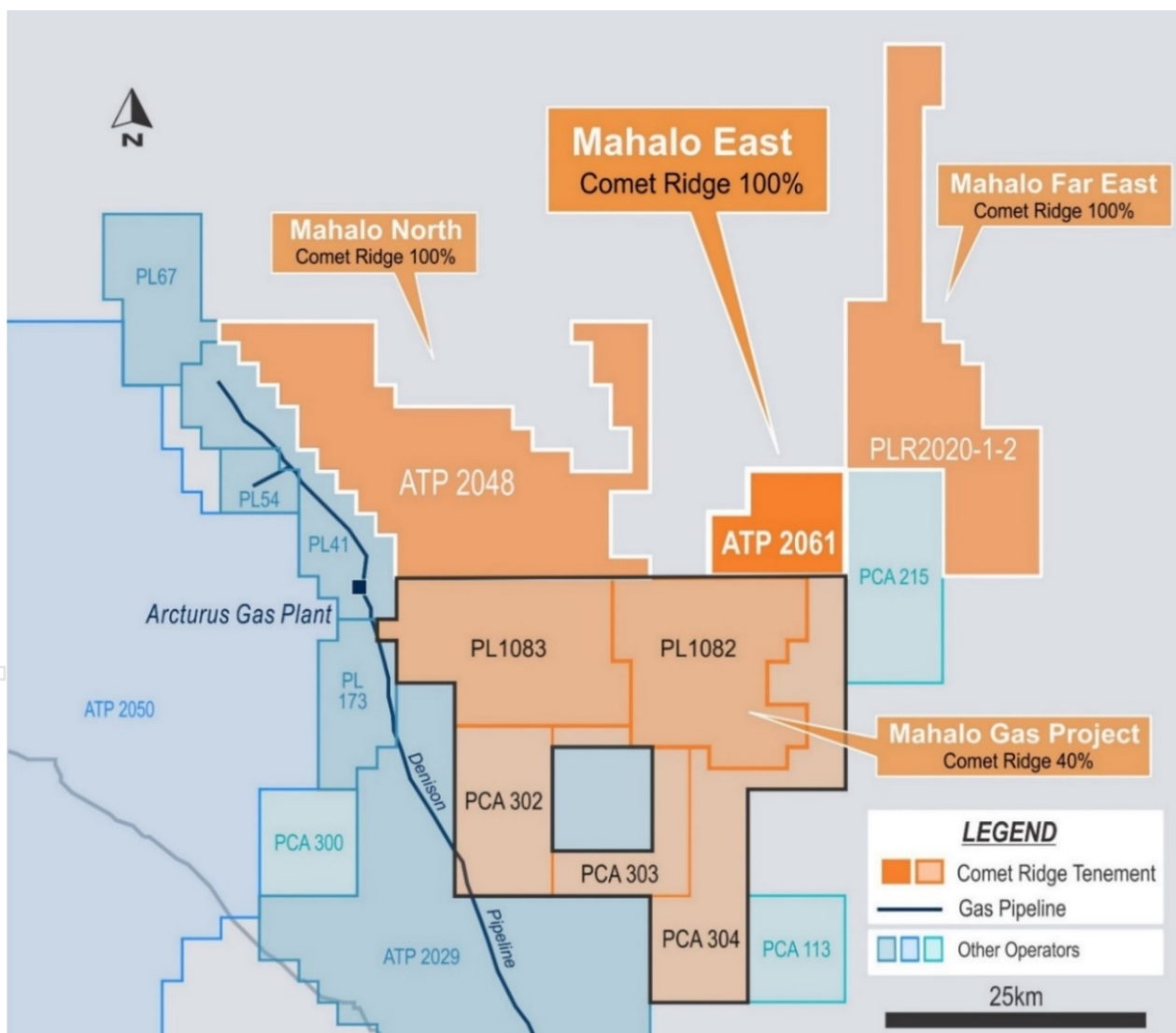


Figure 1 – Comet Ridge's growing Mahalo Gas Hub Area, with initial development focus in PL 1082 and PL 1083



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

Project name	Permit	COI % interest	Area (km ²)	Status
Mahalo Gas Project (CSG)	PL 1082, 1083; PCA 302, 303, 304	40%	911	Development ready, Government approved, pending JV FID pathway
Mahalo North (CSG)	ATP 2048	100%	450	Gas resources and 2021 appraisal program being finalised
Mahalo East (CSG)	ATP 2061	100%	97	ATP awarded, data interpretation and appraisal program planning ongoing
Mahalo Far East (CSG & conventional gas)	PLR 2020-1-2 (to become ATP 2063)	100%	338	Native title agreement executed in early April, ATP award is final step

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

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

During the quarter, Comet Ridge continued detailed geological modelling work for the Mahalo North project (ATP 2048) which lies over the highest productivity Mahalo shallow fairway to the northwest of the Mahalo Gas Project. This work continues to enhance Comet Ridge's view of the high quality of the 100% block. Analysis of development options indicates that maximum value for Comet Ridge is achieved via connection to the main Mahalo Gas Project and expanding the throughput of the Mahalo Gas plant and pipeline to accommodate the numerous production well locations available in Mahalo North (ATP 2048).

