



ASX Announcement

19 December 2022

Mahalo East – Certification of 122 PJ of 3C Contingent Resources

Key points:

- Independent certification of 122 Petajoules (PJ) of 3C Contingent Resources.
- Confirms further potential for expansion of Mahalo Gas Hub development into Mahalo East.
- Continuing to deliver on strategy of building a material Natural Gas Reserves/Resources portfolio in the Mahalo Gas Hub area.
- Federal Government gas market intervention causing uncertainty across the industry.

Comet Ridge Limited (ASX:COI) is pleased to announce an independent Contingent Resource certification for its 100% held Mahalo East Project (ATP 2061). This material volume of Contingent Gas Resources (2C = 31 PJ & 3C = 122 PJ) will underpin further appraisal investment in Mahalo East during 2023 to convert these Contingent Resources to Gas Reserves.

Should further appraisal of these 3C Contingent Resources lead to their conversion to Reserves, Comet Ridge would have a net interest in nearly **500 PJ (or approximately half a trillion cubic feet) of 3P Gas Reserves** across its Mahalo Gas Hub permits. This gas is close to major markets and infrastructure and would be scheduled for development on a phased basis at a time when already marginal future supply options are likely to be delayed or cancelled due to the recent Federal Government intervention in operation of the east coast gas market.

Comet Ridge Managing Director, Tor McCaul, said: “With the addition of this material new volume of Contingent Resource at Mahalo East, our total Reserves and Resources in the high quality, shallow fairway in the Mahalo Gas Hub are even more likely to become an important supply option for domestic and LNG gas customers in the near-term. We plan to continue to progress the development of these Queensland gas projects and engage with customers for future supply contracts, particularly working with those who understand the supply threats caused by short-sighted market intervention measures.”

Sproule Incorporated (Sproule), a global energy consulting and advisory firm which acquired MHA Petroleum Consultants LLC in 2019, has provided an independent certification of Contingent Gas Resources for the Mahalo East Project (ATP 2061) at 30 November 2022 as set out in Table 1. Refer to Appendix 1 for additional information on this independent Contingent Resources certification as required under Chapter 5 ASX Listing Rules.

A compelling east coast gas play

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Comet Ridge Limited	Independently Certified Contingent Gas Resources (PJ)		
30 November 2022	1C	2C	3C
Mahalo East (ATP 2061) – 100% equity interest	8.4	30.9	122.3

Table 1 – Mahalo East Project (ATP 2061) Contingent Gas Resources

Notes to Table 1:

- 1C = low estimate of Contingent Resources; 2C = best estimate of Contingent Resources; 3C = high estimate of Contingent Resources.
- ATP 2061 is held by Comet Ridge Limited through a wholly owned subsidiary.
- There are no estimated Petroleum Reserves or Prospective Resources recorded (Listing Rule 5.25.4).
- Refer to Competent Person’s Statement in Appendix 2 of this Announcement.
- Gas Resources stated in the table above assume no fuel or shrinkage losses as production activities such as wellsite pumping, compression and water treatment are planned to be powered using electricity from the local grid and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).
- Conversion factor = 1.06 PJ per billion cubic feet of gas.

Figure 1 below shows the location of Mahalo East (ATP 2061) directly to the north of the certified Gas Reserves contained in PL 1082 within the Mahalo Gas Project.

