



Comet Ridge Limited

ANNUAL REPORT
2016

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Overview of Activities

Exploration and appraisal for gas resources and reserves in eastern Australia was the primary focus for Comet Ridge Limited during the year.



Comet Ridge has maintained its focus on the Mahalo block in ATP 1191 (ex ATP 337) which is operated by Santos QNT Pty Ltd. The Mahalo 7 horizontal well drilled in late 2014 and which intersects Mahalo 6 has performed exceptionally well from the relatively short lateral. In December 2015, the company announced an increase in 2P and 3P reserves based on the increasing flow rates recorded from the vertical-horizontal well combination.

In the Galilee Basin, in early August 2015, Comet Ridge announced (refer ASX Announcement 5 August 2015) that it had received an independent certification for Contingent Gas Resources at Albany, situated in the 100% held Galilee Basin permit ATP 744. The Certification follows an independent review of the conventional Albany Structure by the certifier SRK Consulting (Australasia) Pty Ltd (“SRK”) of Brisbane, Australia.

Activities in Australia

Comet Ridge has interests in four permits in the Bowen and Galilee Basins in Queensland, and three in the Gunnedah Basin in New South Wales.

Comet Ridge Permits	Basin	State	CSG Interest	Area (km ²)
ATP 743	Galilee	QLD	100%	3,195
ATP 744	Galilee	QLD	100%	4,296
ATP 1015 Farm-in Area	Galilee	QLD	20%	873
ATP 1191 Mahalo	Bowen	QLD	40%	911
PEL 6	Gunnedah	NSW	29.55%	5,162
PEL 427	Gunnedah	NSW	59.09%	5,764
PEL 428	Gunnedah	NSW	68.42%	6,018

The Mahalo Gas Project continues to be a primary focus for the company. Following a workover early in the year to replace a downhole pump, dewatering operations were restarted on the vertical-horizontal well combination with gas rates quickly increasing. The positive trending gas rate led to Comet Ridge receiving an increase in 2P and 3P reserves at Mahalo from MHA Petroleum Consultants of Denver, USA as announced in early December 2015.

In May, Comet Ridge entered into a non-binding Memorandum of Understanding (MOU) with APA Group (APA) to work towards the transportation of gas from Comet Ridge’s Galilee Basin permits to east coast gas markets.

Overview of Activities (continued)

The company presents its net Gas Reserves and Resources for each of its tenements in the table below.

Comet Ridge Limited – Net Recoverable Reserves and Resources									
Location	Project	COI Interest	Reserve (PJ) ¹			Contingent Resource (PJ)			Prospective Resource (PJ) ²
			1P ³	2P	3P	1C	2C	3C	
Bowen Basin, QLD	Mahalo Gas Project (ATP 1191)	40%	-	30	219	112	232	372	-
Galilee Basin, QLD	Gunn Project Area ⁵ (ATP 744)	100%	-	-	-	-	67	1,870	597 ⁵
Galilee Basin, QLD	Albany Structure (ATP 744)	100%	-	-	-	56	153	417	-
Gunnedah Basin, NSW	PEL 6 PEL 427 PEL 428	29.55% 59.09% 68.42%	-	-	-	-	-	562	2,492
West Coast, NZ ⁴	PMP 50100	100%	-	-	-	45	89	169	-
Total			-	30	219	213	541	3,390	3,089

Notes to Table:

Note: Gas Reserve and Resource numbers have been rounded to the nearest whole number.

- COI'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).
- ASX Listing Rule 5.28.2 Statement relating to Prospective Resources: The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
- 1P Reserves have not been attributed to the Mahalo Gas Project under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan.
- As detailed in the September 2015 Quarterly Activities Report, Comet Ridge has lodged an application to surrender PMP 50100. The contingent gas resource estimates for PMP 50100 provided were originally announced to the market on 26 September 2011.
- Where the auditor has detailed Prospective Resources in a range, the mid-range case has been listed in the table.
- The percentage interests recorded in the CSG Joint Ventures for the Gunnedah Basin permits listed include the percentage increase that has occurred as a result of Energy Australia's notice to withdraw from these Joint Ventures in December 2015. The transfers of these interests remain subject to regulatory approval formalisation under the Joint Venture agreements.

ATP 1191 Mahalo Project

Comet Ridge's ATP 1191 Mahalo asset is located in the Denison Trough, approximately 240km west of Gladstone in the southern Bowen Basin and covers an area of 911 km². The Project is located just 11 kilometres from an infrastructure connection to the Gladstone LNG market with significant gas supply requirements. Comet Ridge has a 40% interest in Mahalo.

Comet Ridge Increases Independent Reserve Certification at Mahalo Gas Project

On 2 December 2015, the Company announced a material upgrade of its reserves at the Mahalo Block with a 2P Reserve increase of 36% and 3P Reserve increase of 77%. As a result of the success of the Mahalo 7 horizontal well in providing significant gas flows, and also additional open source well data, both 2P and 3P Reserves were increased by converting part of the significant Contingent Resources in the block to the higher category of Reserves.

COI Net Equity Share Mahalo Block ATP 1191	Gas Reserve (PJ)			Gas Contingent Resource (PJ)		
	1P	2P	3P	1C	2C	3C
2 December 2015	-	30	219	112	232	372
27 August 2014	-	22	124	208	328	468
Increase (PJ)	-	8	95	-96	-96	-96
Increase (%)	-	36%	77%	-46%	-29%	-21%

Overview of Activities (continued)

The most significant part of this Reserves upgrade has been the conversion from the 1C Contingent Resource category, into the 3P Reserves category, however some conversion of 3P to 2P Reserves has also been achieved. This upgrade in Reserves is an important step for Comet Ridge by converting Contingent Resources to the higher category of Reserves in the Mahalo area. Our plan is to continue building 2P reserves as further production data from Mahalo is collected and additional appraisal is undertaken. The Company is highly confident that, based on the high deliverability shown at the Mahalo field to date and the continuous nature of the coals, that the Mahalo Block will develop into a valuable resource for COI shareholders.

Mahalo 7 Horizontal Well

Following mechanical issues with the Mahalo 6 downhole water pump in early 2015, a workover to replace this pump was completed by the Exploration Operator in late July with the well subsequently returned to production in early August 2015.

Pump speed was initially kept low and constant such that a very gradual pressure drawdown was applied to the Mahalo 7 horizontal well section. After several months, three small pump speed increases were applied to the Mahalo 6 well with a significant increase in gas rate achieved. At the same time, the remaining vertical wells (Mahalo 3, 4 and 5) were shut in with downhole pressures monitored closely. Significant pressure responses were measured in all three wells as the pressure in the Mahalo 6 / 7 combination decreased, suggesting a well-connected network of fractures linking the horizontal well with the other Mahalo wells.

In early March, the Mahalo 6/7 Vertical-Horizontal well combination reached a gas flow rate of 426,000 scf/d (standard cubic feet per day). The Company is very pleased with the rate achieved from Mahalo 7. This is a short horizontal proof of concept well and therefore is only contacting approximately 360 metres of coal. A development horizontal well in this area should be much longer and in contact with significantly more coal with proportionally higher gas rates. In addition to strong gas flow performance, relatively minor amounts of water are produced – down to around 12 bbl per day, with the trend in water production reducing. This would indicate that water handling capital and operating cost expenditure in a development scenario may be very low, further strengthening the Company's view on the value of the asset.

Subsequent to the flow rate announced from Mahalo 7, the Mahalo 5 vertical well was brought on line at a slow pump speed, leading to a steady and increasing flow from this well. This was followed a month later with the opening up of Mahalo 4 in late April which exhibited immediate gas flow with little to no water. The total gas rate from the pilot scheme at Mahalo has stabilised at over 450,000 scf/d.

Late in the year, Comet Ridge undertook a significant amount of analysis work to examine the most efficient and cost effective way to move the northern pilot schemes in the Mahalo block into production via available export pipeline capacity and field infrastructure. These studies focussed on utilising existing infrastructure, wherever possible, to minimise capital spend and optimise the time required to initially bring the northern part of the Mahalo block into production. A three step process was determined as the most effective strategy to achieve initial Mahalo production:

1. Conversion of existing 3P reserves to 2P reserve category, targeting up to 550 PJ (gross to the Joint Venture) across the northern part of the block (includes production enhancement at the Mira pilot and a single step-out corehole);
2. An initial production phase targeting 25 TJ/d of gas production from the northern part of the block, utilising existing facilities to minimise capex spend and construction time; and
3. Expanding the initial production phase to a full field target of 100 to 200 TJ/d of gas production based around the well production rates achieved from the initial production phase to guide full scale well positioning and plant design.

These studies indicate that the cost of production from the initial production phase should be very low given:

- Strong gas flow rate from a very short horizontal well section;
- Shallow reservoir;
- Low water production rates; and
- Proximity to existing infrastructure to transport Mahalo gas to the Gladstone LNG market.

As Mahalo has demonstrated its productive capacity, with low corresponding water rates, the Company believes that the asset will produce a significant volume of gas that can be operated at a very low cost of production which can be fed into either the LNG schemes or into substantial domestic demand. The fifth LNG train has commenced operating in Gladstone with a sixth and final train due to come on line late in 2016, requiring very significant gas volumes to meet capacity. Mahalo is well placed to help meet this.

Overview of Activities (continued)

Galilee Basin Permits

Comet Ridge has a 100 per cent interest in two adjacent permits on the eastern flank of Queensland's Galilee Basin, ATP 743 and ATP 744, with a combined area of 7,491 km². The area remains only lightly explored to date. In addition, the company has a 20% equity in the ATP 1015 Farm-in area located adjacent to the Company's 100% held Gunn Project Area in ATP 744. The Farm-in Area consists of two separate areas totalling approximately 873 km².

In December 2015, Comet Ridge received approval of a Later Work Program (LWP) for ATP 743 for the period through to September 2019. Consistent with government requirements, a relinquishment of the least prospective blocks were relinquished back to the Qld government, bringing the total area relinquished to fifty percent, in line with the permit being half way through its 12 year term.

Late in the third quarter, Comet Ridge entered into an agreement with Queensland Energy Resources (QER) to acquire all of its interest in ATP 1015. The effective date of the transfer will be 1 January 2016 once certain Conditions Precedent have been satisfied including conclusion of a due diligence process, approval by the relevant Queensland Minister to transfer and approval of a Later Work Program. This will result in a cash payment (for contribution towards future well abandonment) to Comet Ridge of approximately \$250,000.

Initial Conventional Contingent Gas Resource Certification for Galilee Basin Permit ATP 744

In early August 2015, Comet Ridge announced that it had received an independent certification for Contingent Gas Resources in the 100% held Galilee Basin permit ATP 744. The Certification follows an independent review by SRK Consulting (Australasia) Pty Ltd ("SRK") of Brisbane, Australia. This structure was initially identified and named after the Carmichael 1 well drilled in 1995 and has subsequently been renamed as "Albany".

The Albany Structure is situated just north of the Gunn Project Area where Comet Ridge already holds a significant Contingent Resource Certification for coal seam gas (CSG).

SRK attributed the Original Gas-In-Place (OGIP) and Contingent Resource (shown below in Table) to Comet Ridge's net equity interest (being 100% in ATP 744) using a combination of *probabilistic* and *deterministic* methods to prepare the estimates of Original Gas-In-Place and Contingent Resources as at 5 August 2015.

COI Net Equity Share Albany Structure ATP 744	OGIP (PJ)			Gas Contingent Resource (PJ)		
	1C	2C	3C	1C	2C	3C
Category						
100%	130	334	861	56	153	417

Notes to Table:

- Contingent Resource estimates have been prepared in accordance with the Society of Petroleum Engineers ("SPE") 2007 Petroleum Resource Management System ("PRMS") Guidelines as well as the 2011 Guidelines for Application of the PRMS approved by the SPE.
- Contingent Gas Resources are (100%) Unrisked Gross
- The previous assessment of Contingent Resources attributed to ATP 744 was in Comet Ridge's Gunn Project Area to the south of the Albany Structure and details of these were released to the market on 25 November 2010.
- NSAI, the author of the report attributing contingent resources in ATP 744 to Comet Ridge as at 25 November 2010 has consented to the reporting of these resource figures in the context and manner in which they appear in this report.

With the large independently certified Gas Contingent Resource volumes that the Company has in the Eastern Galilee Basin, particularly in relation to the Albany sandstone structure, discussions for third party funding for drilling and testing continues. Comet Ridge is keen to drill a second well using latest technology, including a light weight mud system or air drilling, and testing gas sands immediately on penetration, which could allow a much more significant gas flow result than was demonstrated in 1995 with the original Carmichael 1 well.

Eastern Galilee basin gas is relatively proximal to the very large LNG and industrial gas demand further east in the Bowen Basin and in Gladstone. Given the size of the resource, Albany gas has the potential to be transported to the southeast via pipeline to connect into the expanding pipeline network originating in the Surat Basin and feeding the Brisbane market.

To that end, Comet Ridge was pleased to announce in May that it had entered into a non-binding Memorandum of Understanding (MOU) with APA Group (APA) to work towards the transportation of gas from Comet Ridge's Galilee Basin permits to east coast gas markets. The MOU provides a framework of cooperation between the parties to negotiate the commercial terms of a gas transportation agreement under which APA would build, own and operate new gas pipelines and associated gas gathering and production infrastructure connecting Comet Ridge's Galilee Basin gas projects to APA's existing Queensland gas pipeline network. Some preliminary work was completed late in the year including consideration of likely pipeline export routes out of the basin and the most logical tie in points to existing infrastructure.

Overview of Activities (continued)

New South Wales' Projects

Comet Ridge's three contiguous licences (PEL 427, PEL 428 and PEL 6) are located in the northern Gunnedah Basin, immediately north and west of Santos' Narrabri CSG Project in the Bohena Trough, and cover a total area of approximately 17,000 km². Comet Ridge currently holds between 29.55% and 68.42% CSG interest across these licences and between 97.5% and 100% conventional oil and gas equity and is the conventional Operator. Santos operates the CSG interest. The permits are strategically located as this area has the potential to mature into a major producing province, with gas to flow south to Newcastle and Sydney to meet an important part of NSW's gas needs.

