

31 October 2024

## September 2024 Quarterly Activities Report

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### Highlights

- **Mahalo Joint Venture** – Santos (Development Operator) and Comet Ridge finalised select phase development plans during the September quarter. During October the select recommendations proceeded through the Operator’s internal assurance review. The next step is JV investment committee approval (scheduled for November) to commence Front End Engineering Design (FEED) for the gas field, gathering system, gas compression and water handling facilities (Upstream FEED).
- **Mahalo Gas Hub pipeline** – Jemena submitted a FEED offer (Pipeline FEED) to the Mahalo Joint Venture participants to construct a new 10-inch pipeline that Jemena would build, own, and operate to connect the Mahalo Gas Hub with Jemena’s Queensland Gas Pipeline (for domestic gas transport) and the GLNG pipeline (for LNG gas transport). Approval of the Pipeline FEED proposal is planned to occur concurrently with Upstream FEED approval.
- **Mahalo East pilot**, funded primarily from a \$5 million Queensland Government grant, commenced during the quarter with positive results to date:
  - **Mahalo East 1 (vertical well)** – drilling successfully completed in October intersecting 7.2 metres of net coal across the target coal seams. Coal depth and seam thickness in line with Comet Ridge’s extensive geological model with better than modelled permeability, particularly in the lower two seams.
  - **Mahalo East 2 (lateral well)** – commenced drilling in late October, intercepting the Mahalo East 1 vertical well and now drilling ahead laterally through the target Aries coal seam.
- **Mahalo North environmental approvals and permitting progressed:**
  - **Environmental Authority (EA)** application awarded by the Queensland Government in August.
  - **EPBC referral** is ongoing through the Federal Government, with Comet Ridge activities during the quarter focused on responding to a detailed preliminary data request.
- **Data Room process** – due diligence and commercial discussions continued with multiple parties during the quarter including project equity options and development funding.
- **\$11.4 million of cash** at end of September 2024 (unaudited), which included \$1.2 million of additional expenditure compared to prior quarters that will not be incurred in the upcoming quarter.

A compelling east coast gas play

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

## a) Overview

Comet Ridge holds 100% equity in four project areas in the Mahalo Gas Hub area and a 57.14% interest in the Mahalo Joint Venture Gas Project (with Santos QNT Pty Ltd (Santos) holding 42.86% as Operator). These projects are close to existing pipeline infrastructure and the main natural gas demand and hub centres in Queensland - Gladstone to the east and Wallumbilla to the south (see *Figure 1*).