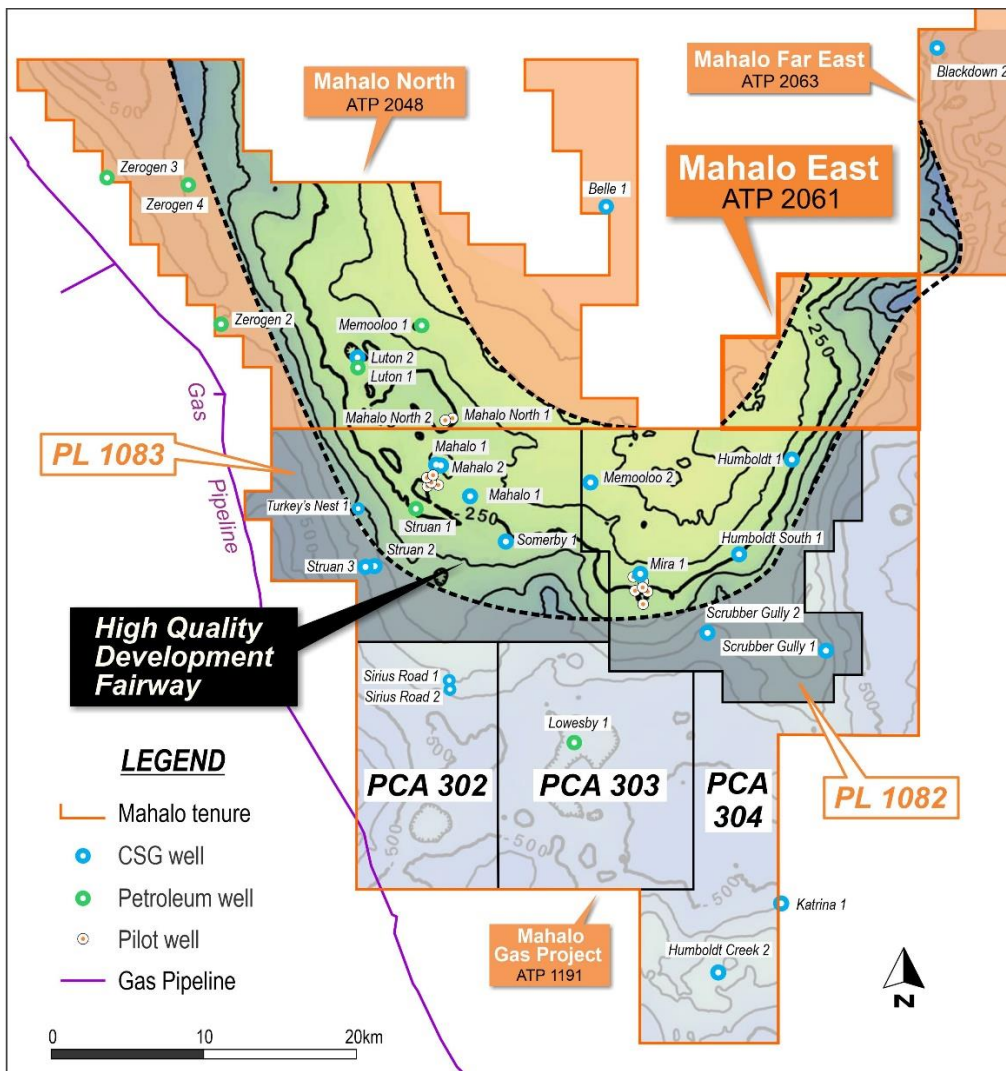


Figure 1 – Mahalo East Project (ATP 2061) on the high-quality fairway



Mahalo East Contingent Resources

This independent Contingent Resources certification for Mahalo East builds on the recent Mahalo North initial Gas Reserves booking (refer ASX announcement 2 November 2022) and updated Gas Reserves and Contingent Resources for the Mahalo Gas Project (refer ASX announcement dated 20 October 2019).

The Mahalo East Contingent Resources are currently classified as *Economic and Development Pending*. Despite the proximity to the Mahalo Gas Project and the Mahalo and Mira pilot production schemes in nearby PLs 1082 and 1083, a pilot production test is required prior to a final development decision and conversion of this Contingent Resource to Gas Reserve.

This Contingent Resource assessment has been independently certified by Mr Tim Hower, from the Denver office of Sproule in accordance with the Society of Petroleum Engineers' Petroleum Resource Management System (SPE-PRMS) guidelines. Mr Hower has significant experience with the Mahalo area having undertaken all of Comet Ridge's prior Reserves certifications for the Mahalo Gas Project and Mahalo North on behalf of Sproule and predecessor firm, MHA Petroleum Consultants LLC. Under the Listing Rules, Mr Hower is considered to be a competent person to perform this Contingent Gas Resource assessment.

Recent Federal Government Gas Market Actions

Comet Ridge notes the recent announcements by the Federal Government relating to (among other things) establishing a mandatory code of conduct to force gas to be sold at a "reasonable price" determined by the Government rather than the market. The table below outlines Comet Ridge's initial responses to these measures. At a broad level, the Company considers that the intervention put in place by the Federal Government is ideologically based, ignores best practice in the efficient operation of markets and, as a result, is causing significant apprehension across the industry and its investor base. This in turn is likely to have the opposite effect of what is intended due to the investment uncertainty, leading to gas rationing and shortages. More supply is the best practical solution to ensuring energy end electricity markets are balanced.

Federal Government proposed measures	Comet Ridge initial response
a) Price cap of \$12 per Gigajoule for gas contracts entered into during the 12-month period commencing 1 January 2023.	<ul style="list-style-type: none"> 2023 price cap does not apply to current undeveloped fields (hence not applicable to Comet Ridge).
b) Proposed mandatory code of conduct with potential for a commercial return to be factored into pricing of future gas supply contracts. Treasury has labelled this the "reasonable pricing provision".	<ul style="list-style-type: none"> Comet Ridge is well positioned as a near-term future gas supplier given its Mahalo Gas Hub projects are onshore, sales-spec, shallow, undeveloped gas resources within close proximity to gas markets and infrastructure. Likely impacts to Comet Ridge are limited at this stage as recently awarded tenures already contain a domestic supply provision, whilst the Mahalo Gas Project can be targeted at either export or domestic gas markets. Comet Ridge will seek to ensure the code of conduct adequately recognises the significant investment made in exploration and evaluation prior to commercialising projects.



