ANNUAL
REPORT
2023

Comet Ridge Ltd
ABN: 47 106 092 577

CONTENTS

Overview of Activities

Highlights

- Mahalo North pilot production test delivered a world-class result for a single pilot well, achieving gas flow of 1.75 million cubic feet per day (MMcfd).
- Initial Gas Reserves certified at Mahalo North (43 PJ of 2P Reserves and 110 PJ of 3P Reserves) and Gas Resources certified at Mahalo East (31 PJ of 2C Resources and 122 PJ of 3C Resources), within the Mahalo Gas Hub high production fairway.
- Following Comet Ridge's acquisition of APLNG's 30% interest in the Mahalo Joint Venture Project, Santos exercised its option to acquire a 12.86% interest, creating a simpler, more strongly aligned joint venture. Comet Ridge retains an equity interest of 57.14%, with Santos (Development Operator) holding 42.86%.
- Development activities progressed for Mahalo North including pipeline connection options and environmental studies to support an initial Petroleum Lease (PL) application as well as state and federal environmental approvals.
- Galilee ATPs renewed for a 12-year term and six new Potential Commercial Areas (PCAs) awarded for 15 years over the most prospective areas of the permits, retaining a large area.
- $24m placement completed and Santos' loan fully repaid during the financial year with the Santos option-exercise and an $8.0 million cash repayment.
- Federal Government east coast gas market intervention unsettled the market and caused project delays for more than six months, however Comet Ridge is now exempt from gas price caps as a domestic focused gas producer.
- CleanCo Gas Sales Agreement (GSA) executed on 18 September 2023.

Operations

- Mahalo North production test undertaken during FY2023 has produced a world-class result for a single pilot well.
- Initial Gas Reserves independently certified for Mahalo North based on gas flows, the extensive database of petroleum wells, coal bore data and seismic activities as well as certified Contingent Resources for Mahalo East *(see Figure 1)*.
- Development activities at Mahalo North were materially advanced including environmental work to support the initial PL application, FEED studies for facilities planning and pre-FEED studies for pipeline connection.
- Mahalo Joint Venture Project alignment continued with Santos planning to commence FEED studies on both the gas production facilities and pipeline connections, leveraging the work already completed by Jemena for Comet Ridge's 100% held Mahalo North project.
- Queensland Department of Resources awarded tenure extensions to Comet Ridge for its Galilee projects for a term of 15 years for six new PCA areas and 12 years for the underlying permits, ATP 743, ATP 744 and ATP 1015.

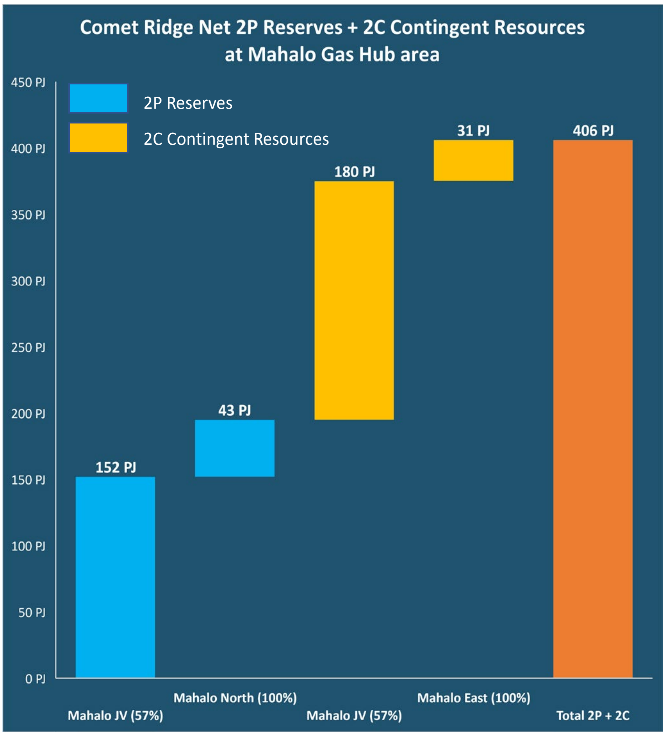

Figure 1 – 2P Gas Reserves + 2C Gas Resources for the Mahalo Gas Hub Area

Corporate

- Underlying loss after tax of $6.57 million (2022: $8.63 million), including $1.93 million of non-cash expenses.
- Cash balance of $11.7 million at 30 June 2023.
- Gas Sales Agreement (GSA) with CleanCo Queensland Limited executed on 18 September 2023, becoming Comet Ridge's inaugural GSA for supply of gas into the domestic gas market.

Focused on development of the Mahalo Gas Hub

Comet Ridge has highly prospective, large footprint gas assets in two Queensland basins with a **near-term development focus on the Mahalo Gas Hub area** (Figures 2 and 3; Table 1):

Large gas development hub close to Jemena's Queensland Gas Pipeline & Santos GLNG pipeline

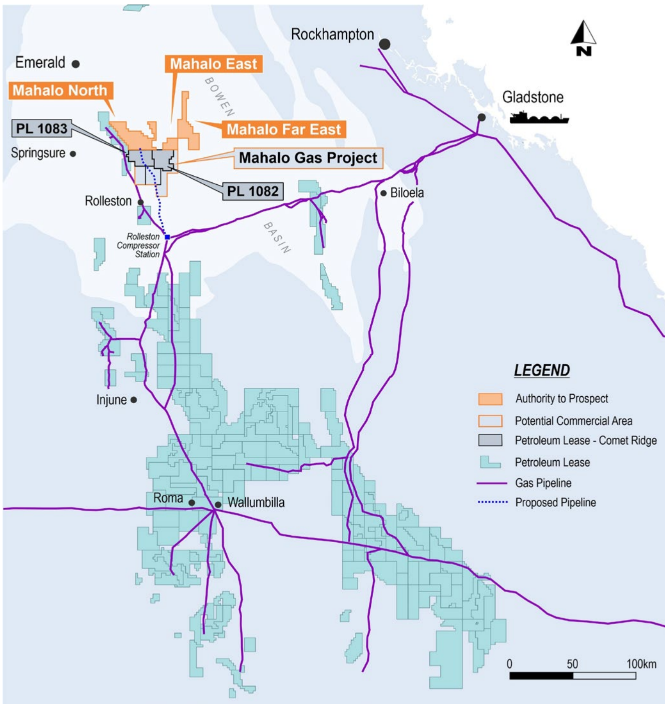

Figure 2 – Comet Ridge's Mahalo Gas Hub permits

	Mahalo Joint Venture	Mahalo North	Mahalo East
Commercial flow rate established			Planning
Reserves/Resources independently certified	152 2P	43 2P	31 2C
EA/PL status	Approved	Application pending	Planning
FEED - gas production & facilities	Commenced	Progressing	Leverage Mahalo Nth
FEED - pipeline connection	Jemena proposal	Jemena pre-FEED completed	Extension project
Development decision	Target late 2024	Target mid 2024	Extension project
First gas	Target 2025 - 2026	Target late 2025	Extension project

Figure 3 – Mahalo Gas Hub permit status

Comet Ridge Queensland Gas Portfolio

Comet Ridge Permits	State	CSG Interest	Deeper Conventional Interest	Area (km²)
Mahalo Gas Hub, southern Bowen Basin				
Mahalo Joint Venture Project (PL 1082, PL 1083, PCA 302, PCA 303, PCA 304)	QLD	57.14%[2]	n/a [1]	989 [2]
Mahalo North (ATP 2048)	QLD	100%	100%	450
Mahalo East (ATP 2061)	QLD	100%	100%	97
Mahalo Far East (ATP 2063)	QLD	100%	100%	338
Galilee Basin				
ATP 743, PCA 319 [3]	QLD	100%	70%	1,007
ATP 744, PCA 320, 321, and 322 [4]	QLD	100%	70%	3,182
ATP 1015, PCA 323 and 324 [5]	QLD	100%	70%	2,194

Table 1 – Summary of Comet Ridge Queensland Permits at 30 June 2023

1 Comet Ridge has rights for gas down to the level of the lower Mantuan coals.
2 Increased to 989km² after the transaction with APLNG was completed on 28 June 2022.
3 ATP 743 renewed for 12 years ending 3 September 2033 and PCA 319 awarded for 15 years ending 9 September 2037.
4 ATP 744 renewed for 12 years ending 31 October 2033 and PCAs 320 to 322 awarded for 15 years ending 9 September 2037.
5 ATP 1015 renewed for 12 years ending 30 November 2034 and PCAs 323 and 324 awarded for 15 years ending 9 September 2037.

1. Mahalo Gas Hub, Bowen Basin, QLD

Mahalo Joint Venture Project (PL 1082, PL 1083, PCA 302, PCA 303, PCA 304)

Overview - Comet Ridge's Mahalo Joint Venture Project is located in the Denison Trough, approximately 240km west of Gladstone in the southern Bowen Basin, covering an area of 989km². The project area is 73km to the north of infrastructure connecting to both the east coast gas market and Gladstone LNG export terminals (Figure 4). The initial focus for development of the project will be in the two Petroleum Lease areas PL 1082 and PL 1083 (Figure 5) that were awarded to the Mahalo Joint Venture participants by the Queensland Government in June 2020, and have been heavily appraised to date, with strong flow rates achieved and reserves independently certified.

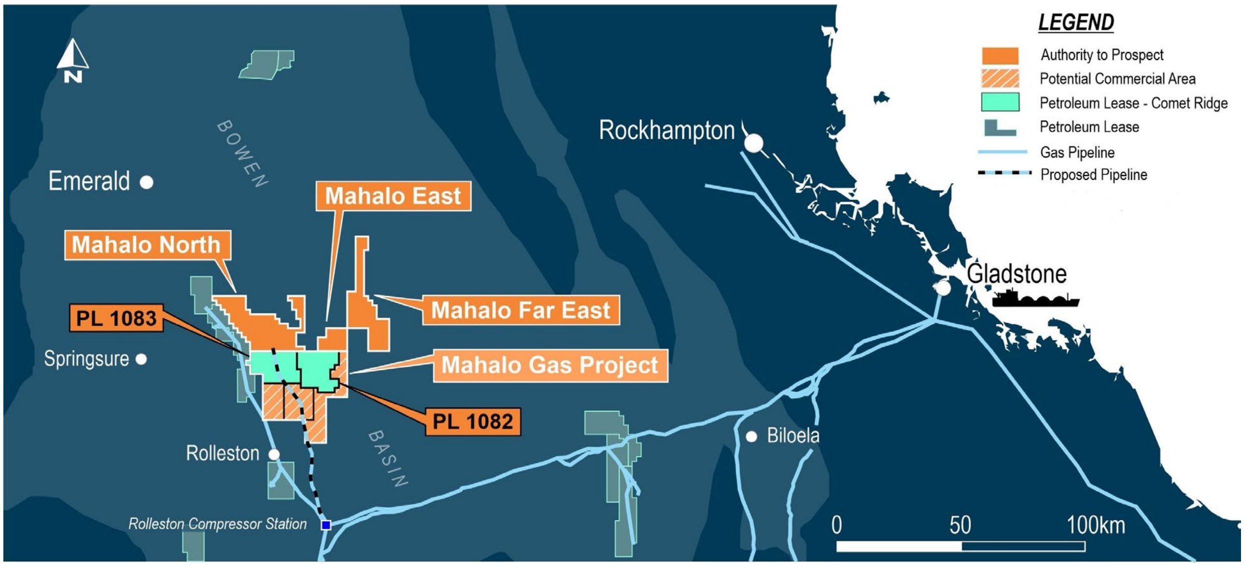

Figure 4 – Regional location of the Mahalo Gas Hub area showing proximity to pipeline infrastructure

Acquisition of APLNG 30% interest – Comet Ridge completed the acquisition of APLNG's 30% Mahalo JV interest (Acquisition) on 28 June 2022 with an upfront payment of $12.0 million, funded via a $13.15 million loan from Santos. The Acquisition terms require Comet Ridge to also pay APLNG $8 million of post-completion payments in four annual payments of $2 million (or earlier upon a trigger event). The first of these payments was made on 28 June 2023.

Santos exercised its firm option on 23 September 2022 to acquire an additional 12.86% interest in the Mahalo JV from Comet Ridge for proportional Acquisition value, resulting in Comet Ridge's interest in Mahalo Joint Venture decreasing to 57.14% and the loan repayable to Santos decreasing to $8.0 million (plus interest accrued at a rate of 5.125% per annum). Comet Ridge repaid the net loan amount of $8.1 million to Santos on 28 September 2022. Following the exercise of the option, Santos must also pay its proportional share of the $8 million post-completion payments to Comet Ridge.

The strategic rationale for the Acquisition and Santos arrangements with respect to the Mahalo Joint Venture Project is to:

- Increase Comet Ridge's net Gas Reserves at a compelling price.
- Create a streamlined joint venture between Comet Ridge and Santos, with a common focus on finalising development plans for the Mahalo Joint Venture Project, and the broader expanded Mahalo Gas Hub, to achieve significant scale.
- Maintain continuity of operator (Santos has historically been Exploration Operator and continues as Development Operator) and adopt a similar low cost 'modular' plant design that Santos has successfully implemented at the nearby Arcadia Project, currently producing in excess of 100 TJ/day.

Gas Reserves and Resources - Comet Ridge's net 57.14% interest in Mahalo Joint Venture Project Gas Reserves and Contingent Gas Resources at 30 June 2023 following completion of the Acquisition and Santos option exercise is shown in Table 2 below.

Comet Ridge Limited	Gas Reserves (PJ)			Contingent Gas Resources (PJ)		
Mahalo Joint Venture Project	1P	2P	3P	1C	2C	3C
COI 57.14% interest	0	152	262	109	180	294

Table 2 – Comet Ridge's share of Mahalo Joint Venture Project Gas Reserves and Contingent Resources at 30 June 2023 (rounded to nearest whole number)

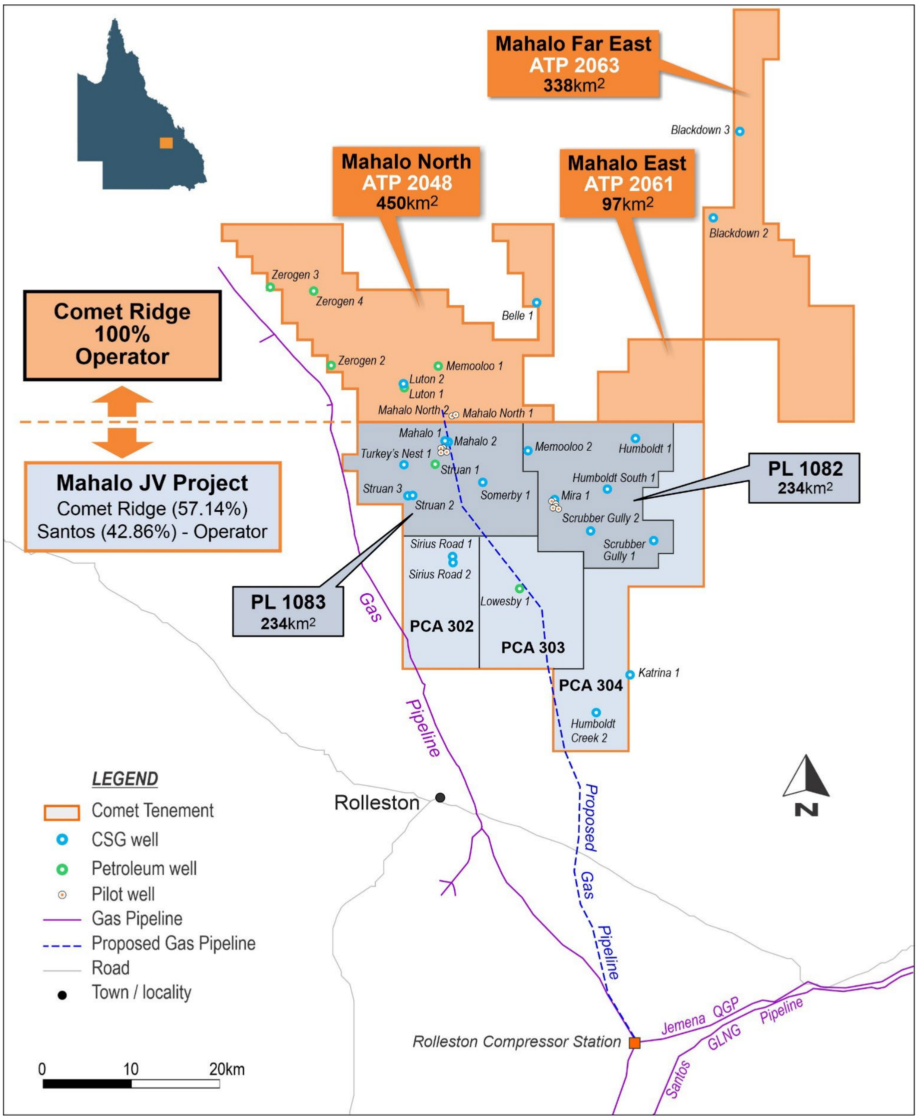

Figure 5 – Map of Mahalo Joint Venture Project PL areas (PL 1082 and 1083) within the Mahalo Gas Hub and location of CSG and some of the conventional wells drilled to date

Development activities – Santos has undertaken a range of pre-FEED activities on behalf of the Mahalo Joint Venture including ecology surveys, stakeholder engagement meetings and the award of a Pipeline Survey Licence. More recently, leveraging off the pre-FEED study prepared by Jemena for Comet Ridge's Mahalo North Project, the Mahalo JV participants are now engaging with Jemena to undertake a gas transmission pipeline FEED study. Santos, as Development Operator, will undertake FEED on the upstream components of the development, which includes gas production and gathering infrastructure as well as gas compression and water handling facilities.