Energy Australia notified the Joint Venture partners that it was electing to withdraw from PEL 6, PEL 427 and PEL 428. Withdrawal and assignment was effective 20 February 2016 although this still remains subject to government consents and approvals. With this decision and subject to the assignment of the interests, equity has been split in accordance with the joint venture agreement on a pro-rata basis with the adjustment to the Comet Ridge equity position in these permits detailed below:

Permit	Previous Equity (%)	Current Equity (%) Post Assignment
PEL 427	50.0	59.09
PEL 428	60.0	68.42
PEL 6	22.5	29.55

Operationally, little has happened with these permits during the year. To comply with the NSW Governments Minimum Standards and Merit Assessment Procedure introduced in July 2015, which applies to work programmes, updated renewal applications for PEL 6 and PEL 428 were submitted in October 2015. In late April, a renewal application for PEL 427 was submitted to the NSW government by the CSG operator. The current spend level on these permits is very low, in keeping with the delay that is occurring whilst the NSW government processes the permit renewal applications.

Activities in New Zealand

Comet Ridge submitted an application to surrender its interest in PMP 50100. This is currently being processed by New Zealand Petroleum and Minerals.

Activities in the USA

Denver based Comet Ridge Resources LLC (CRR) did not undertake any operational activity during the year. The primary focus has been the recovery of bonds the company has had with various agencies and winding up of the various operational subsidiaries with the view to ultimately winding up CRR. At the end of the year, this was nearing completion.

Health Safety and Environment

The past year has seen minimal field operations, and as such the HSSE Management System has undergone more administrative rather than activity related reviews and amendments.

There were no Injuries, Health or Environmental incidents reported for the period 1 July 2015 through to 30 June 2016. Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) remain at ZERO.

During the year, a review of remote operations was undertaken. It was determined that a clearer identification of the risks posed to Comet Ridge employees, especially those from head office that travel to site infrequently, was required. As a result of the review, there were opportunities to improve the reporting, monitoring and planning around field trips. An action plan has been developed, and is steadily being worked through to identify solutions and controls to the identified opportunities.

Comet Ridge continues the review and amendments of the policies and procedures to ensure they continue to meet legislative and Company requirements. With regard to that, the New Zealand Health & Safety at Work Act 2015 came into force on the 4th of April 2016. The new Act very closely aligns with the Australian equivalent, so modifying the NZ Safety Management Plan was a smooth process.

Community

Comet Ridge has a deep commitment, at all levels of the Company, to working with community stakeholders in the regions where we operate. This commitment has ensured our external and stakeholder relationships have been, at all times, excellent.

Community engagement and respect for the communities within which we operate is a core value for Comet Ridge and is backstopped by Legislation and Regulation. The Queensland 'Land Access Code', which has been developed in compliance with the relevant legislation and enshrined in Regulation, is the main formal reference when it comes to landowner and community relations and interaction between landowners and the Oil and Gas Industry. Comet Ridge has always acted consistent with the principals and guidelines set out in this Code of Practice. Further, Comet Ridge has gone beyond what is required pursuant to the 'Queensland Land Access Code' in all aspects of our engagement with landowners and stakeholders.

Overview of Activities (continued)

The company 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.

As with previous years, this past year has been no different in terms of contact with key landowners. This contact has, in the main, been in the form of personal visitations, which strengthens and reinforces our relationship with these landowners and maintains an active point of contact should any concerns or issues arise.

In terms of Local Government engagement, the company continues to maintain close contact with relevant officials and elected representatives, particularly within Barcaldine Regional Council. Contact with Local Government, whilst not a regulatory imperative, affords an excellent opportunity to communicate with local communities at a broad level, permitting the company to articulate forward plans and hear local concerns and issues.

Comet Ridge has maintained its membership of the Galilee Basin Operators Forum (GBOF). Through membership of APPEA, the company interacts with other regional explorers through the Explorers Leadership Group (ELG) and, more widely with Government representatives and such agencies as the Queensland Gasfields Commission. Comet Ridge maintains excellent relationships with the relevant Queensland Government Departments, including the Department of Natural Resources and Mines and the Department of Environment and Heritage Protection.

Over previous years the company has maintained a relationship with RAPAD (the Central West Remote Area Planning and Development Board), MITEZ (Mt Isa to Townsville Economic Zone) and AgForce.

Cultural Heritage

Comet Ridge is legislatively required to protect and secure indigenous cultural heritage when conducting in-field activities and takes responsibilities in these matters with the utmost seriousness. Protecting, preserving and respecting Indigenous culture, Aboriginal peoples' deep connection to the land and ensuring artefacts and items of cultural significance are secured, are very important to the company and will remain so.

Protocols with Indigenous Claimant Groups are well established and, where appropriate, engagement with these groups is undertaken as proscribed. The company has a 'duty-of-care' responsibility with respect to Cultural Heritage matters and, as a minimum, engages with specialist archaeological consultants before any field work involving land clearing is undertaken.

This high-level commitment has been the company's standard practice and will continue to be so into the future.

2016 Annual Reserves Statement

Following on from the initial reserve booking at Mahalo in August 2014, the year saw Comet Ridge Limited increase its 2P and 3P reserve at Mahalo as announced on 2 December 2015. The reserves upgrade followed an independent certification of that data associated with the Mahalo Gas Project ATP 1191 by MHA Petroleum Consultants, LLC Inc (MHA) of Denver, USA.

In addition, the company also realised its first sandstone resource booking at the Albany Structure in the Galilee Basin as announced on 5 August 2015. The allocation of gas resources followed an independent review of the conventional Albany Structure by the certifier SRK Consulting (Australasia) Pty Ltd (SRK) of Brisbane, Australia.

The Company net Gas Reserves and Resources on a combined basis as well as for each of its individual tenements as at 30 June 2016 are as follows:

Comet Ridge Limited – Net Recoverable Reserves and Resources														
			Reserve (PJ)						Contingent (PJ)					
			1P	1P	2P	*2P	3P	3P	1C	1C	2C	**2C	3C	3C
			30/6/15	30/6/16	30/6/15	30/6/16	30/6/15	30/6/16	30/6/15	30/6/16	30/6/15	30/6/16	30/6/15	30/6/16
Bowen Basin, QLD	Mahalo Gas Project (ATP 1191)	40%	-	-	22	*30	124	219	208	112	328	**232	468	372
Galilee Basin, QLD	Gunn Project Area ⁶ (ATP 744)	100%	-	-	-	-	-	-	-	-	67	**67	1870	1870
Galilee Basin, QLD	Albany Structure (ATP 744)	100%	-	-	-	-	-	-	-	56	-	**153	-	417
Gunnedah Basin, NSW4	PEL 6	29.55%	-	-	-	-	-	-	-	-	-	-	-	-
	PEL 427	59.09%	-	-	-	-	-	-	-	-	-	-	474	562
	PEL 428	68.42%	-	-	-	-	-	-	-	-	-	-	-	-
West Coast, NZE	PMP 50100	100%	-	-	-	-	-	-	45	45	89	89	169	169
Total			-	-	22	*30	124	219	253	213	484	**541	2981	3390

ASX Listing Rules Annual Report Requirements

*Listing Rule 5.39.1:

- All 2P petroleum reserves recorded in the table are undeveloped and are attributable to unconventional gas.
- 100% of all 2P petroleum reserves are located in the Bowen Basin.

*Listing Rule 5.39.2:

- The proportion of total 2P petroleum reserves that are unconventional is 100%. There are no 1P reserves recorded for the Company in any of its tenements.

Listing Rule 5.39.3:

- The table records a reconciliation of the 2P and 3P petroleum reserves as at 30 June 2016 as against the previous year and discloses that the net 2P petroleum reserves increased 36% and 3P petroleum reserves increased 77% from the 2015 year to the 2016 year, due to the reserves increase at Mahalo ATP 1191 (ex ATP 337) located in the Bowen Basin announced to the market on 2 December 2015.

Governance Arrangements and Internal Controls Listing Rule 5.39.5:

- Comet Ridge has obtained all of its gas reserves and resources reported as at 30 June 2016 from external independent consultants who are qualified petroleum reserves and resource evaluators as prescribed by the ASX Listing Rules.
- Comet Ridge estimates and reports its petroleum reserves and resources in accordance with the definitions and guidelines of the Petroleum Resources Management System 2007, 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 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 reviews 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 an annual 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.

2016 Annual Reserves Statement (continued)

** Listing Rule 5.40.1:

- All 2C contingent resources recorded in the table are undeveloped. 66% of the reported 2C contingent resource is attributable to unconventional gas with the remainder attributable to conventional sandstone reservoir.
- The geographical areas where the 2C contingent resources are located appear in the far left column of the table.

Listing Rule 5.40.2:

- The table records a reconciliation of the 2C and 3C contingent resources as at 30 June 2016 as against the previous year and discloses that the net 2C and 3C contingent resources increased from the 2015 year to the 2016 year.
- 2C Contingent resources increased during the period by 10.5% as a result of the Conventional Contingent Gas Resource Certification announced on 5 August 2015 at the Albany Structure in ATP 744. Offset against the resource certification of the Albany conventional upgrade, there was a decrease in 3C at Mahalo ATP1191. 3C Contingent resources increased overall during the period by 12% as a result of the Conventional Contingent Gas Resource Certification announced on 5 August 2015 and increased equity in the NSW Gunnedah basin, although offset by an overall decrease in 3C at Mahalo.

Listing Rule 5.44:

- The estimates of Reserves and Contingent Resources appearing in the 2016 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 Contingent Resource for the Albany Structure ATP 744 are taken from an independent report by Dr Bruce McConachie of SRK Consulting (Australasia) Pty Ltd, an independent petroleum reserve and resource evaluation company. The Contingent Resources information has been issued with the prior written consent of Dr McConachie in the form and context in which they appear in this Annual Reserves Statement for 2016. His qualifications and experience meet the requirements to act as a qualified petroleum reserves and resource evaluator as defined under the ASX Listing Rule 5.42 to report petroleum reserves in accordance with the Society of Petroleum Engineers (“SPE”) 2007 Petroleum Resource Management System (“PRMS”) Guidelines as well as the 2011 Guidelines for Application.
- The unconventional Contingent Resource estimates for ATP 744 and PMP 50100 in the 2016 Annual Reserves Statement were determined by Mr John Hattner of Netherland, Sewell and Associates Inc. in accordance with Petroleum Resource Management System guidelines. Mr Hattner is a full-time employee of NSAI, and is considered to be a qualified person as defined under the ASX Listing Rule 5.42 and has given his consent to the use of the resource figures in the form and context in which they appear in the Annual Reserves Statement.
- The estimate of Reserves and Contingent Resources for Mahalo, as part of ATP 1191 provided in the Reserves Statement was determined by and under the supervision of Mr Timothy L. Hower of MHA Petroleum Consultants LLC in accordance with Petroleum Resource Management System guidelines. Mr Hower is a full-time employee of MHA, 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 consented to the publication of the Reserve and Contingent Resource estimates for Mahalo in the form and context in which they appear in this Annual Reserves Statement for 2016.
- The Contingent Resource estimates for PEL 6, PEL 427 and PEL 428 were also determined by Mr Timothy L. Hower of MHA Petroleum Consultants LLC. 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) and any reference and reliance on the resource figures for PEL 6, PEL 427 & PEL 428 in the table is only a restatement of the information contained in the ESG announcement.

Notes to Net Recoverable Reserves and Resources Table:

- 1) Gas Reserve and Resource numbers have been rounded to the nearest whole number.
- 2) COI'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).
- 3) 1P Reserves have not been attributed to the Mahalo Gas Project under SPE 2007 PRM Guidelines as the field is not yet at development stage with an approved development plan.
- 4) The percentage interests recorded in the CSG Joint Ventures for the Gunnedah Basin permits listed include the percentage increase that has occurred as a result of Energy Australia's notice to withdraw from these Joint Ventures in December 2015. The transfers of these interests remain subject to regulatory approval formalisation under the Joint Venture agreements.
- 5) As detailed in the September Quarterly Activities Report, Comet Ridge has lodged an application to surrender PMP 50100.
- 6) Where the auditor has detailed Prospective Resources in a range, the mid-range case has been listed in the table.

Corporate Governance Overview Statement

The Directors and management of Comet Ridge Limited (“Comet Ridge” or the “Company”) 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 2016 the Company’s corporate governance practices and policies have substantially accorded with those outlined in the ASX Corporate Governance Council’s Principles and Recommendations (3rd 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 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 full 2016 Corporate Governance Statement, which provides detailed information about governance and a copy of Comet Ridge’s Appendix 4G which sets out the Company’s compliance with the recommendations in the 3rd Edition of the ASX Recommendations is available on the corporate governance section of the Company’s website at : http://www.cometridge.com.au/About_Us_Governance.htm

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 2016. 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 of the year and up to the date of this Report.

James McKay B.Com, LLB, Non-executive Chairman (Director since April 2009)

Special Responsibilities

Chairman

Member of the Audit Committee

Member of the Remuneration Committee

Experience

James McKay brings to Comet Ridge a strong commercial background, with sound financial business management and legal expertise. He has been involved in the establishment and development of a number of businesses.

James is a director of Walcot Capital, a private venture capital business specialising in energy investment. He was the former Chairman of CSG explorer Sunshine Gas Limited having overseen its merger with Queensland Gas Company for in excess of \$1 billion in 2008 as well as being a past president of the Australasian Cemeteries and Crematoria Association.

Interest in Shares and Options

35,926,583 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 April 2009)

Special Responsibilities

Managing Director

Chairperson 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. He previously held the position of Chief Executive Officer of Chartwell having commenced with the Company in 2008. Prior to this Tor spent 11 years working in Asia for British independent companies in a wide variety of technical, finance, commercial and management roles.

Tor has 29 years' oil and gas experience. Following his graduation from UNSW in 1987, Tor spent the next nine years based in Brisbane working for operating companies such as LASMO plc and MIM Petroleum in technical roles on projects in Queensland, New Zealand and Papua New Guinea before moving to Asia.

He is a member of the Society of Petroleum Engineers and has served on the executive committee, including as Chairman, for the Queensland section. Tor is a past member of the UNSW Centre for Petroleum Engineering Advisory Committee and is a past President of the Queensland Petroleum Exploration Association (QUPEX).

Interest in Shares and Options

5,080,369 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years

Nil.

Directors' Report (continued)

1. Information on Directors (continued)

Chris Pieters B.Sc (Hons) B.Bus, Executive Director (Director since April 2009)

Acted as Commercial Director from June 2013 to February 2014 for a short-term project. Appointed Executive Director 17 June 2015.

