Comet Ridge Limited

A.B.N. 47 106 092 577

Annual Report

for the year ended 30 June 2018

Comet Ridge Limited – Annual Report for the Year Ended 30 June 2018

Overview of Activities

Highlights

The 2018 financial year has been an outstanding year for Comet Ridge Limited (the Company or Comet Ridge). There have been significant advancements on the Mahalo Project and the Galilee Permits. Key developments for the 2018 financial year included:

- ✓ Mahalo
  - The drilling of two new wells during the 12 months period and under-reamed three wells;
  - Completion and flow test of Mira 6/2 well and ultimately achieving a flow rate of 1.4 mscf/d;
  - Significant upgrade in reserves, 473% increase in 2P to 172 PJ and 71% increase in 3P to 374 PJ;
  - The signing of a second agency agreement with Santos, re-appointing Comet Ridge to operate and manage the 2018 Mahalo work programme and Budget;
  - Environmental studies progressing towards applications for Petroleum lease (PL) and Petroleum Pipeline (PPL) applications.

- ✓ Galilee Permits
  - The farming out of up to 30% interest in the sandstone reservoir sequence of its ATP 743, ATP 744 and ATP 1015 (Galilee Permits) to Vintage Energy Limited (Vintage);
  - Comet Ridge-Vintage Deeps Joint Venture announcing a stabilised gas flowrate of 230,000 scf/d across a 13 metre interval in the Lake Galilee Sandstone (LGS) Reservoir at the Albany 1 well.
  - Continued interest from Pipeline infrastructure companies to construct the pipeline to connect the Galilee Basin with the East Coast pipe network.

- ✓ Corporate
  - $13.1 m Placement and Share Purchase Plan completed in November 2017;
  - Appointment of full-time Chief Financial Officer to support the growth of the business.

Permit Interest

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 is in the process of surrendering its 100% interest in PMP 50100 in New Zealand. This is currently being processed by New Zealand Petroleum and Minerals.

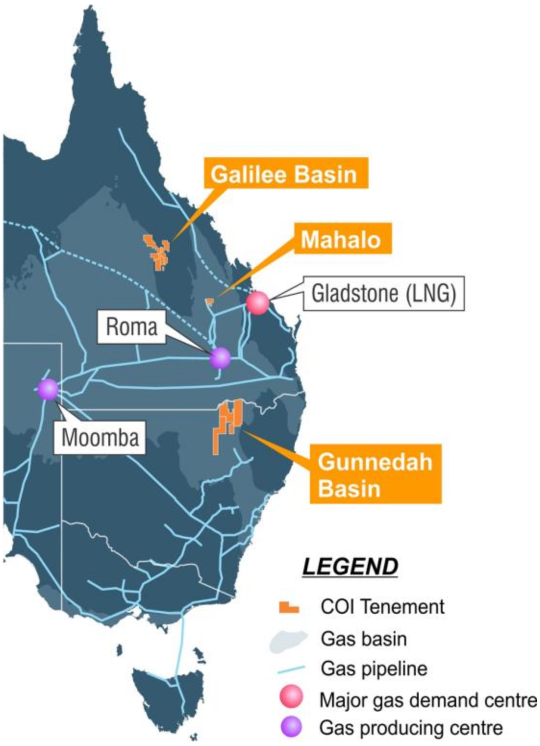


Figure 1 – Map of East Coast Australia detailing Comet Ridge's Permits

Overview of Activities (continued)

Table 1 – Summary of Comet Ridge Permits

Comet Ridge Permits	Basin	State	CSG Interest	Sandstone Interest	Area (km²)
ATP 743	Galilee	QLD	100%	100%[1]	3,195
ATP 744	Galilee	QLD	100%	100%[1]	4,296
ATP 1015	Galilee	QLD	100%	100%[1]	2,194
ATP 1191 Mahalo	Bowen	QLD	40%	n/a[2]	911
PEL 6	Gunnedah	NSW	29.55%	97.5%	5,162
PEL 427	Gunnedah	NSW	59.09%	100%	5,764
PEL 428	Gunnedah	NSW	68.42%	100%	6,018

[1] Comet Ridge has entered into a Joint Venture with Vintage. Vintage has the right to earn up to 30% interest in the sandstone "Deeps".

[2] Comet Ridge has farm-in rights for sandstone targets down to the level of the lower Mantuan coals.

Mahalo Project – ATP 1191

Comet Ridge's ATP 1191 Mahalo Project is located in the Denison Trough, approximately 240km west of Gladstone in the southern Bowen Basin and covers an area of 911km2. The project is located just 14km (to the east) or 65km (to the north) from infrastructure connecting to the Gladstone LNG market with significant gas supply requirements. Comet Ridge has a 40% interest in Mahalo, with both Santos QNT Pty Ltd (Santos) and APLNG Pty Ltd (APLNG) holding 30% each.

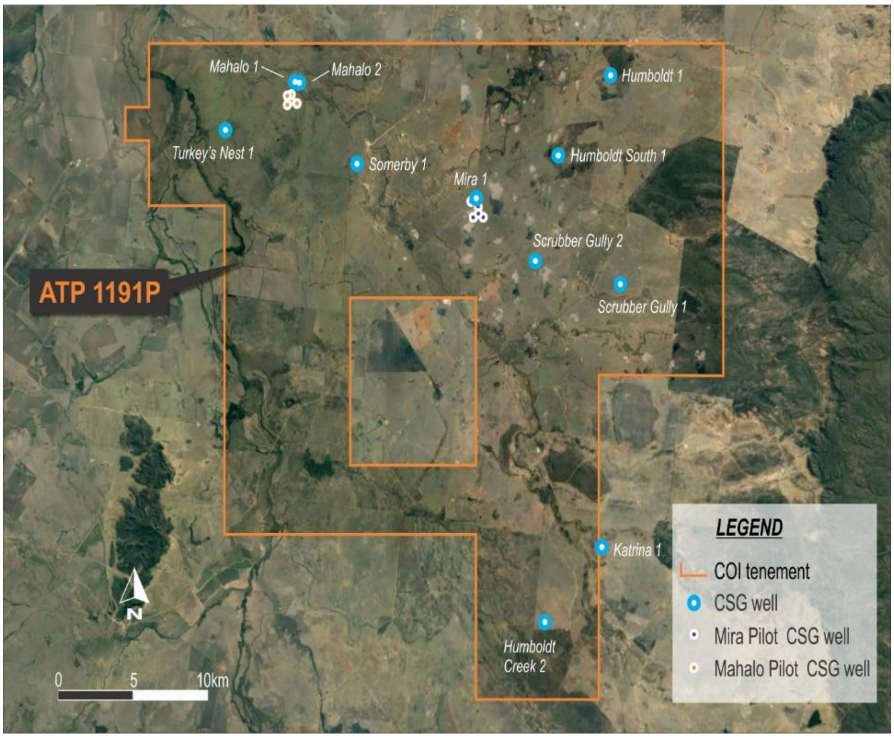
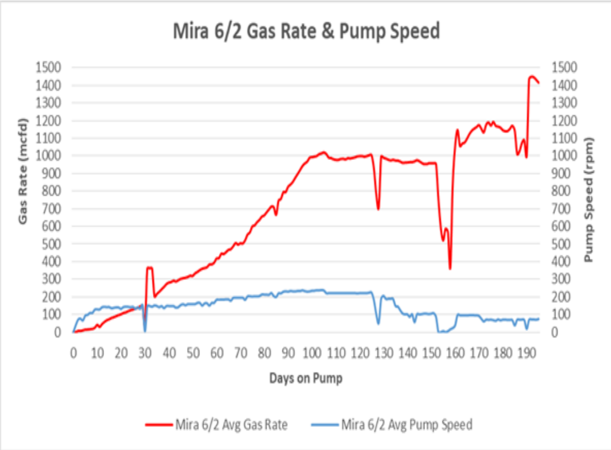


Figure 2 – Aerial map of the Mahalo Project

Mira 6/2 well – The Mira 6 well was spudded on 2 November 2017 and was drilled horizontally to intercept the Mira 2 vertical well through almost 1km of the Castor coal seam. The Mira 6/2 horizontal /vertical well combined was brought online by APLNG in December 2017 and commenced producing gas after two days. By 28 March 2018, the flow rate had exceeded 1 mmscf/d and on 26 June 2018, once back pressure issues with surface infrastructure was resolved, the flow rate exceeded 1.4 mmscf/d, with a water rate of only 30 bwpd (barrels water per day).

The gas rate increase in Mira 6/2 has been much more significant than the shorter horizontal well at the Mahalo pilot and this was consistent with having a longer horizontal well at Mira contacting much more coal.

Overview of Activities (continued)



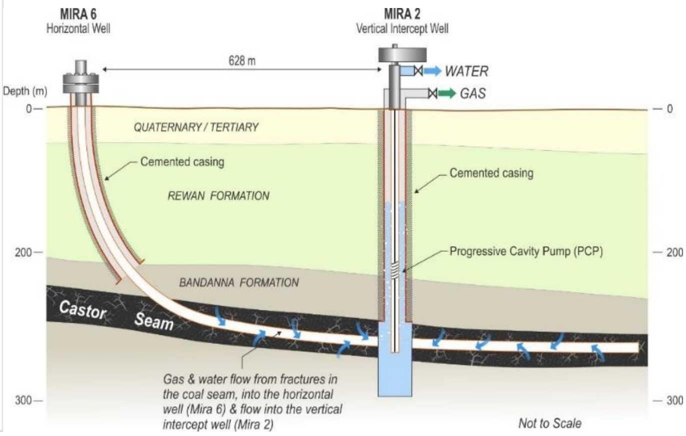


Figure 3 & 4 – Mira 2 gas and water graph, cross-section view of Mira 6 actual well path (not to scale) with wellbore inside the coal seam.

Reserves Upgrade – Leading on from the successful 2017 field programme and Mira 6/2's exceptional production performance, Comet Ridge achieved a significant upgrade of Reserves and Resources in March 2018. This included a 473% increase in 2P reserves to 172 PJ, a 71% increase in 3P reserves to 374 PJ and maiden 1P reserve certification of 18 PJ.

This latest Reserves assessment was independently certified by MHA Petroleum Consultants, LLC ("MHA") of Denver, Colorado. MHA has significant experience with the Mahalo Block having undertaken Comet Ridge's maiden certification announced on 28 August 2014 and upgrade on 2 December 2015.

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, MHA have updated the Reserves and Resources to COI's net equity interest in Mahalo [1,2] using the deterministic method of petroleum reserves estimation.

Table 2 below summarises the changes to the Company's Reserves and Resources position for Mahalo as of 5 March 2018.