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

Potential Commercial Area applications

Activities in the Galilee Basin projects in the current quarter have focused on technical work that will underpin securing the large prospective CSG and conventional resource areas (see *Figure 2* below) with Potential Commercial Area (PCA) tenure applications to the Queensland Government.

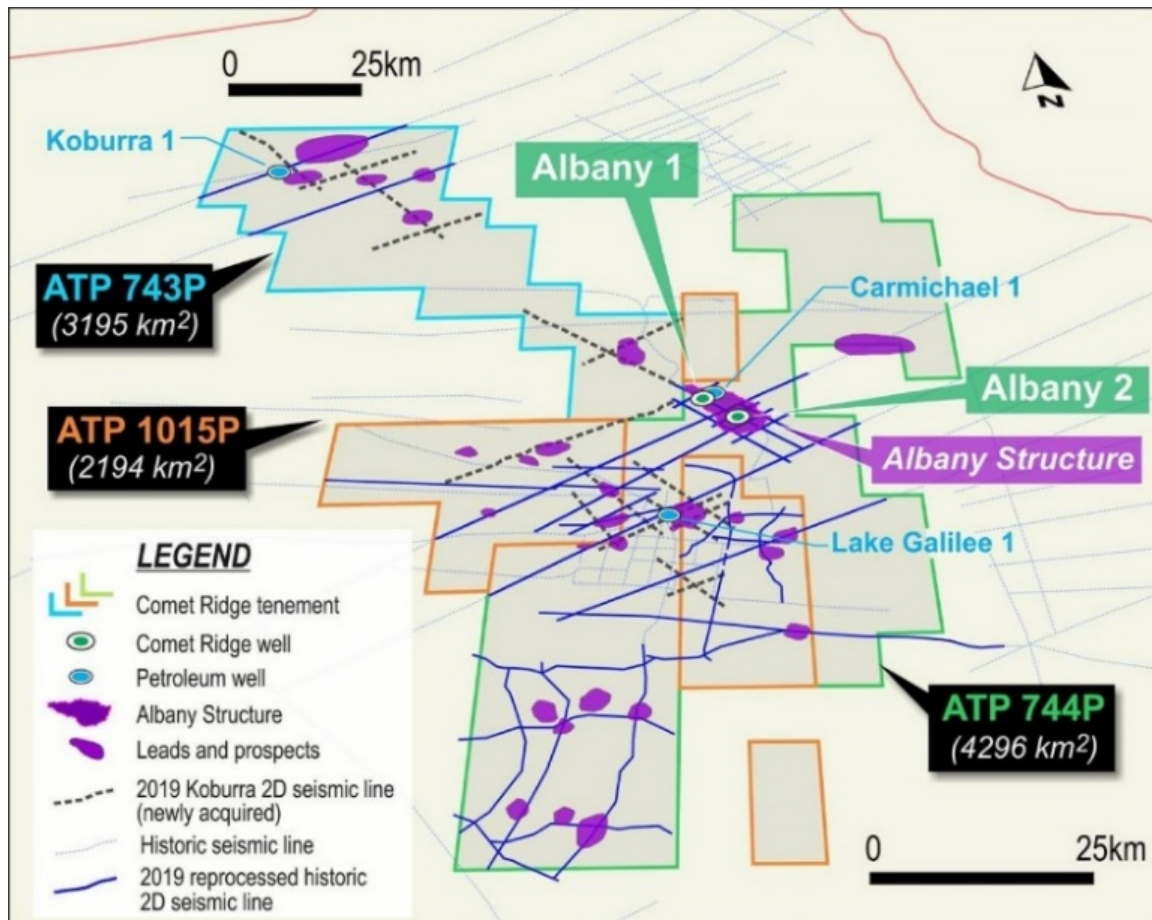


Figure 2 – Comet Ridge’s extensive Galilee Basin position in both “Shallows” for coal targets and “Deeps” for conventional targets

Updating and quantifying very large CSG resource potential

Detailed geological and geophysical work continues to progress to refine the geological model for the Gunn CSG Project Area across ATP 744 and ATP 1015. This area is in excess of 2100 km² in total with an initial CSG focus area of approximately 950 km². Refer to *Figure 3* below.

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.

During the quarter, amendments to work programmes were submitted to and then approved by the Queensland Department of Resources for each of ATP 743, ATP 744 & ATP 1015. This is a first step in the process of securing Potential Commercial Areas (PCAs) for the Galilee Basin.