Mahalo North – ATP 2048

Overview – This large 450km² block is highly prospective, given its location directly north of, and contiguous with, the Mahalo Joint Venture Project. The block was awarded to Comet Ridge as 100% equity holder by the Queensland Government on 29 April 2020, following approval of the Environmental Authority by the Department of Environment and Science, and execution of a Native Title agreement over the block. Gas produced from Mahalo North will be subject to domestic supply conditions.

Appraisal and production testing - Comet Ridge completed an initial drilling program at Mahalo North in late 2021 comprising a vertical well (Mahalo North 1 – cored and completed for production testing) and a dual lateral well (Mahalo North 2 - see figure 7) intersecting the Mahalo North 1 vertical well.

Mahalo North 1 was production-tested for a period of approximately eight months with very positive results achieved. The Mahalo North 1 pilot well achieved a gas flow of **1.75 MMcfd**, which is the highest recorded flow rate from a pilot well in the Mahalo Gas Hub area to date (Figure 6). The pilot well test has provided valuable technical information and, along with two earlier very successful Mahalo

Joint Venture Project pilot wells at Mira 6 and Mahalo 7, has again demonstrated the productive capacity of the Mahalo Gas Hub over a wide area, this time inside Comet Ridge's 100% held Mahalo North block (ATP 2048).

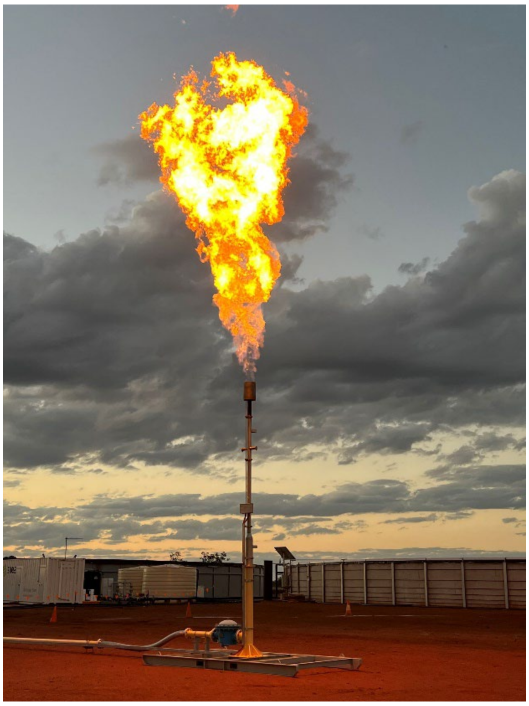

Figure 6 – Mahalo North 1 gas flare

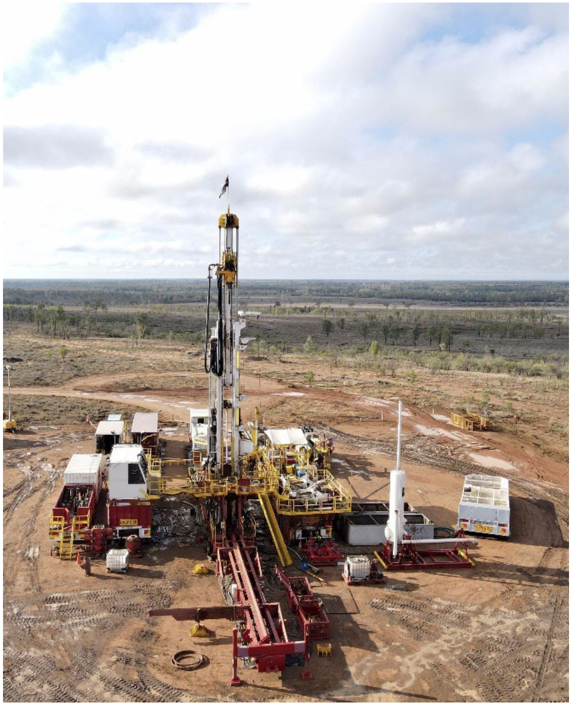

Figure 7 – Drilling Mahalo North 2 lateral well

Gas Reserves and Resources – Following the successful Mahalo North 1 production test, Comet Ridge certified initial Gas Reserves for Mahalo North in November 2022 as shown in Table 3 below.

Comet Ridge Limited	Gas Reserves (PJ)			Contingent Gas Resources (PJ)		
Mahalo North	**1P**	**2P**	**3P**	**1C**	**2C**	**3C**
COI 100% interest	12	43	110	-	-	-

Table 3 – Mahalo North Gas Reserves at 30 June 2023 (rounded to the nearest whole number)

There is additional gas in place further north in the Mahalo North block and the Company is undertaking analysis on the quantity of this gas volume which may lead to an expansion of certified Mahalo North Reserves in the future.

Development activities – Following the Gas Reserves certification, the Company's focus during the second half was finalising the necessary work to support a Petroleum Lease (PL) application and environmental approvals for ATP 2048.

The initial gas development and PL application area will be in the south of ATP 2048 where Comet Ridge completed the Mahalo North 1 production test and where 1P and 2P Reserves are located based on the initial certification. The proposed initial development scope will consist of interconnected horizontal and vertical well production pairs, gas and water gathering, a gas compression facility, and water management infrastructure. Gas produced from ATP 2048 is subject to an Australian market supply condition and will require a high-pressure gas transmission pipeline to connect the PL area to existing pipeline infrastructure to supply gas to the Australian Domestic Gas Market. Multiple options are currently being progressed, including connection to PPL 10 (Denison pipeline) to the west, PPL 30 (Jemena's Queensland Gas Pipeline (QGP)) to the south and utilising shared infrastructure to be constructed as part of the Mahalo Joint Venture Project. Comet Ridge engaged Jemena to complete a pre-FEED study on a Jemena built, owned and operated pipeline connection from Mahalo North to the QGP which has now been completed. The next stage is to undertake pipeline FEED, and this is now likely to be undertaken by the Mahalo Joint Venture participants, with Comet Ridge also having an option to connect Mahalo North to this pipeline.

Extensive environmental work has been undertaken by Comet Ridge and its consultants, EPIC Environmental, comprising assessment of ecology, aquatic values, air quality, noise, chemical risk and groundwater & surface water to support the PL application.

Mahalo East – ATP 2061

Overview - The 97km^2 block is also highly prospective, given its location directly north-east of, and contiguous with, the Mahalo Joint Venture Project. The block was awarded to Comet Ridge as 100% equity holder by the Queensland Government on 28 September 2020, after a competitive tender process. Gas produced from Mahalo East is also subject to domestic supply conditions.

Subsurface analysis - Mahalo East is part of the Mahalo Gas Hub Area and is a natural northeast geologic extension of the gas accumulation in the Bandanna Formation coals of the Mahalo Joint Venture and Mahalo North Gas Projects areas. It has similar geologic characteristics to the Mahalo Joint Venture Project, with the discovery of gas and the geologic model confirmed by seismic data and coal exploration bore wireline logs, core and gas desorption data.

Gas Reserves and Resources – Based on analysis of the extensive data contained in the Company's geological model, Comet Ridge certified Contingent Gas Resources for Mahalo East in December 2022 as shown in Table 4 below.

Comet Ridge Limited	Gas Reserves (PJ)			Contingent Gas Resources (PJ)		
Mahalo North	1P	2P	3P	1C	2C	3C
COI 100% interest	-	-	-	8	31	122

Table 4 – Mahalo East Contingent Gas Resources at 30 June 2023 (rounded to the nearest whole number)

Appraisal activities - The Mahalo East Contingent Gas Resources are currently classified as Economic and Development Pending. A pilot production test is planned within the high productivity fairway shown in Figure 8 below, as a pre-cursor to conversion of the Contingent Resources to Gas Reserves and a development decision as an extension project to Mahalo North.

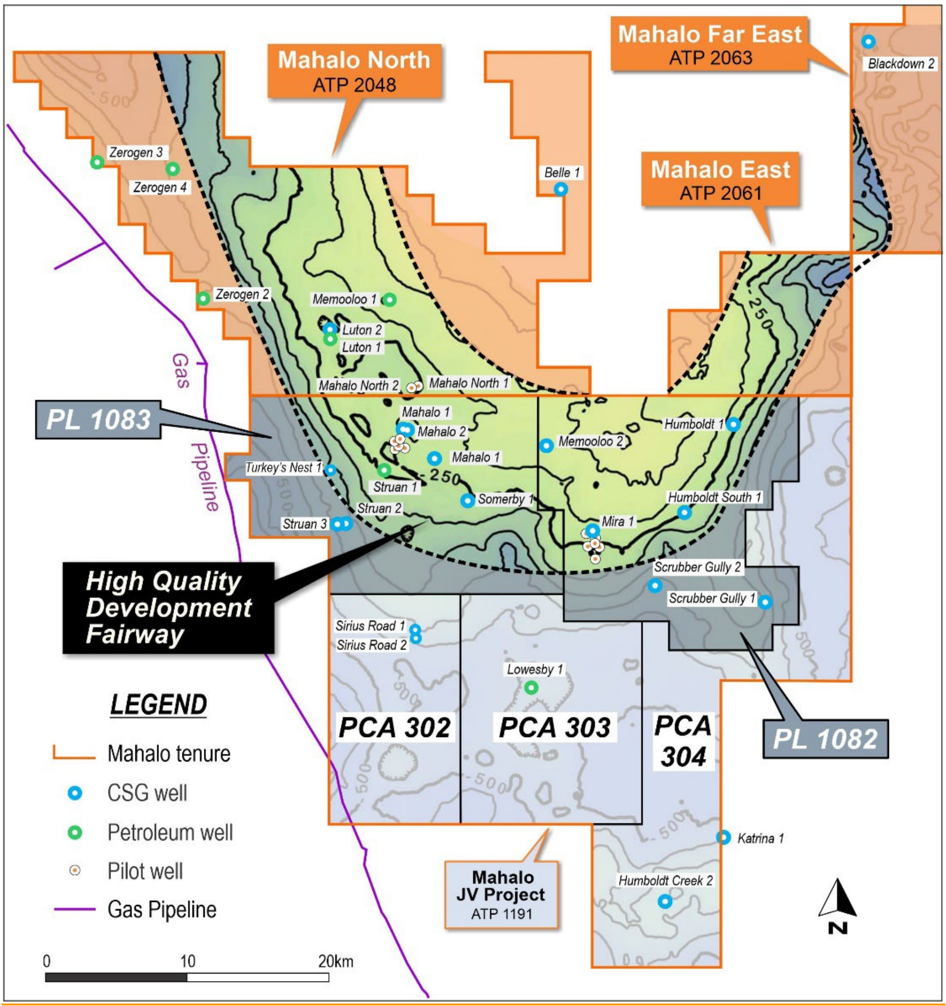

Figure 8 – Map showing the location of the development area in the high productivity fairway for the Mahalo Gas Hub, comprising PL 1082 (Humboldt) and PL 1083 (Mahalo), ATP 2048 (Mahalo North) and ATP 2061 (Mahalo East)

Mahalo Far East – ATP 2063

Overview – This very large 338km^2 block was 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 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 will target a core hole in this block to confirm the extension of the high-quality fairway into the southwest corner of the block. Comet Ridge has also identified a large CSG opportunity on the eastern flank of the permit, known as the Blackdown play, which is deeper than the high-quality CSG fairway within the main Mahalo Gas Hub area. The Blackdown play has elevated coal maturity and higher gas content which is likely to require longer laterals for commerciality but could ultimately produce excellent gas volumes.

2. Galilee Basin Permits

Historically, Comet Ridge has held a large acreage position of 9,685km^2 in the eastern part of the Galilee Basin. This acreage contains substantial 3C Contingent Resources, shown in Table 5 below, 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).

Comet Ridge Limited	Contingent Gas Resources (PJ)		
Galilee Basin Permits (COI net interests)	**1C**	**2C**	**3C**
CSG, Gunn Project Area (COI 100%)	0	67	1,870
Conventional, Albany Structure (COI 70%)	39	107	292
Total	**39**	**174**	**2,162**

Table 5 – Comet Ridge's share of Galilee Basin Contingent Gas Resources at 30 June 2023 (rounded to nearest whole number)

In November 2017, Comet Ridge and Vintage Energy Limited (Vintage) signed a Joint Venture Agreement, where Vintage Energy earned a 30% interest in the Galilee Deeps Joint Venture (GDJV) by funding the Albany 1 well and additional 2D seismic aimed at the deeper sandstone reservoir sections. The Albany 1 well flowed 230,000 cubic feet of gas per day and confirmed these deeper sandstones could indeed be productive. The GDJV participants have identified up to 20 sandstone leads and prospects in this deeper section of the basin for future appraisal.

During the 2022 financial year, Comet Ridge and Vintage Energy carried out a technical review to determine the parts of ATPs 743, 744 and 1015 that are considered to be the most commercially prospective. The joint venture participants identified six separate areas, totalling approximately 4700km^2, for tenure to be secured under Potential Commercial Area (PCA) applications.

The PCAs are numbered PCA 319 to 324 (Figure 9) and have been awarded to Comet Ridge for a term of 15 years ending 9 September 2037. All three of the underlying permits, ATPs 743, 744 and 1015 have also been renewed for a further term of 12 years, ending 3 September 2033, 31 October 2033 and 30 November 2034 respectively.

With Galilee Basin tenure now secured for the long-term, Comet Ridge is working through the next phase of appraisal with Vintage Energy. Comet Ridge and Vintage Energy have agreed a desk top work program and budget for FY2024, focused on several studies to extend technical knowledge on charge (source & migration), reservoir, seal and trap.

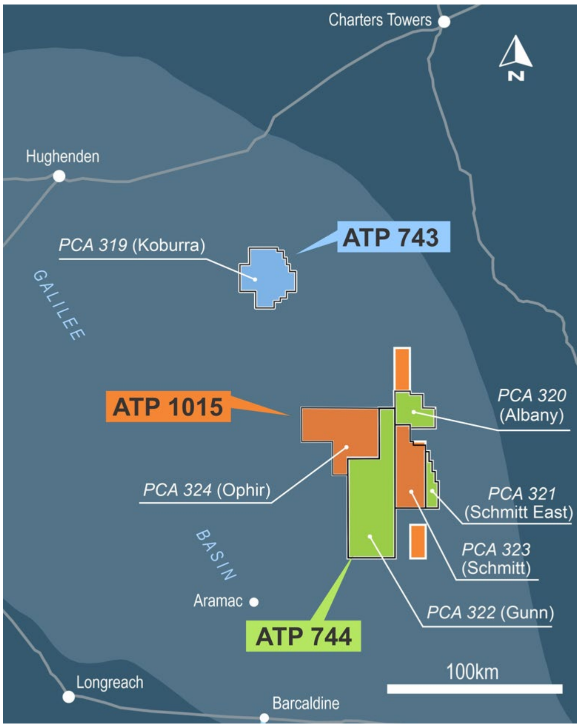

Figure 9 – Galilee permits showing the recently awarded PCAs within the three permit blocks

3. New South Wales Permits

Comet Ridge has one remaining NSW exploration licence (PEL 427), which was renewed by the NSW Government on 12 May 2022 for a period of six years. The approved area was reduced to 12 blocks over an area of 900km^2 located in the northern Gunnedah Basin, immediately north of Santos' Narrabri CSG Project in the Bohena Trough.

Comet Ridge holds a 59.1% CSG equity interest and 100% conventional equity interest in PEL 427. Comet Ridge is the conventional operator whilst Santos operates the CSG interest.

The reduction in the number of blocks renewed in PEL 427 in May 2022 reduced Comet Ridge's 3C Contingent Resource for PEL 427 to 281 PJ with no movement in the 2023 financial year.

Given the uncertainty and significant risk related to investment in natural gas in NSW, the Company is planning to be 100% focused on its Queensland operations for the foreseeable future.

International Activities

Comet Ridge submitted an application to surrender its interest in PMP 50100 in New Zealand a number of years ago. This application remains with New Zealand Petroleum and Minerals for processing.

In 2019, 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 PMP 50100. As of 30 June 2023, all wells except Murcott 1 (awaiting site access approval) have been successfully made safe.

Health, Safety and Environment

The majority of field operations in the Mahalo North block during the 2023 financial year were focussed on the production test at Mahalo North 1 as well as environmental field activity in support of the PL application. As a result, fewer field hours were worked in FY2023 compared to FY2022 when drilling operations were carried out.