Table 2 - Mahalo Independent Reserves and Resources Upgrade (COI Net Interest [2])

COI Net Equity Share [2]	Gas Reserves (PJ)			Gas Contingent Resources (PJ)		
Category	1P	2P	3P	1C	2C	3C
5 Mar 2018 certification: Mahalo Gas Project (ATP 1191)	18	172	374	224	385	389
2 Dec 2015 certification: Mahalo Gas Project (ATP 1191)	-	30	219	112	232	372
Increase (PJ)	18	142	155	112	153	17
Increase (%)	N/A	473%	71%	100%	66%	5%

[1] COI through its subsidiary is in joint venture with Santos and APLNG.

[2] COI has a 40% net equity share of Mahalo. The reported Reserves and Resources in the table represent the share attributable to COI.

Overview of Activities (continued)

Second Agency Agreement with Santos - Comet Ridge executed a second agency agreement with Santos reappointing Comet Ridge to operate and manage the Mahalo 2018 Joint Venture Exploration Work Program and Budget in its capacity as agent for and on behalf of Santos as Exploration Operator. The work programme and budget approved by the Joint Venture partners for 2018 includes:

- Environmental and other studies – to support a Petroleum Lease and Pipeline Licence application;
- 7 well bores – comprising 3 vertical wells and 2 dual lateral intercept wells into 2 of the vertical wells (see image below);
- Production testing for gas and water; and
- Dual lateral wells to extend knowledge of the deeper sections of the field and confirm development well concept.

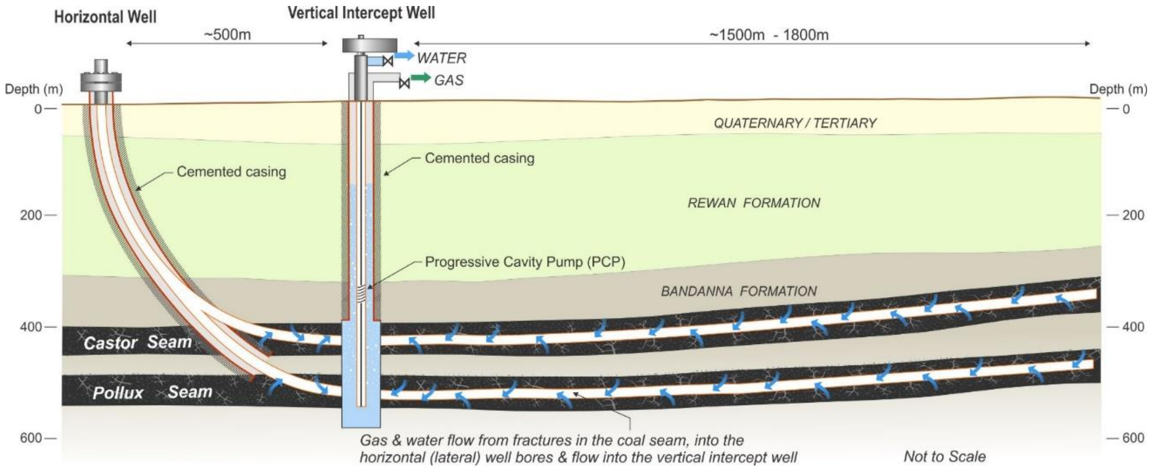


Figure 5 - cross-section view of dual lateral well path (not to scale) with wellbore inside the coal seams

Environmental Studies - Comet Ridge commenced work during Q1 CY2018 on the environmental baseline studies and these studies have continued through to 30 June 2018. Studies relating to terrestrial (flora and fauna) and aquatic ecology, air, noise and ground water were undertaken during the financial year and are currently under review. All environmental baseline studies, including site surveys, are required to support any future field development plan and have been significantly advanced by 30 June 2018. Following Joint Venture Party review of the results of the above studies, a project description will be formalised.

Galilee Basin Permits

Comet Ridge has a large acreage position of 9,685km^2 in the eastern part of the Galilee Basin. This acreage contains 2,287 PJ of 3C Contingent Resources, which has been independently certified at two stratigraphic levels. These comprise sandstone gas (from a depth of approximately 2700m) in the Albany structure and also coal seam gas (CSG) in the Gunn project area (from a depth to approximately 1000m).

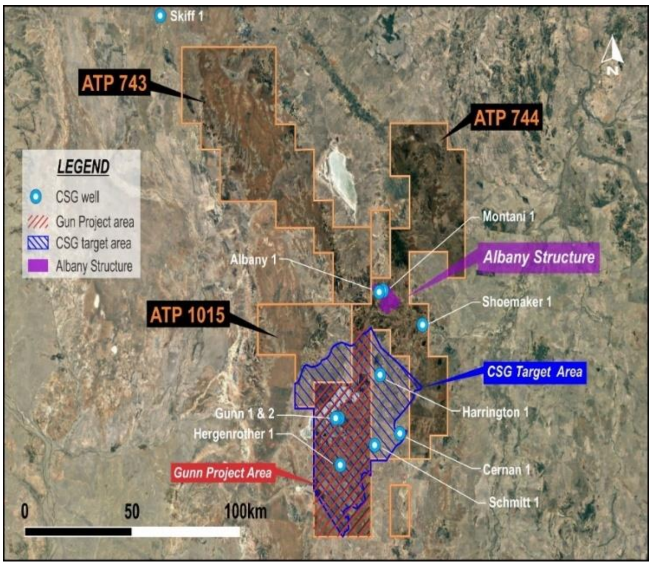


Figure 6 – Aerial map of the Galilee Basin Permits

Overview of Activities (continued)

Vintage Energy Farm-in to Galilee 'Deeps' - During November 2017, Comet Ridge announced that an agreement to farm-out the sandstone reservoir sequence of its Galilee Basin permits ATP 743, ATP 744, and ATP 1015 (Galilee Permits) was executed with Vintage. Vintage, through this two-stage farm-in, may earn up to a 30% interest in the Deeps (sandstone targets) by committing to spend approximately $8.5 million, commencing with the drilling of one conventional gas appraisal well on the Albany sandstone structure, close to where the Carmichael 1 well flowed gas in 1995.

All of the conditions relating to this transaction (including confirmation by Vintage that it has raised the funds for the Stage1 farm-in obligation), have been met and the agreement became unconditional during March 2018. At 30 June 2018, Vintage had not met the conditions to have earnt the first stage interest in the Galilee 'Deeps' farm-in.

Albany Sandstone Structure - On 19 May 2018, Comet Ridge spudded the Albany 1 sandstone appraisal well. The Albany 1 well is located 220m to the southwest of the Carmichael 1 well, which was drilled in 1995 and flowed gas at low rates from three intervals. On 28 June 2018, the Comet Ridge – Vintage Deeps Joint Venture (CRVD JV) announced a stabilised gas flowrate of 230,000 scf/d (standard cubic feet per day) across a 13m interval in the Lake Galilee Sandstone (LGS) Reservoir from 2582 to 2595m at the Albany 1 well. The JV believes that this gas flow is the first measurable flow of natural gas from the LGS in the Galilee Basin.

The flow of gas was continuously flared for approximately 24 hours (before being terminated for a planned short build up test) with the gas flow for the last hour of the flowtest being diverted through an orifice metering system for accurate measurement. No formation water production or decline in the gas flow was observed throughout the duration of the test.

Figure 7 below is a photograph of the 10" diameter flow line and gas flaring from the flowtest. Further detail on the Albany 1 well can be found in the ASX release "First Measured Gas Flow from LGS Reservoir" dated 28 June 2018.

Figure 7 - Albany 1 flow test across a 13 metre interval in the Lake Galilee Sandstone Reservoir.

Pipeline Export – Jemena has announced plans to fast track the extension of the Northern Gas Pipeline from Mount Isa to the Queensland Gas Pipeline (QGP) near Wallumbilla which could see the proposed pipeline route travel close to Comet Ridge's permits. There are a range of connection points and supply options available within the basin and the Company continues to evaluate these and other options. This includes the south-easterly route proposed by APA Group, under the MOU in place with Comet Ridge, which could connect into the extensive APA Group network which covers a large part of eastern Australia (see Figure 8 below).

Pressure on east coast gas markets for more gas supply has not reduced and a number of available forecasts show a growing supply shortfall over the next several years. Work around a Galilee Basin pipeline connecting into the east coast market continues on a range of fronts.

Overview of Activities (continued)

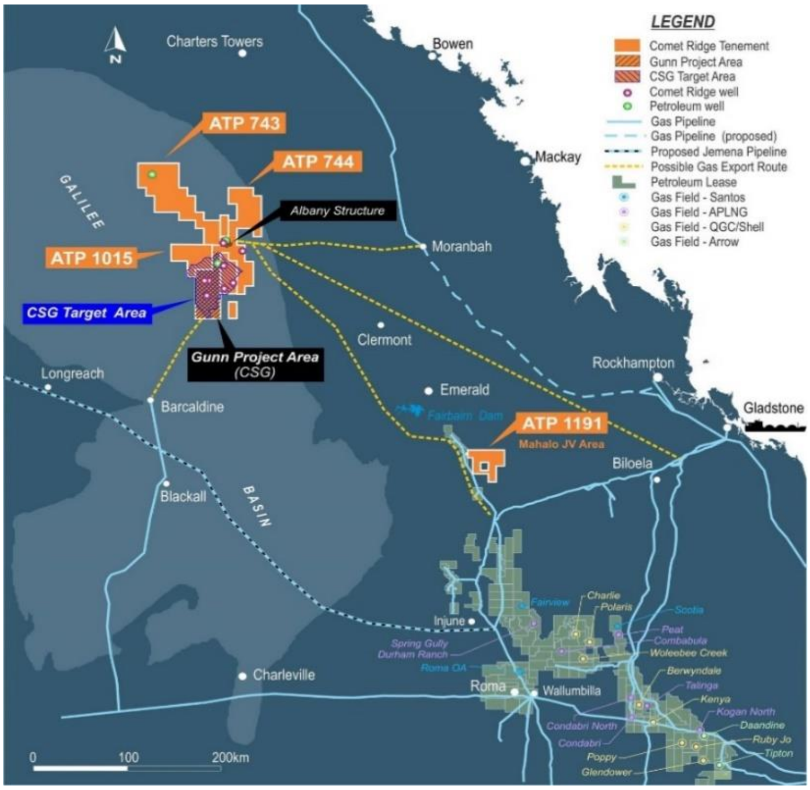


Figure 8 - Galilee Basin position and possible pipeline connection options for Galilee Basin gas

New South Wales Permits

Comet Ridge's three contiguous licences (PEL 427, PEL 428 and PEL 6) cover a total area of approximately 17,000km^2 and are located in the northern Gunnedah Basin, immediately north and west of Santos' Narrabri CSG Project in the Bohena Trough. 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. Comet Ridge is the conventional operator whilst 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 requirements.

Operationally, little has happened with these permits during the year. The Company continues to await approval of the renewals for PEL 6, PEL 427 and PEL 428. It is unclear when these approvals will be granted although the Company understand they are continuing to be progressed.

International Activities

During the 2016 financial year, Comet Ridge submitted an application to surrender its interest in PMP50100 in New Zealand. This is currently being processed by New Zealand Petroleum and Minerals.