Special Responsibilities

Member of the Remuneration Committee

Member of the Audit Committee

Member of the Risk Committee

Experience

Chris Pieters is the Managing Director and co-founder of Walcot Capital, a private venture capital business specialising in energy investment, 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. Chris 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

1,050,000 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years

Tlou Energy Limited (appointed 23 July 2009 and resigned 11 March 2015)

Gillian Swaby B.Bus, FAICD, FCIS, Non-executive Director (Director since January 2004)

Special Responsibilities

Chairperson of the Audit Committee

Chairperson of the Remuneration Committee

Experience

Gillian Swaby has been involved in financial and corporate administration for listed companies, as both Director and Company Secretary covering a broad range of industry sectors, for over 30 years. Ms Swaby has extensive experience in the area of corporate governance, corporate and financial management and board practice.

Gillian is past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and a lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company and was a member of the Paladin Energy Ltd Board for a period of 10 years. In August 2015, she stepped down from her role at Paladin as Company Secretary and EGM-Corporate Services. She also serves on the board of ASX listed Deep Yellow Limited, the Australia-Africa Minerals and Energy Group and is a member of the West Australian Division Council of the Australian Institute of Company Directors.

Interest in Shares and Options

Nil

Directorships Held in Other Listed Entities in Last 3 Years

Non-executive Director Deep Yellow Limited

Directors' Report (continued)

2. Principal Activities

The principal activities of the group during the financial year were to carry out coal seam gas (CSG) exploration and appraisal. The group has tenement interests and a suite of prospective projects in Australia and New Zealand and an investment in a limited liability company based in the United States.

There have been no significant changes in the nature of the group's principal activities during the financial year.

3. Review of Operations and Financial Position

The loss after tax of the group for the financial year ended 30 June 2016 amounted to \$3.7 million (2015: loss of \$18.57 million).

4. Significant Affairs

The following significant changes in the state of affairs of the group occurred during the financial year ended 30 June 2016:

(a) Gunnedah permit interest

During the year, Energy Australia notified the Joint Venture partners that it was electing to withdraw from PEL 6, PEL 427 and PEL 428. Withdrawal and assignment was effective 20 February 2016 although this still remains subject to government consents and approvals. With this decision and subject to the assignment of the interests, equity has been split in accordance with the joint venture agreement on a pro-rata basis with the adjustment to the Comet Ridge equity position in these permits detailed below:

Permit	Previous Equity (%)	Current Equity (%) Post Assignment
PEL 427	50.0	59.09
PEL 428	60.0	68.42
PEL 6	22.5	29.55

(b) Galilee permits renewed

In March 2016, Comet Ridge entered into an agreement with Queensland Energy Resources (QER) to acquire all of its interest in ATP 1015. The effective date of the transfer will be 1 January 2016 once certain Conditions Precedent have been satisfied including conclusion of a due diligence process, approval by the relevant Queensland Minister to transfer and approval of a Later Work Program. This will result in a cash payment (for contribution towards future well abandonment) to Comet Ridge of approximately \$250,000.

(c) Decision to relinquish NZ permit

In order to focus on its Australian exploration permits, the group has decided to cease operations in New Zealand and has applied to relinquish its remaining permit PMP 50100. The full amount of the group's restoration and rehabilitation obligations has been recognised in the consolidated financial statements.

5. Dividends Paid or Recommended

The Directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividend during the financial year.

6. After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years other than:

The Company has commenced an equity raising of up to approximately A\$2.0 million comprising:

- A placement of 20 million new shares to raise \$1.0 million; and
- A 1 for 25 non-renounceable entitlement offer via the issue of up to approximately 21 million shares to raise up to approximately A\$1.0 million.

With respect to the placement, at the date of this report, the Company has entered into placement subscription agreements with a small number of sophisticated investors for the issue of 20 million new shares at an issue price of \$0.05 per share. It is expected that the placement proceeds of \$1.0 million will be received by 7 October 2016.

The Entitlement Offer which was announced on 30 September 2016, will be formally offered to eligible shareholders who are registered as a holder of shares in Comet Ridge as at the record date being 7:00pm (AEDT) on Friday 7 October 2016 and is expected to be completed by Tuesday 8 November 2016.

The proceeds of the Equity Raising, along with existing cash, will be applied to the ongoing working capital requirements of the Company.

Directors' Report (continued)

7. Future Developments and Expected Results

The group proposes to continue its exploration programmes and investment activities.

Further information on the operations of the group and likely future developments are set out in the Overview of Activities.

8. Environmental Regulations

The group's operations are subject to environmental regulation under the laws of Australia, New Zealand and USA where it undertakes its exploration, development and production 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.

9. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and is attached to this report.

10. 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 2016 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	3	3	1	1	*	*
T McCaul	8	8	*	*	*	*	3	3
G Swaby	8	8	3	3	1	1	*	*
C Pieters	8	8	3	3	1	1	3	2

* = Not a member of the relevant committee

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 Executive Directors, other senior executives; and Non-executive Directors 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.

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

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. No advice was sought during the 2016 financial year.

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 AU\$500,000 per year.

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Non-executive Director Remuneration (continued)

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.

Non-executive Directors' fees (inclusive of superannuation) have been paid on the following basis:

Director fees	2016 \$	2015 \$
Base Fees		
Chair	96,000	96,000
Other Non-executive Directors	60,000	60,000
Additional Fees		
Chair of Audit Committee	10,000	10,000
Chairs of Remuneration and Risk Committees	5,000	5,000
Members of committees	3,000	3,000

Executive Remuneration Policy

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 long-term 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 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 2016 the rate was 9.50% up to a maximum contribution of \$19,308. 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.

All remuneration paid is valued at either cost or the fair value to the Company and expensed.

Share Trading Policy

Shares issued under any of the group's employee equity plans are subject to, and conditional upon, compliance with the group's Securities Trading Policy. Executives are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

Key Management Personnel

Key Management Personnel comprise all of the Directors of the Company.

James McKay	Non-executive Chairman
Tor McCaul	Managing Director
Gillian Swaby	Non-executive Director
Christopher Pieters	Executive Director

There are no other Key Management Personnel of the group.

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Details of Remuneration

Details of remuneration of each of the Key Management Personnel of the group during the financial year are set out in the following table:

Benefits and Payments Year Ended 30 June 2016	Short-term Benefits & Fees		Post Employment	Long -term Benefits	Total Cash Remuneration	Share-based Payments	Total
	Salary & Fees	Cash Bonus	Super- annuation	LSL		Performance Rights	
Directors	\$	\$	\$	\$	\$	\$	\$
J McKay	90,411	-	8,589	-	99,000	-	99,000
T McCaul	361,217	-	19,065	11,936	392,218	19,861	412,079
G Swaby	66,667	-	6,333	-	73,000	-	73,000
C Pieters	105,024	-	5,774	-	110,798	9,972	120,770
Total Key Management Personnel	623,319	-	39,761	11,936	675,016	29,833	704,849

Benefits and Payments Year Ended 30 June 2015	Short-term Benefits & Fees		Post Employment	Long -term Benefits	Total Cash Remuneration	Share-based Payments	Total
	Salary & Fees	Cash Bonus	Super- annuation	LSL		Performance Rights	
Directors	\$	\$	\$	\$	\$	\$	\$
J McKay	90,411	-	8,589	-	99,000	-	99,000
T McCaul	361,217	-	18,783	9,775	389,775	-	389,775
J Schneider	24,733	-	2,350	-	27,083	-	27,083
G Swaby	65,525	-	6,225	-	71,750	-	71,750
C Pieters	81,724	-	5,726	-	87,450	-	87,450
A Gilby	61,340	-	5,827	-	67,167	-	67,167
Total Key Management Personnel	684,950	-	47,500	9,775	742,225	-	742,225

The remuneration report for the 2015 financial year was passed with 97% of those voting, voting in favour. No specific feedback on its remuneration practices was received at the AGM or has been received at any time throughout the year.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Executive Director	Fixed Remuneration		At Risk Short Term Incentives		At Risk Long Term Incentives	
	2016	2015	2016	2015	2016	2015
Tor McCaul	100%	100%	0.0%	0.0%	4.82%	0.0%
C Pieters	100%	100%	0.0%	0.0%	8.26%	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 Key Management Personnel Remuneration to Company Performance

The table below shows the total remuneration cost of the Key Management Personnel, earnings per ordinary share (EPS), dividends paid or declared, and the closing price of ordinary shares on ASX at year end for the current year and previous four years.

Total remuneration (\$'s)	704,849	742,225	885,369	1,027,777	595,384
EPS (loss) cents	(0.70)	(3.68)	(3.00)	(1.78)	1.12
Dividends paid	-	-	-	-	-
Share price at year end (cents)	6.00	6.00	15.00	22.00	10.50

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Service Agreements

Remuneration and other terms of employment for the Managing Director and the Commercial 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:	\$380,000 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 Commercial Director 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 fourteen days' notice

Share-based Compensation

Long term incentives are provided to certain employees through the Comet Ridge Share Incentive Option Plan (up to date of the 2010 AGM) and the Comet Ridge Limited Employee Performance Share Rights Plan as approved by shareholders at the 2010 Annual General Meeting.

Options

No options over shares in Comet Ridge Limited have been granted under the Comet Ridge Share Incentive Option Plan in the current year to Key Management Personnel.

Performance Rights

The terms and conditions of each grant of Performance Rights affecting remuneration in the current or a future period with respect to key management personnel are as follows:

Grant Date	No. of Rights	Vesting		Fair Value	Service Period		Performance Condition	Vested %
		Date	Expiry Date		From	To		
T McCaul								
10-Jul-15	167,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	75PJ 2P Reserves hurdle	0%
10-Jul-15	167,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	100PJ 2P Reserves hurdle	0%
10-Jul-15	166,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	125PJ 2P Reserves hurdle	0%
10-Jul-15	500,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	Gas flow rate 500mfd	0%
	<u>1,000,000</u>							
C Pieters								
10-Jul-15	500,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	Gas flow rate 500mfd	0%
	<u>1,500,000</u>							

Performance Rights are issued for no consideration and no amount is payable on vesting.

Directors' Report (continued)
11. Remuneration Report – Audited (continued)
Performance Rights (continued)

The movements in the current year of the number of Performance Rights granted to Key Management Personnel are as follows:

Grant Date	Vesting Date	Number at Beginning of Year	Granted as Remuneration During the Year	Number of Rights Vested	Number of Rights Lapsed	Number at End of Year
T McCaul						
27-Nov-14	1-Jul-15	500,000	-	-	(500,000)	-
10-Jul-15	31-Dec-16	-	167,000	-	-	167,000
10-Jul-15	31-Dec-16	-	167,000	-	-	167,000
10-Jul-15	31-Dec-16	-	166,000	-	-	166,000
10-Jul-15	31-Dec-16	-	500,000	-	-	500,000
		500,000	1,000,000	-	(500,000)	1,000,000
C Pieters						
10-Jul-15	31-Dec-16	-	500,000	-	-	500,000
		500,000	1,500,000	-	(500,000)	1,500,000

The terms and conditions of Performance Rights granted in prior years are as follows:

Grant Date	No. of Rights	Vesting Date	Expiry Date	Fair Value	Performance Condition	% Vested
T McCaul						
27-Nov-14	500,000	01-Jul-15	01-Jul-15	12.0 cents	Reserves hurdle	0%

The movements in the prior year of the number of Performance Rights granted to Key Management Personnel are as follows:

Grant Date	Vesting Date	Balance at Beginning of Year	Granted as Remuneration During the Year	Number of Rights Vested	Number of Rights Lapsed	Balance at End of Year
T McCaul						
27-Nov-14	1-Jul-15	-	500,000	-	-	500,000

There were no other transactions with directors during the year.

Key Management Personnel Shareholdings

The number of ordinary shares in the Company held by each of the Key Management Personnel of the group is as follows:

	Balance at beginning of the year	Shares purchased	Other Movements #	Balance at end of the year
30 June 2016				
J McKay	35,926,583	-	-	35,926,583
T McCaul	5,130,287	-	(49,918)	5,080,369
G Swaby	-	-	-	-
C Pieters	1,050,000	-	-	1,050,000
Total Directors	42,106,870	-	(49,918)	42,056,952
30 June 2015				
J McKay	33,889,551	2,037,032	-	35,926,583
T McCaul	4,210,000	920,287	-	5,130,287
J Schneider	4,248,416	294,861	-	4,543,277
G Swaby	-	-	-	-
C Pieters	1,050,000	-	-	1,050,000
A Gilby	24,215,848	111,111	-	24,326,959
Total Directors	67,613,815	3,363,291	-	70,977,106

Shares excluded from balance because the holders are no longer classified as associates.

END OF AUDITED REMUNERATION REPORT

Directors' Report (continued)

12. Options and Performance Rights

Options

There were no options for ordinary shares in Comet Ridge Limited on issue at 30 June 2016.

Performance Rights

Movements in the number of Performance Rights on issue and the number of ordinary shares issued during the year ended 30 June 2016 as a result of Performance Rights vesting during the year are as follows:

Grant Date	Vesting Date	No. of Rights 30 June 2015	Granted during the year	Vested During the year	Expired During the year	No. of Rights 30 June 2016
1-Jul-13	1-Jul-15	50,000	-	(50,000)	-	-
1-Oct-14	1-Jul-15	1,910,000	-	-	(1,910,000)	-
27-Nov-14	1-Jul-15	500,000	-	-	(500,000)	-
10-Jul-15	31-Dec-16	-	500,000	-	-	500,000
10-Jul-15	31-Dec-16	-	1,000,000	-	-	1,000,000
18-Jan-16	31-Dec-17	-	1,260,000	-	-	1,260,000
18-Jan-16	31-Dec-17	-	1,260,000	-	-	1,260,000
		2,460,000	4,020,000	(50,000)	(2,410,000)	4,020,000

Since the end of the year, up to the date of this report no Performance Rights have been issued.

13. 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.

14. 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.

15. Company Secretary

Mr 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 more than 20 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 7 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 instrumental member of the team which led the takeover negotiations and implementation of QGC's friendly acquisition of that Company.