The total operational hours worked in 2023 across the business was 23,495 down from 39,000 hours last year. There were no safety or environmental incidents recorded during the financial year to 30 June 2023.

As was the case last year, Mahalo North field operations were supported by a rigorous risk management approach used in planning for the operations. This included the Company's Risk Committee systematically identifying the strategic level risks associated with the Mahalo North production test. These risks and appropriate mitigations were incorporated into the field work undertaken at Mahalo North in 2023.

The primary focus of the business moving forward is to ensure that the next phase of activity is conducted in accordance with the HSE management system and that operations comply with all regulatory requirements and approvals.

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.

Throughout 2022 and 2023 Comet Ridge has:

- Maintained its financial membership of the Leucaena Society, to allow knowledge gathering and networking in anticipation of future gas field development.
- Attended and contributed to a number of government and industry organised workshops.
- Sponsored local community events in Rolleston, Queensland and supported other local fundraising activities.
- Presented to Central Highlands Regional Council and attended Council events.

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 industry reference when it comes to landholder 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 where Comet Ridge operates. Contact with local government affords an excellent opportunity to communicate with local communities at a broad level, allowing Comet Ridge to listen to local residents' and businesses' concerns and aspirations and align with them, where practical, with Company's plans. The Company uses and supports local contractors and businesses in its operations as a priority.

Through membership of Australian Energy Producers (AEP), the Company interacts with government representatives and directly with other key agencies such as the Queensland Gas Fields 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).

Cultural Heritage

Comet Ridge values its relationships with Traditional Owners and respects their heritage and culture. We always act to protect and secure Indigenous Cultural Heritage when conducting in-field activities and ensure we comply with relevant legislation. Protecting, preserving and respecting Indigenous culture, Indigenous peoples' deep connection to the land and ensuring artefacts and areas of cultural significance are secured, are all extremely important to the Company. The Company has a number of Native Title agreements in place.

Sustainability

Comet Ridge believes sustainable business is good business. Natural gas will provide long-term energy and manufacturing security for Queensland and Australia, which is fundamental for our society's wellbeing. The approach to environmental, social and governance (ESG) issues across the natural gas industry is an evolving, critical component of a company's social licence to operate. Companies with a strong ESG program and performance benefit significantly and directly when it comes to stakeholder engagement and investor participation. Comet Ridge is actively engaging, independently and through AEP, to develop its own ESG program.

We also understand that the world must use its resources wisely and that society is transitioning to produce fewer greenhouse emissions. Natural gas has an important role to play in this transition, as it burns much more cleanly than other fossil fuels, and with fewer associated emissions.

Natural gas is also used extensively beyond simply generating electricity, for cooking, and for heating our homes. Gas is used as a critical input to the manufacture of many thousands of products that we use every day to make our lives better. Natural gas is a key input for ammonia-based fertilisers which are very important in maximising crop yields to help feed the planet's growing population. Synthetic fibres like nylons are hydrocarbon (natural gas and oil) based, so many of us wear the products of natural gas around with us every day. Plastics in our cars, houses, phones, keyboards and computers are also products from natural gas. It takes natural gas to build the many components needed for a solar panel or a wind farm. Natural gas is used extensively to refine ore to generate many of the metals needed for renewables components. Indeed, it is hard to contemplate a world without the many products that natural gas provides.

Our goal is to operate efficiently and responsibly, with the support of our stakeholders. We want our communities, employees and shareholders to all enjoy the benefits of Comet Ridge developing Queensland's natural gas resources.

Environment, Social and Governance (ESG) Reporting

In response to the increased focus on the principles of Environment, Social and Governance (ESG) as an effective means of creating long term value while addressing societal priorities, the Company has committed to adopting an ESG reporting regime based on the one enshrined in the United Nations' Sustainable Development Goals. The Company has determined that reporting on the ESG disclosures of the Stakeholder Capitalism Metrics (SCM) of the World Economic Forum (WEF) (https://www.weforum.org/stakeholdercapitalism) strikes the necessary balance between the detail needed for Shareholders for that level of transparency demanded, and a regime that will not impose unreasonable or unnecessary burdens on a Company the size and at the stage that Comet Ridge is currently.

The Company is currently in the process of making ESG disclosures in the form of a set of universal, comparable ESG metrics focused on people, planet, prosperity and principles of governance that organisations can report on regardless of industry or region. Once adopted, this will involve the Company reporting against the 21 core metrics, which will then be reviewed quarterly and updated periodically.

Chairman and Managing Director letter to shareholders

Dear Fellow Shareholder

We are pleased to present to you our Annual Report for the 2023 financial year, which has seen another year of achievement for Comet Ridge despite a challenging political climate creating significant uncertainty for Australia's gas industry.

A very significant milestone for us this year has been the Gas Sales Agreement (GSA) we have executed in September with CleanCo Queensland Limited (CleanCo). We have had a long and positive relationship with CleanCo and its predecessor Stanwell. Some of the detail in the paragraphs below around the gas market will indicate why we have been unable to execute the GSA until recently, but we have been very happy to see those uncertainties ease. This has allowed the gas market to function much more as it should, although the scale and frequency of counterproductive Government intervention has impacted the confidence of many in the industry. It is very exciting to have our first GSA in place for the Mahalo Gas Hub and to welcome such a high-quality counterparty as CleanCo into the Mahalo development journey. And it's also pleasing for that gas to be used to firm renewable power generation and keep the lights on in Queensland.

In last year's Annual Report, we commented that "The market for gas remains extremely buoyant, and we are confident that this will continue to be the case for the long term." Whilst we believe this statement to be just as valid today as it was a year ago, nobody could have foreseen the level to which the Federal Government attempted to intervene in the gas market just a few short weeks after our last AGM. In addition to a mandated one-year $12/GJ gas price cap, the industry was astounded that the Government initially planned to implement gas price controls from 2024 onwards that would be related to a "reasonable" rate of return, which would be determined, somehow, in Canberra. This put a number of projects around the eastern part of Australia instantly on hold and Comet Ridge made the prudent decision to conserve cash and to not move forward with a planned pilot scheme in Mahalo East amid the uncertain regulatory environment. At that time, the planned Government intervention seemed to be so destructive and anti-investment that it would stop plans for much new gas coming to market. This ultimately would have created an "investment strike" in Australian domestic gas development, leading to a chronic shortage of gas.

This planned market intervention brings to mind a quote from a number of decades ago by Milton Friedman, the Nobel Prize winning American economist, where he very wisely said, “We economists don't know much, but we do know how to create a shortage. If you want to create a shortage of tomatoes, for example, just pass a law that retailers can't sell tomatoes for more than two cents per pound. Instantly you'll have a tomato shortage. It's the same with oil or gas.”

Fortunately, by late February 2023, engagement with the Government was possible and by late April 2023 the basic outline of a Mandatory Gas Code of Conduct was shared with the industry, with the final detailed version published on 10 July as the Gas Market Code (Code). This had a two-month implementation period which ended on 11 September. Pleasingly, smaller producers have been exempted from price controls within that Code on the condition that gas sales are to the domestic market only, with an opportunity for an exemption to be allowed to sell gas to LNG schemes granted by Government upon application. For Comet Ridge and other smaller producers, we see this as a return to business as usual, with a strong domestic gas market, steeply declining production from the southern states and a tremendous need for natural gas in Australia for the coming decades. This means Queensland will need to continue doing the heavy lifting to supply gas for the entire east coast market, due to southern states not recognising the importance of natural gas to drive energy security in a prosperous and low emissions economy.

Furthermore, a new federally legislated requirement for the biggest CO_2 emitters is to reduce emissions by 4.9% annually. The common strategy to achieve the first stage of emissions reduction is to switch to natural gas from coal, adding further significant demand for natural gas. Natural gas has then become even more critical to the Australian economy and our standard of living than it was only a year ago. Subsequently, we foresee gas demand remaining strong for decades for both power generation for renewable firming, but even more importantly, for Australia's manufacturing industries. As one example, natural gas-based fertilisers today feed a large proportion of the world's population.

The 2023 financial year for Comet Ridge started with an operational focus, with the Mahalo North pilot flow test running and achieving a very significant flowrate of 1.75 million standard cubic feet per day (MMcfd) by the time the test was completed in late August 2022. This enabled significant 2P and 3P Reserves to be independently certified at Mahalo North, as foreshadowed at our AGM in November 2022. We also independently certified significant 2C and 3C Contingent Resources at Mahalo East only a month later. These two certifications demonstrate a significant volume of recoverable natural gas in our 100% northern blocks and gave us the confidence to start moving these blocks towards development.

Early in the 2023 year we joined Denison Gas to undertake a Front-End Engineering Design (FEED) study into a 14km pipeline connecting our Mahalo North block to a Denison-owned pipeline to the west. The study, undertaken by experienced engineering contractor Verbrec, included technical analysis to gain an understanding of the costs required to deliver up to 10 TJ/day of gas into the Denison pipeline. The work showed that the Denison network could accommodate 5 TJ/d with little facility upgrade expenditure, whilst 10 TJ/d would be more expensive.

In May 2023, we executed a Memorandum of Understanding (MOU) with the pipeline infrastructure operator Jemena, who undertook a pre-FEED study for an export pipeline running south (about 73km) from the Mahalo Hub area into Jemena's infrastructure connection to the Queensland Gas Pipeline (QGP). With significant 2P+2C gas volumes to sell, we also undertook additional gas marketing activities. In May 2023 we signed an MOU with Orica Australia Pty Ltd (Orica) to consider gas supply to Orica's Yarwun facility, not far from Gladstone, where the QGP terminates. This agreement we are working towards may include a pre-pay funding component, where there is a contribution to project costs up front, with these costs (plus funding costs) being repaid to the gas buyer during the term of the GSA.

In the Galilee Basin, we relinquished some acreage back to the Queensland Government while also upgrading a large piece of our exploration area to be classified as Potential Commercial Areas (PCAs), with tenure extended and the Company retaining over 4700km^2. Whilst we currently have a Mahalo Gas Hub development focus, extending our tenure in the Galilee Basin is also very welcome given the large volume of contingent gas resources that we have been able to demonstrate, and also our previously achieved modest flow of gas from the deeper sandstone in the Albany 1 well (as proof of concept).

We are also completing a series of environmental studies that were undertaken in the Mahalo North area as we prepare to make development applications to government. Environmental approvals are required at both federal and state level before any approval to develop can be granted. We expect formal submissions of our environmental approvals and development application during October this year.

Despite the gas market turbulence earlier this year, your Company is in a great position. We have proven assets in the right location, along with some exciting growth opportunities that we can integrate into our Mahalo Gas Hub development. We believe that ultimately a very large volume of gas will be produced from the Mahalo Gas Hub area. We have great development partners in Santos and now Jemena preparing to undertake pipeline FEED, and also a quality foundation customer in CleanCo, and other prospective customers.

We would like to thank our people, including our fellow Directors, our staff and contractors for coming together in the past year for Comet Ridge. We also would like to thank our local communities, who continue to support, help and encourage us along the way. Finally, thanks to our shareholders, many of whom have been with us for a very long time. With your support we are in a strong position to execute our plan to become a new supplier of natural gas into an ever-tightening east coast gas market.

James McKay
Chairman

Tor McCaul
Managing Director

> "We believe that ultimately a very large volume of gas will be produced from the Mahalo Gas Hub area."

2023 Annual Reserves Statement

Comet Ridge is pleased to present its Annual Reserves Statement for the year ending 30 June 2023:

Comet Ridge Limited – Net Recoverable Reserves and Resources [1]														
			Reserves (PJ)[1]						Contingent Resources (PJ)[1]					
			1P	1P	2P	*2P	3P	3P	1C	1C	**2C	**2C	3C	3C
			30-6-22	30-6-23	30-6-22	30-6-23	30-6-22	30-6-23	30-6-22	30-6-23	30-6-22	30-6-23	30-6-22	30-6-23
Southern Bowen Basin, QLD	Mahalo Joint Venture (ATP 1191)[+3]	57.14%[2]	*-	*-	*186	*152	321	262	134	109	**221	**180	360	294
Southern Bowen Basin, Qld	Mahalo North (ATP 2048)	100%	-	*12[3]	-	*43	-	110	-	-	-	-	-	-
Southern Bowen Basin, Qld	Mahalo East (ATP 2061)	100%	-	-	-	-	-	-	-	8	-	31	-	122
Galilee Basin, QLD	Gunn (ATP 744)	100%	-	-	-	-	-	-	-	-	**67	**67	1,870	1,870
Galilee Basin, QLD	Albany (ATP 744)	70%	-	-	-	-	-	-	39	39	**107	**107	292	292
Gunnedah Basin, NSW	PEL 427	59.09%	-	-	-	-	-	-	-	-	-	-	281	281
Total			***-**	***12**	***186**	***195**	**321**	**372**	**173**	**156**	****395**	****385**	**2803**	**2859**

Table 6 – Comet Ridge Limited – Reserves and Resources Annual Statement

[1] Movements in Net Recoverable Reserves and Resources are explained below in responses to Listing Rule 5.39.3 and 5.40.2 below.

[+] 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 PCAs 302, 303, and 304.

[2] Comet Ridge held a 70% interest in the Mahalo Joint Venture at 30 June 2022. Subsequent to 30 June 2022, Santos provided a notice to exercise its option to acquire a 12.86% option interest. This acquisition was finalised on 28 September 2022 upon which Comet Ridge's net interest in the Mahalo Joint Venture was adjusted to 57.14% which explains the corresponding proportional decrease in Reserves and Contingent Resources.

[3] 1P Gas Reserves for the Mahalo North Project has been included in this Reserves certification on the basis that a development decision by Comet Ridge (as 100% owner and operator of the project) is planned as soon as transport arrangements and PL application are concluded. Similarly, with the streamlined Comet Ridge and Santos Mahalo Joint Venture now focused on development plans for the Mahalo Joint Venture Project to the south, the re-instatement of 1P Reserves for Comet Ridge's net interest in the Mahalo Joint Venture Project will be reviewed and actioned as development plans are finalised with Santos.

ASX Listing Rules Annual Report Requirements

* Listing Rule 5.39.1:

- All 2P Petroleum Reserves recorded in Table 6 at 30 June 2023 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 2023 for the Mahalo Joint Venture Project. Please refer to ASX Announcement "Mahalo Reserves and Resources Revision" 30 October 2019 for details of the reason from the removal of the 1P Petroleum Reserves.

* Listing Rule 5.39.2:

- The proportion of 1P and 2P Petroleum Reserves that are unconventional is 100%. The 1P and 2P Reserves recorded for the Company are located in the Company's southern Bowen Basin Mahalo Joint Venture Project area (PL 1082 and PL 1083 along with PCAs 302, 303, and 304) and its Mahalo North project area (ATP 2048) also in the southern Bowen Basin.

Listing Rule 5.39.3:

- Table 6 records a comparison of the 2P and 3P Petroleum Reserves at 30 June 2023 as against the previous year and discloses that the Petroleum Reserves (2P and 3P) have changed as a result of Santos increasing its interest in the Mahalo Joint Venture project to 42.86% from 30% as well as Comet Ridge booking initial reserves in its 100% held Mahalo North project area (ATP 2048).

Listing Rule 5.39.4:

- Comet Ridge first reported certified Petroleum Reserves for the Mahalo Joint Venture 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 (FID) on the Mahalo Joint Venture 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 Joint Venture Project and then on 30 June 2020 the Petroleum Leases (PLs) were awarded by the Queensland Government.
- Comet Ridge announced on 3 August 2021 the acquisition of APLNG's 30% interest in the Mahalo Joint Venture which will provide a pathway to project development with a streamlined joint venture comprising Comet Ridge and Santos with material equity positions and Santos continuing as Development Operator.
- Concurrent with this, Comet Ridge now holds a large 100% operated acreage position immediately adjacent to the Mahalo Joint Venture Project to the north west and north east and has certified additional gas reserves and resources in these areas. Comet Ridge plans to make use of common infrastructure that will be available to the Mahalo Joint Venture Project following final investment decision, as well as Comet Ridge's 100% owned projects.
- Following an appraisal programme Comet Ridge announced (ASX:COI 2 November 2022) the initial independent certification of 1P, 2P & 3P Reserves for its 100% held Mahalo North (ATP 2048) tenure. Additionally, the independent certification of 1C, 2C, & 3C Resources in Comet Ridge's 100% held Mahalo East (ATP 2061) tenure was announced in December 2022 (ASX:COI 19 Dec 2022).

Governance Arrangements and Internal Controls Listing Rule 5.39.5:

- Comet Ridge has obtained all of its gas Reserves and Resources estimates reported at 30 June 2023 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 for its Southern Bowen Basin Tenures in accordance with the definitions and guidelines of the Petroleum Resources Management System 2018 and Guidelines for Application of PRMS 2011 as published by the Society of Petroleum Engineers (SPE PRMS). In respect to the Galilee Basin (Gunn Project Area) and Gunnedah Basin Resources estimates, these were made in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers (SPE PRMS). In respect to the Galilee Basin (Albany Structure) Resources estimates, these were made in accordance with definitions and guidelines of the Petroleum Resources Management System 2007 and Guidelines for Application of PRMS 2011 as 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 certification 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 2023 are undeveloped. Approximately 72% of the reported 2C Contingent Resource is attributable to unconventional gas with the remainder attributable to a sandstone reservoir referred to in Table 6 as the Albany Structure.
- The geographical areas where the 2C Contingent Resources appear in the far-left column of Table 6.