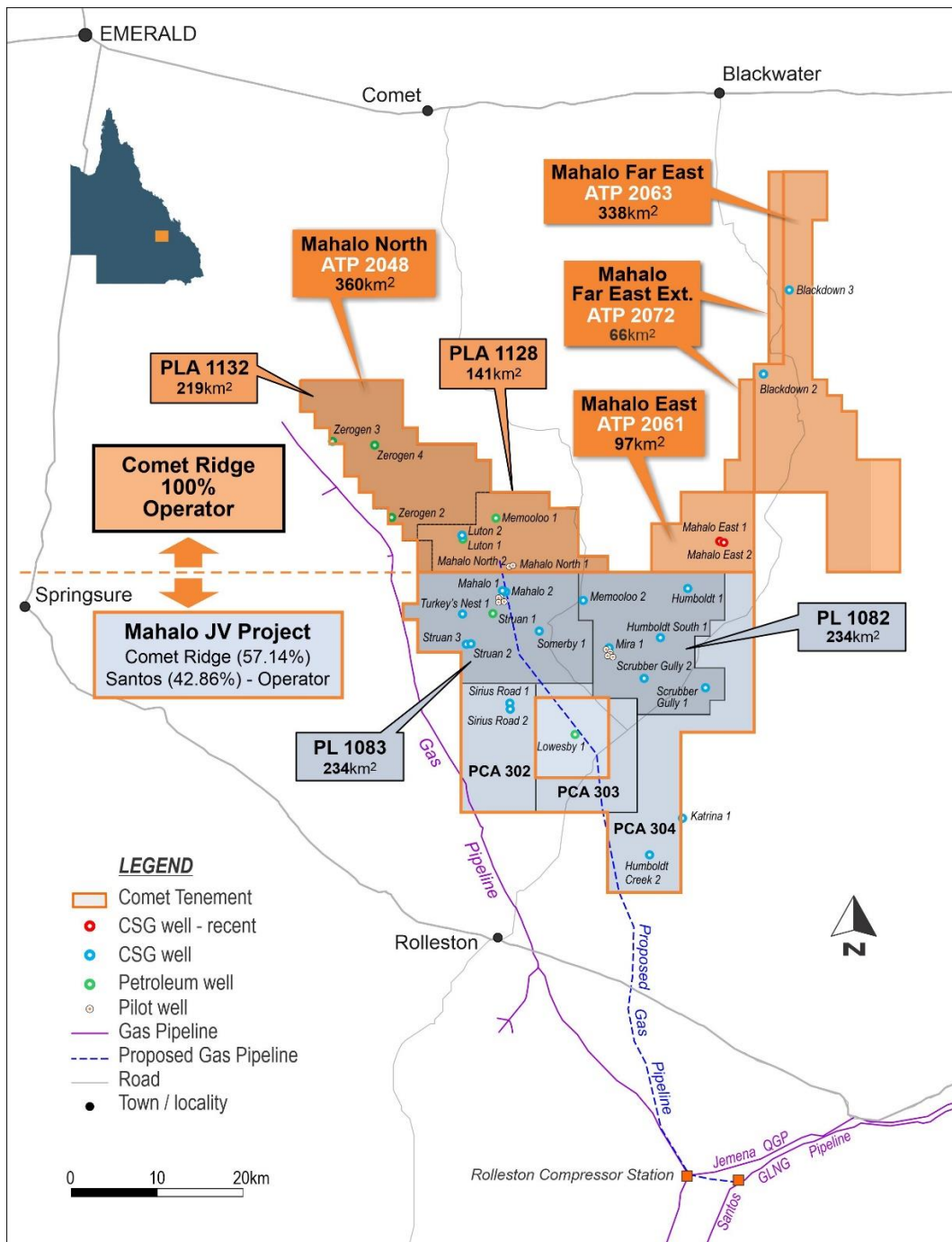
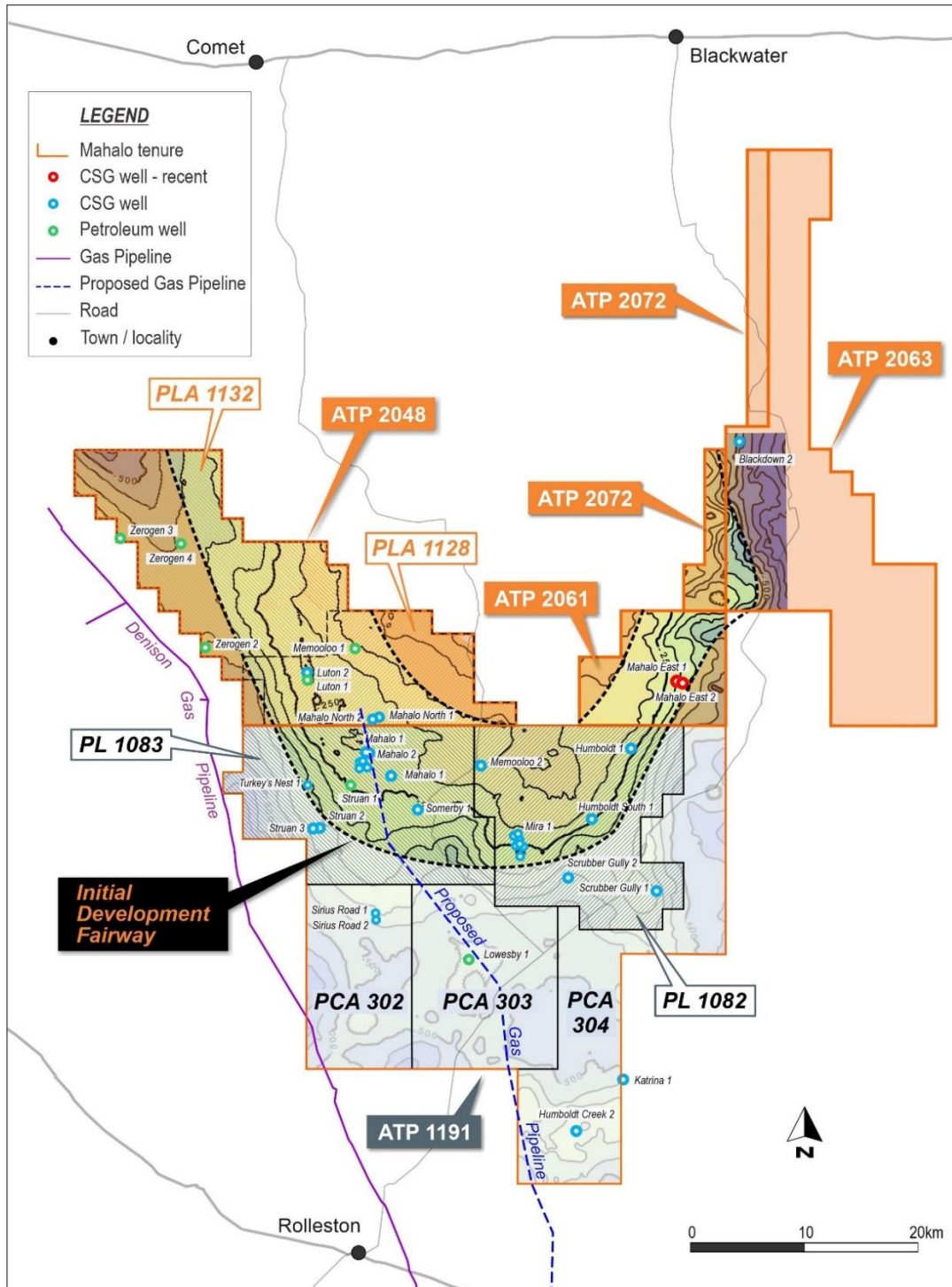