Since the merger of Comet Ridge with Chartwell Energy Limited in April 2009, Mr Rodgers has been the Company Secretary of Comet Ridge Limited a position which he continues to hold. He also holds the position of Company Secretary of Galilee Energy Limited, an ASX listed CSG Exploration Company operating in Australia and the USA. Mr Rodgers brings to Comet Ridge strong legal and commercial experience with a particular emphasis on the coal seam gas industry

16. Rounding of Amounts to Nearest Thousand Dollars

Pursuant to Legislative Instrument 2016/191 issued by the Australian Securities & Investments Commission, amounts in the Directors' Report and the financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

Directors' Report (continued)

17. 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 Board of Directors has considered the position and, in accordance with advice received from the Audit Committee, is satisfied 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 by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in the financial statements.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	June 2016	June 2015
Audit services	\$	\$
- Auditing or reviewing the financial statements	92,769	105,000
Non-audit services		
- Tax consulting and compliance services	-	3,300

This report is made in accordance with a resolution of the Board of Directors.



Tor McCaul

Managing Director

Brisbane, Queensland, 30 September 2016



PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

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IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

PRIVATE AND CONFIDENTIAL

The Directors
Comet Ridge Limited
283 Elizabeth Street
Brisbane, QLD, 4000

Auditor's Independence Declaration

As lead auditor for the audit of Comet Ridge Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
30 September 2016

An Independent Queensland Partnership ABN 84 797 724 539
Liability limited by a scheme approved under Professional Standards Legislation
Independent member of Baker Tilly International

 an independent member of
BAKER TILLY
INTERNATIONAL

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2016**

		Consolidated	
		June 2016	June 2015
	Note	\$000's	\$000's
Revenue and other income			
Interest received		40	145
Research & development tax offset	4	-	572
Other income	4	36	55
Expenses			
Employee benefit's expense	4	(632)	(861)
Contractors' & consultancy costs	4	(388)	(560)
Exploration restoration and rehabilitation		-	(43)
Exploration and evaluation expenditure written off		-	(1,267)
Professional fees		(128)	(297)
Corporate expenses		(116)	(221)
Fair value movement of financial liability at fair value	3	(1,706)	(1,486)
Occupancy costs	4	(203)	(160)
Finance costs		(43)	-
Other expenses	4	(231)	(279)
Depreciation		(22)	(26)
Impairment - exploration and evaluation expenditure	3	(315)	(15,542)
LOSS BEFORE INCOME TAX		(3,708)	(19,970)
Income tax credit	5	-	1,401
LOSS FOR THE YEAR		(3,708)	(18,569)
Other Comprehensive Loss, Net of Income Tax			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		(37)	(20)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX		(37)	(20)
TOTAL COMPREHENSIVE LOSS		(3,745)	(18,589)
Loss attributable to:			
Owners of the parent		(3,708)	(18,569)
Non-controlling interests		-	-
		(3,708)	(18,569)
Total comprehensive loss attributable to:			
Owners of the parent		(3,745)	(18,589)
Non-controlling interests		-	-
		(3,745)	(18,589)
LOSS PER SHARE			
		Cents	Cents
Basic loss per share		(0.70)	(3.68)
Diluted loss per share		(0.70)	(3.68)

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

Statement of Financial Position

as at 30 June 2016

		Consolidated	
	Note	June 2016	June 2015
		\$000's	\$000's
CURRENT ASSETS			
Cash and cash equivalents	6	1,625	5,827
Trade and other receivables	6	147	111
Inventories	7	76	76
Other assets	7	457	416
TOTAL CURRENT ASSETS		2,305	6,430
NON-CURRENT ASSETS			
Property, plant and equipment	7	62	78
Exploration and evaluation expenditure	3	41,243	39,551
TOTAL NON-CURRENT ASSETS		41,305	39,629
TOTAL ASSETS		43,610	46,059
CURRENT LIABILITIES			
Trade and other payables	6	412	1,050
Provisions	7	659	545
TOTAL CURRENT LIABILITIES		1,071	1,595
NON-CURRENT LIABILITIES			
Financial liability at fair value	3	13,270	11,564
Provisions	7	241	183
Deferred tax liabilities	5	-	-
TOTAL NON-CURRENT LIABILITIES		13,511	11,747
TOTAL LIABILITIES		14,582	13,342
NET ASSETS		29,028	32,717
EQUITY			
Contributed equity	8	92,022	92,099
Reserves	8	1,417	2,644
Accumulated losses		(64,411)	(62,026)
TOTAL EQUITY		29,028	32,717

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

**Statement of Changes in Equity
for the year ended 30 June 2016**

Consolidated	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 2014	83,482	1,418	1,303	(43,457)	42,746
Loss for the period	-	-	-	(18,569)	(18,569)
Other comprehensive loss for the period	-	(20)	-	-	(20)
Total comprehensive loss for the period	-	(20)	-	(18,569)	(18,589)
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	8,555	-	-	-	8,555
Shares issued on vesting of performance rights	62	-	(62)	-	-
Share based payments	-	-	5	-	5
Balance at 30 June 2015	92,099	1,398	1,246	(62,026)	32,717
Balance at 1 July 2015	92,099	1,398	1,246	(62,026)	32,717
Loss for the period	-	-	-	(3,708)	(3,708)
Other comprehensive loss for the period	-	(37)	-	-	(37)
Total comprehensive loss for the period	-	(37)	-	(3,708)	(3,745)
Transactions with owners in their capacity as owners					
Shares issued on vesting of performance rights	36	-	(36)	-	-
Share based payments	-	-	56	-	56
Transfers	(113)	-	(1,210)	1,323	-
Balance at 30 June 2016	92,022	1,361	56	(64,411)	29,028

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 June 2016

	Note	Consolidated June 2016 \$000's	June 2015 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		58	136
Research & development tax offset received		-	572
Other receipts		-	54
Payments to suppliers and employees		(1,705)	(2,104)
NET CASH USED IN OPERATING ACTIVITIES	6	(1,647)	(1,342)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		(2,552)	(6,188)
Payment for property, plant and equipment		(6)	(10)
NET CASH USED IN INVESTING ACTIVITIES		(2,558)	(6,198)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	9,106
Share issue costs		-	(551)
NET CASH FROM FINANCING ACTIVITIES		-	8,555
Net (decrease)/increase in cash held		(4,205)	1,015
Cash at the beginning of the year		5,827	4,814
Effects of exchange rate changes on cash		3	(2)
CASH AT THE END OF THE YEAR	6	1,625	5,827

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements (continued)

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) and its controlled entities (Comet Ridge or “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 14. The financial statements were approved for issue by the Directors on 30 September 2016.

Comet Ridge Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 3, 283 Elizabeth Street
BRISBANE QLD 4000

Note 2 Basis of preparation

a. Compliance with Accounting Standards

These financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board) and the Corporations Act 2001. The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

b. 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 non-current assets, financial assets and financial liabilities.

c. 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.

The ability of the group to execute its currently planned exploration and evaluation activities requires the group to raise additional capital within the next 12 months or to sell or sell down its interest in an existing asset or pre-sell gas from one of its assets. Because of the nature of its operations, the Directors recognise that there is a need on an ongoing basis for the group to regularly raise additional cash funds to fund future exploration activity and meet other necessary corporate expenditure. Accordingly, when necessary, the group investigates various options for raising additional funds which may include but is not limited to an issue of shares, a farm-out of an interest in one or more exploration tenements or the sale of exploration assets where increased value has been created through previous exploration activity.

At the date of this financial report, the Directors have completed arrangements for a share placement and are in the process of finalising a non-renounceable share rights issue to be offered to shareholders in early October 2016. These initiatives are expected to raise up to approximately \$2 million. In addition, the Company has progressed the option of future Galilee Basin gas sales with a number of interested parties. The Directors reasonably expect that a number of these agreements will be finalised over the next few months and will provide sufficient additional funds. However, while they are well progressed, at the date of this report, none of the fund raising options has been completed and no guarantee can be given that a successful outcome will eventuate. As a result, the Directors have concluded that the current circumstances may cast significant doubt regarding the groups’ and the Company’s ability to continue as a going concern and therefore the group and Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after taking into account the progress that has been made on the various funding options available, the Directors have a reasonable expectation that the group and the Company will be successful with its future fund raising 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.

The financial report does not include adjustments relating to the recoverability or classification of recorded assets amounts or to the amounts or classification of liabilities that might be necessary should the group not be able to continue as a going concern.

d. 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 report. Amounts in the financial report have been rounded off in accordance with the Legislative Instrument to the nearest one thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Financial Statements (continued)

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.

The critical estimates and judgements applied in the preparation of the financial statements are as follows:

Exploration and Evaluation Assets

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. The balance and movements in of exploration and evaluation expenditure during the year are as follows:

Exploration and evaluation expenditure	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Exploration and evaluation expenditure	72,169	70,063
Less provision for impairment	(30,926)	(30,512)
	41,243	39,551

Movements in exploration and evaluation phase	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Balance at the beginning of year	39,551	52,774
Exploration and evaluation expenditure during the year	2,007	3,586
Impairment expense	(315)	(15,542)
Exploration and evaluation expenditure written off	-	(1,267)
Balance at the end of year	41,243	39,551

Further information regarding the activity in each area of interest is shown in Note 10 - Segment Information.

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.

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.

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.

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration and evaluation activity that gives rise to the need for restoration. Accordingly, these costs will be recognised gradually over the life of the project as the activities occur.

Notes to the Financial Statements (continued)

Note 3 Material balances - critical accounting estimates and judgements (continued)

Exploration expenditure

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 as follows:

	June 2016	June 2015
	\$000's	\$000's
Minimum expenditure requirements		
- not later than 12 months	273	335
- between 12 months and 5 years	5,470	4,808
	5,743	5,143

Recoverability of exploration and evaluation expenditure

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.

The oil price and its relationship to the gas price are seen as a significant impairment trigger. At balance date, while the international oil price has increased from the level at 30 June 2015 it is still at a level that could indicate that the carrying value of the exploration and evaluation assets may not be fully recovered through development or sale. As a result, in order to assess the fair value of these assets for impairment the following have been performed:

- a "value in use" calculation has been undertaken for the Mahalo Gas Project at 30 June 2016, and
- the assumptions underlying the 30 June 2015 valuation for permit ATP 744P have been reviewed in order to determine whether it is reasonable to continue to use that valuation as an estimate the asset's a fair value.

The "value-in-use" method calculates a net present value (NPV) based on management's estimated cash flows for each individual permit. The assumptions underlying the cash flows include management's estimates of the following:

- recoverable reserves
- field development plans
- pipeline tariff
- production life
- additional exploration costs
- field operating costs
- short and long term gas prices
- discount rate

The future cash-flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 14.25% (2015: 14.25%). The discount rate is derived from the Company's estimated post-tax weighted average cost of capital. The calculation of value in use is sensitive to changes in the short and long term gas price and the estimate of recoverable reserves. It is estimated that while changes in the gas price would impact the value in use calculation; an analysis using a range of prices from \$6.00GJ to \$8.00GJ did not alter the impairment decision. Also, with respect to the Mahalo Gas Project, a 40% reduction in the rate of recovery of the amount of recoverable reserves did not change the impairment decision.

The review of the ATP744P valuation concluded that there was no material change in the assumptions underlying the valuation other than there was a substantial increase in the amount of the contingent resource available.

No value-in-use calculation was undertaken for the Gunnedah Basin permits as these assets 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.

Notes to the Financial Statements (continued)
Note 3 Material balances - critical accounting estimates and judgements (continued)
Recoverability of exploration and evaluation expenditure (continued)

Based on the value-in-use calculations and other considerations an impairment expense was recognised with respect to exploration and evaluation assets amounting to \$315,000 (2015: \$15.54 million). This impairment relates to the following permit areas:

Permit	Consolidated	
	June 2016 \$000's	June 2015 \$000's
ATP 743P *	-	4,314
ATP 744P *	-	8,105
PEL 427	100	974
PEL 428	73	1,472
PEL6	31	677
PMP 50100	111	-
Total	315	15,542

Note * While the value-in-use calculation undertaken for the year ended 30 June 2015 with respect to for the Galilee Basin permits ATP 743 and ATP 744P did not indicate impairment, the Directors decided to impair the asset by the amount of the valuation uplift that was applied to the permit at the time of the Comet Ridge/Chartwell merger in 2009. The impairment was taken up in order to recognise the relatively underexplored nature of these permits and to match the carried value to the actual expenditure incurred to date in the permit.

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 groups' 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. The amount of exploration and evaluation expenditure employed in the joint operations is as follows:

	ATP1015P 20.0% \$000's	ATP1191 40.0% \$000's	PEL427 59.1% \$000's	PEL428 68.4% \$000's	PEL6 29.6% \$000's	Total \$000's
30 June 2016						
Current assets						
Cash and cash equivalents	-	155	-	-	1	156
Trade and other receivables	-	-	-	-	-	-
Total current assets	-	155	-	-	1	156
Non-current assets						
Exploration and evaluation expenditure	6,257	17,194	518	464	311	24,744
Total non-current assets	6,257	17,194	518	464	311	24,744
Total assets	6,257	17,349	518	464	312	24,900
Current liabilities						
Trade and other payables	-	108	(1)	(14)	(1)	92
Total current liabilities	-	108	(1)	(14)	(1)	92
Share of joint venture net assets	6,257	17,241	519	478	313	24,808

Notes to the Financial Statements (continued)
Note 3 Material balances - critical accounting estimates and judgements (continued)
Interest in joint operations (continued)

	ATP1015P	ATP1191	PEL427	PEL428	PEL6	Total
30 June 2015	20%	40%	50%	60.0%	22.5%	
Current assets	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Cash and cash equivalents	-	173	5	7	3	188
Trade and other receivables	-	-	-	-	1	1
Total current assets	-	173	5	7	4	189
Non-current assets						
Exploration and evaluation expenditure	6,127	16,871	379	342	212	23,931
Total non-current assets	6,127	16,871	379	342	212	23,931
Total assets	6,127	17,044	384	349	216	24,120
Current liabilities						
Trade and other payables	2	99	3	3	1	108
Total current liabilities	2	99	3	3	1	108
Share of joint venture net assets	6,125	16,945	381	346	215	24,012

For all joint operations other than ATP1015P, the principal place of business is c/- Santos Limited, Level 22, 32 Turbot Street, Brisbane QLD 4000. The principal place of business for ATP1015P is Comet Ridge's principal place of business.