Health Safety and Environment

Comet Ridge has seen a marked increase in activities across a number of projects.

This expansion has included a marked increase in the selection, review and pre-qualification of a number of major contractors, which, in turn, has required the development of project specific safety, emergency and environmental plans, review and updating of a number of HSES System procedures, and onsite review and collaboration with main and third-party contractors, in often remote and difficult working environments.

Overview of Activities (continued)

With more than 35,000 working hours reported for these projects during the year, it was unfortunate to have one of the contractors on the Albany project suffer the Companys' only Lost Time Injury for the year, by way of a fractured ankle. The circumstances surrounding the incident were such that a loader operator stepped out of the equipment onto uneven ground and severely 'turned his ankle'. The Injured Person (IP) was initially treated onsite by trained crew members, and subsequently conveyed to the nearest hospital for review and stabilisation, and then transferred to a major regional centre.

In association with the increase in field related operations, Comet Ridge continues to focus on improving its Health Safety and Environment Management System (HSES). As previously mentioned, the Company reviewed and amended some of its key processes relating to field activities to ensure ongoing safe and reliable operations, as well as corporate level policies and procedures to ensure they are aligned with the increase in operations.

The coming year sees more field and operational activities which will further necessitate the enhancement of the HSES System, review and selection of key contractors, and the critical activities of monitoring and reviewing HSES performance. The philosophy of *Zero Incidents* remains the goal, and is what drives the safety culture inside Comet Ridge, from the board and senior management to office staff and field operators.

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 supported 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.

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. Indeed, with the increased role as Agent for the Exploration Operator at Mahalo (since March 2017) our focus has now increased from being around the eastern Galilee Basin, to also include the area north of Rolleston and south of Comet in the southern Bowen Basin. Our landowner 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 contact with relevant officials and elected representatives, in the relevant Regional Council area. 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, understand local businesses and hear local concerns and issues.

Through membership of the Australian Petroleum Production and Exploration Association (APPEA), the Company interacts with other regional explorers through the Explorers Leadership Group (ELG) and, more widely with Government representatives and other agencies such as the Queensland Gasfields Commission. Comet Ridge maintains excellent relationships with the relevant Queensland Government Departments, including the Department of Natural Resources, Mines and Energy (DNRME) and the Department of Environment and Science (DES).

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.

Overview of Activities (continued)

Protocols with Indigenous Claimant Groups are well established. 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 minor land distrubance is undertaken.

This high-level commitment has been the Company's standard practice.

2018 Annual Reserves Statement

Comet Ridge is pleased to present its Annual Reserves Statement for the period ending 30 June 2018:

Table 3 – Comet Ridge Limited – Reserves and Resources Annual Statement

Comet Ridge Limited – Net Recoverable Reserves and Resources														
			Reserves (PJ)[1]						Contingent Resources (PJ)[1]					
			1P[3]	1P[3]	2P	*2P	3P	3P	1C	1C	2C	**2C	3C	3C
			30-6-17	30-6-18	30-6-17	30-6-18	30-6-17	30-6-18	30-6-17	30-6-18	30-6-17	30-6-18	30-6-17	30-6-18
Bowen Basin, QLD	Mahalo Gas Project (ATP 1191)	40%	-	18	30	*172	219	374	112	224	232	**385	372	389
Galilee Basin, QLD	Gunn Project Area (ATP 744)	100%	-	-	-	-	-	-	-	-	67	**67	1,870	1,870
Galilee Basin, QLD	Albany Structure (ATP 744)	100%	-	-	-	-	-	-	56	56	153	**153	417	417
Gunnedah Basin, NSW[4]	PEL 6 PEL 427 PEL 428	29.55% 59.09% 68.42%	-	-	-	-	-	-	-	-	-	-	562	562
Total[2]			**-**	**18**	**30**	***172**	**219**	**374**	**168**	**280**	**452**	****605**	**3,221**	**3,238**

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 the 1P and 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 both 1P and 2P reserves recorded for the Company which are located in the Company's Bowen Basin Mahalo Gas Project area.

Listing Rule 5.39.3:

- The table records a reconciliation of the 1P, 2P and 3P petroleum reserves as at 30 June 2018 as against the previous year and discloses that there were increases in both the 2P and 3P reserves as well as detailing the maiden 1P reserves booked over and above the 2P and 3P petroleum reserves recorded as at 30 June 2017. Please refer to ASX announcement 5 March 2018 for further details of the reserves upgrade.

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 2018 from external independent consultants who are qualified petroleum Reserves and Resources evaluators as prescribed by the ASX Listing Rules.
- Comet Ridge estimates and reports its petroleum Reserves and Resources 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 engineering and geological staff at Comet Ridge before being provided to the independent reserve certifiers. Comet Ridge has not and does not currently intend to conduct internal 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.

** Listing Rule 5.40.1:

- All 2C contingent resources at 30 June 2018 are undeveloped. Approximately 75% of the reported 2C contingent resource is attributable to unconventional gas with the remainder attributable to a sandstone reservoir.
- The geographical areas where the 2C contingent resources are located appear in the far left column of the table.

2018 Annual Reserves Statement (continued)

Listing Rule 5.40.2:

- The table records a reconciliation of the 2C and 3C contingent resources as at 30 June 2018, against the previous year and discloses that the net 2C contingent resources increased during the period by 34% and the 3C contingent resources increase during the period by 0.5% due to the reserves upgrade at the Company's Mahalo Gas Project in ATP 1191. Apart from the reserves upgrade , there were no other changes to the 2C and 3C contingent resources from those recorded as at 30 June 2017.

Listing Rule 5.44:

- The estimates of Reserves and Contingent Resources appearing in the 2018 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 in 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 2018. 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 (CSG) Contingent Resource estimates for ATP 744 in the 2018 Annual Reserves Statement were determined by Mr John Hattner of Netherland, Sewell and Associates Inc. (NSAI) 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 2018.
- 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) 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 Governance Overview Statement

The Directors and management of Comet Ridge are committed to the creation of shareholder value and recognise the need for high standards of corporate governance as integral to that objective.

The Board is pleased to report that during the year ending 30 June 2018 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 recommended practices are appropriate due to either the size of the Board or the management team or due to the current activities and operations being carried on by and within the Company.

A copy of Comet Ridge's 2018 Corporate Governance Statement, which provides detailed information about governance and a copy of Comet Ridge's Appendix 4G which sets outs the Company's compliance with the 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/corporate-governance/

Directors' Report

Your Directors present their report on Comet Ridge Limited ("Comet Ridge" or the "Company") and the consolidated entity (the Group) for the financial year ended 30 June 2018. 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 is Executive Chairman and co-founder of Walcot Capital, a venture capital business specialising in early stage commodity investments. Walcot Capital has established a number of large and successful resource projects including Tlou Energy Limited, an ASX and AIM listed southern Africa focused coal seam gas company, and ERPM a South African based gold company that has purchased the historic East Rand Proprietary Mine with a 51M oz reserve.

James is the former Chairman of successful coal seam gas company Sunshine Gas Limited, having overseen that company's growth to join the ranks of Australia's Top 150 and a top ten Queensland company with a market capitalisation over $1 billion, prior to its merger with Queensland Gas Company.

Mr McKay is also Chairman of Birimian Limited, an ASX listed lithium exploration company, and a director and shareholder of Centenary Memorial Gardens Pty Ltd, a major Brisbane cemetery and crematorium. He is a past president of the Australasian Cemeteries and Crematoria Association, having served on its board for over 8 years.

James McKay has a strong commercial background, with sound finance, investment markets, business management and legal expertise. He holds degrees in commerce and law.

Interest in Shares and Options
37,295,470 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years
Birimian Limited

Tor McCaul B.E. (Hons/Petroleum), B.Econ, MBA, Managing Director (Director since April 2009)

Special Responsibilities
Managing Director
Member of the Risk Committee

Experience
Tor McCaul was appointed Managing Director of Comet Ridge in April 2009 when the Company merged with Chartwell Energy Limited (Chartwell). He previously held the position of Chief Executive Officer of Chartwell having commenced with the Company in 2008. Tor has 30 years' experience in the oil and gas industry. He graduated in Petroleum Engineering from UNSW in 1987 and spent the next 9 years based in Brisbane working with operating companies in technical roles on projects in Queensland, New Zealand and PNG, which included a secondment to Chevron Nuigini.

He spent the following 11 years in Asia (Karachi, Jakarta, Chennai and Delhi) in technical, finance, commercial and management roles. At VICO Indonesia (a BP-ENI JV) he was their LNG Contract Manager on the 23 million-tonne-per-annum Bontang LNG project. In India, he was Cairn plc's Head of Commercial for the Indian business. Mr McCaul has previously been the Chairman for the Queensland Section of the Society of Petroleum Engineers and was the 2013 Queensland Petroleum Exploration Association (QUPEX) President.

Interest in Shares and Options
6,343,159 ordinary shares

3,500,000 Performance Rights

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)
Appointed Executive Director 17 June 2015.

Special Responsibilities
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 early stage commodity investments, and the former Managing Director of Tlou Energy Limited, when it was a private unlisted public company with CSG exploration interests in Southern Africa.

Previously he was Chief Commercial Officer at Sunshine Gas Limited prior to its merger with the Queensland Gas Company in 2008. Mr Pieters also held other technical and business development roles at Sunshine Gas.

He is a member of the Petroleum Exploration Society of Australia.

Interest in Shares and Options
1,217,000 ordinary shares

375,000 Performance Rights

Directorships Held in Other Listed Entities in Last 3 Years
Nil

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

Gillian is 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 boards of ASX listed Deep Yellow Limited, and Birimian Limited. Gillian is also 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
Executive Director Birimian Limited

Directors' Report (continued)

1. Information on Directors (continued)

Michael Dart B.Com, FINSIA, Non-executive Director (Director since 14 October 2016)

Special Responsibilities
Member of the Remuneration Committee
Member of the Audit Committee
Chairperson of the Risk Committee

Experience
Mike Dart is a director of Dart Capital Partners, a private venture capital investment fund, which is active in various sectors including oil and gas, additive and advanced manufacturing (3D printing) and other disruptive innovative businesses across the manufacturing, science and technology fields. Mike holds the role of Finance Director and CEO with two portfolio companies and was previously the Managing Director of a leading gas and infrastructure services contracting business that provided a suite of pipeline and underground tunnelling solutions. Prior to that, Mr Dart worked for Ernst & Young, focussing exclusively on M&A with particular oil and gas expertise.

Mike holds a Bachelor of Commerce and a Graduate Diploma of Applied Finance and Investment and brings to Comet Ridge over 20 years' commercial experience working in M&A and finance, innovation, commercialisation and venture capital across the business cycle.

Interest in Shares and Options
Nil.

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

2. 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 nearly 30 years' experience and holds a Bachelor of Laws degree from Queensland University of Technology.

After practising law with several firms in Brisbane over a 12 year period he then operated his own specialist commercial and property law practice for 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.