Figure 1: Mahalo Gas Hub Area (north of Rolleston) near pipeline infrastructure and gas markets



The Mahalo Gas Hub's high-quality, shallow fairway (see *Figure 2*) has been extensively appraised and, importantly, has demonstrated excellent productivity from three separate pilot production tests. The Mahalo North 1 pilot in ATP 2048 (Comet Ridge 100% equity) was production tested in 2022 and achieved a very impressive gas flow of 1.75 MMcfd (million cubic feet per day) from a single vertical pilot production well intersected by a dual lateral well. Comet Ridge has also commenced drilling a new lateral pilot at Mahalo East (see well locations within ATP 2061 shown in red below) designed to infill the Mahalo Gas Hub dataset with the first production test on the eastern flank confirming development confidence. The Mahalo East pilot is approximately 25 km from the Mahalo North pilot.



**Figure 2:** Mahalo Gas Hub high-quality shallow fairway, with the location of new Mahalo East pilot wells shown in red (within ATP 2061)



## b) Certified Gas Reserves and Contingent Resources

Comet Ridge's share of 2P Gas Reserves and 2C Contingent Gas Resources at the Mahalo Gas Hub is a very material 406 Petajoules (PJ) as shown in **Table 1** below.

Mahalo Gas Hub permits	COI Interest	Net Reserves (PJ)		Net Contingent Resources (PJ)		Totals (COI net share)	
		2P	3P	2C	3C	2P+2C	3P+3C
<b>Mahalo JV Gas Project</b> (PL 1082, 1083) (PCA 302, 303, 304)	57.14	152	262	180	294	332	556
<b>Mahalo North</b> (PLA 1128, PLA 1132, ATP 2048)	100	43	149	-	-	43	149
<b>Mahalo East</b> (ATP 2061)	100	Pilot testing to confirm		31	122	31	122
<b>Mahalo Far East</b> (ATP 2063)	100	-	-	Being evaluated		-	-
<b>Mahalo Far East Ext.</b> (ATP 2072)	100	-	-	Being evaluated		-	-
<b>Totals</b>		<b>195</b>	<b>411</b>	<b>211</b>	<b>416</b>	<b>406</b>	<b>827</b>

**Table 1:** Comet Ridge's share of net Gas Reserves\* and Contingent Gas Resources\* for Mahalo Gas Hub

\* Refer to Listing Rule 5.42 disclosure on page 8 of this report.