	<ul style="list-style-type: none">• Additionally, the proposal to set rules regarding where, when and how much gas is supplied, and in relation to contract terms (if legislated) increases investment risk and will likely further restrict and slow industry investment, which may see cancellation of some gas developments, particularly larger, more complex projects.• Comet Ridge will continue to closely monitor unfolding events during and after the consultation period and update the market on the impacts of these as necessary.
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By Authority of the Board per: Tor McCaul, Managing Director

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APPENDIX 1 - ADDITIONAL INFORMATION REQUIRED UNDER CHAPTER 5 OF THE ASX LISTING RULES

Statement in compliance with ASX Listing Rule (LR) 5.25

Listing Rule (LR)	Reporting Requirements
LR 5.25.1	The Contingent Resources reported in this announcement for the Mahalo East Project within ATP 2061 have been assessed at 30 November 2022.
LR 5.25.2	The Contingent Resources have been reported and assessed in accordance with SPE-PRMS 2018 guidelines.
LR 5.25.3	Contingent Resources have been certified in the 1C, 2C and 3C categories. There have been no Reserves or Prospective Resources certified. There has been no adjustment for risk.
LR 5.25.4	The initial in-place Contingent Resources have been certified in the 1C, 2C and 3C categories. There have been no Petroleum Reserves or Prospective Resources certified. There has been no adjustment for risk.
LR 5.25.5	The reported estimate of Contingent Resources is based on Comet Ridge's 100% interest in ATP 2061. There are no contractual royalties of any kind that need to be accounted for that would result in a net interest less than 100%. In the event that the Contingent Resources are converted to Gas Reserves and these are subsequently developed, Comet Ridge will be required to pay petroleum royalties on the sales value of those Contingent Resources to the Queensland Government in accordance with the Petroleum and Gas (Royalty) Regulation 2021.
LR 5.25.6	The estimated Contingent Resources assessment has been undertaken utilising the deterministic estimation method.
LR 5.25.7	The reported Contingent Resources are stated in Petajoules and have not been reported in or converted from other units of equivalency (e.g. BOE).

Requirements applicable to reporting Petroleum Contingent Resources for material oil and gas projects in compliance with Listing Rule 5.33

LR 5.33 - Background:

Authority to Prospect (ATP) 2061, which Comet Ridge refers to as the Mahalo East Project, is located in the Bowen Basin approximately 52km north-east of the Queensland town of Rolleston. The Mahalo East Project is an area made up of 31 sub-blocks and is 100% held and operated by Comet Ridge Mahalo East Pty Ltd, a wholly owned subsidiary of Comet Ridge Limited.

LR 5.33.1 - Types of permits held in respect of the reported Contingent Gas Resources:

The permit is held by Comet Ridge Mahalo East Pty Ltd via Authority to Prospect (ATP) 2061, granted under the Petroleum and Gas (Production and Safety) Act 2004 (the Act) on 25 September 2020 for a term of six years.

The whole of the area of ATP 2061 is subject to an Australian market supply condition as defined under section 175A of the Act, the conditions of which are as follows: (a) gas produced from ATP 2061 must not be supplied other than to the Australian market; (b) upon grant of a petroleum lease over all or part of the area of ATP 2061, the gas produced



from the petroleum lease must not be supplied other than to the Australian market; (c) any contract or other arrangement for the supply of the gas must include a condition that the gas must not be further supplied other than to the Australian market; (d) for the purpose of conditions (a), (b) and (c) above, “Australian market” has the meaning given in section 175B of the Act; and (e) any petroleum lease granted over all or part of the area of ATP 2061 will be subject to the Australian market supply condition as defined under section 175A of the Act.

LR 5.33.2 – Basis for confirming the existence of Contingent Gas Resources:

There has been significant appraisal activity in the target Bandanna coals within the Mahalo Gas Project area (directly south of the Mahalo East Project) and in the Mahalo North Gas Project to the west in the past. In July 2012, the Mahalo JV parties (JV) commenced work on the four-well pilot, called the Mahalo pilot. In December 2012, the JV commenced drilling on the second (Mira) pilot. The Mahalo and Mira pilots were commissioned in the final quarter of FY2013. Both pilots were successful in demonstrating gas and water production, and more recently the pilots have been expanded with successful horizontal lateral wells. Between January and August 2022, a pilot was conducted in southern Mahalo North to confirm the viability of a development design well. This successfully confirmed a commercial gas flow rate, with the pilot recording 1.75 MMcfd (million standard cubic feet per day).