The group's minimum expenditure obligations with respect to its interests in joint operations which are included in the above are as follows:

	Consolidated	
	June 2016	June 2015
Minimum expenditure requirements	\$000's	\$000's
• not later than 12 months	38	3,107
• between 12 months and 5 years	5,455	245
	5,493	3,352

The commitments shown above include the amounts with respect to the group's interest in joint operations (refer Note 3).

Financial liability at fair value

On 18 March 2014, the Group repurchased the 5% interest in the Mahalo Gas Project which was originally sold to Stanwell Corporation Limited (SCL) under the September 2011 Sale and Purchase Option Agreement. The liability to Stanwell Corporation Limited arising from the renegotiated agreement is recognised as a "financial liability at fair value through profit and loss".

	Consolidated	
	June 2016	June 2015
Non-current	\$000's	\$000's
Financial liability at fair value - Stanwell Corporation Limited	13,270	11,564

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Balance at the beginning of the year	11,564	10,078
Movement in fair value of financial liability at fair value	1,706	1,486
Balance at the end of the year	13,270	11,564

Notes to the Financial Statements (continued)

Note 3 Material balances - critical accounting estimates and judgements (continued)

Financial liability at fair value (continued)

In accordance with the Renegotiated Mahalo Option Agreement the nature of the consideration payable by Comet Ridge is at the option of SCL and is either by way of:

1. A discount under the Gas Supply Agreement (Option A) (GSA). Under this option, the consideration is paid by Comet Ridge foregoing a portion of its future revenue from the Mahalo Gas Project over the life of the Gas Supply Agreement. The revenue foregone by Comet Ridge is the \$15m discount expressed in 1 July 2013 dollar terms and indexed by CPI up to the date the Gas Supply Agreement is signed; or
2. A cash payment of \$20m indexed by CPI from 1 July 2015. This is the amount which will be payable if SCL decides not to exercise Option A or an acceptable gas supply agreement cannot be agreed.

Fair value measurement

At 18 March 2014, the date of the renegotiated agreement, the fair value of the SCL liability was estimated for recognition and measurement and for disclosure purposes. Refer to Note 11 for further details of the process undertaken to value the financial liability

Of the two options available, it was originally considered reasonable to assume that SCL will choose the option that provides the greatest benefit. If the Mahalo field proves up with significant reserves, SCL would be expected to proceed with Option A. If the field proves up with low gas volumes then SCL would be expected to opt for Option B. Obviously, there is a midway point where SCL will be ambivalent as to whether it chooses Option A or Option B. As a result, at 30 June 2016 it is necessary to consider whether there has been any technical or economic changes since the last reporting date that would now cause SCL to choose Option B rather than Option A. If necessary, the liability to SCL will be amended so that at the anticipated date of the GSA the full liability for the consideration payable to SCL will be recognised.

The initial accounting treatment was based on the expectation that SCL was interested in securing future gas supplies and, provided the Mahalo/Mira field was able to supply the agreed gas quantities it would proceed with Option A. This conclusion was based on the exploration results from the Mahalo and Mira pilot operations which, while not conclusive, indicated that the Mahalo/Mira field had the potential for a significant gas resource.

The two critical assumptions that could potentially change the initial conclusion are:

1. The potential of the Mahalo/Mira Gas Project to supply the agreed quantities of gas; and
2. Gas price under the Gas Pricing Mechanism compared to the current market gas price.

The results of exploration and development activity undertaken during the year have not changed the initial opinion on the potential of the field. During the last quarter of the financial year, the Mahalo Pilot Scheme maintained a strong production rate of approximately 465,000 scf/d from one relatively short 360 metre horizontal well and two vertical wells on line. On the basis of these promising results, have been undertaken to examine the most efficient way to into production.

These studies are showing that the initial cost of production should be very low given the:

- Strong gas flow from a very short horizontal section;
- Shallow reservoir
- Low water production rates; and
- Proximity to existing infrastructure to transport gas.

With respect to the Gas Pricing Mechanism, the gas price under the GSA is calculated on an ex-field basis using a formula which reflects the Oil Linked Gas Price (OLP), the field cost to produce plus a rate of return referred to as the Field Cost Plus Return (FCR) and with a specified Floor and Ceiling Price range.

Notes to the Financial Statements (continued)

Note 3 Material balances - critical accounting estimates and judgements (continued)

Financial liability at fair value (continued)

The pricing mechanism will operate as follows:

1. If the price of oil is low (i.e. below the Floor Price of USD96.75/bbl), the gas price will be calculated based on the field cost to produce plus a rate of return (FCR);
2. If the oil price is high (i.e. above USD134/bbl) then the ceiling gas price will be a specified maximum currently estimated at Au\$9.51 per GJ;
3. If the oil price lies between the prices mentioned in (a) and (b) above, the contracted gas price will be 50% based on OLP and 50% based on FCR; and
4. With respect to both (a) and (b) above a discount calculated at the date of the Gas Supply Agreement will apply and will reduce the gas price calculated above on a \$/GJ basis over the life of the GSA.

During the financial year, the oil price has recovered from the levels at 30 June 2015. However, at 30 June 2016 the oil price was still below the GSA floor price. As a result, if the gas price for the GSA was determined at balance date it would be based on field cost to produce plus a rate of return. The conservative estimate of the FCR break-even gas price determined by the development studies ("value in use" calculations) at June 2016 is in the range \$3.82/GJ to \$4.51/GJ. This is below the current market price of approximately \$6.00/GJ to \$6.50/GJ. The FCR price would also be reduced by the SCL discount hence it is still reasonable to assume that Option A would still be attractive to Stanwell.

As a result, at 30 June 2016, it was determined that the initial assumptions used to recognise the SCL liability were still appropriate. Based on these inputs, the increase in the fair value of the SCL liability during the financial year was \$1.706 million and a corresponding amount is recognised as an expense in the profit and loss.

Valuation techniques and process used to determine fair values

The fair value of the SCL liability is based on the anticipated discounted cash flows arising from the renegotiated Mahalo Option Agreement. The SCL liability 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 fair value of the Financial Liability at Fair Value are as follows:

1. The most likely outcome under the Mahalo Option Agreement is SCL will opt for the Gas Sale Agreement as a result the \$15m discount will be the basis for determining the liability calculations.
2. The agreement term for the initial calculations will be the maximum four years.
3. The CPI rate used to index the \$15m gas supply discount from 1 August 2014 will be 3% pa based on upper level of RBA target for inflation.
4. The fair value of the 5% Mahalo Gas Project interest re-acquired will be the net present value (NPV) of the SCL liability discounted at a pre-tax rate based on Comet Ridge's cost of capital.
5. The Comet Ridge's cost of capital is 14.75% per annum (refer WACC calculation below). The pre-tax discount rate is also 14.75% per annum as the cost of debt is nil.

The calculation of the SCL liability is as follows:

Calculations	Starting Balance		Annual Indexation Movement			Ending Balance
	18-Mar-14	18-Mar-15	18-Mar-16	18-Mar-17	18-Mar-18	18-Mar-18
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Indexed liability to SCL	(15,000)	(450)	(464)	(477)	(492)	(16,883)
Projected cash flow SCL liability	-	-	-	-	(16,883)	
NPV of SCL liability	(9,737)					
Fair value exploration assets acquired	9,737					
Total fair value movements	7,146					

Notes to the Financial Statements (continued)

Note 3 Material balances - critical accounting estimates and judgements (continued)

Financial liability at fair value (continued)

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
Likely outcome	If SCL opts for Option B the financial liability at fair value will increase.
Agreement term	If the Final Investment Decision (FID) is reached earlier than the 4 year limit the carrying amount of the financial liability at fair value will increase while the estimated total fair value movements over the new term will reduce.
CPI rate	If the 3% pa CPI rate reduces/increases to a low of 2% pa or a high of 4% pa the indexed liability will reduce/increase by approximately 3.9% or \$650,000.
Pre-tax discount rate	If the 14.75% pa pre-tax discount rate reduces/increases by 2.25% pa i.e. to a low of 12.5% pa and or a high of 17.0% pa the NPV of the indexed liability will increase/reduce by approximately 8.0% or \$750,000 with a resulting reduction/increase in the total fair value movement to be expensed over the term of the agreement.

Financial Guarantee Contract

One of the terms of the renegotiated Mahalo Option Agreement is that the parent entity (Comet Ridge Limited) guarantees the indexed \$20m consideration payable by Comet Ridge Mahalo Pty Ltd (CRM) under Option B. In accordance with AASB 139 Financial Instruments, Recognition and Measurement, at each balance date to the extent that a liability/asset exists, Comet Ridge Limited will need to recognise a Financial Guarantee Contract liability and CRM will record a Financial Guarantee Contract asset.

Comet Ridge Limited's exposure to a financial guarantee liability arises from the risk that at any point in time the fair value of CRM's interest in the Mahalo Gas Project is less than the indexed liability. In order to determine the fair value of CRM's interest in the Mahalo Gas Project, CRM has developed a valuation methodology that takes into account the estimated cash flows from the development of the Mahalo Gas Project for eight years commencing from June 2018. Using a range of gas prices from \$6.00GJ to \$10.00GJ, the valuation provides a range of NPVs for Comet Ridge's 40% interest in the Mahalo Gas Project significantly above the value of the financial guarantee i.e. \$20 million. As a result, based on these valuations, at 30 June 2016 CRM's Financial Guarantee Asset would have a zero value as the underlying asset supporting the financial guarantee is significantly above the value of the guarantee. As a result, Comet Ridge Limited's financial guarantee liability at 30 June 2016 is also nil.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less any cumulative amortisation.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the Financial Statements (continued)

Note 4 Revenue and expenditure

Revenue

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
(a) Research & development tax offset	-	572

During the 2015 year Comet Ridge received a Research and Development tax offset from the Australian Taxation Office. The research and development tax offset grant application was made in the 2014 financial year for the radial drilling test at the Mahalo Gas Project.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable the future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each Operation.

Interest revenue 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.

Government grants that compensate the Group for expenses incurred e.g. Research and Development are recognised as revenue when received.

All revenue is stated net of the amount of goods and services tax (GST).

Other income

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
(b) Other income		
Other income includes the following specific items:		
Sale of inventory	36	54
Foreign exchange gains (net)	-	1
Total other income	36	55

Expenses

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Loss before income tax includes the following specific expenses:		
(a) Employee benefits' expense		
Other employee benefits' expense	(488)	(760)
Share based payments' expense	(56)	(5)
Defined contribution superannuation expense	(88)	(96)
	(632)	(861)
(b) Contractor and consultants costs		
Contractors' fees	(388)	(557)
Consulting fees	-	(3)
	(388)	(560)
(c) Movement in fair value of financial liability at fair value		
Fair value movement of financial liability at fair value through profit and loss	(1,706)	(1,486)

Notes to the Financial Statements (continued)
Note 4 Revenue and Expenditure (continued)
Expenses (continued)

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
(d) Occupancy costs		
Rental expense relating to operating leases - minimum lease rentals	(182)	(143)
Other occupancy costs	(21)	(17)
	<u>(203)</u>	<u>(160)</u>
(e) Other expenses include the following specific items:		
Other administration and office costs	(229)	(279)
Foreign exchange losses (net)	(2)	-
	<u>(231)</u>	<u>(279)</u>

Note 5 Income tax
Tax expense

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
(a) Recognised in the Statement of Profit and Loss and Other Comprehensive Income		
Current tax	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	-	1,401
Income tax expense	<u>-</u>	<u>1,401</u>
Deferred income tax credit included in income tax expense comprises:		
Decrease in deferred tax asset	-	1,430
Decrease in deferred tax liability	-	(29)
	<u>-</u>	<u>1,401</u>
(b) Numerical reconciliation of income tax expense to prima facie tax on accounting profit		
Loss before income tax	(3,708)	(19,970)
Tax benefit at the Australian tax rate of 30% (2015:30%)	1,112	5,991
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share options expensed	(17)	(1)
Research and development tax offset received	-	171
Other non-deductible items	(4)	(14)
Previously unrecognised tax losses used to reduce deferred tax expense	-	(380)
Capital & tax losses not recognised in deferred tax assets	(1,091)	(4,366)
Income tax expense	<u>-</u>	<u>1,401</u>

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.

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
(c) Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 30% (2015: 30%)	<u>-</u>	<u>-</u>

Notes to the Financial Statements (continued)

Note 5 Income tax (continued)

Tax expense (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (i) franking credits that will arise from the payment of the amount of the provision for income tax;
- (ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (iii) franking credits that will arise from the receipt of dividends recognised as receivable at the reporting date.

The income tax expense (revenue) 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.

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. It establishes provisions where appropriate on the basis of amounts expected to be paid to (recovered from) the relevant tax authorities.

Deferred taxes

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Deferred tax liability	-	-
The balance of deferred tax liability comprises:		
Deferred tax assets		
Tax losses	21,889	20,251
Capital costs deductible over 5 years	211	316
Provisions	1,257	741
	23,357	21,308
Deferred tax liabilities		
Exploration and evaluation expenditure	(10,745)	(9,195)
Accrued interest	(1)	(6)
	(10,746)	(9,201)
Net deferred tax asset		
Deferred tax asset not recognised	12,611	12,107
Deferred tax asset recognised in accounts	(12,611)	(12,107)
	-	-
Movements in deferred tax liability		
Opening balance	-	1,401
Deferred tax (credited) to profit or loss	-	(1,401)
Closing balance	-	-

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.

Notes to the Financial Statements (continued)

Note 5 Income tax (continued)

Deferred taxes (continued)

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 2016	June 2015
	\$000's	\$000's
Australian temporary differences and tax losses	16,129	14,904
Off-shore tax losses	25,903	25,451
	42,032	40,355

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.

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.