## 2. Project Development Activities

Comet Ridge is developing its Mahalo Gas Hub assets to provide material gas supply for Australia's east coast gas market. There is a lack of material, green-fields developable gas on the east coast to help support a market that is structurally short due to the decline of southern offshore fields, and government policy interventions at a state and federal level. The independently certified reserves and resources to date include Comet Ridge's 100% owned and operated Mahalo North and Mahalo East blocks, and the larger, Santos operated, Mahalo Joint Venture Gas Project (COI interest 57.14%). These projects will be further supplemented by planned development of gas resources from Comet Ridge's other 100% held permits at Mahalo Far East and the newly awarded Mahalo Far East Extension.

### a) Mahalo Joint Venture (Comet Ridge 57.14%) – PLs 1082 & 1083 / PCAs 302 to 304

*Tor McCaul, Managing Director: "The Mahalo Joint Venture Project has achieved key milestones in the past quarter, having progressed through select phase, followed by the Operator's internal assurance review recommending that Mahalo proceeds to FEED."*

The Mahalo Joint Venture Project has the necessary scale (with 266 PJ gross 2P Reserves and 458 PJ gross 3P Reserves) to support the development of new gas compression facilities and a circa 80 km pipeline connection.



The Mahalo JV Project has environmental and permit approvals in place for gas production and processing, with the final approval step being a new circa 80 km (10-inch diameter) pipeline connection to both Jemena's Queensland Gas Pipeline (for domestic gas supply) and to GLNG's pipeline to its Gladstone LNG facility (see **Figure 1**). The pipeline connection will be delivered through the grant of a Queensland Government pipeline licence and access agreements with landholders, which are being progressed.

During the September quarter, the Mahalo Joint Venture participants, Santos (Operator) and Comet Ridge, undertook all of the necessary planning and cost analysis for the upstream components of the select phase of work to be completed. The scope of the select phase includes drilling and completion, gas and water gathering systems, gas compression facilities and water handling facilities. Santos, as Operator, has compiled detailed engineering and cost reports for each of these disciplines and recently concluded an internal assurance review independent of the project team. Mahalo JV Project has been recommended to move into the detailed Upstream FEED stage. This is now only subject to internal investment approval of the FEED budget by both Santos and Comet Ridge, scheduled for November.

Once approved, it is expected that Upstream FEED will commence immediately thereafter, with a plan to conclude FEED and reach a Final Investment Decision (FID) in CY2025. Concurrent with select activities, Jemena has provided a Pipeline FEED proposal to the Mahalo Joint Venture participants, involving a new 10-inch pipeline to be constructed by Jemena on a build, own and operate basis. This will remove the capital cost of the pipeline from the Mahalo Joint Venture development capex and be replaced with an operating cost (tariff) once gas production commences. It is planned that Pipeline FEED will be approved at the same time as Upstream FEED and be concluded within the same planned FID timeframe.

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

***“The early indications from the recently drilled Mahalo East 1 vertical well are very encouraging and provide additional development confidence for the Mahalo Gas Hub.”***

Comet Ridge commenced a new pilot well drilling program during the September quarter, with drilling and testing costs primarily funded from a \$5 million grant under the Queensland Government's Frontier Gas Exploration Grants Program. The pilot comprises a vertical production well (Mahalo East 1) and a lateral well (Mahalo East 2), similar in design to Comet Ridge's successful Mahalo North pilot. Mahalo East currently has independently certified 2C (31 PJ) and 3C (122 PJ) Contingent Resources and the pilot test is the next step in certifying Reserves and positioning the project for development.

The drilling of the pilot commenced in early October with the Mahalo East 1 vertical well reaching a total depth of 362 metres, intersecting 7.2 metres of net coal across the target coal seams as anticipated. This well was drilled to obtain confirmatory coal reservoir data in the northeast section of the high-quality fairway and 79.3 metres of core was cut from above the top coal right through the coal reservoir section. Core recovery achieved was 98.8%.

As expected, gas was observed bubbling from core as the core samples arrived at surface and were immediately placed in sealed containers for lab measurements and analysis which will continue over the next couple of months. A full set of wellbore geophysical logs were also obtained and four short wireline conveyed flowtests were conducted, one across each of the four coal seams intersected.

Early analysis of the Mahalo East 1 data indicates coal depth and seam thickness are in line with Comet Ridge's extensive geological model, with better than modelled permeability, particularly in the lower two seams.