He also holds the position of Company Secretary of Galilee Energy Limited and Blue Energy Limited, both ASX listed CSG Exploration Companies operating in Australia. Mr Rodgers brings to Comet Ridge strong legal and commercial experience with a particular emphasis on the coal seam gas industry.

3. Principal Activities

The principal activities of the Group during the financial year were to carry out coal seam gas (CSG) and sandstone exploration and appraisal. The Group has tenement interests and a suite of prospective projects in eastern Australia.

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

4. Review of Operations and Financial Position

The loss after tax of the Group for the financial year ended 30 June 2018 amounted to $2.2 million (2017: loss of $3.6 million). Further information on the operations of the Group and likely developments are set out in the Overview of Activities.

5. Significant Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year ended 30 June 2018:

(a) Performance of the Mira 6 horizontal well

The Mira 6 well was spudded on 2 November 2017 and was brought online on 10 December via a downhole pump in Mira 2 vertical well, which commenced producing gas after two days. By 26 June 2018, the Mira 6/2 horizontal vertical-well combination gas rate exceeded 1,400,000 scf/d (standard cubic feet of gas per day) with a water flow rate of only 30 bwpd (barrels water per day).

(b) Reserves and Resources Upgrade for the Mahalo Gas Project

On 6 March 2018, Comet Ridge announced a significant upgrade to its Reserves and Resources on the Mahalo Gas Project. Comet Ridge's net 2P reserves increased 473% to 172 PJ and net 3P reserves increase 71% to 374 PJ.

Directors' Report (continued)

5. Significant Affairs (continued)

(c) Continuation as Agent for the Exploration Operator

During the March 2018 quarter, Comet Ridge executed a second agency agreement with Santos QNT Pty Ltd, reappointing Comet Ridge to operate and manage the Mahalo 2018 Joint Venture Exploration work program and budget (in its capacity as agent for Santos the exploration operator for the permit area) until 31 December 2018.

(d) Capital raisings

During the year, the Company undertook an equity raising via a placement with a Share Purchase Plan. Comet Ridge raised a total of $12.5 million (net of costs) to fund its ongoing activities including the Mahalo subsurface programme that commenced after the end of the reporting period.

(e) Galilee Farm-out

Comet Ridge entered into a farm-out agreement with Vintage for the sandstone reservoir sequence within its Galilee Basin permits ATP 743, ATP 744 and ATP1015. By funding approximately $8.5 million, Vintage will earn a 30% interest in the sandstone "Deeps".

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

On 27 July 2018, Vintage Energy Limited (Vintage) earned the right to a 15% interest in the Albany conventional gas project by contributing $3.35m to the costs of drilling Albany 1 well. The effect of Vintage earning a 15% interest is to reduce Comet Ridge's interest in the 2C Contingent Resource from 153PJ to 130PJ.

On 4 September 2018 Comet Ridge and Stanwell Corporation signed a Deed of Amendment (2018 Agreement) to the 2014 Agreement. The effect of the 2018 Agreement is to extend the Sunset Date from 20 October 2018 to 30 September 2019. Stanwell Corporation and Comet Ridge have also agreed to negotiate a new Gas Sales Agreement, which if successfully concluded, will replace the 2014 Agreement.

On 14 September 2018 Comet Ridge raised $17.4 million, before costs, via a placement with a small number of new substantial Australian equities institutions and support from existing institutional shareholders. The placement was completed at $0.34 per share and resulted in approximately 51.2 million shares being issued.

Other than the above 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.

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 and New Zealand, 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 auditor's independence declaration for the year ended 30 June 2018 has been received and is attached to this report as required under section 307c of the Corporations Act 2001.

Directors' Report (continued)

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 2018 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	9	9	4	4	3	3	*	*
T McCaul**	9	9	*	*	*	*	2	2
G Swaby	9	9	4	4	3	3	*	*
C Pieters	9	8	*	*	*	*	2	1
M Dart**	9	9	4	4	3	3	2	1

* = Not a member of the relevant committee

**= On the 20 September 2017, Tor McCaul resigned as Chair of the Risk Committee and Mike Dart was appointed as Chair

11. 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 2018 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.

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.

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Non-executive Director Remuneration (continued)

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

Director fees	2018	2017
	$	$
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 2018 the rate was 9.5% up to a maximum contribution of $20,049. 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
Michael Dart	Non-executive Director

There are no other Key Management Personnel of the Group.

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:

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Details of Remuneration (continued)

Benefits and Payments Year Ended 30 June 2018	Short-term Benefits & Fees		Post Employment	Long-term Benefits		Share-based Payments	
	Salary & Fees	Cash Bonus	Super-annuation	LSL	Total Cash Remuneration	Performance Rights	Total
Directors	$	$	$	$	$	$	$
J McKay	**93,101**	-	**8,845**	-	**101,946**	-	**101,946**
T McCaul	**378,081**	-	**20,049**	**6,020**	**404,150**	**137,591**	**541,741**
G Swaby	**79,455**	-	-	-	**79,455**	-	**79,455**
C Pieters	**190,176**	-	**5,812**	-	**195,988**	**5,320**	**201,308**
M Dart	**65,637**	-	**6,236**	-	**71,873**	-	**71,873**
Total Key Management Personnel	**806,450**	-	**40,942**	**6,020**	**853,412**	**142,911**	**966,323**

Benefits and Payments Year Ended 30 June 2017	Short-term Benefits & Fees		Post Employment	Long-term Benefits		Share-based Payments	
	Salary & Fees	Cash Bonus	Super-annuation	LSL	Total Cash Remuneration	Performance Rights	Total
Directors	$	$	$	$	$	$	$
J McKay	94,693	-	8,996	-	103,689	-	103,689
T McCaul	360,384	-	19,616	10,121	390,121	(9,968)	380,153
G Swaby	70,359	-	2,639	-	72,998	-	72,998
C Pieters	107,597	-	5,875	-	113,472	(7,500)	105,972
M Dart	44,587	-	4,236	-	48,823	-	48,823
Total Key Management Personnel	677,620	-	41,362	10,121	729,103	(17,468)	711,635

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

	Fixed Remuneration		At Risk Short Term Incentives		At Risk Long Term Incentives	
Executive Director	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
T McCaul	**74.60%**	100%	**0.0%**	0.0%	**25.40%**	(2.62%)
C Pieters	**97.36%**	100%	**0.0%**	0.0%	**2.64%**	(7.08%)

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.

Relation to performance	**2018**	**2017**	**2016**	**2015**	**2014**
Total remuneration ($)	**996,323**	711,635	703,083	742,225	885,369
EPS (loss) cents	**(0.34)**	(0.64)	(0.70)	(3.68)	(3.00)
Dividends paid	-	-	-	-	-
Share price at year end (cents)	**36**	13	6	6	15

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Service Agreements

Remuneration and other terms of employment for the Managing Director and the Executive Director are formalised in employment contracts. The contracts provide for the provision of performance related bonuses and participation in the Comet Ridge Employee Performance Rights Plan. Other major provisions of the employment agreements are set out below.

Tor McCaul	Managing Director (Appointed 16 April 2009)
Term of Agreement:	No fixed term
Base Salary:	$400,000 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 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 Annual General Meeting) and the Comet Ridge Limited Employee Performance Share Rights Plan as approved by shareholders for the purposes of ASX Listing Rule 7.2 Exception 9 most recently at the 2017 Annual General Meeting. Share-based Compensation is equity-settled.

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. There are currently no options on issue.

Performance Rights

The terms and conditions of each grant of performance rights during the year affecting remuneration in the current or a future period with respect to Key Management Personnel are shown in the table below. In addition to the performance condition, Key Management Personnel must satisfy a service condition of continuous employment with the Company up to and including the date when the performance conditions are achieved. Performance rights are issued for no consideration and no amount is payable on vesting.

Grant Date	No. of Rights	Expiry Date	Vesting Date	Fair Value Cents	Performance Condition	Vested %
T McCaul						
1-Dec-16	500,000	31-Dec-19	20-Mar-18	7.00	75pj 2p Reserves hurdle	100%
1-Dec-16	500,000	31-Dec-19	31-Dec-19	7.00	150pj 2p Reserves hurdle	0%
1-Dec-16	500,000	31-Dec-19	31-Dec-19	7.00	225pj 2p Reserves hurdle	0%
1-Dec-16	500,000	31-Dec-19	31-Dec-19	7.00	300pj 2p Reserves Hurdle	0%
23-Nov-17	500,000	31-Jan-21	20-Mar-18	17.43	Closing share price at or above 0.25 for 10 consecutive days	100%
23-Nov-17	1,000,000	31-Jan-20	31-Jan-20	26.50	Mahalo JV resolving to proceed to development	0%
23-Nov-17	1,000,000	31-Jan-21	31-Jan-21	26.50	Resolution to proceed to development for Albany	0%
	4,500,000					
C Pieters						
1-Dec-16	125,000	31-Dec-19	20-Mar-18	7.00	75pj 2p Reserves hurdle	100%
1-Dec-16	125,000	31-Dec-19	31-Dec-19	7.00	150pj 2p Reserves hurdle	0%
1-Dec-16	125,000	31-Dec-19	31-Dec-19	7.00	225pj 2p Reserves hurdle	0%
1-Dec-16	125,000	31-Dec-19	31-Dec-19	7.00	300pj 2p Reserves Hurdle	0%
	500,000					
	5,000,000					

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[1]	Number of Rights Lapsed	Number at End of Year
T McCaul						
1-Dec-16	20-Mar-18	500,000	-	(500,000)	-	-
1-Dec-16	31-Dec-19	500,000	-	-	-	500,000
1-Dec-16	31-Dec-19	500,000	-	-	-	500,000
1-Dec-16	31-Dec-19	500,000	-	-	-	500,000
23-Nov-17	20-Mar-18	-	500,000	(500,000)	-	-
23-Nov-17	31-Jan-20	-	1,000,000	-	-	1,000,000
23-Nov-17	31-Jan-21	-	1,000,000	-	-	1,000,000
		2,000,000	2,500,000	(1,000,000)	-	3,500,000
C Pieters						
1-Dec-16	20-Mar-18	125,000	-	(125,000)	-	-
1-Dec-16	31-Dec-19	125,000	-	-	-	125,000
1-Dec-16	31-Dec-19	125,000	-	-	-	125,000
1-Dec-16	31-Dec-19	125,000	-	-	-	125,000
		500,000	-	(125,000)	-	375,000
		2,500,000	2,500,000	(1,125,000)	-	3,875,000

[1] The value at vesting date was $0.29 per performance rights.