Listing Rule 5.40.2:

- Table 6 records a comparison of the 1C, 2C and 3C Contingent Resources at 30 June 2023 against the previous year and discloses that:
    - the net 1C, 2C and 3C Contingent Resources for the Albany Structure and the Gunn Project remained unchanged during the period.
    - the net 1C, 2C and 3C Contingent Resources for the Mahalo Joint Venture Project have changed following an increase of the participating interest by Santos, reducing Comet's interest from 70% to 57.14% in the Mahalo Joint Venture, the details of which can be found in the Company's ASX announcement of 26 September 2022.
    - The net 3C Contingent Resources of 281 PJ for parts of PEL 427 have remained unchanged during the period.
    - During the period the Company recorded initial 1P, 2P and 3P Gas Reserves for its Mahalo North Permit in the southern Bowen Basin and 1C, 2C and 3C Contingent Resources for its Mahalo East Permit in the southern Bowen Basin.

- There were no other changes to the 1C, 2C and 3C Contingent Resources from those already recorded in this statement as at 30 June 2023.

Listing Rule 5.44:

- The estimates of Reserves and Contingent Resources appearing in the 2023 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 estimate of the unconventional (CSG) Contingent Resources for the Gunn Project Area in ATP 744 were determined by Mr John Hattner, a full-time employee of Netherland, Sewell, and Associates Inc. (NSAI), an independent petroleum reserve and resource evaluation company. Mr Hattner is a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42. and is a member of the Society of Petroleum Engineers. Mr Hattner has previously consented to the publication of the Contingent Resources estimate for the Gunn Project Area in the form and context in which they appear in this Annual Reserves Statement for 2023.
- The estimate of Contingent Resources for the Albany Structure in ATP 744 is taken from an independent report by Dr Bruce McConachie, an Associate Principal Consultant with SRK Consulting (Australasia) Pty Ltd, an independent petroleum reserve and resource evaluation company. Mr McConachie is a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42 and is a member of the American Association of Petroleum Geologists, the Society of Petroleum Engineers and Australasian Institute of Mining and Metallurgy. Mr McConachie has previously consented to the publication of the Contingent Resources figures for the Albany Structure in ATP 744 in the form and context in which they appear in this Annual Reserves Statement for 2023.
- The estimate of the Reserves and Contingent Resources for the Mahalo Joint Venture, as part of ATP 1191^{+} (PL 1082 and PL 1083 along with PCAs 302, 303, and 304) was determined by and under the supervision of Mr Timothy L. Hower MHA Petroleum Consultants LLC (now part of the Sproule Group). Mr Hower is a full-time employee of Sproule 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 the Mahalo Joint Venture in the form and context in which they appear in this Annual Reserves Statement for 2023.
- The estimate of the unconventional (CSG) Contingent Resources for PEL 427 were also determined by Mr Timothy L. Hower of Sproule. 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). Any reference and reliance on the Resource figures for PEL 427 as they appear in this Annual Reserves Statement is only a restatement of the information contained in the ASX:ESG announcement.
- The estimate of the unconventional (CSG) Reserves for the Mahalo North area (ATP 2048) were also determined Mr Timothy L. Hower of Sproule. Mr Hower has previously consented to the publication of Reserve figures in the form and context in which they appear in this Annual Reserves Statement for 2023.
- The estimate of the unconventional (CSG) Contingent Resources for the Mahalo East area (ATP 2061) were also determined Mr Timothy L. Hower of Sproule. Mr Hower has previously consented to the publication of Reserve figures in the form and context in which they appear in this Annual Reserves Statement for 2023.

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 2023 the Company's corporate governance practices and policies have substantially accorded with those outlined in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (4th 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 2023 Corporate Governance Statement, which provides detailed information about governance and a copy of Comet Ridge's Appendix 4G which sets outs 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 2023. 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 eight 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
Nil.

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 that 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 nine 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 Energy Producers (AEP) 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.

Interest in Shares and Options
9,381,613 ordinary shares
1,640,000 performance rights

Directorships Held in Other Listed Entities in Last 3 Years
Nil.

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 and State Councillor of the Australian Institute of Company Directors. She also serves on the board of ASX listed Deep Yellow Limited and Panoramic Resources Ltd.

Interest in Shares and Options
295,372 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years
Deep Yellow Limited, joined 10 October 2005
Panoramic Resources Ltd, joined 8 October 2019

Martin Riley B.E (Hons 1/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
Noble Helium Limited (Executive Chairman), joined 25 January 2022

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 seven 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 Blue Energy Limited, an ASX listed CSG exploration company 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, appraisal and development 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 2023 amounted to $6.57 million (2022: loss of $8.63 million), including fair value adjustments (non-cash items) of $0.42 million relating to the CleanCo financial liability and PURE Asset Management warrants.

During the financial year, the Group derecognised exploration expenditure of $8.5 million (2022: capitalised $19.2 million) on the Mahalo Joint Venture Project due to the divestment of a 12.86% interest to Santos (thereby reducing Comet Ridge's interest to 57.14%), and capitalised $3.0 million (2022: $8.0 million) on Mahalo North, $0.5 million (2022: $0.4 million) combined on Mahalo East and Far East and $0.5 million (2022: $0.5 million) on the Galilee Deeps Joint Venture.

At 30 June 2023, the Group had $11.7 million in cash on hand and net current liabilities of $20.7 million (which includes the CleanCo financial liability, PURE warrant financial liability and APLNG deferred consideration payable disclosed as current obligations).

Comet Ridge has future commitments for the Mahalo Joint Venture Project, 100% owned Mahalo northern projects and Galilee Basin permits which will be funded from existing cash and other funding sources as required when they fall due.

The Company executed a GSA with CleanCo on 18 September 2023 which contains a number of conditions prior to commencement of gas delivery under the GSA. If these conditions are not satisfied in the future, 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 (if it was required to do so), that may cast significant doubt about the Group's ability to continue as a going concern.

Comet Ridge is actively pursuing a number of potential funding transactions to progress the appraisal and development of the Company's projects including project 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 2023:

Divestment of a 12.86% interest in the Mahalo Joint Venture Project

On 23 September 2022, Comet Ridge received a notice from Santos to acquire their 12.86% option interest in the Mahalo Joint Venture Project from Comet Ridge. Subsequent to the receipt of the exercise notice, on 26 September 2022, the parties executed the Sale Agreement to give effect to the transfer of the 12.86% option interest.

The effect of this option exercise on Comet Ridge is described below:

- The $13.15 million loan owing to Santos is reduced by $5.14 million to $8.0 million with Comet Ridge repaying the net amount plus accrued interest of $0.1 million on 28 September 2022 from the proceeds of a $24 million placement completed on 15 September 2022;
- Santos assumed liability for its pro-rata share of the $8 million deferred consideration payable to APLNG, being $3.43 million. The first $2 million tranche of deferred consideration was paid to APLNG on 28 June 2023 with Comet Ridge's net share of that tranche (after receipt from Santos of $0.86 million) being $1.14 million;
- Comet Ridge's interest in the Mahalo Joint Venture Project reduced from 70% to 57.14%, with a corresponding decrease in Comet Ridge's net share of independently certified Gas Reserves and Contingent Resources; and
- Comet Ridge retains a very material net interest of 332 Petajoules of 2P Gas Reserves + 2C Contingent Gas Resources in the Mahalo Joint Venture Project.

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) Lapse of performance rights

Comet Ridge announced on 5 July 2023 that 1,000,000 performance rights lapsed due to vesting conditions not being satisfied prior to the 30 June 2023 expiry date.

(b) Appointment of new Auditor

On 18 July 2023, Comet Ridge announced Pitcher Partners has been appointed as Auditor to Comet Ridge, following the resignation of PriceWaterhouseCoopers.

(c) Gas Sales Agreement with CleanCo

On 25 August 2023, Comet Ridge announced that the GSA with CleanCo is moving through each parties' approval process and the negotiation period under the Deed of Option was extended to 30 September 2023.

Furthermore, on 19 September 2023, Comet Ridge announced that the GSA had been executed by the parties. The GSA contains conditions to be satisfied, the first of which is CleanCo Shareholding Ministers approval within 90 days of the execution date.

8. Principal Risks

Risk Management Framework

Comet Ridge has an established dedicated 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 2023

The material business risks for Comet Ridge at 30 June 2023 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.

Operational Risks	
Risk	**Joint Venture arrangements** – 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	**Exploration and development** – 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	**Access to infrastructure** – 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	**Renewal of Tenure** – 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	**Land Access** – 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 future 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 appraised of our proposed activities and seek to develop working partnerships with these parties where possible.
Strategic Financial Risks	
Risk	**Access to Funding** – 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	**Climate Change** – Management of carbon emissions and increased regulatory obligations may lead to increasing regulation and costs. Policies related to Climate Change and the energy transition that Australia is presently undergoing may adversely affect demand for natural gas, its pricing and gas industry investment.
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 and operating costs may be impacted by increasing regulation and financial imposts associated with climate change, compliance with increased regulatory obligations 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 and will adopt when required industry best practice to minimise the impact of the risk.
Risk	**Health and safety** – 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	**Global Pandemic** – The recent worldwide pandemic, or any future pandemic, may have a material adverse impact on the activities of 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 COVID-19 pandemic has not had a material adverse impact on operations of the Company. If further variants emerge or a new pandemic is experience 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.

Risk	**Cyber Security** – Comet Ridge's operations are and will continue to be reliant on various computer systems, data storage facilities and interfaces with networks and other systems.
Cause	Every business, regardless of its size, is a potential target of cyber-attack. That is because every business has key assets (financial or otherwise) that bad actors may seek to exploit. The occurrences of cyber-attacks have increased exponentially in recent times.
Impact	Failures or breaches of these systems (including by way of virus and hacking attacks) have the potential to materially and or negatively impact the Company's operations and reputation. Examples of these would include the theft or loss of data and publication of materially sensitive information.
Mitigations	The Company has put in place barriers, continuity plans and risk management systems, however there are inherent limits to such plans and systems. Further, Comet Ridge has no control over the cyber security plans and systems of third parties which may interface with our operations, or upon whose services the Company's operations are reliant.
Political Risks	
Risk	**Significant regulatory change** – 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, appraisal and development programs 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 and development 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 2023 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 2023 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	8	8	*	*	2	1	*	*
T McCaul	8	8	*	*	*	*	5	4
G Swaby	8	8	3	3	*	*	*	*
C Pieters	8	8	*	*	*	*	*	*
S Scott	8	8	3	3	2	2	*	*
M Riley	8	7	3	3	2	2	5	5

* 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.

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

Key Management Personnel

For 2023, 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 2023 apart from the increase in superannuation guarantee from 10% to 10.5% effective from 1 July 2022. The Non-executive Directors' remuneration shown below is reported on a gross basis.

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

Director fees	**2023** $	**2022** $
Base Fees		
Chair	**157,424**	156,712
Other Non-executive Directors	**81,740**	81,370
Additional Fees		
Chair of Audit Committee	**10,092**	10,046
Chairs of Remuneration and Risk Committees	**5,046**	5,023
Members of committees	**3,028**	3,014

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) a base salary (which is based on factors such as length of service, qualifications and experience), superannuation, fringe benefits and performance incentives;

(b) short-term performance incentives in the form of cash bonuses which are paid only when predetermined key performance indicators have been met;

(c) 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

(d) 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 2023 the rate was 10.5% up to a maximum contribution of $25,292. 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.

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 Year Ended 30 June 2023	**Short-term Benefits & Fees**	**Post-Employment**	**Long-term Benefits**		**Share-based Payments**	
	Salary, Fees & Benefits	**Super-annuation**	**Long Service Leave**	**Total Fixed Remuneration**	**Performance Rights**	**Total**
Directors	**$**	**$**	**$**	**$**	**$**	**$**
J McKay	**145,205**	**15,247**	**-**	**160,452**	**-**	**160,452**
T McCaul	**444,072**	**25,292**	**16,059**	**485,423**	**105,629**	**591,052**
G Swaby	**83,105**	**8,726**	**-**	**91,831**	**-**	**91,831**
C Pieters	**73,973**	**7,767**	**-**	**81,740**	**-**	**81,740**
M Riley	**84,018**	**8,822**	**-**	**92,840**	**-**	**92,840**
S Scott	**81,279**	**8,534**	**-**	**89,813**	**-**	**89,813**
Total KMP	**911,652**	**74,388**	**16,059**	**1,002,099**	**105,629**	**1,107,728**

Benefits and Payments Year Ended 30 June 2022	**Short-term Benefits& Fees**	**Post-Employment**	**Long-term Benefits**		**Share-based Payments**	
	Salary, Fees & Benefits	**Super-annuation**	**Long Service Leave**	**Total Fixed Remuneration**	**Performance Rights**	**Total**
Directors	**$**	**$**	**$**	**$**	**$**	**$**
J McKay	145,205	14,521	-	159,726	-	159,726
T McCaul	407,659	23,568	8,552	439,780	91,843	531,623
G Swaby	83,105	8,310	-	91,415	-	91,415
C Pieters	73,973	7,397	-	81,370	-	81,370
M Riley	84,018	8,402	-	92,420	-	92,420
S Scott	81,279	8,128	-	89,407	-	89,407
Total KMP	875,239	70,326	8,552	954,118	91,843	1,045,961

The relative proportions of actual remuneration recognised are as follows:

	Fixed Remuneration		**At Risk Short-term Incentives**		**At Risk Long-term Incentives**	
Executive Director	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
T McCaul	**82.1%**	**82.7%**	**0.0%**	0.0%	**17.9%**	**17.3%**
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, loss 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	**2023**	**2022**	**2021**	**2020**	**2019**
Total remuneration ($)	**1,107,728**	1,045,961	962,648	1,014,741	935,250
Loss per share cents	**(0.67)**	(1.02)	(0.88)	[1](1.36)	(0.56)
Dividends paid	**-**	-	-	-	-
Share price at year end (cents)	**16.5**	17.0	6.2	9.2	26.0

1. 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 that lie outside of the prospective areas of the permits identified for long-term tenure renewal.

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.

Tor McCaul	Managing Director (appointed 16 April 2009)
Term of Agreement:	No fixed term
Base Salary:	$478,598 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.

Chris Pieters	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 three (3) months' 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 financial 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	Number of Rights	Expiry Date	Vesting Date	Fair Value per Right at Grant date (cents)	Performance Condition	Vested %
T McCaul						
16-Nov-21 [1]	320,000	31-Dec-23	31-Dec-23	12.50	Value-adding project farm-in completed	0%
25-Nov-22	264,000	31-Dec-25	01-Sep-23	12.40	Relative TSR against peer companies for period 1 August 2022 to 1 August 2023	0%
25-Nov-22	264,000	31-Dec-25	01-Sep-24	12.40	Relative TSR against peer companies for period 1 August 2022 to 1 August 2023	0%
25-Nov-22	264,000	31-Dec-25	01-Sep-23	8.88	Absolute TSR of share price for August 2022 compared to August 2023	0%
25-Nov-22	264,000	31-Dec-25	01-Sep-24	8.88	Absolute TSR of share price for August 2022 compared to August 2023	0%
25-Nov-22	66,000	31-Dec-25	01-Sep-23	18.00	Lost Time Injury Frequency Rate measured for 12 months ending 31 August 2023 and no environmental incidents	0%
25-Nov-22	66,000	31-Dec-25	01-Sep-24	18.00	Lost Time Injury Frequency Rate measured for 12 months ending 31 August 2023 and no environmental incidents	0%
25-Nov-22	66,000	31-Dec-25	01-Sep-23	18.00	Overall company performance including regulatory compliance, progress of Mahalo Gas Hub assets and budgetary performance	0%
25-Nov-22	66,000	31-Dec-25	01-Sep-24	18.00	Overall company performance including regulatory compliance, progress of Mahalo Gas Hub assets and budgetary performance	0%
	1,640,000					

[1] 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[1]	Number of Rights Lapsed	Number at End of Year
T McCaul						
31-Dec-19	31-Dec-22	750,000	-	-	(750,000)	-
31-Dec-19	30-Jun-23	1,000,000	-	-	(1,000,000)[2]	-
16-Nov-21	31-Dec-23	2,580,000	-	(2,260,000)	-	320,000
25-Nov-22	30-Sep-23	-	660,000	-	-	660,000
25-Nov-22	30-Sep-24	-	660,000	-	-	660,000
		4,330,000	1,320,000	(2,260,000)	(1,750,000)	1,640,000

1 As per the terms of the performance rights, nil consideration is paid on rights that vest.
2 These rights did not meet the vesting condition on the vesting date of 30 June 2023 and a Notice of Cessation of Securities was lodged with the ASX on 5 July 2023.