Note 6 Other financial assets and liabilities

Cash and cash equivalents

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Cash at bank and on hand	1,625	5,827

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

Notes to the Financial Statements (continued)

Note 6 Other financial assets and liabilities (continued)

Cash and cash equivalents (continued)

		Consolidated	
		June 2016	June 2015
		\$000's	\$000's
(a)	Reconciliation of cash flow from operations		
	Loss for the year	(3,708)	(18,569)
	Depreciation	22	26
	Impairment - exploration and evaluation expenditure	315	15,542
	Exploration and evaluation expenditure written off	-	1,309
	Provision for rehabilitation capitalised	(88)	-
	Share-based payments	56	5
	Net exchange differences	(1)	(39)
Changes in assets and liabilities net of effects of purchase or disposal of subsidiaries			
	Decrease in inventories	-	23
	Decrease in trade and other receivables	64	156
	(Increase)/Decrease in prepayments and deposits paid	(41)	49
	(Decrease)/Increase in trade payables and accruals	(107)	39
	Increase in financial liability at fair value	1,706	1,486
	Increase in provisions	135	32
	Decrease in deferred tax liability	-	(1,401)
		(1,647)	(1,342)

Non-cash financing and investing activities

- (b) There were no investing and financing transactions undertaken during the current year that did not require the use of cash or cash equivalents other than shares issued with respect to Performance Rights vesting during the year amounting to \$36,000 (2015: \$62,000).

Trade and other receivables

		Consolidated	
		June 2016	June 2015
		\$000's	\$000's
Current			
	Other receivables	147	111

Other receivables mainly comprise GST refunds. The carrying amount of other receivables is assumed to approximate their fair values due to their short term nature.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected more than 12 months after reporting date.

Notes to the Financial Statements (continued)

Note 6 Other financial assets and liabilities (continued)

Trade and other receivables (continued)

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss as part of other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Trade and other payables

	Consolidated	
	June 2016	June 2015
Current	\$000's	\$000's
Trade payables	412	1,050

Trade payables includes \$92,000 (2015: \$108,000) representing the group's share of joint operation liabilities (refer Note 3).

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. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Note 7 Other non-financial assets and liabilities

Inventories

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Consumables - at cost	76	76

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the specific identification basis.

Other Assets

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Prepayments	54	13
Restricted cash	403	403
	457	416

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 and to the landlord of the Brisbane office premises to support the group's obligations under the lease. Refer Note 13.

Notes to the Financial Statements (continued)

Note 7 Other non-financial assets and liabilities (continued)

Property, Plant and Equipment

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Plant and equipment at cost	159	170
Accumulated depreciation	(97)	(92)
	62	78
Movements in carrying amounts of property, plant and equipment		
Balance at the beginning of year	78	96
Additions	6	10
Depreciation	(22)	(26)
Foreign exchange movements	-	(2)
Balance at the end of year	62	78

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The depreciable amount of all plant and equipment is calculated on a straight-line basis over the asset's useful life to the group commencing from the time the asset is held ready for use. The depreciation rates used are:

Class of fixed asset

Plant and Equipment 10% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

Provisions

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.

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Current		
Employee benefits	91	102
Restoration & rehabilitation	568	443
	659	545
Non-current		
Employee benefits	75	60
Restoration & rehabilitation	166	123
	241	183
	900	728

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Movements in carrying amounts of restoration and rehabilitation		
Balance at the beginning of the year	566	588
Additions capitalised to exploration and evaluation expenditure	131	-
Foreign exchange movements	37	(22)
Balance at the end of the year	734	566

Notes to the Financial Statements (continued)

Note 8 Equity

Contributed equity

			Consolidated	
	June 2016	June 2015	June 2016	June 2015
			\$000's	\$000's
Ordinary shares - fully paid			92,022	92,099
Movements in ordinary shares	June 2016	June 2015	June 2016	June 2015
	Number of Shares		\$000's	\$000's
Balance at the beginning of the year	526,200,547	458,598,746	92,099	83,482
Share placement (59,259,250 shares @ 13.5 cents)	-	59,259,250	-	8,000
Share purchase plan (8,192,551 shares @ 13.5 cents)	-	8,192,551	-	1,106
Performance rights movements during the year	50,000	150,000	(77)	62
Share issue costs	-	-	-	(551)
Balance at the end of the year	526,250,547	526,200,547	92,022	92,099

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. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll, each share is entitled to one vote.

Reserves

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Foreign currency translation	1,361	1,398
Share-based payments	56	1,246
	1,417	2,644

The movements in the share-based payments' reserve during the year are as follows:

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Balance at the beginning of the year	1,246	1,303
Shares issued on vesting of performance rights	(36)	(62)
Share-based payments during the year	56	5
Transfer to accumulated loss	(1,210)	-
Balance at the end of the year	56	1,246

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

Share-based Payments Reserve

The option reserve is used to record the expense associated with options 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.

Notes to the Financial Statements (continued)

Note 8 Equity (continued)

Options and Performance Rights

At 30 June 2016 and 30 June 2015 there were no options for ordinary shares in Comet Ridge Limited on issue.

At 30 June 2016, the following Performance Rights for ordinary shares in Comet Ridge Limited were on issue:

Grant Date	Vesting Date	Expiry Date	No. of Rights 30 June 2016	No. of Rights 30 June 2015
1-Jul-13	1-Jul-15	7-Jul-15	-	50,000
1-Oct-14	1-Jul-15	1-Jul-15	-	1,910,000
27-Nov-14	1-Jul-15	1-Jul-15	-	500,000
10-Jul-15	31-Dec-16	31-Dec-16	500,000	-
10-Jul-15	31-Dec-16	31-Dec-16	1,000,000	-
18-Jan-16	31-Dec-17	31-Dec-16	1,260,000	-
18-Jan-16	31-Dec-17	31-Dec-16	1,260,000	-
			<u>4,020,000</u>	<u>2,460,000</u>

Note 9 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:

	June 2016	June 2015
	\$000's	\$000's
Statement of comprehensive income		
Share based payments expense included in employee benefits' expense	<u>56</u>	<u>5</u>

The types of share-based payment plans are described below.

Employee Share Options

Options are granted either under the Company's Employee Share Incentive Option Plan or on terms determined by the directors or otherwise approved by the Company at a general meeting. The options are granted for no consideration. Options are usually granted for a three to four year period and entitlements to the options are vested on a time basis and/or on specific performance based criteria such as share price increases or reserves certification. Options granted either under the plan or otherwise as described above carry no dividend or voting rights. When exercisable, each option is convertible to one ordinary share.

The amount assessed as fair value at the grant date is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using the Black-Scholes method of valuation that takes into account the exercise price, the terms of the option, the vesting and market related criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and the risk of the underlying share and the risk free interest rate for the term of the option.

There were no employee share options on issue at the beginning of the year and none were granted during the year ended 30 June 2016.

Employee Performance Share 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. 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 on a case by case basis by the Board. These performance criteria are likely to be matters such as length of employment, successful operational results and/or direct increase in shareholder value linked to the share price of the Company or reserve targets.

Notes to the Financial Statements (continued)
Note 9 Share-based payments (continued)
Employee Performance Share Rights (continued)

The fair value of Performance Rights at grant date that are issued subject only to a service condition 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. Volume Weighted Average Share Price (VWAP) 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.

The maximum number of Performance Rights issued is determined by aggregating the number of Performance Rights on issue with the number of shares issued during the previous five years under the plan or any other employee incentive scheme, cannot exceed 5% of the total number of shares on issue.

The following table shows the number and movements of Performance Rights during the 2016 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2015	Granted During the Year	Vested During the Year	Expired During the Year	No. of Rights 30 June 2016
1-Jul-13	7-Jul-15	19.00	50,000	-	(50,000)	-	-
1-Oct-14	1-Jul-15	14.00	1,910,000	-	-	(1,910,000)	-
27-Nov-14	1-Jul-15	12.00	500,000	-	-	(500,000)	-
10-Jul-15	31-Dec-16	6.00	-	500,000	-	-	500,000
10-Jul-15	31-Dec-16	6.00	-	1,000,000	-	-	1,000,000
18-Jan-16	31-Dec-17	9.00	-	1,260,000	-	-	1,260,000
18-Jan-16	31-Dec-17	9.00	-	1,260,000	-	-	1,260,000
			2,460,000	4,020,000	(50,000)	(2,410,000)	4,020,000

The following table shows the number and movements of Performance Rights during the 2015 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2015	Granted During the Year	Vested During the Year	Expired During the Year	No. of Rights 30 June 2016
1-Jul-12	30-Jun-16	11.00	100,000	-	(100,000)	-	-
1-Jul-13	7-Jul-14	19.00	50,000	-	(50,000)	-	-
1-Jul-13	7-Jul-15	19.00	50,000	-	-	-	50,000
1-Oct-14	1-Jul-15	14.00	-	1,910,000	-	-	1,910,000
27-Nov-14	1-Jul-15	12.00	-	500,000	-	-	500,000
			200,000	2,410,000	(150,000)	-	2,460,000

All performance rights granted during the year vest subject to a performance condition in addition to the employee/contractor satisfying a service condition relating to the completion of a specified period of employment/engagement. The performance rights granted during the year are subject to the following conditions:

Grant Date	No. of Rights	Vesting Date	Expiry Date	Fair Value	Service Period		Performance Condition
					From	To	
10-Jul-15	167,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	75PJ 2P Reserves hurdle
10-Jul-15	167,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	100PJ 2P Reserves hurdle
10-Jul-15	166,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	125PJ 2P Reserves hurdle
10-Jul-15	1,000,000	31-Dec-16	31-Dec-16	6 cents	1-Jul-15	31-Dec-16	Gas flow rate 500mfd
18-Jan-16	420,000	31-Dec-17	31-Dec-17	9 cents	1-Jul-15	31-Dec-17	75PJ 2P Reserves hurdle
18-Jan-16	420,000	31-Dec-17	31-Dec-17	9 cents	1-Jul-15	31-Dec-17	100PJ 2P Reserves hurdle
18-Jan-16	420,000	31-Dec-17	31-Dec-17	9 cents	1-Jul-15	31-Dec-17	125PJ 2P Reserves hurdle
18-Jan-16	1,260,000	31-Dec-17	31-Dec-17	9 cents	1-Jul-15	31-Dec-17	Gas flow rate 500mfd
	4,020,000						

Notes to the Financial Statements (continued)

Note 9 Share-based payments (continued)

Employee Performance Share Rights (continued)

All performance rights granted during the 2015 year vest subject to a performance condition in addition to the employee/contractor satisfying a service condition relating to the completion of a specified period of employment/engagement. The vesting of performance rights granted during the year is conditional upon the Group booking 2P reserves. The number of performance rights that ultimately vest will be on a percentage basis of a total 2P reserve target of 75PJ with a threshold of 37.5PJ to be reached before any performance rights vest.

Ordinary shares were issued for all Performance Rights that vested during the 2016 and 2015 years.

The fair value of Performance Rights is measured at grant date and is determined using a binomial or Black-Scholes pricing model that takes into account the term of the performance right, the underlying share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance right.

Where the Performance Rights are granted subject only to service conditions, in accordance with the relevant accounting standard, it is assumed that the service condition will be met and the Comet Ridge Limited share price at grant date is used to determine the fair value of the Performance Rights issued. Where the Performance Rights are granted subject to a market condition in addition to the service condition, the pricing model also takes into account the probability that the market condition will be satisfied/not satisfied during the term of the Performance Rights e.g. "monte carlo" simulation technique.

Note 10 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as 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 group has identified its operating segments based on the geographic location of its respective areas of interest (tenements). The internal reports used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocations of resources are prepared on the same basis.

Reportable segments disclosed are based on aggregating operating activities where those activities are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments. Other than exploration and evaluation costs written off and impairment losses and stand-by costs in relation to exploration and evaluation expenditure, income and expenditure as per the Statement of Comprehensive Income consist of incidental revenue including interest and corporate overhead expenditure which are not allocated to the group's operating segments.

In addition, only exploration and evaluation expenditure assets are allocated to the group's operation segments. All other assets and liabilities relate to corporate activities and are not allocated to operating segments.

Unless otherwise stated, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the group.

Activity by segment

At 30 June 2016, the group had the following interests in coal seam gas assets:

Comet Ridge Permits	Location	State/Country	CSG Interest	Area (km2)
ATP 743P	Galilee Basin	QLD	100%	3,994
ATP 744P	Galilee Basin	QLD	100%	4,296
ATP 1015P Farm-in area	Galilee Basin	QLD	20%	873
ATP 1191P Mahalo	Bowen Basin	QLD	40%	911
PEL 6	Gunnedah	NSW	29.55%	5,162
PEL 427	Gunnedah	NSW	59.09%	5,764
PEL 428	Gunnedah	NSW	68.42%	6,018
PMP 50100	West Coast	NZ South Island	100%	140

Notes to the Financial Statements (continued)
Note 10 Segment information (continued)
Segment performance

The following tables show the revenue and profit information regarding the group's operating segments.

	Queensland		New Zealand	New South Wales	Total
	Galilee \$000's	Bowen \$000's	South Island \$000's	Gunnedah \$000's	\$000's
30 June 2016					
Segment revenue	-	-	-	-	-
Exploration and evaluation expenditure impaired	-	-	(100)	(215)	(315)
Segment result before tax	-	-	(100)	(215)	(315)

Reconciliation of segment result to Group loss before tax

Interest revenue					40
Other income					36
Employee benefits expense					(632)
Contractors and consultants costs					(388)
Professional fees					(128)
Corporate expenses					(116)
Occupancy costs					(203)
Fair value movement of financial liability at fair value					(1,706)
Finance charges					(43)
Other expenses					(231)
Depreciation and amortisation expense					(22)
Loss before tax					(3,708)

	Queensland		New Zealand	New South Wales	Total
	Galilee \$000's	Bowen \$000's	South Island \$000's	Gunnedah \$000's	\$000's
30 June 2015					
Total segment revenue	-	-	-	-	-
Impairment - exploration expenditure	(12,563)	-	-	(2,979)	(15,542)
Exploration and evaluation costs written off	-	(1,267)	-	-	(1,267)
Exploration permit restoration and rehabilitation	-	-	(43)	-	(43)
Total segment expense	(12,563)	(1,267)	(43)	(2,979)	(16,852)
Segment result before tax	(12,563)	(1,267)	(43)	(2,979)	(16,852)

Reconciliation of segment result to group loss before tax

Interest revenue					145
Research & development tax offset					572
Other income					55
Employee benefits' expense					(861)
Contractors' and consultants' costs					(560)
Depreciation and amortisation expense					(26)
Fair value movement of financial liability at fair value					(1,486)
Professional fees					(297)
Corporate expenses					(221)
Occupancy costs					(160)
Other expenses					(279)
Loss before tax					(19,970)

Notes to the Financial Statements (continued)
Note 10 Segment information (continued)
Segment performance (continued)
Segment assets and liabilities

The following tables show the segment assets of the group's operating segments.