The terms and conditions of performance rights granted in prior years are as follows:

Grant Date	No. of Rights	Expiry Date	Vesting Date	Fair Value Cents	Performance Condition	Vested %
T McCaul						
1-Dec-16	500,000	31-Dec-19	31-Dec-19	7.00	75pj 2p Reserves hurdle	0%
1-Dec-16	500,000	31-Dec-19	31-Dec-19	7.00	150pj 2p Reserves hurdle	0%
1-Dec-16	500,000	31-Dec-19	31-Dec-19	7.00	225pj 2p Reserves hurdle	0%
1-Dec-16	500,000	31-Dec-19	31-Dec-19	7.00	300pj 2p Reserves Hurdle	0%
	2,000,000					
C Pieters						
1-Dec-16	125,000	31-Dec-19	31-Dec-19	7.00	75pj 2p Reserves hurdle	0%
1-Dec-16	125,000	31-Dec-19	31-Dec-19	7.00	150pj 2p Reserves hurdle	0%
1-Dec-16	125,000	31-Dec-19	31-Dec-19	7.00	225pj 2p Reserves hurdle	0%
1-Dec-16	125,000	31-Dec-19	31-Dec-19	7.00	300pj 2p Reserves Hurdle	0%
	500,000					
	2,500,000					

Directors' Report (continued)

11. Remuneration Report – Audited (continued)

Performance Rights **(continued)**

The movements in the prior 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						
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)	-
1-Dec-16	31-Dec-19	-	500,000	-	-	500,000
1-Dec-16	31-Dec-19	-	500,000	-	-	500,000
1-Dec-16	31-Dec-19	-	500,000	-	-	500,000
1-Dec-16	31-Dec-19	-	500,000	-	-	500,000
		1,000,000	2,000,000	-	(1,000,000)	2,000,000
C Pieters						
10-Jul-15	31-Dec-16	500,000	-	-	(500,000)	-
1-Dec-16	31-Dec-19	-	125,000	-	-	125,000
1-Dec-16	31-Dec-19	-	125,000	-	-	125,000
1-Dec-16	31-Dec-19	-	125,000	-	-	125,000
1-Dec-16	31-Dec-19	-	125,000	-	-	125,000
		500,000	500,000	-	(500,000)	500,000
		1,500,000	2,500,000	-	(1,500,000)	2,500,000

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:

30 June 2018	Balance at beginning of the year	Shares purchased	Other Movements	Balance at end of the year
J McKay	**37,273,130**	**22,340**	**-**	**37,295,470**
T McCaul	**5,283,585**	**59,574**	**1,000,000**	**6,343,159**
G Swaby	**-**	**-**	**-**	**-**
C Pieters	**1,092,000**	**-**	**125,000**	**1,217,000**
M Dart	**-**	**-**	**-**	**-**
Total	**43,648,715**	**81,914**	**1,125,000**	**44,855,629**

30 June 2017	Balance at beginning of the year	Shares purchased	Other Movements	Balance at end of the year
J McKay	35,926,583	1,346,547	-	37,273,130
T McCaul	5,080,369	203,216	-	5,283,585
G Swaby	-	-	-	-
C Pieters	1,050,000	42,000	-	1,092,000
M Dart	-	-	-	-
Total	42,056,952	1,591,763	-	43,648,715

END OF AUDITED REMUNERATION REPORT

Directors' Report (continued)

12. Options and Performance Rights

Options

There were no options for ordinary shares in Comet Ridge on issue at 30 June 2018.

Performance Rights

Movements in the number of performance rights on issue and the number of ordinary shares issued during the year ended 30 June 2018 as a result of performance rights vesting during the year are as follows:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2017	Granted during the year	Vested during the year	Expired during the year	No. of Rights 30 June 2018
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)	-
1-Dec-16	31-Dec-19	7.00	2,500,000	-	(625,000)	-	1,875,000
23-Nov-17	31-Jan-21	17.43	-	500,000	(500,000)	-	-
23-Nov-17	31-Jan-20	26.50	-	1,000,000	-	-	1,000,000
23-Nov-17	31-Jan-21	26.50	-	1,000,000	-	-	1,000,000
19-Feb-18	31-Jan-20	23.50	-	800,000	(800,000)	-	-
19-Feb-18	31-Jan-20	23.50	-	1,200,000	(1,200,000)	-	-
20-May-18	31-Jan-20	36.50	-	250,000	-	-	250,000
20-May-18	31-Jan-21	36.50	-	250,000	-	-	250,000
			5,020,000	5,000,000	(3,125,000)	(2,520,000)	4,375,000

Since the end of the financial year and 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. Rounding of Amounts to Nearest Thousand Dollars

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

16. 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.

No non-audit services were provided during the year or in the prior year. The Board of Directors will continuously consider the position and, in accordance with advice received from the Audit Committee, ensure that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services (where applicable) by the auditor, does not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Directors' Report (continued)

17. Non-Audit Services (continued)

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in Note 14 Other Information on Page 53 of the financial statements.

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

Tor McCaul

Managing Director
Brisbane, Queensland, 21 September 2018

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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 2018, 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 *APES 110 Code of Ethics for Professional Accountants*.

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

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
21 September 2018

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

	Note	Consolidated June 2018 $000's	Consolidated June 2017 $000's
Revenue and other income			
Interest received		**176**	25
Fair value movement of financial liability at fair value	3,4	**432**	-
Other income	4	**119**	-
Expenses			
Employee benefit's expense	4	**(1,348)**	(641)
Contractors' & consultancy costs	4	**(245)**	(219)
Exploration and evaluation expenditure written off		**(73)**	(17)
Restoration and rehabilitation expense	3	**(227)**	-
Impairment - exploration and evaluation expenditure	3	**(132)**	(205)
Professional fees		**(184)**	(159)
Corporate expenses		**(276)**	(93)
Fair value movement of financial liability at fair value	3, 4	**-**	(1,957)
Occupancy costs	4	**(102)**	(118)
Finance costs		**(75)**	(12)
Other expenses	4	**(268)**	(207)
Depreciation		**(15)**	(15)
LOSS BEFORE INCOME TAX		**(2,218)**	(3,618)
Income tax credit	5	**-**	-
LOSS FOR THE YEAR		**(2,218)**	(3,618)
Other Comprehensive Loss, Net of Income Tax			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**(101)**	(1)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX		**(101)**	(1)
TOTAL COMPREHENSIVE LOSS		**(2,319)**	(3,619)
Loss attributable to:			
Owners of the parent		**(2,218)**	(3,618)
Total comprehensive loss attributable to:			
Owners of the parent		**(2,319)**	(3,619)
LOSS PER SHARE		**Cents**	**Cents**
Basic loss per share		**(0.34)**	(0.64)
Diluted loss per share		**(0.34)**	(0.64)

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 2018

	Note	Consolidated June 2018 $000's	Consolidated June 2017 $000's
CURRENT ASSETS			
Cash and cash equivalents	6	**11,547**	6,039
Trade and other receivables	6	**609**	723
Inventories	7	**79**	76
Other assets	7	**458**	394
TOTAL CURRENT ASSETS		**12,693**	7,232
NON-CURRENT ASSETS			
Property, plant and equipment	7	**49**	53
Exploration and evaluation expenditure	3	**47,946**	43,491
TOTAL NON-CURRENT ASSETS		**47,995**	43,544
TOTAL ASSETS		**60,688**	50,776
CURRENT LIABILITIES			
Trade and other payables	6	**759**	1,510
Provisions	7	**1,005**	679
TOTAL CURRENT LIABILITIES		**1,764**	2,189
NON-CURRENT LIABILITIES			
Financial liability at fair value	3	**14,795**	15,227
Provisions	7	**607**	572
TOTAL NON-CURRENT LIABILITIES		**15,402**	15,799
TOTAL LIABILITIES		**17,166**	17,988
NET ASSETS		**43,522**	32,788
EQUITY			
Contributed equity	8	**112,440**	99,377
Reserves	8	**1,329**	1,440
Accumulated losses		**(70,247)**	(68,029)
TOTAL EQUITY		**43,522**	32,788

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 2018

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 2016	92,022	1,361	56	(64,411)	29,028
Loss for the period	-	-	-	(3,618)	(3,618)
Other comprehensive loss for the period	-	(1)	-	-	(1)
Total comprehensive loss for the period	-	(1)	-	(3,618)	(3,619)
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	7,355	-	-	-	7,355
Share based payments	-	-	24	-	24
	7,355	-	24	-	7,379
Balance at 30 June 2017	99,377	1,360	80	(68,029)	32,788
Balance at 1 July 2017	**99,377**	**1,360**	**80**	**(68,029)**	**32,788**
Loss for the period	**-**	**-**	**-**	**(2,218)**	**(2,218)**
Other comprehensive loss for the period	**-**	**(101)**	**-**	**-**	**(101)**
Total comprehensive loss for the period	**-**	**(101)**	**-**	**(2,218)**	**(2,319)**
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	**12,473**	**-**	**-**	**-**	**12,473**
Shares issued on vesting of performance rights	**590**	**-**	**(590)**	**-**	**-**
Share based payments	**-**	**-**	**580**	**-**	**580**
	13,063	**-**	**(10)**	**-**	**13,053**
Balance at 30 June 2018	**112,440**	**1,259**	**70**	**(70,247)**	**43,522**

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 2018

	Note	Consolidated June 2018 $000's	June 2017 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**173**	24
Payments to suppliers and employees		**(1,845)**	(1,296)
NET CASH USED IN OPERATING ACTIVITIES	**6**	**(1,672)**	(1,272)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(5,220)**	(1,683)
Movements in restricted cash		**(62)**	20
Payment for property, plant and equipment		**(11)**	(6)
NET CASH USED IN INVESTING ACTIVITIES		**(5,293)**	(1,669)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**13,109**	7,754
Share issue costs		**(636)**	(399)
NET CASH FROM FINANCING ACTIVITIES		**12,473**	7,355
Net increase in cash held		**5,508**	4,414
Cash at the beginning of the year		**6,039**	1,625
CASH AT THE END OF THE YEAR	**6**	**11,547**	6,039

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

Notes to the Financial Statements

Note 1 General information

These financial statements include the consolidated financial statements and notes of Comet Ridge Limited ("the Company" or "Comet Ridge") and its controlled entities ("the Group"). Comet Ridge Limited is a for-profit entity for the purpose of preparing the financial statements. Disclosures with respect to the parent entity are included in Note 14. The financial statements were approved for issue by the Directors on 20 September 2018, subject to minor amendments.

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 general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

b. Compliance with IFRS
The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB)

c. Historical cost convention
The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected financial assets and financial liabilities.

d. Going concern
The consolidated financial statements have been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Group to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding through debt, equity or farm-out, or the successful exploration and subsequent exploitation of the Group's tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the financial statements.

e. Rounding of amounts
The Group is of a kind referred to in Legislative Instrument 2016/191 issued by the Australian Securities & Investments Commission, relating to the "rounding" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the Legislative Instrument to the nearest one thousand dollars, unless otherwise indicated.