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 2023	Balance at beginning of the year	Shares purchased	Number of Rights Vested	Balance at end of the year
J McKay	**38,076,275**	**-**	**-**	**38,076,275**
T McCaul	**6,751,053**	**370,560**	**2,260,000**	**9,381,613**
G Swaby	**295,372**	**-**	**-**	**295,372**
C Pieters	**1,576,178**	**-**	**-**	**1,576,178**
M Riley	**850,895**	**-**	**-**	**850,895**
S Scott	**1,038,074**	**-**	**-**	**1,038,074**
Total	**48,587,847**	**370,560**	**2,260,000**	**51,218,407**

30 June 2022	Balance at beginning of the year	Shares purchased	Number of Rights Vested	Balance at end of the year
J McKay	38,076,275	-	-	38,076,275
T McCaul	6,501,053	250,000	-	6,751,053
G Swaby	295,372	-	-	295,372
C Pieters	1,576,178	-	-	1,576,178
M Riley	850,895	-	-	850,895
S Scott	1,038,074	-	-	1,038,074
Total	48,337,847	250,000	-	48,587,847

END OF AUDITED REMUNERATION REPORT

14. Performance Rights

Movements in the number of performance rights on issue during the year ended 30 June 2023 as a result of new grants and expiring of performance rights during the year are as follows:

Grant Date	Expiry Date	No. of Rights 30 June 2022	Granted during the year	Vested during the year	Expired during the year	No. of Rights 30 June 2023
31-Dec-19	31-Dec-22	**750,000**	**-**	**-**	**(750,000)**	**-**
31-Dec-19	30-Jun-23	**1,000,000**	**-**	**-**	**(1,000,000)**	**-**
07-Aug-20	01-Jul-22	**2,510,000**	**-**	**(2,510,000)**	**-**	**-**
16-Nov-21	31-Dec-23	**2,580,000**	**-**	**(2,260,000)**	**-**	**320,000**
16-Dec-21	31-Dec-23	**9,555,000**	**-**	**(8,425,782)**	**(30,468)**	**1,098,750**
25-Nov-22	31-Dec-25	**-**	**1,320,000**	**-**	**-**	**1,320,000**
22-Dec-22	31-Dec-25	**-**	**6,280,000**	**-**	**-**	**6,280,000**
		16,395,000	**7,600,000**	**(13,195,782)**	**(1,780,468)**	**9,018,750**

The number of rights granted to Directors and the five most highly remunerated officers in the 2023 financial year were:

Name	Role	No. of Rights Granted
Tor McCaul	Managing Director	1,320,000
Ashley Edgar	General Manager – Subsurface	1,100,000
Dale Aaskow	Chief Operating Officer	1,100,000
Philip Hicks	Chief Financial Officer	1,000,000
Stephen Rodgers	Company Secretary	960,000
Anthony Papinczak	General Manager - Development	500,000
		5,980,000

Since the end of the financial year and up to the date of this report no performance rights have been issued.

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 (including Independence Standards)*.

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, 21 September 2023

PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

The Audit Committee
Comet Ridge Limited
Level 3, 410 Queen Street
Brisbane QLD 4000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2023, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards).*

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

Pitcher Partners
PITCHER PARTNERS

J. Evans
JASON EVANS
Partner

Brisbane, Queensland
21 September 2023

FINANCIAL STATEMENTS

2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	Consolidated June 2023 $000's	June 2022 $000's
Other income			
Interest received		**153**	6
Expenses			
Employee benefits' expense	4	**(1,939)**	(1,966)
Contractors' & consultancy costs		**(397)**	(427)
Exploration and evaluation expenditure written-off	4	**-**	(384)
Professional fees		**(226)**	(297)
Corporate expenses		**(243)**	(242)
Fair value movement of financial liability at fair value	24	**(423)**	(3,637)
Occupancy costs	4	**(14)**	(77)
Finance costs	4	**(2,922)**	(1,117)
Other expenses		**(430)**	(422)
Depreciation		**(124)**	(71)
LOSS BEFORE INCOME TAX		**(6,565)**	(8,634)
Income tax expense/(benefit)	6	**-**	-
LOSS FOR THE YEAR		**(6,565)**	(8,634)
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**(4)**	3
TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME, NET OF INCOME TAX		**(4)**	3
TOTAL COMPREHENSIVE LOSS		**(6,569)**	(8,631)
Loss attributable to:			
Owners of the parent		**(6,565)**	(8,634)
Total comprehensive loss attributable to:			
Owners of the parent		**(6,569)**	(8,631)
LOSS PER SHARE		**Cents**	**Cents**
Basic loss per share	7	**(0.67)**	(1.02)
Diluted loss per share	7	**(0.67)**	(1.02)

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

Consolidated Statement of Financial Position

as at 30 June 2023

	Note	Consolidated June 2023 $000's	June 2022 $000's
CURRENT ASSETS			
Cash and cash equivalents	8	**11,651**	7,423
Trade and other receivables		**59**	140
Financial assets at fair value	9	**809**	-
Other assets	10	**875**	857
TOTAL CURRENT ASSETS		**13,394**	8,420
NON-CURRENT ASSETS			
Property, plant and equipment		**10**	4
Right-of-use assets	13	**187**	116
Financial assets at fair value	9	**1,483**	-
Exploration and evaluation expenditure	11	**96,288**	100,816
TOTAL NON-CURRENT ASSETS		**97,968**	100,936
TOTAL ASSETS		**111,362**	109,356
CURRENT LIABILITIES			
Trade and other payables	12	**1,115**	2,568
Borrowings	14	**-**	13,150
Financial liability at fair value	16	**32,300**	31,921
Provisions	15	**696**	649
TOTAL CURRENT LIABILITIES		**34,111**	48,288
NON-CURRENT LIABILITIES			
Borrowings	14	**7,018**	6,170
Lease liabilities	13	**187**	118
Financial liability at fair value	16	**2,847**	4,289
Provisions	15	**2,886**	2,946
TOTAL NON-CURRENT LIABILITIES		**12,938**	13,523
TOTAL LIABILITIES		**47,049**	61,811
NET ASSETS		**64,313**	47,545
EQUITY			
Contributed equity	17	**169,542**	145,693
Reserves	18	**1,573**	2,089
Accumulated losses		**(106,802)**	(100,237)
TOTAL EQUITY		**64,313**	47,545

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	Contributed Equity $000's	Foreign Currency Translation Reserve $000's	Share-based Payments Reserve $000's	Accumulated Losses $000's	Total $000's
Balance at 1 July 2021	140,379	1,251	382	(91,603)	50,409
Loss for the period	-	-	-	(8,634)	(8,634)
Other comprehensive profit for the period	-	3	-	-	3
Total comprehensive profit/(loss) for the period	-	3	-	(8,634)	(8,631)
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	4,970	-	-	-	4,970
Shares issued on vesting of performance rights	344	-	(344)	-	-
Share-based payments	-	-	797	-	797
	5,314	-	453	-	5,767
Balance at 30 June 2022	145,693	1,254	835	(100,237)	47,545
Balance at 1 July 2022	**145,693**	**1,254**	**835**	**(100,237)**	**47,545**
Loss for the period	**-**	**-**	**-**	**(6,565)**	**(6,565)**
Other comprehensive loss for the period	**-**	**(4)**	**-**	**-**	**(4)**
Total comprehensive loss for the period	**-**	**(4)**	**-**	**(6,565)**	**(6,569)**
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	**22,746**	**-**	**-**	**-**	**22,746**
Shares issued on vesting of performance rights	**1,103**	**-**	**(1,103)**	**-**	**-**
Share-based payments	**-**	**-**	**591**	**-**	**591**
	23,849	**-**	**(512)**	**-**	**23,337**
Balance at 30 June 2023	**169,542**	**1,250**	**323**	**(106,802)**	**64,313**

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 2023

	Note	Consolidated	
		June 2023	June 2022
		$000's	$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**148**	6
Payments to suppliers and employees		**(2,631)**	(2,685)
Interest paid		**(1,321)**	(680)
NET CASH USED IN OPERATING ACTIVITIES	19	**(3,804)**	(3,359)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(5,382)**	(8,328)
Proceeds from sale of exploration interest to Santos		**857**	-
Payment for exploration interest purchased from APLNG		**(2,000)**	(12,000)
Movements in restricted cash		**(50)**	-
Payment for property, plant and equipment		**(12)**	(1)
NET CASH USED IN INVESTING ACTIVITIES		**(6,587)**	(20,329)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**-**	23,150
Repayment of borrowings		**(8,006)**	-
Borrowing costs		**-**	(353)
Proceeds from issue of shares		**24,000**	5,319
Share issue costs		**(1,254)**	(349)
Principal elements of lease payments		**(121)**	(46)
NET CASH FROM FINANCING ACTIVITIES		**14,619**	27,721
Net increase in cash held		**4,228**	4,033
Cash at the beginning of the year		**7,423**	3,390
CASH AT THE END OF THE YEAR	8	**11,651**	7,423

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 21 September 2023.

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 2023, the Group had $11.7 million in cash on hand and net current liabilities of $20.7 million (which includes the CleanCo financial liability of $25.7 million, PURE warrant financial liability of $4.9 million and APLNG deferred consideration payable of $1.7 million disclosed as current obligations).

On 18 September 2023, Comet Ridge and CleanCo executed a long-term GSA for Comet Ridge to supply gas to CleanCo from its Mahalo Gas Hub permits. The GSA is subject to a number of conditions precedent, the first of which is CleanCo obtaining the approval of its Shareholding Ministers within 90 days of execution of the GSA. If this approval is not secured, the GSA may terminate and within 30 days (being 18 January 2024) a cash payment of approximately $25.9 million ($25.7 million financial liability at 30 June 2023 indexed for CPI) would be due.

On 23 September 2022, Santos gave a notice to Comet Ridge to exercise its option to acquire the 12.86% Mahalo Joint Venture Project interest. Following completion of the APLNG acquisition and Santos option exercise, Comet Ridge settled the outstanding Santos loan of $13.15 million. Comet Ridge and Santos are now liable to pay their proportional share of the $8.0 million deferred consideration to APLNG (either in four annual instalments post completion of $2.0 million or earlier upon a trigger event occurring). At 30 June 2023, $6 million deferred consideration remains to be paid with Comet Ridge's share being $3.43 million.

The Group has a number of commitments to continue to progress the Mahalo Gas Hub permits and Galilee permits. These commitments are made over various timeframes with exploration commitments required to be spent by 30 June 2024 amounting to $4.9 million as disclosed in Note 23.

The ability of the Group to continue to adopt the going concern basis of preparation will depend upon a number of matters including the successful raising in the future of necessary funding through debt, equity, selldown or farm-out of assets, meeting the conditions precedent under the GSA with CleanCo, and/or the successful exploration and subsequent exploitation of the Group's tenements to meet these commitments as they arise.

The existence at 30 June 2023 of the CleanCo financial liability, deferred consideration payable to APLNG as well as exploration expenditure commitments beyond the next 12 months, creates 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

Note 2 Summary of significant accounting policies (continued)

amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the financial statements.

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 and the significant acreage, equity and 2P+2C Reserves and Resources position that the Group has established in the Mahalo Gas Hub area, 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 Consolidated Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Consolidated 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 2023 annual reporting period are set out below.

New or amended accounting standards and Interpretations adopted

There are no new or amended accounting standards effective in the reporting period commencing 1 July 2022 that are relevant to the Group's operations.

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
- Financial assets at fair value – Note 9
- Exploration and Evaluation assets – Note 11
- Borrowings – Note 14
- 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.

Note 4 Expenses

	Consolidated	
	June 2023	June 2022
Loss before income tax includes the following specific expenses:	$000's	$000's
(a) Employee benefits' expense		
Employee benefits' expense	**(1,152)**	(986)
Share-based payments' expense (Refer to Note 21)	**(591)**	(797)
Defined contribution superannuation expense	**(196)**	(183)
	(1,939)	(1,966)
(b) Occupancy costs		
Rental expense relating to short-term leases	-	(58)
Other occupancy costs	**(14)**	(19)
	(14)	(77)
(c) Exploration and evaluation expenses		
Exploration and evaluation asset write-off (Refer to Note 11)	-	(237)
Exploration and evaluation expense (Refer to Note 11)	-	(147)
	-	(384)
(d) Financing costs		
Interest expense on borrowings	**(1,296)**	(726)
Amortisation of fair value adjustment and establishment costs capitalised on Pure loan	**(848)**	(360)
Amortisation of fair value adjustment on Santos deferred consideration receivable	**177**	-
Amortisation of fair value adjustment on APLNG deferred consideration payable	**(844)**	-
Unwinding of discount on rehabilitation and restoration provision	**(104)**	(25)
Lease liability expense	**(7)**	(6)
	(2,922)	(1,117)

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).

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.

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 Consolidated Statement of Financial Position presented are translated at the closing rate at the date of that Consolidated Statement of Financial Position;
- income and expenses for each Consolidated 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.

Note 4 Expenses (continued)

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 Consolidated 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 auditors of the Group:

	Consolidated	
	June 2023	**June 2022**
	$	**$**
PricewaterhouseCoopers Australia		
Auditing or reviewing the financial statements	**48,000**	142,000
Other assurance services	**-**	-
	48,000	142,000
Pitcher Partners		
Auditing or reviewing the financial statements	**70,000**	-
Tax related services	**2,800**	-
	72,800	142,000
	120,800	142,000

Note 6 Income tax

	Consolidated	
	June 2023	**June 2022**
	$000's	**$000's**
(a) Recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income		
Current tax	**-**	-
Deferred tax expense	**-**	-
Income tax expense	**-**	-

	June 2023	**June 2022**
	$000's	**$000's**
(b) Numerical reconciliation of income tax expense to prima facie tax on accounting loss		
Loss before income tax	**(6,565)**	(8,634)
Tax benefit at the Australian tax rate of 30% (2022: 30%)	**1,970**	2,590
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share options expensed	**(178)**	(239)
Non-deductible accounting fair value	**191**	(511)
Other non-deductible items	**(3)**	(110)
Current year tax losses not recognised in deferred tax assets	**(1,980)**	(1,730)
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.

Note 6 Income tax (continued)

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.

	Consolidated	
	June 2023	**June 2022**
	$000's	**$000's**
Deferred tax asset	**-**	-
The balance of deferred tax asset comprises:		
Deferred tax assets		
Tax losses	**32,963**	31,979
Capital costs deductible over 5 years	**386**	185
Borrowing costs	**26**	-
Provisions	**8,907**	3,556
Leased assets	**36**	1
	42,318	35,721
Deferred tax liabilities		
Exploration and evaluation expenditure	**(24,853)**	(20,181)
Accrued interest	**(2)**	-
	(24,855)	(20,181)
Net deferred tax asset	**17,463**	15,540
Deferred tax asset not recognised	**(17,463)**	(15,540)
Deferred tax asset recognised in accounts	-	-

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 2023	**June 2022**
	$000's	**$000's**
Australian temporary differences and tax losses	**17,463**	15,540
Offshore tax losses	**-**	-
	17,463	15,540

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.

Note 6 Income tax (continued)

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.

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

The earnings and weighted average number or ordinary shares used in the calculations of basic and diluted earnings per share are as follows:

	June 2023 $000's	June 2022 $000's
(a) Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Loss for the year	**6,565**	8,634
Loss used in the calculation of the basic and dilutive earnings per share	**6,565**	8,634
(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	**981,229,847**	846,302,253
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	**981,229,847**	846,302,253
(c) Earnings per share:		
Basic loss per share (cents)	**(0.67)**	(1.02)
Diluted loss per share (cents)	**(0.67)**	(1.02)

(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 post 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	
	June 2023	June 2022
	$000's	$000's
Cash at bank and on hand	**11,651**	7,423

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% - 4.25%.

Note 9 Financial asset at fair value

	Consolidated	
	June 2023	June 2022
Current	$000's	$000's
Santos – deferred consideration receivable	**809**	-
	809	-
Non-current		
Santos – deferred consideration receivable	**1,483**	-
	1,483	-
	2,292	-

Accounting Policy

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group has classified the deferred consideration receivable from Santos as a financial asset at fair value through profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial assets measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for a similar asset, either directly or indirectly; and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market date (unobservable inputs).

Critical accounting estimates and judgements

Santos deferred consideration receivable

On 28 June 2022, Comet Ridge acquired Australia Pacific LNG Pty Ltd's (APLNG) 30% interest in the Mahalo Joint Venture Project for a total consideration of $20 million payable in staged payments. Comet Ridge paid a $1 million deposit on 5 August 2021 and the upfront payment balance of $11 million to APLNG on 28 June 2022. The remaining $8 million of deferred consideration is payable in four annual instalments of $2 million each commencing from June 2023, unless a post completion trigger event occurs requiring earlier payment. The trigger events that require earlier repayment are any of the following:

a) a final investment decision is made for development of gas from the Mahalo Joint Venture Project;
b) gas production from the Mahalo Joint Venture Project equalling or exceeding 10 Terajoules per day;
c) a change in control of the Group;
d) Comet Ridge disposing of more than a 15% interest in the Mahalo Joint Venture Project; or
e) Comet Ridge is subject to an insolvency event.