Based on these three successful pilot results, Sproule undertook a reserves certification report for the Mahalo Gas Project (September 2019 report). For the September 2019 report, Sproule, through its predecessor MHA Petroleum Consultants, was provided with extensive information, analyses and interpretations from Comet Ridge incorporating the data available across and adjacent to the Mahalo Gas Project. PLs 1082 and 1083 were subsequently granted by the Queensland Government over the Mahalo Gas Project portion of ATP1191 in 2020. Following the successful production test at Mahalo North in 2022, Sproule extended the Mahalo Gas Project geologic model to incorporate the additional data and interpretations from ATP 2048 and independently certified Reserves in the Mahalo North Gas Project (October 2022 report). These data included the following:

- Core data and analysis of gas content, adsorption isotherms and saturation of the coals from CSG and coal exploration wells;
- Coal permeability measurements and trends versus depth utilising test data from CSG and coal exploration wells;
- Grids across the entire area of coal depth, net coal thickness, coal storage capacity, coal gas content, coal moisture content and resource concentration for each targeted coal seam;
- Summary of well design and production from all existing pilot wells;
- Production type curves generated for sectors (regions) of similar geologic characteristics;
- Field development plans showing future well types and well locations;
- Separate commercial analyses and economic models for each project containing Reserves and Contingent Resources areas; and
- Internal Comet Ridge estimates of Reserves and Contingent Resources for each project.

Mahalo East, within ATP 2061, 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/Mahalo North Gas Projects as discussed above. It has similar geologic characteristics to the Mahalo Gas Project, with the discovery of gas and the geologic model confirmed by seismic data and coal exploration bore geophysical logs, core and gas desorption data.

LR 5.33.3 - Mahalo East project description:

Comet Ridge has assessed the tenure and identified economic Contingent Resources in Bandanna Formation coals of the Mahalo East Project which await pilot production testing prior to a development decision. The Contingent Resource estimate was prepared by adding the additional relevant CSG corehole, petroleum well, coalbore and seismic data to extend the Mahalo Gas Project geologic model northwards and to prepare sectors for production type curve



generation and economic assessment using the deterministic method. All basic geologic and economic assumptions used in this Contingent Resource assessment for Mahalo East are consistent with those used previously to assess the Mahalo Gas Project.

As was done previously in the Mahalo Gas Project, a sector model approach was used to delineate areas of similar reservoir characteristics which included an associated specific well design for each modelled sector. Production type curves were prepared for each sector and optimisation was undertaken to identify minimum developable resource concentration based on the geology-specific well design. Development wells will target up to four coal layers in all sectors with wellsets containing a dual lateral and two single laterals on a lease each intersecting a vertical pumping well in the heel of the lateral. Deeper sectors will have chevron laterals in all four layers.

Contingent Resource classes (i.e., 1C, 2C or 3C) were selected based upon the density and proximity of available well, core and test data.

LR 5.33.4 – Are the reported Contingent Gas Resources contingent on technology under development:

The reported Contingent Gas Resources are not contingent on technology under development, rather they are dependent on a gas content and coal permeability test prior to a final development decision and conversion to Gas Reserves classification.

LR 5.33.5 - Unconventional Petroleum Contingent Gas Resources:

The area covered by the Contingent Resources is approximately 77 km². The number of wells for which the Contingent Gas Resources are determined is up to 28 wells in the 3C case.

APPENDIX 2 - Competent Person Statement and ASX Listing Rules Chapter 5 - Reporting on Oil and Gas Activities

This estimate of Contingent Resources for the Mahalo East Project (within ATP 2061) is based on and fairly represents information and supporting documentation determined by and under the supervision of Mr Timothy L. Hower of Sproule in accordance with SPE-PRMS 2018 guidelines.

Mr Hower is a full-time employee of Sproule and is a qualified person 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 consented to the publication of the Contingent Resource estimates for Mahalo East in the form and context in which they appear in this announcement.

About Sproule

Sproule is a leading independent petroleum engineering and certification firm based in Calgary, Canada with offices in Denver, Colorado which has experience working in most of the significant petroleum provinces throughout the world. Sproule has completed Reserve and Resource assessments for a number of clients in Australia and internationally including Adelaide Energy, Arrow Energy, Bow Energy, ConocoPhillips, CS Energy, Eastern Star Gas, Metgasco, Molopo Energy Australia, Pure Energy, Santos, Senex, Sunbird Energy and Sunshine Gas.

About Comet Ridge

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