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:

Notes to the Financial Statements (continued)

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

Exploration and evaluation assets

Cost
Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are expensed in the profit or loss.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest. The balance of and movements in exploration and evaluation expenditure during the year are as follows:

	Consolidated	
Exploration and evaluation expenditure	**June 2018**	**June 2017**
	$000's	**$000's**
Exploration and evaluation expenditure	**65,717**	61,130
Less provision for impairment	**(17,771)**	(17,639)
	47,946	43,491

	Consolidated	
Movements in exploration and evaluation phase	**June 2018**	**June 2017**
	$000's	**$000's**
Balance at the beginning of year	**43,491**	41,243
Exploration and evaluation expenditure during the year	**4,887**	2,470
Impairment expense	**(132)**	(205)
Restoration and rehabilitation expense	**(227)**	-
Exploration and evaluation expenditure written off	**(73)**	(17)
Balance at the end of year	**47,946**	43,491

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

Recognition
Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

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

ii. activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Once the technical feasibility and commercial viability of the area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation assets to property and development assets within property, plant and equipment.

The timing and amount of restoration costs that are expected to be incurred are estimated, and the net present value is included as part of the cost of the exploration and evaluation activity that gives rise to the need for restoration. A corresponding provision for restoration and rehabilitation is also recognised. Finance charges arising from the unwinding of the liability are recognised as an expense in the profit or loss.

Exploration expenditure commitments
In order to maintain an interest in the exploration tenements in which it is involved, the Group is required to meet certain conditions imposed by the various statutory authorities granting the exploration tenements or that are imposed by the joint venture agreements entered into by the Group. These conditions include minimum expenditure commitments. The timing and amount of minimum exploration expenditure obligations of the Group may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest.

Notes to the Financial Statements (continued)

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

Exploration and evaluation assets (continued)

The Group's minimum expenditure obligations, which are not provided for in the financial statements are as follows:

	June 2018	June 2017
Minimum expenditure requirements	**$000's**	**$000's**
- not later than 12 months	**7,642**	1,720
- between 12 months and 5 years	**3,323**	5,692
	10,965	7,412

Recoverability of exploration and evaluation expenditure

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

The Group assesses the recoverability of the carrying value of capitalised exploration and evaluation assets at each reporting date (or during the year should the need arise). In completing this assessment, regard is given to the Group's intentions with respect to proposed future exploration and development plans for individual areas, to the success or otherwise of activities undertaken in individual areas, to the likely success of future planned exploration activities, and to any potential plans for divestment of individual areas. Any required impairment of capitalised exploration and evaluation expenditure is completed based on the results of the assessment. Furthermore, for various areas of interest, exploration and evaluation activities may not have reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. Accordingly, exploration and evaluation assets may be subject to further impairment in the future.

With the improvement in the oil price, strengthening of gas sales prices, the significant increase in the Mahalo reserves during the year and the flowing of gas from the Ablany 1 well, no impairment indicators were identified at 30 June 2018 for ATP744 and ATP 1191.

ATP743 and ATP1015 are still under evaluation and have not yet reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves.

The Gunnedah Basin permits have been fully impaired because of the current uncertainty around the CSG industry in NSW which has created significant limitations on the Company’s ability to undertake any exploration or development activity. During the 2018 financial year an impairment expense was recognised with respect to exploration and evaluation assets for the Gunnedah Basin permits (PEL427, PEL428 and PEL6) amounting to $132,000 (2017: $205,000).

	Consolidated	
Permit	**June 2018**	**June 2017**
	$000’s	**$000’s**
PEL 427	**79**	78
PEL 428	**14**	98
PEL6	**39**	29
Total	**132**	205

The New Zealand permit PMP50100 as it has been surrendered and the carrying value of its exploration and evaluation assets has been written off.

Interest in joint operations

The Group’s exploration activities are often conducted through joint arrangements. Joint arrangements are classified as joint operations or joint ventures depending on the contractual rights and obligations that each investor has, rather than the legal structure of the joint arrangement.

In accordance with AASB 11 Joint Arrangements, all of the 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.

Notes to the Financial Statements (continued)

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

Interest in joint operations (continued)

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:

	ATP1191	PEL427	PEL428	PEL6	Total
	40.0%	59.1%	68.4%	29.6%	
30 June 2018	$000's	$000's	$000's	$000's	$000's
Current assets					
Cash and cash equivalents	126	3	-	-	129
Trade and other receivables	41	-	5	3	49
Total current assets	167	3	5	3	178
Non-current assets					
Exploration and evaluation expenditure	19,509	623	583	364	21,079
Total non-current assets	19,509	623	583	364	21,079
Total assets	19,676	626	588	367	21,257
Current liabilities					
Trade and other payables	18	-	1	5	24
Total current liabilities	18	-	1	5	24
Share of joint venture net assets	19,658	626	587	362	21,233

	ATP1191	PEL427	PEL428	PEL6	Total
30 June 2017	40%	59.1%	68.4%	29.6%	
Current assets	$000's	$000's	$000's	$000's	$000's
Cash and cash equivalents	100	-	-	-	100
Trade and other receivables	330	10	14	3	357
Total current assets	430	10	14	3	457
Non-current assets					
Exploration and evaluation expenditure	17,437	575	529	340	18,881
Total non-current assets	17,437	575	529	340	18,881
Total assets	17,867	585	543	343	19,338
Current liabilities					
Trade and other payables	209	11	16	7	243
Total current liabilities	209	11	16	7	243
Share of joint venture net assets	17,658	574	527	336	19,095

During the 2017 year, Comet Ridge increased its ownership interest in ATP1015 from 20% to 100%.

For all joint operations, the principal place of business is c/- Santos Limited, Level 5, 60 Flinders Street, Adelaide SA 5000.

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

	Consolidated	
	June 2018	June 2017
Minimum expenditure requirements	$000's	$000's
● not later than 12 months	**5,071**	1,628
● between 12 months and 5 years	**203**	-
	5,274	1,628

Notes to the Financial Statements (continued)

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

Financial liability at fair value

On 18 March 2014, the Group signed an agreement to repurchase 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 effective date of this transaction was 20 October 2014.

On the 4 September 2018, Comet Ridge and SCL signed a Deed of Amendment (2018 Agreement) to the 2014 Agreement. The effect of the 2018 Agreement is to extend the Sunset Date from 20 October 2018 to 30 September 2019. SCL and Comet Ridge have also agreed to negotiate a new Gas Sales Agreement which, if successfully concluded, will replace the 2014 Agreement.

The liability to SCL arising from the renegotiated agreements is recognised as a “financial liability at fair value through profit or loss”.

	Consolidated	
	June 2018	**June 2017**
Non-current	**$000's**	**$000's**
Financial liability at fair value - Stanwell Corporation Limited	**14,795**	15,227

	Consolidated	
	June 2018	**June 2017**
	$000's	**$000's**
Balance at the beginning of the year	**15,227**	13,270
Movement in fair value of financial liability at fair value	**(432)**	1,957
Balance at the end of the year	**14,795**	15,227

Given the 2014 Agreement remains on foot, 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 $15 million discount indexed by CPI up to the date the Gas Supply Agreement is signed; or
2. A cash payment of $20 million indexed by CPI up to the date of payment. This amount is payable if SCL decides not to exercise Option A, or an acceptable gas supply agreement cannot be agreed.

The effect of the 2018 Agreement was to extend the Sunset Date of the 2014 Agreement from 20 October 2018 to 30 September 2019. SCL and Comet Ridge have also agreed to negotiate a new Gas Sales Agreement which, if successfully concluded, will replace the 2014 Agreement. At the date of this report, the new Gas Sales Agreement has not been successfully concluded.

The restatement of the Sunset Date has resulted in a restatement of the fair value calculation as at 30 June 2018. As a result of the restatement the impact on the movement in the fair value of financial liability for 30 June 2018 is now a credit of $431,935 and 30 June 2019 will be a debt of $2,182,331.

Fair value measurement

At 18 March 2014, 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 2018 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.

Notes to the Financial Statements (continued)

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

Fair value measurement (continued)

The results of exploration and development activity undertaken during the year, have not changed the initial opinion on the potential of the field. The Mahalo Pilot Scheme maintained strong gas production capacity and low corresponding water rates from the Mira 6/2 well. On the basis of these promising results, further studies have been undertaken to examine the most efficient way to 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;
- Gas with only trace CO_2 (requires only dehydration to meet sales gas specification);
- Low water production rates; and
- Proximity to existing infrastructure to transport Mahalo gas to the Gladstone LNG market.

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) with specified floor and ceiling levels, and the field cost to produce plus a rate of return referred to as the Field Cost Plus Return (FCR). Note that with the signing of the 2018 Agreement, Comet Ridge and SCL agreed to negotiate a new Gas Sales Agreement, which if successful concluded, will replace the 2014 Agreement.

The pricing mechanism from the 2014 Agreement will operate as follows:

1. If the oil price is low (i.e. below the OLP Floor of USD60.02/bbl), the gas price will be based on the field cost to produce plus 14.5% after tax rate of return (FCR);
2. If the oil price is high (i.e. above the OLP Ceiling of USD112.53/bbl) then the gas price will be based 50% on FCR and 50% on OLP Ceiling;
3. If the oil price lies between the OLP Floor and Ceiling levels mentioned in (1) and (2) above, the gas price will be based 50% on FCR and 50% on OLP; and
4. A discount, calculated at the date of the Gas Supply Agreement, will apply and will reduce the gas price calculated on a $/GJ basis over the life of the GSA.

The oil price at 30 June 2018 was around UD$70/bbl. As a result, if the gas price for the GSA was determined at balance date it would be based 50% on FCR and 50% on OLP. Based on previous published FCR estimates and the JCC month end USD/bbl price for the period 1 July 2017 to 30 June 2018 the gas price based on option 3 above is between $4.43/GJ and $5.04/GJ. This is below the current market price of approximately $8.00/GJ to $10/GJ. The option 3 price would also be reduced by the SCL discount, hence it is reasonable to assume that Option A would still be attractive to Stanwell.

As a result, at 30 June 2018, it was determined that the initial assumptions used to recognise the SCL liability were still appropriate. Based on these inputs, the decrease in the fair value of the SCL liability during the financial year was $0.432 million (2017: increase $1.957 million) and a corresponding amount was recognised in the profit or 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 2014 Agreement, adjusted for the new Sunset Date of 30 September 2019 from the 2018 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 $15 million discount will be the basis for determining the liability calculations.

2. The agreement term for the initial calculations will be the maximum four years, this has now been adjusted to 5.54 years to reflected the new Sunset Date of 30 September 2019.

3. The CPI rate used to index the $15 million gas supply discount is 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. Comet Ridge's cost of capital is 14.75%. The pre-tax discount rate is also 14.75% as the cost of debt is nil.