Note 9 Financial asset at fair value (continued)

At the same time as entering the agreement with APLNG, Comet Ridge executed funding and option agreements with Santos QNT limited (Santos) to provide loan funding of $13.15 million to fund the initial consideration payable to APLNG and stamp duty costs. In exchange, Santos was given an option to purchase 12.86% of the APLNG interest acquired by Comet Ridge at proportional acquisition value of $8.57 million.

Comet Ridge received a notice from Santos to exercise their option on 23 September 2022, and the sale agreement was executed by both parties on 26 September 2022. At that date, the $13.15 million loan owing to Santos was fully repaid via a reduction of $5.14 million (being Santos' share of the $12 million initial consideration paid to APLNG) and cash repayment of $8.01 million by Comet Ridge. Santos also assumes liability for its pro-rata share of the $8 million deferred consideration payable to APLNG, being $3.43 million.

On 26 June 2023, Comet Ridge received the first-year deferred consideration payment from Santos of $857,333. The remaining balance of $2.57 million (remaining present value $2.29 million) is payable by Santos in equal annual instalments with the next instalment due in June 2024.

The upfront consideration of $5.14 million and the present value of the deferred consideration receivable of $2.97 million has been recognised against the Mahalo Joint Venture Project exploration and evaluation asset to reflect a partial sale of the asset (refer to Note 11). Interest income on the unwinding of the applied discount of $177,000 (2022: $nil) was recognised for the year to 30 June 2023.

Fair value measurement

The fair value of the deferred consideration receivable is initially recognised at fair value through profit or loss as the present value of the $3.43 million receivable in 4 equal annual instalments. For subsequent measurements, the present value is adjusted for the yearly instalments received from Santos and the unwinding of the applied discount credited to profit and loss.

The Santos deferred consideration asset is classified as Level 3 in the fair value hierarchy due to the use of unobservable inputs. The inputs used in the calculation of the financial asset at fair value as at 30 June 2023 are as follows:

1. The remaining agreed cash settlement of $2.57 million (2022: $nil) receivable in equal instalments over 3 years commencing June 2024.
2. The pre-tax discount rate applied being 6% (2022: nil).

Unobservable input	Relationship to fair value
Risk-adjusted discount rate	The discount rate used reflects Santos' credit risk. A change in the discount rate by 100 basis points would increase/decrease the fair value by $43,010 and $41,688 (2022: $nil) respectively.

Note 10 Other assets

	Consolidated	
	June 2023	**June 2022**
	$000's	**$000's**
Prepayments	**326**	278
Restricted cash	**549**	579
	875	857

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.

Note 11 Exploration and evaluation assets

	Consolidated	
Exploration and evaluation expenditure	**June 2023**	**June 2022**
	$000's	**$000's**
Exploration and evaluation expenditure	**120,993**	125,521
Less provision for impairment	**(24,705)**	(24,705)
	96,288	100,816

Movements in exploration and evaluation phase	**June 2023**	**June 2022**
	$000's	**$000's**
Balance at the beginning of year	**100,816**	71,848
(Divestment)/acquisition of interest in Mahalo Joint Venture Project (a)	**(8,446)**	19,205
Exploration and evaluation expenditure during the year	**4,097**	8,890
Exploration and evaluation expenditure written-off	**-**	(384)
Restoration and rehabilitation asset	**(179)**	1,257
Balance at the end of year	**96,288**	100,816

(a) The Mahalo Joint Venture Project costs (divested) / acquired are as follows:

	June 2023	**June 2022**
	$000's	**$000's**
Up-front consideration paid	**-**	12,000
Stamp duty capitalised	**-**	1,131
Initial measurement of deferred consideration (present value of $8 million)	**-**	6,074
Reduction in up-front APLNG Mahalo JV acquisition cost upon Santos option exercise	**(5,144)**	-
Santos deferred consideration receivable (present value of $3.4 million)	**(2,972)**	-
Movement in deferred consideration to APLNG	**(330)**	-
Total capitalised to Mahalo Joint Venture Project E&E asset	**(8,446)**	19,205

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:

i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or

ii. 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.

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 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*.

Note 11 Exploration and evaluation assets (continued)

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 Joint Venture 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. During the 2022 financial year, Comet Ridge completed a binding agreement with APLNG to acquire their 30% interest in the Mahalo Joint Venture Project for $20 million along with associated option and loan arrangements with Santos. On 23 September 2022, Santos exercised its firm option to acquire a 12.86% interest from Comet Ridge (for proportional acquisition value), resulting in Comet Ridge's interest in the Mahalo Joint Venture decreasing from 70% to 57.14%. Consideration was given to these transactions in forming the view that no impairment is required at 30 June 2023.

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 Joint Venture Project. In the 2023 financial year, Comet Ridge has been successful in certifying 43 PJs of 2P Reserves and 100PJs of 3P Reserves. Capitalised exploration and evaluation expenditure at 30 June 2023 totals $12.46 million (2022: $9.49 million), relating to office-based geological and geophysical interpretation and analysis, work to support a Petroleum Lease (PL) application and environmental approvals, and the costs of the 2022 financial year appraisal drilling and production testing. There are no indicators of impairment to the carrying value at 30 June 2023.

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 Joint Venture Project. Capitalised exploration and evaluation expenditure at 30 June 2023 totals $0.68 million (2022: $0.37 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 2023 totals $0.51 million (2022: $0.33 million), relating to native title negotiations and office-based geological and geophysical interpretation and analysis. 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.

ATP 743, ATP 744 and ATP 1015 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 has secured the long-term tenure on these permits via the award of Potential Commercial Areas (PCAs) and renewal of ATP 743, ATP 744 and ATP 1015 by the Queensland Department of Resources. As part of the PCA award process within the Galilee permits, Comet Ridge relinquished acreage where Contingent Resources do not exist and in the 2022 financial year wrote off $0.24 million of capitalised seismic

Note 11 Exploration and evaluation assets (continued)

costs in the relinquished areas of ATP 743. Comet Ridge has reviewed the carrying value of capitalised exploration and evaluation expenditure in the Galilee permits at 30 June 2023 and no impairment has been made during this financial year.

The write-off by permit is as follows:

	Consolidated	
Permit	**June 2023**	**June 2022**
	$000's	**$000's**
ATP 743	-	237
Total	-	237

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 2023 financial year an amount of $0 (2022: $147,000) of exploration and evaluation expenditure was written-off for the Gunnedah Basin permits (PEL 427, PEL 428 and PEL 6). The Company relinquished its interests in PEL 428 in May 2021, had its renewal application for PEL 6 declined in April 2022 and had PEL 427 renewed in May 2022 for only 12 of 57 blocks.

	Consolidated	
Permit	**June 2023**	**June 2022**
	$000's	**$000's**
PEL 427	**11**	75
PEL 428	**(5)**	28
PEL 6	**(6)**	44
Total	-	147

The New Zealand permit PMP 50100 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 Group's 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 Ridge's share of the respective joint operations is as follows:

	GDJV	Mahalo JV	PEL 427	PEL 428	PEL 6	Total
	70.0%	57.14%	59.1%	68.4%	29.6%	
30 June 2023	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Current assets						
Cash and cash equivalents	87	-	7	9	2	105
Trade and other receivables	5	-	-	-	-	5
Total current assets	92	-	7	9	2	110
Non-current assets						
Exploration and evaluation expenditure	19,487	38,153	811	752	448	59,651
Provision for impairment	-	-	(811)	(752)	(448)	(2,011)
Total non-current assets	19,487	38,153	-	-	-	57,640
Total assets	19,579	38,153	7	9	2	57,750
Current liabilities						
Trade and other payables	208	121	10	7	4	350
Total current liabilities	208	121	10	7	4	350
Share of joint venture net assets	19,371	38,032	(3)	2	(2)	57,400

Note 11 Exploration and evaluation assets (continued)

	GDJV	Mahalo JV	PEL 427	PEL 428	PEL 6	Total
	70.0%	70.0%	59.1%	68.4%	29.6%	
30 June 2022	$000's	$000's	$000's	$000's	$000's	$000's
Current assets						
Cash and cash equivalents	24	-	-	1	-	25
Trade and other receivables	(1)	-	-	-	-	(1)
Total current assets	23	-	-	1	-	24
Non-current assets						
Exploration and evaluation expenditure	19,331	44,512	799	752	448	65,842
Provision for impairment	-	-	(799)	(752)	(448)	(1,999)
Total non-current assets	19,331	44,512	-	-	-	63,843
Total assets	19,354	44,512	-	1	-	63,867
Current liabilities						
Trade and other payables	251	106	15	7	9	388
Total current liabilities	251	106	15	7	9	388
Share of joint venture net assets	19,103	44,406	(15)	(6)	(9)	63,479

As at 30 June 2023, the principal place of business for PEL 427, PEL 428 and PEL 6 is c/- Santos Limited, Level 5, 60 Flinders Street, Adelaide SA 5000. For Mahalo JV, the principal place of business is c/- Santos Limited, Level 5, 60 Flinders Street, Adelaide SA 5000. 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, PEL 428 and PEL 6.

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

	Consolidated	
	June 2023	June 2022
Minimum expenditure requirements	$000's	$000's
● not later than 12 months	**778**	610
● between 12 months and 5 years	**1,809**	158
	2,587	768

Note 12 Trade and other payables

	Consolidated	
	June 2023	June 2022
Current	$000's	$000's
Trade payables	**953**	1,242
Payroll tax and other statutory liabilities	**126**	143
Other payables	**36**	1,183
	1,115	2,568

Trade payables includes $350,000 (2022: $388,000) for the Group's share of joint operation liabilities (refer Note 11). The June 2022 other payables comparison includes the $1.13 million stamp duty payable on the acquisition of APLNG's 30% interest in the Mahalo Joint Venture Project.

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 13 Leases

Group as a lessee

(a) Amounts recognised in the Consolidated Statement of Financial Position

	Consolidated	
	June 2023	June 2022
Right-of-use assets	$000's	$000's
Office premises	354	164
Less: Accumulated depreciation	(167)	(48)
	187	116
Lease Liabilities		
Balance at beginning of year	118	164
Additions	190	-
Repayments	(128)	(52)
Accretion of interest	7	6
	187	118

(b) Amounts recognised in the Consolidated Statement of Profit or Loss

	Consolidated	
	June 2023	June 2022
	$000's	$000's
Depreciation on right-of-use assets	118	48
Interest expense (included in finance cost)	7	6

In May 2023, Comet Ridge entered into a new commercial office lease which has an end date of 31 January 2025. The lease does not include an option of renewal and Comet Ridge is restricted from subleasing the property without the owner's approval. The lease contains variable lease payments, which are further discussed below.

Accounting Policy

Leases are recognised as a right-of-use asset and a corresponding liability at the commencement date of the lease. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of office premises for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used a security for borrowing purposes.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expenses to profit or loss as incurred.

Right-of-use asset

The right-of-use asset is measured at cost, comprising of the initial amount of the lease liability, any initial direct costs incurred, any lease payments made at or before the commencement date net of any lease incentives received and restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life.

Lease liability

The lease liability is initially measured at the present value of lease payments to be made over the lease term, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset in of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease liabilities include the net present value of fixed payments less any lease incentives received, variable lease payments that depend on an index or rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

Note 13 Leases (continued)

After the commencement date, the amount of lease liabilities is increased by the interest cost and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Note 14 Borrowings

	Consolidated	
	June 2023	**June 2022**
	$000's	**$000's**
Current		
Loan payable to Santos QNT Pty Ltd (a)	-	13,150
Non-current		
Loan payable to PURE Asset Management Pty Ltd (b)	**7,018**	6,170
	7,018	19,320

(a) Santos loan

On 28 June 2022 Comet Ridge accessed $13.15 million of debt funding from Santos QNT Pty Ltd (Santos) to fully fund the upfront acquisition of APLNG's 30% interest in the Mahalo Joint Venture Project and associated costs. In exchange for receiving the funding, Comet Ridge provided Santos with a six-month option (expiring 28 December 2022) to acquire a 12.86% interest in the Mahalo Joint Venture Project from Comet Ridge.

Santos gave notice to exercise this option on 23 September 2022, reducing Comet Ridge's interest in the Mahalo Joint Venture Project to 57.14% and reducing the loan repayable to Santos to $8.01 million (plus interest accrued at 5.125% per annum). The $5.14 million reduction in the loan amount payable reflected Santos's share of the $12 million upfront cash consideration paid to APLNG for the Mahalo Joint Venture Project acquisition. Comet Ridge repaid the $8.01 million to Santos on 28 September 2022, fully extinguishing the loan.

(b) PURE Asset Management loan

Comet Ridge entered into a binding facility agreement with PURE Asset Management Pty Ltd (PURE) to provide the Company access to a term loan facility for $10 million provided in two tranches of $6.5 million and $3.5 million respectively. The facility provides funding to progress appraisal activities for the Mahalo Gas Hub area and other corporate activities. Both tranches have been drawn with a maturity date of 17 September 2025.

On drawdown of the respective tranches, Comet Ridge issued warrant shares that entitle PURE to acquire one Comet Ridge share per warrant at the exercise prices outlined in the facility terms below. The warrants are exercisable by PURE at any point in time prior to the maturity date of the loan facilities. The fair value of the warrants and loan establishment costs have been deducted from the gross proceeds of the loan on the date of drawdown reflecting the fair value of the loan on that date as set out in the table below.

	Consolidated	
	June 2023	**June 2022**
	$000's	**$000's**
Opening balance	**6,170**	-
Drawdown of loan	-	10,000
Loan establishment costs amortised/(capitalised)	**110**	(353)
Fair value of warrants at issue date separately recognised	-	(3,833)
Interest charge on financial liability	**738**	356
Fair value of loan payable	**7,018**	6,170

The warrants are separately recognised as a financial liability at fair value through the Consolidated Statement of profit or Loss and Other Comprehensive Income as disclosed in Note 16. In line with the accounting policy, the difference between the face value of the loan (repayment amount) and determined fair value is recognised in the profit and loss over the loan period utilising the effective interest rate method.

Note 14 Borrowings (continued)

Should PURE exercise all of their warrants on issue (65,909,091 warrants), Comet Ridge would receive $10 million cash which can be used to repay the loan amount.

Facility terms and security

Lender:	PURE Asset Management Pty Ltd
Structure:	Term loan with detached warrants
Interest:	Prior to Mahalo Joint Venture Project FID: 12% Post Mahalo Joint Venture Project FID: 10% Interest-only payment in quarterly instalments
Term:	48 months from utilisation
Repayment:	Non-amortising bullet repayment Voluntary repayment(s) subject to cascading fees
Warrants:	39,393,939 warrant shares issued on 12 August 2021 with an exercise price of 16.5 cents per warrant share 26,515,152 warrant shares issued on 31 March 2022 with an exercise price of 13.2 cents per warrant share
Financial Covenant:	Minimum $1.5 million cash balance
Security:	First ranking general security over all present and after-acquired property of the Company and subsidiaries

Accounting Policy

Borrowings are interest bearing and are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Note 15 Provisions

	Consolidated	
	June 2023	June 2022
Current	$000's	$000's
Employee benefits	**588**	550
Restoration & rehabilitation	**108**	99
	696	649
Non-current		
Employee benefits	**34**	20
Restoration & rehabilitation	**2,852**	2,926
	2,886	2,946
	3,582	3,595

	June 2023	June 2022
Movements in carrying amounts of restoration and rehabilitation	$000's	$000's
Balance at the beginning of the year	**3,025**	1,745
(Reductions)/additions (subtracted) / capitalised to exploration and evaluation expenditure	**(169)**	1,255
Unwind of discount - finance charges	**104**	25
Balance at the end of the year	**2,960**	3,025

Note 15 Provisions (continued)

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.

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 Consolidated Statement of Financial Position 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.

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 will be amortised over the useful life of the related asset once production commences. The assets' useful lives are currently estimated at between one and fifteen years. 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.

Where the underlying cost to rehabilitate has increased, this is capitalised to the asset and amortised over the remaining life of the asset once in production.

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, in particular to the estimated future timing and cost of well rehabilitation, 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 2023	June 2022
	$000's	$000's
Current		
CleanCo - financial liability	**25,656**	24,594
PURE Asset Management - warrant shares	**4,900**	5,538
APLNG - deferred consideration payable	**1,744**	1,789
	32,300	31,921
Non-current		
APLNG - deferred consideration payable	**2,847**	4,289
	2,847	4,289
	35,147	36,210

Accounting Policy

Financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical liabilities;
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for a similar liability, either directly or indirectly; and
- Level 3: fair value measurements are those derived from valuation techniques that include inputs for the liability that are not based on observable market date (unobservable inputs).

Critical accounting estimates and judgements

CleanCo liability

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. The 2019 Agreement provides for CML and CleanCo to negotiate a market priced GSA and fixed gas volumes, conditional on the development of the Mahalo Joint Venture Project.

On 21 September 2021, Comet Ridge issued a notice to CleanCo to commence GSA negotiations and on 15 December 2021 both parties agreed to extend the negotiation period to 30 June 2022 with subsequent extensions agreed to 31 December 2022 and 31 March 2023. On 21 June 2023, both parties agreed to further extend the negotiation period to 31 August 2023.