The Mahalo East 2 lateral well commenced drilling on 20 October 2024. At the date of this report, the lateral well had successfully intercepted the Mahalo East 1 vertical well and is drilling ahead within the (top) Aries seam as planned.





### c) Mahalo North (Comet Ridge 100%) – ATP 2048, PLA 1128 and PLA 1132

*“Comet Ridge has undertaken additional environmental field work over the past quarter, relating to groundwater ecosystems, which support its original EPBC submission back in October 2023. The Company is responding to DCCEEW information requests in the coming weeks and hopes to finalise EPBC approval early in 2025.”*

Comet Ridge’s recent focus at Mahalo North has been to secure two environmental approvals (Queensland and Federal) for the initial development area within Petroleum Lease application 1128 (PLA 1128), followed by award of the Petroleum Lease (PL) 1128 by Queensland Department of Resources.

The State Environmental Approval (EA) was awarded to Comet Ridge by the Queensland Department of Environment, Science and Innovation for PLA 1128 in August 2024. This is an important milestone for Mahalo North and a precursor to award of the PL.

In relation to the Federal approval under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC), Comet Ridge has spent the last two quarters preparing its response to the Department of Climate Change, Energy, the Environment and Water (DCCEEW) in relation to that department’s detailed information request. This has required Comet Ridge to undertake additional field work relating to groundwater dependent ecosystems (GDE) to support its original submission, including:

- drilling five groundwater monitoring bores and monthly sampling of water chemistry and standing water levels; and
- field verification by a GDE expert of twenty sites with ground auger, and leaf and twig sampling for isotopic analysis of up to five areas within the twenty sites.

Comet Ridge’s response to DCCEEW will be submitted in the coming weeks which will support the technical analysis from the original application submission made by the Company back in October 2023.

Comet Ridge has also been undertaking FEED activities of the planned gas development within PLA 1128, however this cannot be finalised and construction activities cannot commence until environmental approvals are secured and the PL is awarded.

## 3. Corporate Activities

### a) CleanCo GSA

Comet Ridge and CleanCo Queensland Limited (CleanCo) have maintained regular dialogue over the last quarter regarding CleanCo’s requirements for the timing and volume of gas to be supplied under the Gas Sales Agreement (GSA). The GSA was executed in September 2023 and has two remaining conditions to be satisfied, being satisfactory finance and transport arrangements. These arrangements require a final investment decision (FID) which cannot be finalised until EPBC approval is received for Mahalo North (PLA 1128) and the PL awarded. Comet Ridge and CleanCo have therefore agreed to extend the timeframe for satisfaction of the remaining conditions to 30 June 2025.



## b) Data Room Process

Comet Ridge continued to engage with third parties in relation to a range of possible transactions from project funding, infrastructure access, additional gas supply and prepayment through to sale of project equity and corporate level transactions. Whilst due diligence activities and discussions continue to be productive, the discussions are incomplete and confidential and there is no guarantee that a final proposal will be received, or received on commercially acceptable terms, or that any transaction will eventuate.

## c) Cash Position and Debt Facilities

At 30 September 2024, Comet Ridge had \$11.4 million cash on hand (unaudited). Expenditure during the quarter included \$1.2 million of additional costs compared to prior quarters for Mahalo East (initial pilot costs incurred prior to receipt of any grant funds) and Mahalo JV costs. It is expected expenditure in the December 2024 quarter will be consistent with prior quarters (assuming Mahalo East grant funds are received as expected). The initial grant funding payments are expected to be received in November.

Comet Ridge's secured debt facilities (see **Table 2**) with PURE Asset Management (PURE) were unchanged during the September 2024 quarter.

Lender	Amount Drawn	Maturity date	Comments
PURE Asset Management Pty Ltd (secured loan)	\$9.5m	17 Sep 2025	PURE has 62.1m warrant shares exercisable at an average price of \$0.153 per share. Upon exercise, Comet Ridge will receive \$9.5 million of cash which can be used to repay the loan amount.

Table 2 – Comet Ridge debt facilities

## d) Payments to Related Parties

The aggregate value of payments to related parties and their associates of \$251k for the September 2024 quarter (shown in item 6.1 of the attached Quarterly Cashflow Report) relates to the salary of the Managing Director and fees paid to Directors (including PAYG and superannuation payments made on their behalf).