Notes to the Financial Statements (continued)

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

Valuation techniques and process used to determine fair values (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 at 30 June 2018 will increase by approximately $6.8 million, based on the new Sunset Date.
Agreement term	If the Final Investment Decision (FID) is reached earlier than the 5.54 year limit (i.e. earlier than 30 September 2019) 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 by approximately 5.3% or $778,000; or increase by approximately 5.5% or $813,000.
Pre-tax discount rate	If the 14.75% pre-tax discount rate reduces/increases by 2.25% i.e. to a low of 12.5% and or a high of 17.0% the NPV of the indexed liability will increase by approximately 2.6% or $382,000 or decrease by approximately 2.5% or $366,000, 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 $20 million 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 $20 million liability. In order to determine the fair value of CRM's interest in the Mahalo Gas Project, CRM has developed a "value in use" methodology that takes into account the estimated cash flows from the development and operation of the Mahalo Gas Project. Using a range of gas prices from $8.00/GJ to $10.00/GJ, the valuation provides a range of NPVs for Comet Ridge's 40% interest in the Mahalo Gas Project that are significantly above the value of the indexed $20 million financial guarantee. Accordingly, at 30 June 2018 CRM's Financial Guarantee Contract asset and Comet Ridge Limited's Financial Guarantee Contract liability would both be valued at 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.

Note 4 Revenue and expenditure

Revenue

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).

Notes to the Financial Statements (continued)

Note 4 Revenue and expenditure (continued)

	Consolidated	
	June 2018	June 2017
Other income	$000's	$000's
Other income includes the following specific items:		
Foreign exchange gains (net)	119	-
Total other income	119	-

Expenses	Consolidated	
	June 2018	June 2017
Loss before income tax includes the following specific expenses:	$000's	$000's
(a) Employee benefits' expense		
Other employee benefits' expense	(678)	(531)
Share based payments' expense	(580)	(24)
Defined contribution superannuation expense	(90)	(86)
	(1,348)	(641)
(b) Contractor and consultants costs		
Contractors' fees	(245)	(219)
	(245)	(219)
(c) Movement in fair value of financial liability at fair value		
Fair value movement of financial liability at fair value through profit and loss	432	(1,957)
(d) Occupancy costs		
Rental expense relating to operating leases	(86)	(102)
Other occupancy costs	(16)	(16)
	(102)	(118)
(e) Other expenses include the following specific items:		
Other administration and office costs	(268)	(206)
Foreign exchange losses (net)	-	(1)
	(268)	(207)

Note 5 Income tax

	Consolidated	
	June 2018	June 2017
	$000's	$000's
(a) Recognised in the Statement of Profit and Loss and Other Comprehensive Income		
Current tax	-	-
Deferred tax expense	-	-
Income tax expense	-	-

Notes to the Financial Statements (continued)

Note 5 Income tax (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax on accounting profit

Loss before income tax	**(2,218)**	3,618
Tax benefit at the Australian tax rate of 30% (2017:30%)	**665**	1,085
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share options expensed	**(174)**	(7)
Other non-deductible items	**(11)**	(1)
Capital & tax losses not recognised in deferred tax assets	**(480)**	(1,077)
Income tax expense	-	-

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from the deferred tax assets.

	Consolidated	
	June 2018	**June 2017**
(c) Franking credits	**$000's**	**$000's**
Franking credits available for subsequent financial years based on a tax rate of 30% (2017: 30%)	-	-

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.

	Consolidated	
	June 2018	**June 2017**
	$000's	**$000's**
Deferred tax asset	-	-
The balance of deferred tax asset comprises:		
Deferred tax assets		
Tax losses	**17,614**	23,368
Capital costs deductible over 5 years	**260**	202
Provisions	**1,706**	1,852
	19,580	25,422
Deferred tax liabilities		
Exploration and evaluation expenditure	**(9,377)**	(7,845)
Accrued interest	**(1)**	(1)
	(9,378)	(7,846)

Notes to the Financial Statements (continued)

Note 5 Income tax (continued)

Deferred taxes (continued)

	Consolidated June 2018 $000's	June 2017 $000's
Net deferred tax asset	**10,202**	17,576
Deferred tax asset not recognised	**(10,202)**	(17,576)
Deferred tax asset recognised in accounts	-	-
Movements in deferred tax asset		
Opening balance	-	-
Deferred tax (credited) to profit or loss	-	-
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.

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 2018 $000's	June 2017 $000's
Australian temporary differences and tax losses	**9,976**	9,785
Off-shore tax losses	**226**	7,791
	10,202	17,576

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 2018 $000's	June 2017 $000's
Cash at bank and on hand	**11,547**	6,039

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)

	Consolidated	
	June 2018	June 2017
(a) Reconciliation of cash flow from operations	$000's	$000's
Loss for the year	**(2,218)**	(3,618)
Depreciation	**15**	15
Impairment - exploration and evaluation expenditure	**132**	205
Exploration and evaluation expenditure written off	**300**	17
Share-based payments	**580**	24
Net exchange differences	**(119)**	(1)
Movement in financial liability at fair value	**(432)**	1,957
Changes in assets and liabilities		
(Increase)/Decrease in trade and other receivables	**(176)**	(50)
(Increase)/Decrease in inventories	**(4)**	-
(Increase)/Decrease in prepayments and deposits paid	**(2)**	42
Increase/(Decrease) in trade payables and accruals	**117**	83
Increase/(Decrease) in provisions	**135**	54
	(1,672)	(1,272)

(b) Non-cash financing and investing activities

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 $590,000 (2017: $nil).

	Consolidated	
Trade and Other Receivables	June 2018	June 2017
	$000's	$000's
Current		
Trade debtors	**15**	288
Other receivables	**594**	435
	609	723

Other receivables mainly comprise joint venture receivables - 70% (2017: 82%) and GST refunds - 25% (2017: 17%). The carrying amount of trade debtors and 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.

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.

Notes to the Financial Statements (continued)

Note 6 Other financial assets and liabilities (continued)

	Consolidated	
Trade and Other Payables	**June 2018**	**June 2017**
Current	**$000's**	**$000's**
Trade payables	**759**	1,510

Trade payables includes $24,000 (2017: $243,000) for 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

	Consolidated	
Inventories	**June 2018**	**June 2017**
	$000's	**$000's**
Consumables - at cost	**79**	76

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

	Consolidated	
Other Assets	**June 2018**	**June 2017**
	$000's	**$000's**
Prepayments	**13**	11
Restricted cash	**445**	383
	458	394

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 to support the Group's obligations under the lease. Refer Note 13.

	Consolidated	
Property, Plant and Equipment	**June 2018**	**June 2017**
	$000's	**$000's**
Plant and equipment at cost	**119**	115
Accumulated depreciation	**(70)**	(62)
	49	53
Movements in carrying amounts of property, plant and equipment		
Balance at the beginning of year	**53**	62
Additions	**11**	6
Depreciation	**(15)**	(15)
Balance at the end of year	**49**	53

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

Notes to the Financial Statements (continued)

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

Property, plant and equipment (continued)

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 Profit or Loss and Other 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 2018	**June 2017**
Current	**$000's**	**$000's**
Employee benefits	**233**	111
Restoration & rehabilitation	**772**	568
	1,005	679
Non-current		
Employee benefits	**57**	97
Restoration & rehabilitation	**550**	475
	607	572
	1,612	1,251

	Consolidated	
	June 2018	**June 2017**
Movements in carrying amounts of restoration and rehabilitation	**$000's**	**$000's**
Balance at the beginning of the year	**1,043**	734
Additions capitalised to exploration and evaluation expenditure	**227**	297
Additions charged to profit and loss - finance charges	**75**	12
Foreign exchange movements	**(23)**	-
Balance at the end of the year	**1,322**	1,043

Notes to the Financial Statements (continued)

Note 8 Equity

	Consolidated June 2018 $000's	Consolidated June 2017 $000's
Ordinary shares - fully paid	**112,440**	99,377

Movements in ordinary shares	**June 2018 Number of Shares**	**June 2017 Number of Shares**	**June 2018 $000's**	**June 2017 $000's**
Balance at the beginning of the period	617,742,154	526,250,547	**99,377**	92,022
Performance rights	3,125,000	-	**590**	-
Share placement @ 23.5 cents per share	42,638,299	-	**10,020**	-
Entitlement issue @ 23.5 cents per share	13,145,533	-	**3,089**	-
Share placement @ 5 cents per share	-	28,041,301	**-**	1,402
Entitlement issue @ 5 cents per share	-	21,050,306	**-**	1,052
Share placement @ 12. 5 cents per share	-	42,400,000	**-**	5,300
Share issue costs	-	-	**(636)**	(399)
Balance at the end of the year	**676,650,986**	617,742,154	**112,440**	99,377

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 2018 $000's	Consolidated June 2017 $000's
Foreign currency translation	**1,259**	1,360
Share-based payments	**70**	80
	1,329	1,440

The movements in the share-based payments' reserve during the year are as follows:	Consolidated June 2018 $000's	Consolidated June 2017 $000's
Balance at the beginning of the year	**80**	56
Shares issued on vesting of performance rights	**(590)**	-
Share-based payments during the year	**580**	24
Balance at the end of the year	**70**	80

Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

Share-based Payments Reserve
The share-based payments reserve is used to record the expense associated with options and performance rights granted to employees under equity-settled share-based payment arrangements. It is also used to record fair value of options granted for other goods and services as well as acquisition of other assets.

Notes to the Financial Statements (continued)

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:

	Consolidated	
	June 2018	June 2017
	$000's	$000's
Statement of Comprehensive Income		
Share based payments expense included in employee benefits' expense	**580**	24

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 option pricing method 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 2018.

Employee performance rights

Employee performance rights are provided to certain employees via the Comet Ridge Limited Employee Performance Share Rights Plan as approved by shareholders at the 2010 Annual General Meeting and refreshed at the 2016 Annual General Meeting. Performance rights are granted on terms determined by the Directors.

Performance rights, which have a maximum term of seven years, are issued for no consideration and provide an equity-based reward for employees that is linked with the success of performance conditions determined when the performance rights are granted. The performance criteria are determined 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.

The fair value of performance rights is determined at grant date. The value of performance rights that are issued subject only to a service condition or subject to a service condition and a performance condition e.g. reserves certification is determined by reference to the quoted price of the Company's shares on the ASX. The fair value of performance rights at grant date issued subject to a market condition e.g. Total Shareholder Return performance is determined using generally accepted valuation techniques including Black-Scholes option pricing model and Monte Carlo simulation that take into account the term of the performance right, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the performance right and an appropriate probability weighting to factor the likelihood of the satisfaction of non-vesting conditions.

Performance rights may only be issued if the number of shares underlying the performance rights, when aggregated with the number of performance rights on issue and the number of shares issued during the previous five years under the plan or any other employee incentive scheme, do not exceed 5% of the total number of shares on issue.