	Queensland		New Zealand	New South Wales	Total
	Galilee	Bowen	South Island	Gunnedah	
30 June 2016	\$000's	\$000's	\$000's	\$000's	\$000's
Segment assets	21,246	19,997	-	-	41,243
Segment liabilities	-	(13,270)	-	-	(13,270)
	21,246	6,727	-	-	27,973

Reconciliation of segment assets to group assets

Unallocated assets					
Current assets					2,305
Non-current assets					62
Current liabilities					(1,071)
Non-current liabilities					(241)
Total group net assets					29,028

Segment asset movement for the year

Balance at 1 July 2015	20,425	19,126	-	-	39,551
Exploration and evaluation expenditure	821	871	111	204	2,007
Restoration and rehabilitation expense	-	-	-	-	-
Impairment expense	-	-	(111)	(204)	(315)
	821	871	-	-	1,692
Balance at 30 June 2016	21,246	19,997	-	-	41,243

	Queensland		New Zealand	New South Wales	Total
	Galilee	Bowen	South Island	Gunnedah	
30 June 2015	\$000's	\$000's	\$000's	\$000's	\$000's
Segment assets	20,425	19,126	-	-	39,551
Segment liabilities		(11,564)			(11,564)
	20,425	7,562	-	-	27,987

Reconciliation of segment assets to group assets

Unallocated assets					
Current assets					6,430
Non-current assets					78
Current liabilities					(1,595)
Non-current liabilities					(183)
Total group net assets					32,717

Segment asset movement for the year

Balance at 1 July 2014	32,321	17,675	-	2,778	52,774
Exploration and evaluation expenditure	523	2,718	-	345	3,586
Exploration stand-by costs and other write-offs	-	(1,267)	-	-	(1,267)
Impairment - exploration expenditure	(12,419)	-	-	(3,123)	(15,542)
	(11,896)	1,451	-	(2,778)	(13,223)
Balance at 30 June 2015	20,425	19,126	-	-	39,551

Notes to the Financial Statements (continued)

Note 11 Risk management

Overview

The group's principal financial instruments comprise receivables, payables, available for sale financial assets, 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. The group holds the following financial instruments:

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
Financial Assets		
Cash and cash equivalents	1,625	5,827
Trade and other receivables	147	111
Restricted cash	403	403
	2,175	6,341
Financial Liabilities		
Trade and other payables	412	1,050
Financial liability at fair value - Stanwell Corporation Limited	13,270	11,564
	13,682	12,614

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.

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.

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. The analysis is performed on the same basis for 2015.

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
	\$000's	\$000's	\$000's	\$000's
2016 - Consolidated				
Cash and cash equivalents and restricted cash	20	(20)	20	(20)
2015 - Consolidated				
Cash and cash equivalents and restricted cash	62	(62)	62	(62)

Notes to the Financial Statements (continued)
Note 11 Risk management (continued)
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 liquidity 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.

The following table details the remaining contractual maturity for non-derivative financial liabilities.

	<1 year \$000's	>3 years \$000's	Total Contractual Cash Flows \$000's	Carrying Amount \$000's
Consolidated - 30 June 2016				
Trade and other payables	412	-	412	412
Financial liability at fair value - Stanwell Corporation Limited	-	16,883	16,883	13,270
	412	16,883	17,295	13,682
Consolidated - 30 June 2015				
Trade and other payables	1,050	-	1,050	1,050
Financial liability at fair value - Stanwell Corporation Limited	-	16,883	16,883	11,564
	1,050	16,883	17,933	12,614

Foreign exchange risk

As a result of activities overseas, the group's 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 the USA and 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 US or NZ dollars at the time of transaction. The group, has on rare occasions, taken the opportunity to move Australian dollars into foreign currency (ahead of a planned requirement for those foreign funds) when exchange rate movements have moved significantly in favour of the Australian dollar, and management considers that the currency movement is extremely likely to move back in subsequent weeks or months. Therefore, the opportunity has been taken to lock in currency at a favourable rate to the group. This practice is expected to be the exception, rather than the normal practice.

The group's exposure to foreign currency risk at the reporting date, expressed in Australian dollars, was as follows:

	USD \$000's	NZD \$000's
Financial Assets		
Cash and cash equivalents	-	25
Trade and other receivables	-	1
Financial Liabilities		
Trade and other payables	-	(30)

Notes to the Financial Statements (continued)

Note 11 Risk management (continued)

Foreign exchange risk (continued)

Based on financial instruments held at 30 June 2016, had the Australian dollar strengthened/weakened by 10% the group's profit or loss and equity would be impacted as follows:

	Profit or Loss		Equity	
	10% Increase \$000's	10% Decrease \$000's	10% Increase \$000's	10% Decrease \$000's
2016				
NZ dollar	-	-	-	-
2015				
NZ dollar	(3)	3	(3)	3

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.

Credit Risk Exposures

Trade and other receivables

Trade and other receivables comprise primarily of advances to joint operations and GST refunds due. 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 2016 \$nil, (2015: \$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. However, significant cash deposits are invested across three to four banks to mitigate credit risk exposure to a particular bank. 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 that 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 exploration 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 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.

Notes to the Financial Statements (continued)

Note 11 Risk management (continued)

Fair value of available-for-sale financial assets

The group has classified its interest in CRR as an available-for-sale financial asset and, in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*, values the investment at fair value. The fair value measurement of the 'available-for-sale' financial asset is based on the group's proportionate interest in the net assets of CRR discounted for minority interest and liquidity considerations. As the valuation technique for this asset is based on significant unobservable inputs, the asset is included in level 3. This is considered the most reliable valuation method given:

- the group has a minority equity interest in an unlisted company (CRR);
- the nature of CRR's activities, being oil and gas production and exploration;
- the oil and gas reserves and resources interests of CRR are either carried at fair value or on a basis consistent with the group's accounting policy for the recognition and measurement of exploration and evaluation expenditure; and
- the continued contributions to CRR by Pine Brook.

Given that Comet Ridge holds a minority interest in CRR that is now around the 10% level, and also given that the CRR investment is not material to Comet Ridge and Comet Ridge plans to not pay further cash calls (given the Comet Ridge's eastern Australia gas focus) it was considered prudent to fully impair the investment in CRR at 30 June 2014.

There have been no transfers between levels during the year.

Valuation techniques and process used to determine fair values

The fair value measurement of the investment in Comet Ridge Resources LLC (CRR) is based on the group's proportionate interest in the net assets of CRR discounted for minority interest and liquidity considerations. As the valuation technique is based on significant unobservable inputs, the asset is classified as a level 3 financial instrument.

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 12 Group structure

Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 15 (b):

Name of entity	Country of Incorporation	Class of Shares	Equity Holding %	
			2016	2015
Chartwell Energy Limited (accounting parent)	Australia	Ordinary	100	100
Comet Ridge Limited (legal parent)	Australia	Ordinary	100	100
Comet Ridge NZ Pty Ltd	Australia	Ordinary	100	100
Comet Ridge USA Inc.	USA	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

Notes to the Financial Statements (continued)

Note 12 Group structure (continued)

Joint Arrangements

The group has interests in the following joint Arrangements:

ATP 1191P Mahalo	–	40%	PEL6 Gunnedah	–	29.55%
PEL427 Gunnedah	–	59.09%	ATP1015P Galilee	–	20%
PEL428 Gunnedah	–	68.42%			

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 13 Items not recognised in the financial statements

Contingent Liabilities

The Directors are not aware of any contingent liabilities other than the Financial Guarantee Contract which is one of the terms of the renegotiated Mahalo Option Agreement. Under the renegotiated agreement Comet Ridge Limited guarantees the indexed \$20m consideration payable by Comet Ridge Mahalo Pty Ltd (CRM) under Option B. Option B is be exercisable by Stanwell Corporation Limited (SCL) upon the earlier of FID for any development of the Mahalo Gas Project permit area or on the 4th anniversary date of the execution of the new agreement.

If SCL elects to exercise Option B, it will receive a cash payment of A\$20m at 1 July 2015 dollar terms which is to be escalated in accordance with CPI on and from 1 August 2015 and annually thereafter (or part thereof) up to the date the Pay Agreement is signed (refer to Note 3 for a more detailed explanation of the renegotiated Mahalo Option Agreement).

Commitments

Operating lease commitments

Commitments for minimum lease payments for non-cancellable operating leases for offices and equipment contracted for but not recognised in the financial statements.

	June 2016	June 2015
	\$000's	\$000's
Payable - minimum lease payments		
- not later than 12 months	83	209
- between 12 months and 5 years	201	-
	<u>284</u>	<u>209</u>

Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling \$403,000 (2015: \$403,000) as follows:

- \$150,000 (2015: \$150,000) to the State of Queensland in respect of the group's exploration permits and environmental guarantees;
- \$200,000 (2015 \$200,000) to the State of NSW to support the group's exploration permits and environmental guarantees; and
- \$53,000 (2015: \$53,000) to the landlord of the Brisbane office premises to support the group's obligations under the lease.

The bank guarantees are secured by term deposits.

Notes to the Financial Statements (continued)

Note 13 Items not recognised in the financial statements (continued)

Post Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years other than:

The Company has commenced an equity raising of up to approximately A\$2.0 million comprising:

- A placement of 20 million new shares to raise \$1.0 million; and
- A 1 for 25 non-renounceable entitlement offer via the issue of up to approximately 21 million shares to raise up to approximately A\$1.0 million.

With respect to the placement, at the date of this report, the Company has entered into placement subscription agreements with a small number of sophisticated investors for the issue of 20 million new shares at an issue price of \$0.05 per share. It is expected that the placement proceeds of \$1.0 million will be received by 7 October 2016.

The Entitlement Offer which was announced on 30 September 2016, will be formally offered to eligible shareholders who are registered as a holder of shares in Comet Ridge as at the record date being 7:00pm (AEDT) on Friday 7 October 2016 and is expected to be completed by Tuesday 8 November 2016.

The proceeds of the Equity Raising, along with existing cash, will be applied to the ongoing working capital requirements of the Company.

Note 14 Other information

Related Party Transactions

Parent entity and subsidiaries

The legal parent entity is Comet Ridge Limited. Details of controlled entities are set out in Note 12.

Key Management Personnel

There were no transactions with Key Management Personnel during the year.

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 later in this note. The loans to subsidiaries are interest free, repayable in cash at call and are unsecured.

Auditors' Remuneration

During the year the following fees were paid or payable for services provided by Pitcher Partners, the auditor of the group:

	Consolidated	
	June 2016	June 2015
Audit services	\$	\$
- Auditing or reviewing the financial statements	92,769	105,000
Non-audit services		
- Tax consulting and compliance services	-	3,300

Notes to the Financial Statements (continued)

Note 14 Other information (continued)

Earnings per Share

	Consolidated	
	June 2016	June 2015
	\$000's	\$000's
(a) Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Loss for the year	3,708	18,569
Loss used in the calculation of the basic and dilutive earnings per share	<u>3,708</u>	<u>18,569</u>
(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	526,250,547	504,721,818
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	<u>526,250,547</u>	<u>504,721,818</u>
(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 9.		

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

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 after 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.

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
Gillian Swaby	Non-executive Director
Christopher Pieters	Executive Director

Key Management Personnel compensation

	Consolidated	
	June 2016	June 2015
	\$	\$
Short-term employee benefits	623,319	684,950
Post-employment benefits	39,761	47,500
Long-term employment benefits	41,769	9,775
	<u>704,849</u>	<u>742,225</u>

Notes to the Financial Statements (continued)

Note 14 Other information (continued)

Parent Entity Disclosures

	June 2016	June 2015
	\$000's	\$000's
Current assets	2,108	6,208
Non-current assets	29,335	27,111
Total assets	31,443	33,319
Current liabilities	359	462
Non-current liabilities	1,638	1,580
Total liabilities	1,997	2,042
Net assets	29,446	31,277
Contributed equity	106,633	106,709
Share based payments reserve	3,820	5,011
Accumulated losses	(81,007)	(80,443)
Total equity	29,446	31,277
Loss for the period	1,883	3,171
Other comprehensive income	-	-
Total comprehensive income	1,883	3,171

Bank guarantees

Bank guarantees are disclosed in Note 13.

Contingent Liabilities

The Directors are not aware of any contingent liabilities.

Loans to subsidiaries and investments in subsidiaries

The parent entity has recorded investments in subsidiaries at cost of \$48.29 million (2015: \$48.29 million) less provisions for impairment \$48.29 million (2015: \$48.12 million). The parent entity has also loaned funds to its subsidiaries of net \$25.69 million (2015: \$24.02 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by \$18.0 million (2015: \$17.8 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.

Commitments

(a) Operating lease commitments

Commitments for minimum lease payments for non-cancellable operating leases for offices and equipment contracted for but not recognised in the financial statements.

	June 2016	June 2015
	\$000's	\$000's
Payable - minimum lease payments		
• not later than 12 months	83	209
• between 12 months and 5 years	201	-
	284	209

Notes to the Financial Statements (continued)

Note 14 Other information (continued)

Parent entity disclosures (continued)

(b) 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.

	June 2016	June 2015
	\$000's	\$000's
Minimum expenditure requirements		
• not later than 12 months	244	335
• between 12 months and 5 years	832	4,808
	1,076	5,143

Note 15 Summary of other significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented unless otherwise stated.

(a) Income taxes

Tax consolidation

Comet Ridge Limited and its wholly owned Australian subsidiaries (Chartwell Energy Pty Ltd, Comet Ridge Mahalo 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.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured 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.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(b) Principles of consolidation (continued)

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 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 parent 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.

(c) 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 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.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

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 statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each Statement of 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.

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 Statement of Comprehensive Income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(d) Intangible assets

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Research and development

Research and development expenditure is recognised as an expense as incurred. Costs incurred on research and development projects (relating to the design and testing of new or improved products or processes) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other developmental expenditures that do not meet these criteria are recognised as an expense when incurred. Research and development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised research and development costs are recorded as intangible assets and amortised on a straight-line basis over the asset's useful life from the point at which the asset is ready for use.

(e) Investments and other financial assets and liabilities

Classification and measurement

The group classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets and financial liabilities at fair value. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates this classification at the end of each reporting period.

Financial assets are initially measured at fair value plus transaction costs, except where the asset or liability is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial assets are subsequently measured at either fair value or amortised cost using the effective interest method, or cost.