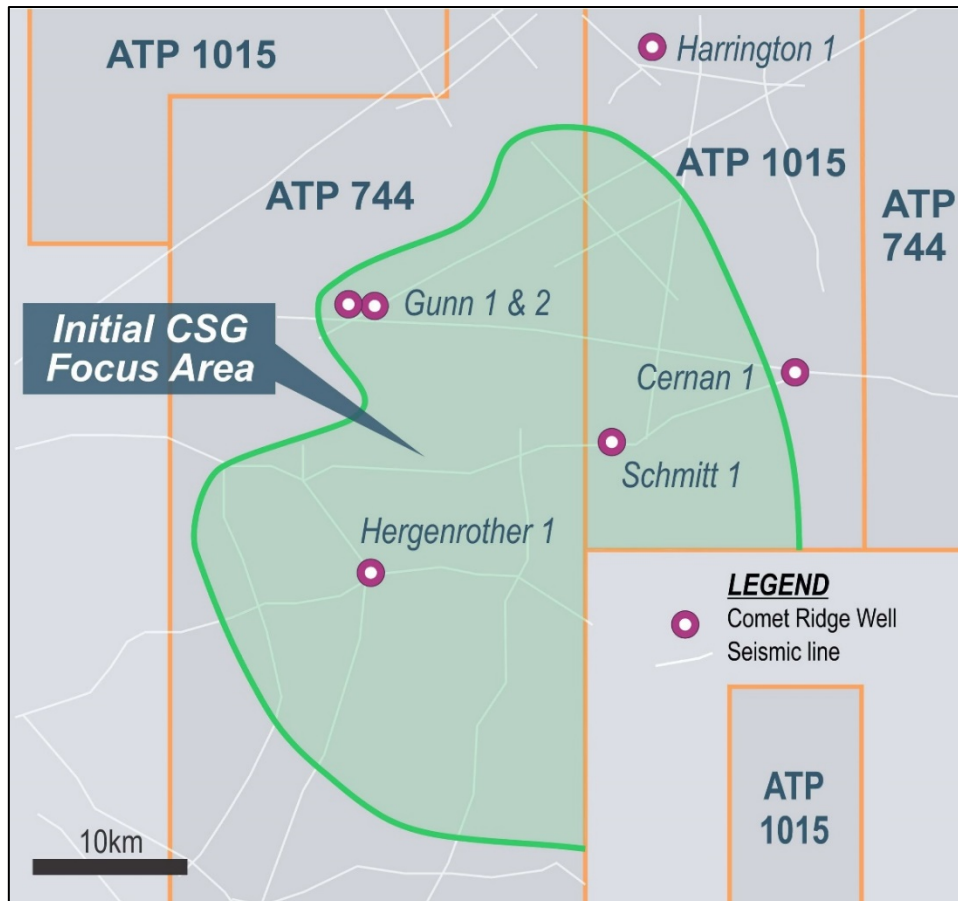


Figure 3 – Initial CSG focus area of approximately 950 km² across ATP 744 and ATP 1015 in the Galilee Basin.

Corporate Activities

Cash Position

As at 31 March 2021, Comet Ridge had \$4.241m cash on hand (unaudited).

Payments to Related Parties

The aggregate value of payments to related parties and their associates of \$241k 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

The total number of shares on issue at 31 March 2021 is 791,211,719.

The Company also has 11,580,000 performance rights on issue at 31 March 2021.



By Authority of Board per: Tor McCaul, Managing Director

For more information or photos:

Tor McCaul
Managing Director
Phone +61 7 3221 3661
tor.mccaul@cometridge.com.au

Phil Hicks
Chief Financial Officer
Phone +61 7 3221 3661
phil.hicks@cometridge.com.au

About Comet Ridge

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

Appendix 5B

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

Name of entity

COMET RIDGE LIMITED

ABN

47 106 092 577

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for:		
(a)	exploration & evaluation	(5)	(8)
(b)	development	-	-
(c)	production	-	-
(d)	staff costs	(120)	(614)
(e)	administration and corporate costs	(346)	(1,048)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	17
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives (refer to note 6)	-	-
1.8	Other - JV recoveries	(35)	21
1.9	Net cash from / (used in) operating activities	(505)	(1,632)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
(a)	entities	-	-
(b)	tenements	-	-
(c)	property, plant and equipment	-	(1)
(d)	exploration & evaluation (refer to note 6)	1,601	1,412
(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 (Restricted cash term deposits)	-	(172)
2.6	Net cash from / (used in) investing activities	1 601	1 239

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3. Cash flows from financing activities			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(2)
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	3,145	4,636
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(505)	(1,632)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	1,601	1,239
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(2)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period - refer to end note regarding post quarter cash	4,241	4,241
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	4,241	3,145
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	4,241	3,145
6. Payments to related parties of the entity and their associates		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1		241
6.2	Aggregate amount of payments to related parties and their associates included in item 2		-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>			
7. Financing facilities <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		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have not been entered into or are proposed to be entered into after the quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(505)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	1,601
8.3	Total relevant outgoings (item 8.1 + item 8.2)	1,096
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,241
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,241
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A

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.

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:

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.

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: 30/04/2021



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. R&D tax incentives received by Comet Ridge were previously noted in item 1.7 and have been restated to item 2.1(d) consistent with the accounting treatment in the FY2020 financial statements. For the March 2021 quarter, item 2.1(d) includes \$1.961m of R&D tax incentive receipts and \$360k of exploration and evaluation expenditure. For year-to-date, item 2.1(d) includes \$3.254m of R&D tax incentive receipts and \$1.842m of exploration and evaluation expenditure.