If CML and CleanCo were unable to come to an agreement on a GSA by 31 August 2023, then a cash settlement of approximately $25.7 million based on current estimates ($20 million indexed for CPI from March 2014), would be triggered on or before 30 September 2023 (Payment Amount), unless extended. It should be noted that on 24 August 2023 the parties agreed a further extension to 30 September 2023 to enable time for approval and execution of the GSA that has been finalised between the parties. The GSA received approval of the parties and was executed on 18 September 2023.

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.

Note 16 Financial liability at fair value (continued)

If CML and CleanCo were unable to come to an agreement on a GSA by 31 August 2023, then a cash settlement would be triggered on or before 30 September 2023. In considering the above, Comet Ridge has determined that a cash settlement continues to represent the maximum liability under the 2019 Agreement, notwithstanding that a GSA has now been executed between the parties on 18 September 2023 as this represented a non-adjusting subsequent event.

The liability to CleanCo arising from the renegotiated agreements is recognised as a "financial liability at fair value through profit or loss". An expense of $1,061,348 (2022: $1,932,011) has been recorded in the 2023 financial year.

Valuation techniques and process used to determine fair values at 30 June 2023

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 30 September 2023 (2022: 30 January 2023), giving a period of indexation of 9.5 years (2022: 8.9 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 2023 and forecast at 1.28% (2022: 1.22%) per quarter for the remaining period to 30 September 2023 (2022: 30 January 2023).

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's negotiations with CleanCo are unsuccessful by the extended GSA negotiation period of 31 August 2023 (2022: 31 December 2022), the cash payment would be payable no earlier than 30 September 2023 (2022: 30 January 2023).
CPI rate	If the 1.28% (2022: 1.22%) per quarter forecast CPI rate reduces/increases to a low of 0.78% per quarter or a high of 1.78% per quarter (2022: low of 0.72% and high of 1.72% per quarter), the indexed liability will reduce or increase by approximately 1.3% or $326,524 (2022: 1.1% or $273,113) respectively.

Parent Entity Guarantee

Comet Ridge Limited has provided a parent company financial guarantee to Comet Ridge Mahalo Pty Ltd (CRM) in favour of Comet Ridge Mahalo's potential $20 million 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.

Deferred consideration payable – APLNG

On 28 June 2022, Comet Ridge acquired Australia Pacific LNG Pty Ltd's (APLNG) 30% interest in the Mahalo Joint Venture Project for a total consideration of $20 million payable in staged payments. Comet Ridge paid a $1 million deposit on 5 August 2021 and the upfront payment balance of $11 million was paid to APLNG on 28 June 2022. The remaining $8 million of deferred consideration is payable in four annual instalments of $2 million each commencing from June 2023, unless a post completion trigger event occurs requiring earlier payment. The trigger events that require earlier repayment are any of the following:

a) a final investment decision is made for development of gas from the Mahalo Joint Venture Project;
b) gas production from the Mahalo Joint Venture Project equalling or exceeding 10 Terajoules per day,
c) a change in control of the Group;
d) Comet Ridge disposing of more than a 15% interest in the Mahalo Joint Venture Project; or
e) Comet Ridge is subject to an insolvency event.

Comet Ridge paid the first-year post completion deferred consideration payment of $2 million to APLNG on 28 June 2023. The balance of $6 million ($3.4 million net to Comet Ridge) is payable in equal annual instalments with the next instalment due in June 2024.

Note 16 Financial liability at fair value (continued)

Fair value measurement

The fair value of the deferred consideration payable is initially recognised as the present value of the $8 million payable in 4 equal annual instalments and has been capitalised to the Mahalo Joint Venture Project exploration and evaluation asset. For subsequent measurements, the present value is adjusted for yearly instalments paid and the unwinding of the discount applied will be expensed to profit and loss.

The APLNG 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 financial liability at fair value as at 30 June 2023 are as follows:

1. The remaining agreed cash settlement of $6 million payable in $2 million instalments over 3 years commencing June 2024 (2022: $8 million over 4 years commencing June 2023)
2. The pre-tax discount rate applied being 14.7% (2022: 12%)

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
Risk-adjusted discount rate	The discount rate used is adjusted for the Group's own credit risk. A change in the discount rate by 200 basis points would increase/decrease the fair value by $157,014 and $148,362 (2022: $265,034 and $247,273) respectively.

Warrant shares – PURE Asset Management Pty Ltd

On 9 September 2021, Comet Ridge executed a binding agreement with PURE Asset Management Pty Ltd (PURE) to provide Comet Ridge access to a secured term loan facility of up to $10 million. The facility has been fully drawn in two tranches of $6.5 million and $3.5 million respectively.

The loan agreement with PURE also contains detached warrant shares, with Comet Ridge issuing a total of 65,909,091 warrant shares in two tranches (as per below) exercisable for a period of 48 months from utilisation of the Tranche 1 loan on 17 September 2021.

- Tranche 1: 39,393,939 warrant shares issued on 12 August 2021 exercisable at $0.165 per share
- Tranche 2: 26,515,152 warrant shares issued on 31 March 2022 exercisable at $0.132 per share

Fair value measurement

The fair value of the warrant share financial liability is calculated using a Black-Scholes valuation methodology. The key inputs into the fair value calculation are:

a) Exercise price of each tranche of warrants (Tranche 1 $0.165 per share / Tranche 2 $0.132 per share);

b) Expected volatility of the Company's share price calculated at 69.7% (2022: 66.5%), reflecting the assumption that historical volatility is indicative of future trends (which may not necessarily be the actual outcome);

c) Share price of the Company on each balance date being $0.165 (2022: $0.17) (noting that no allowance has been made for discounting the share price to reflect the issue price of an alternate equity raising if the warrants had not been issued); and

d) Expected term of the warrants being 2.22 years (2022: 3.22 years).

The warrant share financial liability has been classified as Level 3 in the fair value hierarchy and is recognised as a "financial liability at fair value through profit or loss". A gain of $638,051 has been recorded in the 2023 financial year to reflect the reduction (2022: loss $1,704,546) in the fair value of the warrant shares due to share price fluctuations since 30 June 2022 and the reduction in remaining term of the warrants.

Unobservable input	Relationship to fair value
Expected volatility	The expected volatility used is based on historical data and reflects the assumption that the historical volatility over a period is indicative of future trends, which may not necessarily be the actual outcome. A change in volatility by 1,000 basis points would decrease/increase the fair value by $517,631 and $495,702 (2022: $589,015 and $554,772) respectively.

Note 17 Contributed equity

	Consolidated	
	June 2023	June 2022
	$000's	$000's
Ordinary shares - fully paid	**169,542**	145,693

Movements in ordinary shares	June 2023 Number of Shares	June 2022 Number of Shares	June 2023 $000's	June 2022 $000's
Balance at the beginning of the period	**860,034,445**	791,211,719	**145,693**	140,379
Share placement @ 8.25 cents per share	-	64,472,726	-	5,319
Share placement @ 17.5 cents per share	**137,142,858**	-	**24,000**	-
Performance rights vested	**13,195,782**	4,350,000	**1,103**	344
Share issue costs	-	-	**(1,254)**	(349)
Balance at the end of the year	**1,010,373,085**	860,034,445	**169,542**	145,693

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. In most situations, Comet Ridge will conduct voting procedures at General Meetings, including the Annual General Meeting, via a poll, whether shareholders attend in person, electronically or by proxy or other representative. The company has conducted a poll in respect to all of the resolutions put to shareholders at the past four Annual General Meetings.

Note 18 Reserves

	Consolidated	
	June 2023	June 2022
	$000's	$000's
Foreign currency translation	**1,250**	1,254
Share-based payments	**323**	835
	1,573	2,089

	June 2023	June 2022
The movements in the Share-based Payments' Reserve during the year are as follows:	$000's	$000's
Balance at the beginning of the year	**835**	382
Shares issued on vesting of performance rights	**(1,103)**	(344)
Share-based payments during the year	**591**	797
Balance at the end of the year	**323**	835

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 Cash flow information

	Consolidated	
	June 2023	June 2022
(a) Reconciliation of cash flow from operations	**$000's**	**$000's**
Loss for the year	**(6,565)**	(8,634)
Depreciation and amortisation of borrowing costs	**235**	71
Exploration and evaluation assets written-off	**-**	384
Share-based payments	**591**	797
Discount unwinding on rehabilitation provision and fair value liabilities	**1,507**	385
Net exchange differences	**(4)**	3
Movement in financial liability at fair value	**423**	3,637
Changes in assets and liabilities		
Decrease/(increase) in trade and other receivables	**77**	(43)
Decrease in prepayments and deposits paid	**30**	19
Decrease in trade payables and accruals	**(163)**	(28)
Increase in provisions	**65**	50
	(3,804)	(3,359)

(b) Non-cash financing and investing activities

Non-cash investing and financing activities disclosed in other notes are:

- Upfront consideration receivable from Santos – Note 9
- Deferred consideration receivable from Santos – Note 9
- Deferred consideration payable to APLNG – Note 16
- New lease arrangement – Note 13
- Performance rights vested – Note 21

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	
	June 2023	June 2022
	$000's	$000's
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Share-based payments' expense included in employee benefits' expense	**591**	797

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.

Note 21 Share-based payments (continued)

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 by the Board for each tranche and are likely to be matters such as continuation of employment, successful compliance and operational results (including safety results and no environmental impacts), increase in shareholder value on an absolute and relative performance basis linked to the share price of the Company and its relative peers, and in some cases on reserve targets.

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 2023 and 2022 years:

	2023		2022	
	Average Exercise Price per right	**Number of rights**	Average Exercise Price per Right	Number of Rights
As at 1 July	**$0.00**	**16,395,000**	$0.00	9,360,000
Granted during the year	**$0.00**	**7,600,000**	$0.00	12,135,000
Vested during the year	**$0.00**	**(13,195,782)**	$0.00	(4,350,000)
Expired during the year	**$0.00**	**(1,780,468)**	$0.00	(750,000)
As at 30 June	**$0.00**	**9,018,750**	$0.00	16,395,000

The average weighted share price of vested rights during the 2023 year was $0.135 (2022: $0.082).

All rights outstanding at 30 June 2023 are unvested and not ready to be exercised.

The expected price volatility is based on the historic volatility (based on the remaining life of the rights), adjusted for any expected changes to future volatility due to publicly available information.

The amount assessed as fair value at the grant date is allocated equally over the period from grant date to vesting date.

Note 21 Share-based payments (continued)

2023				
Performance Rights	**Grant Date**	**Vesting Conditions**	**Fair Value Inputs**	**Fair value per right**
Market-based tranches	25 November 2022	Calculated by reference to Comet Ridge share price performance and relative to peer group performance for the period August 2022 to August 2023	Exercise price per share: Nil Expiry date: 31 Dec 2025 Share price at grant date: $0.18 Expected price volatility: 75% Expected dividend yield: Nil Risk-free interest rate: 3.27% Relative peer volatility: various (Comet Ridge 51.34% relative to peers)	Relative: $0.124 Absolute: $0.088
	22 December 2022	Calculated by reference to Comet Ridge share price performance and relative to peer group performance for the period September 2022 to August 2023	Exercise price per share: Nil Expiry date: 31 Dec 2025 Share price at grant date: $0.165 Expected price volatility: 75% Expected dividend yield: Nil Risk-free interest rate: 3.29% Relative peer volatility: various (Comet Ridge 50.18% relative to peers)	Relative: $0.11 Absolute: $0.077
Non-market based tranches	25 November 2022	Achieving certain performance measures relating to safety performance, nil environmental incidents, compliance matters and gas sales arrangements.	Based on share price at date of grant of $0.18 with nil expected dividends. Fair value adjusted by a probability factor that vesting conditions will be met based on historical evidence and management judgement at the date of grant. Nil exercise price paid upon vesting. The maximum term of the rights is 3.1 years.	$0.18
	22 December 2022	As above	As above, except for share price at grant of $0.165 and maximum term of the rights being 3.0 years.	$0.165

2022				
Performance Rights	**Grant Date**	**Vesting Conditions**	**Fair Value Inputs**	**Fair value per right**
Market-based tranches	16 November 2021	Calculated by reference to Comet Ridge share price performance and relative to peer group performance for the period August 2021 to August 2022	Exercise price per share: Nil Expiry date: 31 Dec 2023 Share price at grant date: $0.125 Expected price volatility: 60% Expected dividend yield: Nil Risk-free interest rate: 0.47%	Relative: $0.11 Absolute: $0.06
	16 December 2021	As above	Exercise price per share: Nil Expiry date: 31 Dec 2023 Share price at grant date: $0.10 Expected price volatility: 60% Expected dividend yield: Nil Risk-free interest rate: 0.70%	Relative: $0.09 Absolute: $0.05
Non-market based tranches	16 November 2021	Achieving certain performance measures relating to safety performance, nil environmental incidents, completion of Mahalo JV Project acquisition and funding arrangements	Based on share price at date of grant of $0.125 with nil expected dividends. Fair value adjusted by a probability factor that vesting conditions will be met based on historical evidence and management judgement at the date of grant. Nil exercise price paid upon vesting. The maximum term of the rights is 2.1 years.	$0.125
	16 December 2021	Achieving certain performance measures relating to safety performance, nil environmental incidents, completion of Mahalo JV Project acquisition and funding arrangements, pilot gas production, gas reserves, cost management, gas sales arrangements and permit renewals	As above, except for share price at grant of $0.10 and maximum term of the rights being 2.0 years.	$0.10

Note 22 Contingent liabilities

There are no contingent liabilities of the Group as at 30 June 2023 (2022: $nil).

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 2023	**June 2022**
Payable – minimum lease payments	**$000's**	**$000's**
● not later than 12 months	**5**	2
● between 12 months and 5 years	**14**	-
	19	2

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 2023	**June 2022**
Minimum expenditure requirements	**$000's**	**$000's**
● not later than 12 months	**4,913**	3,327
● between 12 months and 5 years	**18,136**	16,413
	23,049	19,740

Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling $548,700 (2022: $579,000) as follows:

- $398,700 (2022: $379,000) to the State of Queensland - Group's exploration permits and environmental guarantees; and
- $150,000 (2022: $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.

Note 24 Risk management (continued)

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

	Consolidated	
	June 2023	June 2022
Financial Assets	**$000's**	**$000's**
Cash and cash equivalents	**11,651**	7,423
Trade and other receivables	**59**	140
Restricted cash	**549**	579
Financial asset at fair value – Santos deferred consideration receivable	**2,292**	-
	14,551	8,142
Financial Liabilities		
Trade and other payables	**1,115**	2,568
Lease liabilities	**187**	116
Borrowings	**7,018**	19,320
Financial liability at fair value – PURE Warrant shares	**4,900**	5,538
Financial liability at fair value – APLNG deferred consideration payable	**4,591**	6,078
Financial liability at fair value – CleanCo	**25,656**	24,594
	43,467	58,214

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. Borrowings are fixed rate borrowings and not exposed to fluctuations in interest rates.

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
2023 – Consolidated	**$000's**	**$000's**	**$000's**	**$000's**
Cash and cash equivalents and restricted cash	**122**	**(122)**	**122**	**(122)**
2022 – Consolidated				
Cash and cash equivalents and restricted cash	80	(80)	80	(80)

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 $20 million escalated by CPI until the date of payment will be required and has been disclosed in the below table.

Note 24 Risk management (continued)

The following are the contractual maturity for non-derivative financial assets and liabilities.

Consolidated - 30 June 2023	<1 year $000's	Between 1 to 3 years $000's	Between 3 to 5 years $000's	Total Contractual Cash Flows $000's	Carrying Amount $000's
Financial Assets					
Cash and cash equivalents	11,651	-	-	11,651	11,651
Deferred consideration receivable - Santos	857	1,715	-	2,572	2,292
	12,508	1,715	-	14,223	13,943
Financial Liabilities					
Trade and other payables	(1,115)	-		(1,115)	(1,115)
Lease liabilities	(127)	(76)	-	(203)	(187)
Borrowings	(1,200)	(11,500)	-	(12,700)	(7,018)
Deferred consideration payable – APLNG	(2,000)	(4,000)	-	(6,000)	(4,591)
Financial liability at fair value – CleanCo	(25,656)	-	-	(25,656)	(25,656)
	(30,098)	(15,576)	-	(45,674)	(38,567)
Consolidated - 30 June 2022					
Financial Assets					
Cash and cash equivalents	7,423	-	-	7,423	7,423
	7,423	-	-	7,423	7,423
Financial Liabilities					
Trade and other payables	(2,568)	-	-	(2,568)	(2,568)
Lease liabilities	(116)	-	-	(116)	(116)
Borrowings	(14,356)	(2,403)	(10,302)	(27,061)	(19,320)
Deferred consideration payable – APLNG	(2,000)	(4,000)	(2,000)	(8,000)	(6,078)
Financial liability at fair value – CleanCo	(24,594)	-	-	(24,594)	(24,594)
	(43,634)	(6,403)	(12,302)	(62,339)	(52,676)

Foreign exchange risk

As a result of activities overseas, the Group's Consolidated 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:

	2023 NZD $000's	2022 NZD $000's
Financial Assets		
Cash and cash equivalents	6	4
Trade and other receivables	-	-
Financial Liabilities		
Trade and other payables	(11)	(11)

Based on financial instruments held at 30 June 2023 and 30 June 2022, 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.