Fair value represents the amount for which an asset could be exchanged between knowledgeable, willing parties. For listed investments, quoted prices in an active market are used to determine fair value. For unlisted investments, valuation techniques are adopted to determine fair value including reviewing publically available data from recent, comparable arm's length transactions or by reference to valuation and pricing models for similar financial assets.

Amortised cost is calculated as:

- i. the amount at which the financial asset is measured at initial recognition less any principal repayments received;
- ii. minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iii. less any reduction for impairment.

The effective interest method is used to allocate interest income over the relevant period and is equivalent to the rate that exactly discounts estimated future cash receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group's financial assets comprise only non-derivative financial instruments consisting of equity securities, trade and other receivables, cash and cash equivalents and term deposits.

(a) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Assets in this category are classified as current assets if they are expected to settle within 12 months; otherwise they are classified as non-current.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(e) Investments and other financial assets and liabilities (continued)

Classification and measurement (continued)

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. They are included in current assets except those with maturities greater than 12 months after reporting date which are classified as non-current.

(c) *Held-to-maturity*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity financial assets are included in non-current assets except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

(d) *Available-for-sale*

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

The group's financial liabilities comprise the liability owed to Stanwell Corporation Limited arising from the renegotiated Mahalo Option Agreement which is designated as a financial liability at fair value. The fair value of this liability is based on the anticipated discounted cash flows arising from the renegotiated Mahalo Option Agreement. Future movements in the fair value of financial liability at fair value will be recognised in profit and loss.

The group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Recognition and de-recognition

Financial assets are recognised on trade-date - the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains or losses from investment securities.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) *Assets carried at the amortised cost*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Impairment testing of trade receivables is described in Note 6.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(e) Investments and other financial assets and liabilities (continued)

Impairment (continued)

(ii) *Assets classified as available-for-sale*

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

(g) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

The fair value of the liability portion of a Convertible Note is determined using a market interest rate for an equivalent non-convertible Note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the Note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

(h) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick 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 balance sheet 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.

Superannuation

The group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(h) Employee benefits (continued)

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.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. 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.

(i) 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 statement of financial position are shown inclusive of GST.

Cash flows are presented in the 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.

(j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred including the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Where the business combination comprises a reverse acquisition, the acquirer is the entity whose equity interests have been acquired (the legal subsidiary) and the issuing entity is the acquiree (the legal parent). The legal subsidiary is the acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(k) Business combinations (continued)

In a reverse acquisition, the cost of the business combination is deemed to have been incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (i.e. the acquiree for accounting purposes). If the published price of the equity instruments of the legal subsidiary is used to determine the cost of the combination, a calculation is made to determine the number of equity instruments the legal subsidiary would have had to issue to provide the same percentage ownership interest of the combined entity to the owners of the legal parent as they have in the combined entity as a result of the reverse acquisition. The fair value of the number of equity instruments so calculated is used as the cost of the combination.

If the fair value of the equity instruments of the legal subsidiary is not otherwise clearly evident, the total fair value of all the issued equity instruments of the legal parent before the business combination is used as the basis for determining the cost of the combination.

Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent, but represent a continuation of the financial statements of the legal subsidiary (i.e. the acquirer for accounting purposes).

Reverse acquisition accounting determines the allocation of the cost of the business combination as at the acquisition date but does not apply to transactions after the combination.

(l) Leases

Leases are classified at commencement as either finance leases or operating leases.

Finance leases

Leases of property, plant and equipment where substantially all the risks and rewards of ownership are transferred to the group are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period at the interest rate implicit in the lease. Leased assets are depreciated on a straight line basis over the asset's estimated useful life or over the shorter of the asset's useful life and the lease term where there is no reasonable certainty that the group will obtain ownership at the end the lease term.

Operating leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the group are classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(m) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) New accounting standards and interpretations for application in future periods

A number of Australian Accounting Standards and Interpretations have been issued or amended but are not yet mandatory for the 30 June 2016 annual reporting period and have not been early adopted by the group for the preparation of these financial statements. The group's assessment of the impact of these new or amended Standards and Interpretations, most relevant to the group, are set out below:

AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard which amends to AASB 11 Joint Arrangements deals with accounting for acquisitions of interests in joint operations. Prior to these amendments, a joint operator was required to account for what belongs to them i.e. its share of assets, liabilities, revenue and expenditure shared or incurred jointly. The effect of the amendments is to require an entity that acquires an interest or increases its interest in a joint operation to consider the principles of AASB 3 Business Combinations and determine whether the interest acquired constitutes a "business". If the activities and assets acquired constitute a business, the acquisition will then be accounted for in accordance with AASB 3.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(n) New accounting standards and interpretations for application in future periods (continued)

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018 as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128)

This Standard amends AASB 10: Consolidated Financial Statements and clarifies the accounting treatment where a parent loses control over a subsidiary that is not a “business” as defined by AASB 3 to an associate or joint venture and requires that:

- a gain or loss (including any amounts in other comprehensive income) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss arising from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change of accounting policies for transactions between an investor and its associate or joint venture where the sale or contribution of assets results in a loss of control of a subsidiary that is a business in accordance with AASB 3. Previously, in these circumstances, any gains or losses were only recognised to the extent of the unrelated investor’s interest. The accounting will now depend on whether the sold/contributed assets constitute a business or an asset. If the activities and assets acquired/sold constitute a business, the acquisition/sale will then be accounted for in accordance with AASB 3.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (effective from 1 January 2016)

AASB 2014-9 – These amendments to AASB 127, AASB 1 and AASB 128 allow entities to use the equity method of accounting for investments in subsidiaries joint ventures and associates in their separate financial statements. Accounting standards are applied consistently across the Group as a result, it is not intended that a different accounting treatment will be adopted for the separate financial statements of subsidiaries.

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contributions of Assets between an Investor and its Associate or Joint Venture (effective from 1 January 2016)

AASB 2014-10 – These amendments clarify the accounting treatment for sales or contributions of assets between an investor and its associates or joint ventures. They confirm that the accounting depends on whether the contributed assets constitute a business or an asset. If the activities and assets acquired/sold constitute a business, the acquisition/sale will then be accounted for in accordance with AASB 3.

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016)

AASB 2015-1 – These amendments introduce minor changes to various AASBs.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB101 (effective from 1 January 2016)

AASB 2015-2 – These amendments to AASB 101 clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of the users.

AASB 9 Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018)

This standard provides guidance on the classification and measurement of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. AASB 9 permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Upon realisation the accumulated changes in fair value are not recycled to profit or loss. Currently, in accordance with AASB 139 Financial Instruments: Recognition and Measurement, a gain or loss on an available-for-sale financial asset is recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses until the financial asset is derecognised. At that time, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(n) New accounting standards and interpretations for application in future periods (continued)

AASB 9 Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018) (continued)

Changes in the fair value of other financial assets carried at fair value are reported in profit or loss. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that relate to equity investments. The repurchase of the 5% interest in the Mahalo Joint Arrangement is taken up in exploration and evaluation expenditure which is considered to be a trading asset. As a result, movements in the fair value of the associated Financial Liability at Fair Value – Stanwell Corporation Limited will continue to be designated at fair value through profit or loss.

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The full impact of this standard is yet to be fully assessed, but adoption of this standard from 1 January 2018 is not expected to have a material impact on the group. The group has not yet decided when to adopt AASB 9.

AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018 as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15)

This standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. With some exceptions e.g. leases and insurance contracts, AASB 15 applies to all contracts with customers. The core principle is that an entity should recognise revenue when the various performance obligations included in the contract are satisfied. This means that revenue will be recognised when control of the goods or services is transferred rather than on the transfer of risks and rewards as is currently the case under IAS 18 Revenue. It is not expected that there will be any impact on the group.

Other than as noted above, the adoption of the various Australian Accounting Standards and Interpretations and IFRSs on issue but not yet effective will not impact the Group's accounting policies. However, the pronouncements may result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

AASB 16 Leases (applicable to annual reporting period, beginning on or after 1 January 2019)

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases.

There are some optional exemptions for leases with a period of 12 months or less, low value leases and leases of exploration and mineral tenements.

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 2016 and of the performance for the year ended on that date of the consolidated entity.
- 2) As stated in Note 1, 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, 30 September 2016



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

Report on the Financial Report

We have audited the accompanying financial report of Comet Ridge Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Opinion

In our opinion:

- a) the financial report of Comet Ridge Limited is in accordance with the Corporations Act 2001, including:
- i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(c) in the financial report which states that the consolidated entity's ability to execute its planned exploration and evaluation activity and meet other necessary corporate expenditure is dependent on the consolidated entity's ability to raise additional funds. The matters set forth in Note 1 (c) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion the Remuneration Report of Comet Ridge Limited for the year ended 30 June 2016 complies with Section 300A of the Corporations Act 2001.

Pitcher Partners
PITCHER PARTNERS

N Batters
N BATTERS
Partner

Brisbane, Queensland
30 September 2016

An Independent Queensland Partnership ABN 84 797 724 539
Liability limited by a scheme approved under Professional Standards Legislation
Independent member of Baker Tilly International

 an independent member of
BAKER TILLY
INTERNATIONAL

Additional Information

The additional information set out below was applicable at 2 September 2016:

1. Number of Equity Holders

Ordinary Share Capital

526,250,547 fully paid ordinary shares are held by 1,737 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	97	4,138	0.000%
1,001 - 5,000	211	690,056	0.130%
5,001 - 10,000	202	1,644,111	0.310%
10,001 - 100,000	767	31,763,930	6.040%
100,001 - maximum	460	492,148,312	93.520%
	<u>1,737</u>	<u>526,250,547</u>	<u>100.000%</u>

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

The numbers of shareholders holding less than a marketable parcel (being 6,945 units or less) were:

372 Holders (1,077,323 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
HSBC Custody Nominees (Australia) Limited <Awal Bank BSC>	51,500,000	9.868%
Waterford Atlantic Pty Ltd & McKay Super Pty Ltd	33,889,551	6.827%

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 Share Rights: The Company has 4,020,000 share rights on issue, issued in accordance with the Share Rights Plan last approved by shareholders at the Company's AGM on 21 November 2013. The number of beneficial holders of share rights totals 9.

Additional Information (continued)
6. The 20 Largest Holders of Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	Percentage of Issued Capital %
1.	HSBC Custody Nominees (Australia) Limited	66,692,073	12.67%
2.	JP Morgan Nominees Australia Limited	30,642,397	5.82%
3.	McKay Super Pty Ltd <McKay Super Fund A/C>	19,452,681	3.70%
4.	Gilby Resources Pty Ltd <The Gilby Investment A/C>	18,813,945	3.58%
5.	Villiers Queensland Pty Ltd <Paul Brosnan A/C>	16,987,782	3.23%
6.	Waterford Atlantic Pty Ltd <McKay Family Trust A/C>	16,343,348	3.11%
7.	Norfolk Enchants Pty Ltd <Trojan Retirement Fund A/C>	14,982,400	2.85%
8.	Brixia Investments Ltd	14,814,814	2.82%
9.	PG Consolidated Pty Ltd <The PG A/C>	13,425,000	2.55%
10.	Kabila Investments Pty Ltd	11,705,745	2.22%
11.	Sixth Erra Pty Ltd <I Collie Family A/C>	10,330,064	1.96%
12.	Christopher John Blamey & Ann Margaret Blamey <ACB Super Fund A/C>	10,000,000	1.90%
13.	Citicorp Nominees Pty Limited	8,921,769	1.70%
14.	Gilby Super Pty Ltd <Gilby Super Fund A/C>	5,126,764	0.97%
15.	Dynamic Supplies Investments Pty Ltd <DSI Cash Trading A/C>	5,000,000	0.95%
16.	Mr Paul Geoffrey Fudge	5,000,000	0.95%
17.	Tor Raymond McCaul	4,905,601	0.93%
18.	Naughton Super Pty Ltd <Naughton Super A/C>	4,500,000	0.86%
19.	Kenneth Street Investments Pty Limited <Superannuation A/C>	4,247,222	0.81%
20.	Crownace Pty Ltd	4,021,000	0.76%
TOTAL		288,150,430	54.76%

7. Restricted Securities

There were no restricted securities issued or held during the reporting period.

8. Interest in Petroleum Tenements
Authority to Prospect (ATP), Joint Venture, Petroleum Exploration Lease (PEL), Petroleum Mining Permit (PMP) Interests

ATP / PEL / PMP	Location	*Interest %	Operator
ATP1191 Mahalo Farmin Area	Bowen Basin	40%	Santos QNT Pty Ltd
**PEL427	Gunnedah Basin	100% Conventional +59.09% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
**PEL428	Gunnedah Basin	100% Conventional +68.42% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
**PEL 6	Gunnedah Basin	100% Conventional +29.55% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
ATP743	Galilee Basin	100%	Comet Ridge Limited
ATP744	Galilee Basin	100%	Comet Ridge Limited
ATP1015 Farm-in Area	Galilee Basin	20%	Comet Ridge Limited
PMP50100	South Island, New Zealand	100%	Comet Ridge NZ Pty Ltd

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

** The Petroleum Exploration Permits located in the Gunnedah Basin are divided into CSG and Conventional Joint Ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these in these respective joint ventures.

* The percentage interests recorded in the CSG Joint Ventures for the Gunnedah Basin permits listed include the percentage increase that has occurred as a result of Energy Australia's notice to withdraw from these Joint Ventures in December 2015. The transfers of these interests remain subject to regulatory approval formalisation under the Joint Venture agreements.

Corporate Directory

Comet Ridge Limited

Directors

James McKay

Non-executive Chairman

Tor McCaul

Managing Director

Gillian Swaby

Non-executive Director

Chris Pieters

Executive Director

Stephen Rodgers

Company Secretary

Registered Office

Level 3

283 Elizabeth Street

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Share Registry

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117 Victoria Street

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Facsimile: +61 7 3229 9860

Auditors

Pitcher Partners Chartered Accountants

345 Queen Street

BRISBANE, QLD 4000

Telephone: +61 7 3222 8444

Securities Exchange Listing

Australian Securities Exchange Ltd

Home Exchange: Brisbane

ASX Code: **COI**

Front cover: Mahalo Flare 2016

Back cover: Mahalo Arial shot looking Southeast 2016

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