## e) Shares and Performance Rights

The total number of securities on issue at the date of this report is:

- **Ordinary shares:** 1,110,524,434 (following conversion of 2,723,000 rights due to the satisfaction of performance hurdles);
- **Performance rights:** Nil (following lapse of 1,167,000 rights and conversion of 2,723,000 rights to ordinary shares); and
- **Warrants:** 62,121,212 (no change during the September quarter).



By Authority of Board per: Tor McCaul, Managing Director

For more information or photos:

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### About Comet Ridge

*Comet Ridge Limited (ASX: COI) is a publicly listed Australian energy company focused on the development of natural gas resources for the strained east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland. Our flagship Mahalo Gas Hub project consists of low cost, sales spec natural gas blocks, close to Gladstone, containing low CO<sub>2</sub> Gas Reserves. Our exploration assets offer further upside amid increasing domestic and international demand for natural gas as a source for cleaner energy and as a key manufacturing feedstock that makes thousands of products, used daily.*

*Comet Ridge plans to transition its Mahalo Gas Hub assets into meaningful gas supply into the east coast gas market, commencing with Mahalo North and the larger Mahalo Gas Project, in joint venture with Santos QNT Pty Ltd (as the Development Operator). These projects will be further supplemented by planned development of gas resources from Comet Ridge's other 100% held permits, Mahalo East, Mahalo Far East and the newly awarded Mahalo Far East Extension.*

More information regarding Comet Ridge is available at [www.cometridge.com.au](http://www.cometridge.com.au).

### \* Listing Rule 5.42

The details of the Reserves and Contingent Resources referenced throughout this release in respect to the Mahalo Gas Hub were announced to the market on 30 October 2019, 26 September 2022, 2 November 2022, 19 December 2022 and 20 December 2023. In accordance with Listing Rule 5.42.3, Comet Ridge confirms that it is not aware of any new information or data that materially affects the information in those announcements reporting the details of the Reserves and Contingent Resources for PL 1082, PL 1083; PCA 302, PCA 303, PCA 304, ATP 2048 and ATP 2061, and that all of the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply and have not materially changed.



# Appendix 5B

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

Name of entity

**COMET RIDGE LIMITED**

ABN

**47 106 092 577**

Quarter ended ("current quarter")

**30 September 2024**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) exploration & evaluation	(178)	(178)
(b) development	-	-
(c) production	-	-
(d) staff costs	(290)	(290)
(e) administration and corporate costs	(774)	(774)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	48	48
1.5 Interest and other costs of finance paid	(287)	(287)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other - JV recoveries	(4)	(4)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,485)</b>	<b>(1,485)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(3,873)	(3,873)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (Security deposits)	(59)	(59)
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(3,932)</b>	<b>(3,932)</b>

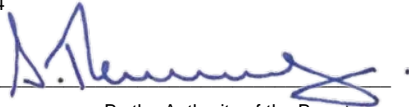
<b>Consolidated statement of cash flows</b>		Current quarter	Year to date (3months)
		\$A'000	\$A'000
<b>3. Cash flows from financing activities</b>			
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>			
4.1	Cash and cash equivalents at beginning of period	16,776	16,776
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,485)	(1,485)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,932)	(3,932)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period - refer to end note regarding post quarter cash</b>	<b>11,359</b>	<b>11,359</b>
<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	11,359	16,776
5.2	Call Deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above) - refer to end note regarding post quarter cash</b>	<b>11,359</b>	<b>16,776</b>
<b>6. Payments to related parties of the entity and their associates</b>		Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	251	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>			
<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the source of finance available to the entity.</i>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	9,500	9,500
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>	<b>9,500</b>	<b>9,500</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have not been entered into or are proposed to be entered into after the quarter end, include a note providing details of those facilities as well.		
Lender: Pure Asset Management Pty Ltd Loan facility: \$9,500,000 Interest Rate: 12% p.a. Maturity Date: 17 September 2025 Secured loan			

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,485)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,873)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(5,358)
8.4 Cash and cash equivalents at quarter end (item 4.6)	11,359
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	11,359
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>2.1</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows from the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

**Compliance statement**

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

Date: 31/10/2024

Authorised by:   
By the Authority of the Board

Print Name: Stephen Rodgers  
Company Secretary

**Notes**

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