Note 24 Risk management (continued)

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 2023 $nil, (2022: $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 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 Consolidated 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:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) 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
c) 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 2023.

	Consolidated	
Financial Assets - Level 3 (Note 9)	**June 2023**	**June 2022**
Santos deferred consideration receivable	**2,292**	-
	2,292	-
Balance at the beginning of the year	-	-
Initial recognition of financial asset at fair value	**2,972**	-
Unwinding of discount	**177**	-
Deferred consideration payment received	**(857)**	
Balance at the end of the year	**2,292**	-

Note 24 Risk management (continued)

Financial Liabilities - Level 3 (Note 16)	June 2023 $000's	June 2022 $000's
CleanCo financial liability	**25,656**	24,594
APLNG deferred consideration payable	**4,591**	6,078
PURE warrant shares	**4,900**	5,538
	35,147	36,210

Balance at the beginning of the year	**36,210**	22,662
Initial recognition of financial liabilities at fair value	**-**	9,911
Unwinding of discount	**844**	-
Adjustment to discount rate applied on initial recognition	**(330)**	-
Movement in financial liabilities at fair value	**423**	3,637
Deferred consideration payment made	**(2,000)**	-
Balance at the end of the year	**35,147**	36,210

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 % 2023	Equity Holding % 2022
Chartwell Energy Pty Ltd	Australia	Ordinary	**100**	100
Comet Ridge Limited	Australia	Ordinary	**100**	100
Comet Ridge NZ Pty Ltd	Australia	Ordinary	**100**	100
Davidson Prospecting Pty Ltd	Australia	Ordinary	**100**	100
Comet Ridge Mahalo Pty Ltd	Australia	Ordinary	**100**	100
Comet Ridge Gunnedah Pty Ltd	Australia	Ordinary	**100**	100
Comet Ridge Galilee Pty Ltd	Australia	Ordinary	**100**	100
Comet Ridge Mahalo North Pty Ltd	Australia	Ordinary	**100**	100
Comet Ridge Mahalo East Pty Ltd	Australia	Ordinary	**100**	100
Comet Ridge Mahalo Far East Pty Ltd	Australia	Ordinary	**100**	100

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

Note 25 Group structure (continued)

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 entity.

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:

	2023	2022
ATP 1191 Mahalo	**57.14%**[1]	70.00%
ATP 743 Galilee	**70.00%**	70.00%
ATP 744 Galilee	**70.00%**	70.00%
ATP 1015 Galilee	**70.00%**	70.00%
PEL 427 Gunnedah	**59.09%**	59.09%

[1] decreased from 70% to 57.14% in September 2022 on Santos exercising its option to acquire 12.86% interest in the Mahalo Joint Venture Project

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 (2022: $44.25 million) less provisions for impairment $44.08 million (2022: $44.08 million).

Note 26 Related party transactions (continued)

The parent entity has also loaned funds to its subsidiaries of net $52.25 million (2022: $37.85 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by $20.35 million (2022: $18.42 million). The impairment of the investments and loans has been based on the underlying net assets of the subsidiaries.

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	
	June 2023	**June 2022**
	$	**$**
Short-term employee benefits	**911,652**	875,239
Post-employment benefits	**74,388**	70,326
Long-term employment benefits	**16,059**	8,552
Share-based payments	**105,629**	91,843
	1,107,728	1,045,961

Note 28 Parent entity disclosures

	June 2023	**June 2022**
	$000's	**$000's**
Current assets	**12,391**	8,261
Non-current assets	**79,325**	64,402
Total assets	**91,716**	72,663
Current liabilities	**19,307**	24,172
Non-current liabilities	**8,096**	946
Total liabilities	**27,403**	25,118
Net assets	**64,313**	47,545
Contributed equity	**184,151**	160,302
Share-based payments' reserve	**4,086**	4,597
Accumulated losses	**(123,924)**	(117,354)
Total equity	**64,313**	47,545
Loss for the period	**6,570**	8,630
Other comprehensive income	**-**	-
Total comprehensive loss	**6,570**	8,630

Bank guarantees

Bank guarantees are disclosed in Note 23.

Contingent liabilities

Contingent liabilities are disclosed in Note 22.

Note 28 Parent entity disclosures (continued)

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 $20 million 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) Lapse of performance rights

Comet Ridge announced on 5 July 2023 that 1,000,000 performance rights lapsed due to vesting conditions not being satisfied prior to the 30 June 2023 expiry date.

(b) Appointment of new Auditor

On 18 July 2023, Comet Ridge announced Pitcher Partners has been appointed as Auditor to Comet Ridge, following the resignation of PriceWaterhouseCoopers.

(c) Gas Sales Agreement with CleanCo

On 25 August 2023, Comet Ridge announced that the GSA with CleanCo is moving through each parties' approval process and the negotiation period under the Deed of Option was extended to 30 September 2023.

Furthermore, on 19 September 2023, Comet Ridge announced that the GSA had been executed by the parties. The GSA contains conditions to be satisfied, the first of which is CleanCo Shareholding Ministers approval within 90 days of the execution date.

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 2023 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, 21 September 2023

PITCHER PARTNERS

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Independent Auditor's Report
To the Members of Comet Ridge Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Comet Ridge Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of 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 2023 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 and 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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 $25.7 million 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, selldown 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.

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 of the current period. These 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.

Key Audit Matters	How our audit addressed the key audit matters
Carrying value of Exploration and Evaluation assets *Refer to note 11, $96.3 million*	
Exploration and Evaluation (E&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. No E&E assets were relinquished or written off during the year. We considered the carrying value of the E&E assets to be a key audit matter given the significance of the E&E asset balance to the financial statements and judgements regarding future exploration plans in determining whether the assets should continue to be capitalised.	The following procedures, amongst others, were performed in relation to the carrying value of the E&E assets: • Understood and evaluated the design and implementation of controls over the E&E assets. • Considered the Group's accounting position paper on the ability to continue to capitalise E&E assets for each area of interest. • Agreed the licence expiry date of the respective tenements to the official tenement documentation provided by the State Government Department, to confirm currency of tenure and the Group's right to explore. • Assessed the Group's financial year 2024 budget to determine if exploration expenditure had been included for the respective tenements to demonstrate continue exploration activity. • Discussed likely developments and future plans for the respective tenements with Management. • Evaluated the reasonableness of disclosures included in the financial report against the requirements of Australian Accounting Standards.

Key Audit Matters	How our audit addressed the key audit matters
Valuation of CleanCo financial liability *Refer to note 16, $25.7 million*	
The CleanCo arrangement originated in 2014 and reflects the Group's obligation to settle the acquisition of a 5% interest in the Mahalo Gas Project. On 21 June 2023, the Group and CleanCo agreed to extend the Gas Sale Agreement (GSA) negotiation period to 31 August 2023 under the terms of the arrangement. On 23 August 2023, the parties agreed to further extend the negotiation period to 30 September 2023. In estimating the fair value of the financial liability under the arrangement, the Group have made judgements including the: • Timing of any cash payments under the arrangement • Discount rate to be applied • Forecast inflation rates 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 report, we consider the accounting for the CleanCo arrangement to be a key audit matter.	The following procedures, amongst others, were performed in relation to the valuation and presentation of the CleanCo financial liability: • Understood and evaluated the design and implementation of controls over the CleanCo financial liability. • Read the relevant terms of the CleanCo agreements, to develop an understanding of the arrangement. • Agreed the extension of the GSA negotiating period to the Notification Notice agreed between CleanCo and the Group. • Considered the reasonableness of the timing of any potential cash outflow with reference to the conditions in the agreements. • Considered the reasonableness of the forecast inflation rates over the remaining timeframe of the arrangement. • Tested the mathematical accuracy of the calculations of the financial liability through recalculation. • Evaluated the reasonableness of disclosures included in the financial report against the requirements of Australian Accounting Standards.
PURE Asset Management Financing Facility, including the valuation of warrants issued *Refer to note 14 and 16*	
The Group executed a binding agreement with PURE Asset Management Pty Ltd ("PURE") on 9 September 2021, to provide a term loan facility of up to $10 million. The agreements contain attached warrants, with the Group granting PURE 65,909,091 warrant shares, entitling PURE to 1 ordinary share in the Group for each warrant, should PURE exercise the warrants and pay the exercise price. We considered the accounting for the PURE loan and warrants to be a key audit matter given the judgement involved in: • determining whether the warrants are accounted for as a separate financial liability or equity instrument to the loan; and • determining the fair value of the warrants and the loan.	The following procedures, amongst others, were performed in relation to the PURE Financing Facility and the valuation of the PURE Warrants: • Understood and evaluated the design and implementation of controls over the PURE loan and PURE warrants. • Read the relevant terms of the PURE Financing Facility and warrant agreements to develop an understanding. • Assessed whether the PURE warrants should be accounted for as a financial liability or equity instrument and recognised separately to the loan in accordance with Australian Accounting Standards. • Agreed the number of warrants, exercise price and relevant terms of the warrants issued to the PURE warrant agreements. • Agreed the face value of the loan and relevant terms of the loan to the PURE Financing Facility Agreement. • Assessed the fair value of the warrants utilising a binomial option pricing valuation methodology. • Evaluated the reasonableness of disclosures included in the financial report against the requirements of Australian Accounting Standards.

Key Audit Matters	How our audit addressed the key audit matters
Sale of 12.8% interest in the Mahalo JV Project to Santos, including the settlement of the loan payable to Santos *Refer to note 9, 11 and 14*	
The Group acquired Australia Pacific LNG Pty Ltd's ("APLNG") 30% interest in the Mahalo JV Project ("MJP") on 28 June 2022 for a total consideration of $20 million. As part of the arrangement, the Group arranged a $13.15 million loan from Santos (the other JV participant) in order to fund the acquisition. The funds were provided with an option for Santos to increase its interest in the MJP to 42.86% for a total consideration of $8.573 million (with $3.429 million being deferred). On 26 September 2022, Santos exercised its option to acquire the 12.86% interest, which resulted in a proportionate reduction in the loan payable to Santos and Comet Ridge's share in the Mahalo JV to 57.14%. The transaction also resulted in the recognition of a deferred consideration receivable from Santos. $8.01 million of cash was transferred to Santos on 28 September 2022 to settle the loan payable with the remaining $5.14 million settled through a Notice of Offset. We considered the sale of the interest in the MJP to Santos and the settlement of the loan payable to Santos to be a key audit matter given the significance of the transaction to the financial report and judgement in determining the: • appropriate accounting treatment for the Santos options and loan; • impact on the assessment of joint control of the MJP; and • initial fair value of the deferred consideration.	The following procedures, amongst others, were performed in relation to the sale of 12.8% interest in the MJP to Santos, including the settlement of the loan payable: • Understood and evaluated the design and implementation of controls over sale of the interest to Santos and the settlement of the loan payable. • Read the relevant terms of the relevant farm-in agreements Santos loan and option agreements to develop and understanding of the agreements. • Assessed whether the arrangements impacted on the joint control of MJP and the Group's accounting for its interest in the MJP in accordance with Australian Accounting Standards. • Agreed the sale price and deferred consideration receivable to the relevant farm-in agreement. • Assessed whether the Group accounted for the Santos loan and options in accordance with Australian Accounting Standards and agreed the relevant terms of the Santos loan and options to the Santos Loan and Option Agreements. • Agreed the repayment of the loan payable to the Notice of Offset and the Group's bank statements. • Assessed whether the discount rate applied to determine the initial fair value of the deferred consideration was reflective of a market rate. • Tested the mathematical accuracy of the calculations for the present value of the deferred consideration. • Evaluated the reasonableness of the relevant disclosures included in the financial report against the requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, 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, 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 has 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 28 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Comet Ridge Limited, for the year ended 30 June 2023, 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.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
21 September 2023

Additional Information

The additional information set out below was applicable at 1 September 2023:

1. Number of Equity Holders

Ordinary Share Capital

1,010,373,085 fully paid ordinary shares are held by 3,222 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	195	10,924	0.001%
1,001 - 5,000	409	1,404,637	0.139%
5,001 - 10,000	417	3,317,368	0.328%
10,001 - 100,000	1,334	54,704,315	5.414%
100,001 - maximum	867	950,935,841	94.117%
	3,222	**1,010,373,085**	**100.000%**

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

The numbers of shareholders holding less than a marketable parcel (being 2,942 units or less) were:

322 Holders (304,090 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	5.10%
Copia Investment Partners Ltd	52,434,396	5.19%

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 9,018,750 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 10.

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.

The Company has 26,515,152 warrant shares on issue, exercisable at $0.132 per share. These have been issued to PURE Asset Management Pty Ltd in connection with the utilisation of the Tranche 2 loan of $3.5 million. The Tranche 2 warrant shares have a term of 48 months from the utilisation date of the Tranche 1 loan drawn down on 17 September 2021.

6. The 20 Largest Holders of Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	Percentage of Issued Capital %
1.	CITICORP NOMINEES PTY LIMITED	92,569,589	9.16%
2.	NATIONAL NOMINEES LIMITED	62,158,947	6.15%
3.	BNP PARIBAS NOMS PTY LTD <DRP>	34,458,182	3.41%
4.	BRAZIL FARMING PTY LTD	24,000,000	2.38%
5.	MCKAY SUPER PTY LTD	20,253,129	2.00%
6.	BRIXIA INVESTMENTS LTD	19,355,501	1.92%
7.	JETAN PTY LTD	18,197,226	1.80%
8.	SIXTH ERRA PTY LTD	18,039,150	1.79%
9.	GILBY RESOURCES PTY LTD	16,700,000	1.65%
10.	MR JOHN NAUGHTON	16,100,000	1.59%
11.	WATERFORD ATLANTIC PTY LTD	14,523,146	1.44%
12.	POWER INDUSTRIES PTY LTD <THE POWER PROPERTY A/C>	13,463,297	1.33%
13.	MICHAEL JOYCE PTY LTD	13,000,000	1.29%
14.	KABILA INVESTMENTS PTY LTD	11,949,587	1.18%
15.	MR CHRISTOPHER JOHN BLAMEY + MRS ANNE MARGARET BLAMEY <ACB SUPER FUND A/C>	10,100,000	1.00%
16.	MRS KIRSTY ELLEN MCKAY	9,950,001	0.98%
17.	NAUGHTON SUPER PTY LTD <NAUGHTON SUPER A/C>	8,700,000	0.86%
18.	EQUITY TRUSEES LIMITED<LOWELL RESOURCES FUND A/C>	8,416,144	0.83%
19.	JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,013,988	0.79%
20.	ROOKHARP CAPITAL PTY LIMITED	7,500,000	0.74%
TOTAL		**427,447,887**	**42.31%**

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 Lease (PL), Petroleum Commercial Area (PCA), Petroleum Exploration Lease (PEL), Petroleum Mining Permit (PMP) Interests

ATP / PL / PCA / PEL / PMP	Location	Interest[1]	Operator
PL 1082 Mahalo [2]	Bowen Basin	57.14%	Santos QNT Pty Ltd
PL 1083 Mahalo [2]	Bowen Basin	57.14%	Santos QNT Pty Ltd
PCA 302 Mahalo [2]	Bowen Basin	57.14%	Santos QNT Pty Ltd
PCA 303 Mahalo [2]	Bowen Basin	57.14%	Santos QNT Pty Ltd
PCA 304 Mahalo [2]	Bowen Basin	57.14%	Santos QNT Pty Ltd
ATP 2048	Bowen Basin	100%	Comet Ridge Mahalo North Pty Ltd
ATP 2061	Bowen Basin	100%	Comet Ridge Mahalo East Pty Ltd
ATP 2063	Bowen Basin	100%	Comet Ridge Mahalo Far East Pty Ltd
ATP 743 [3]	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
ATP 744 [3]	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
ATP 1015 [3]	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
PEL 427 [4]	Gunnedah Basin	100% Conventional 59.09% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
PMP 50100 [5]	South Island, New Zealand	100% CSG	Comet Ridge NZ Pty Ltd

[1] The interest is held either by Comet Ridge Limited or one of its wholly owned subsidiaries.

[2] Formally part of the ATP 1191 Mahalo Permit has been converted to Petroleum Leases (PLs) 1082 and 1083 with the remaining area covered by Petroleum Commercial Area (PCA) applications 302, 303 and 304.

[3] 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. The Queensland Government has granted since 30 June 2022 6 PCAs numbered 319 to 324 totalling approximately 4700km^2 for 15 years as well as renewing the underlying ATPs for a further 12 years.

[4] PEL 427 located in the Gunnedah Basin is divided into Conventional oil and gas equity and CSG Joint Ventures. PEL 427 was renewed in May 2022. The approved area was reduced to 12 blocks over an area of 900km^{2}.

[5] 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

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Home Exchange: Brisbane

ASX Code: **COI**

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SHAREHOLDERS

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A compelling east coast gas play