Notes to the Financial Statements (continued)

Note 9 Share-based payments (continued)

Employee performance rights (continued)

The following table shows the number and movements of performance rights during the 2018 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2017	Granted during the year	Vested During the year	Expired During the year	No. of Rights 30 June 2018
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)	-
1-Dec-16	31-Dec-19	7.00	2,500,000	-	(625,000)	-	1,875,000
23-Nov-17	31-Jan-21	17.43	-	500,000	(500,000)	-	-
23-Nov-17	31-Jan-20	26.50	-	1,000,000	-	-	1,000,000
23-Nov-17	31-Jan-21	26.50	-	1,000,000	-	-	1,000,000
19-Feb-18	31-Jan-20	23.50	-	800,000	(800,000)	-	-
19-Feb-18	31-Jan-20	23.50	-	1,200,000	(1,200,000)	-	-
20-May-18	31-Jan-20	36.50	-	250,000	-	-	250,000
20-May-18	31-Jan-21	36.50	-	250,000	-	-	250,000
			5,020,000	5,000,000	(3,125,000)	(2,520,000)	4,375,000

The following table shows the number and movements of performance rights during the 2017 year. Ordinary shares were issued for all performance rights that vested during the 2017 financial year.

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2016	Granted during the year	Vested During the year	Expired During the year	No. of Rights 30 June 2017
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
1-Dec-16	31-Dec-19	7.00	-	2,500,000	-	-	2,500,000
			4,020,000	2,500,000	-	(1,500,000)	5,020,000

Note 10 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, are the Board of Directors.

Identification of reportable segments

The principal operating activities of the Group are the exploration and evaluation of its tenements for oil and gas reserves. The 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 Profit or Loss and Other 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.

Notes to the Financial Statements (continued)

Note 10 Segment information (continued)

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 2018, the Group had the following interests in gas assets:

Comet Ridge Permits	Location	State/Country	CSG Interest	Conventional Interest	Area (km²)
ATP 743	Galilee Basin	QLD	100%	100%	3,195
ATP 744	Galilee Basin	QLD	100%	100%	4,296
ATP 1015	Galilee Basin	QLD	100%	100%	2,194
ATP 1191 Mahalo	Bowen Basin	QLD	40% *	n/a*	911
PEL 6	Gunnedah	NSW	29.55%	97.5%	5,162
PEL 427	Gunnedah	NSW	59.09%	100%	5,764
PEL 428	Gunnedah	NSW	68.42%	100%	6,018

* Comet Ridge has farm-in rights for conventional targets down to the level of the lower Mantuan coals.

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	Bowen	South Island	Gunnedah	
30 June 2018	$000's	$000's	$000's	$000's	$000's
Total segment revenue	-	-	-	-	-
Impairment - exploration expenditure	-	-	-	(132)	(132)
Exploration and evaluation costs written off	-	-	(73)	-	(73)
Exploration permit restoration and rehabilitation	-	-	(227)	-	(227)
Segment result before tax	-	-	(300)	(132)	(432)

Reconciliation of segment result to Group loss before tax	
Interest revenue	176
Other income	119
Fair value movement of financial liability at fair value	432
Employee benefits expense	(1,348)
Contractors and consultants costs	(245)
Depreciation and amortisation expense	(15)
Professional fees	(184)
Corporate expenses	(276)
Occupancy costs	(102)
Finance charges	(75)
Other expenses	(268)
Loss before tax	**(2,218)**

Notes to the Financial Statements (continued)

Note 10 Segment information (continued)

	Queensland		New Zealand	New South Wales	Total
	Galilee	Bowen	South Island	Gunnedah	
30 June 2017	$000's	$000's	$000's	$000's	$000's
Total segment revenue	-	-	-	-	-
Exploration and evaluation expenditure impaired	-	-	-	(205)	(205)
Exploration and evaluation costs written off	-	-	(17)	-	(17)
Segment result before tax	-	-	(17)	(205)	(222)

Reconciliation of segment result to group loss before tax	
Interest revenue	25
Employee benefits' expense	(641)
Contractors' and consultants' costs	(219)
Depreciation and amortisation expense	(15)
Fair value movement of financial liability at fair value	(1,957)
Professional fees	(159)
Corporate expenses	(93)
Occupancy costs	(118)
Finance charges	(12)
Other expenses	(207)
Loss before tax	(3,618)

Segment assets and liabilities

The following tables show the segment assets and liabilities of the Group's operating segments.

	Queensland		New Zealand	New South Wales	
	Galilee	Bowen	South Island	Gunnedah	Total
30 June 2018	$000's	$000's	$000's	$000's	$000's
Segment assets	**23,382**	**24,562**	-	-	**47,944**
Segment liabilities	-	**(14,795)**	-	-	**(14,795)**
	23,382	**9,767**	-	-	**33,149**
Reconciliation of segment assets to group assets					
Unallocated assets					
Current assets					**12,693**
Non-current assets					**49**
Current liabilities					**(1,762)**
Non-current liabilities					**(607)**
Total group net assets					**43,522**
Segment asset movement for the year					
Balance at 1 July 2017	**22,089**	**21,402**	-	-	**43,491**
Exploration and evaluation expenditure	**1,293**	**3,160**	**227**	**205**	**4,885**
Impairment expense	-	-	-	**(132)**	**(132)**
Exploration and evaluation expenditure written off	-	-	**(227)**	**(73)**	**(300)**
	1,293	**3,160**	-	-	**4,453**
Balance at 30 June 2018	**23,382**	**24,562**	-	-	**47,944**

Notes to the Financial Statements (continued)

Note 10 Segment information (continued)

Segment assets and liabilities (continued)

	Queensland		New Zealand	New South Wales	
	Galilee $000's	Bowen $000's	South Island $000's	Gunnedah $000's	Total $000's
30 June 2017					
Segment assets	22,089	21,402	-	-	43,491
Segment liabilities	-	(15,227)	-	-	(15,227)
	22,089	6,175	-	-	28,264
Reconciliation of segment assets to group assets					
Unallocated assets					
Current assets					7,232
Non-current assets					53
Current liabilities					(2,189)
Non-current liabilities					(572)
Total group net assets					32,788
Segment asset movement for the year					
Balance at 1 July 2016	21,246	19,997	-	-	41,243
Exploration and evaluation expenditure	843	1,405	17	205	2,470
Impairment expense	-	-	-	(205)	(205)
Exploration and evaluation expenditure written off	-	-	(17)	-	(17)
	843	1,405	-	-	2,248
Balance at 30 June 2017	22,089	21,402	-	-	43,491

Note 11 Risk management

Overview

The Group's principal financial instruments comprise receivables, payables, cash, term deposits and financial liabilities at fair value. The main risks arising from the Group's financial assets and liabilities are interest rate risk, price risk, foreign currency risk, credit risk and liquidity risk. This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk.

Key risks are monitored and reviewed as circumstances change (e.g. acquisition of new entity or project) and policies are created or revised as required. The overall objective of the Group's financial risk management policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Given the nature and size of the business and uncertainty as to the timing and amount of cash inflows and outflows, the Group does not enter into derivative transactions to mitigate the financial risks. In addition, the Group's policy is that no trading in financial instruments shall be undertaken for the purpose of making speculative gains. As the Group's operations change, the Directors will review this policy.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing the Group's financial risks as summarised below.

Notes to the Financial Statements (continued)

Note 11 Risk management (continued)

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

	Consolidated	
	June 2018	June 2017
Financial Assets	$000's	$000's
Cash and cash equivalents	**11,547**	6,039
Trade and other receivables	**609**	723
Restricted cash	**445**	383
	12,601	7,145
Financial Liabilities		
Trade and other payables	**759**	1,510
Financial liability at fair value - Stanwell Corporation Limited	**14,795**	15,227
	15,554	16,737

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 2017.

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2018 - Consolidated	$000's	$000's	$000's	$000's
Cash and cash equivalents and restricted cash	120	(120)	120	(120)
2017 - Consolidated				
Cash and cash equivalents and restricted cash	64	(64)	64	(64)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure, as far as possible, that the Group will always have sufficient resources to meet its obligations when due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. This is based on the undiscounted cash flows of the financial liabilities based on the earliest date on which they are required to be paid. With respect to the liability to Stanwell Corporation Limited (SCL) arising from the Renegotiated Mahalo Option Agreement, the Group will manage this liquidity risk by entering into a Gas Supply Agreement (GSA) with SCL and foregoing a portion of its future revenue from the Mahalo Gas Project over the term of the GSA. The revenue foregone by Comet Ridge is the $15 million discount indexed by CPI up to the date the GSA is signed.

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

	<1 year	1 to 3 years	Total Contractual Cash Flows	Carrying Amount
Consolidated - 30 June 2018	$000's	$000's	$000's	$000's
Trade and other payables	**759**	**-**	**759**	**759**
Financial liability at fair value - Stanwell Corporation Limited	**-**	**14,795**	**14,795**	**14,795**
	759	**14,795**	**15,554**	**15,554**
Consolidated - 30 June 2017				
Trade and other payables	1,510	-	1,510	1,510
Financial liability at fair value - Stanwell Corporation Limited	-	15,227	15,227	15,227
	1,510	15,227	16,737	16,737

Notes to the Financial Statements (continued)

Note 11 Risk management (continued)

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

	2018	2017
	NZD	NZD
Financial Assets	$000's	$000's
Cash and cash equivalents	17	8
Trade and other receivables	1	-
Financial Liabilities		
Trade and other payables	(12)	(13)

Based on financial instruments held at 30 June 2018 and 30 June 2017, had the Australian dollar strengthened/weakened by 10% there would be an immaterial impact on the Group's profit or loss and equity.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from cash and cash equivalents, restricted cash, and trade and other receivables. The Group exposure and the credit ratings of its counterparties are continuously monitored by the Board of Directors.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised in the table above.

Credit risk exposures

Trade and other receivables
Trade and other receivables comprise primarily of charges to joint operations. Where possible the Group trades with recognised, creditworthy third parties. The receivable balances are monitored on an ongoing basis. The Group's exposure to bad debts is not significant. At 30 June 2018 $nil, (2017: $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.

Notes to the Financial Statements (continued)

Note 11 Risk management (continued)

Capital risk management
When managing capital, management's objective is to ensure the Group continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available for exploration and evaluation of tenements. In order to maintain or adjust the capital structure, the Group may seek to issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of forecast exploration and evaluation expenditure required to reach a stage which permits a reasonable assessment of the existence or otherwise of an economically recoverable reserve. Total capital is calculated as 'equity' as shown in the Statement of Financial Position.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

Fair value measurement
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and for disclosure purposes.

Fair value hierarchy
AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level as determined by the following fair value measurement hierarchy:

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

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows the 'fair value measurement hierarchy' classification of the Group's assets and liabilities measured and recognised at fair value at 30 June 2017 (refer Note 3).

	Consolidated	
Financial Liabilities - Level 3	**June 2018**	**June 2017**
	$000's	**$000's**
Financial liability at fair value - Stanwell Corporation Limited	**14,795**	15,227

	Consolidated	
	June 2018	**June 2017**
	$000's	**$000's**
Balance at the beginning of the year	**15,227**	13,270
Movement in financial liability at fair value	**(432)**	1,957
Balance at the end of the year	**14,795**	15,227

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.

Notes to the Financial Statements (continued)

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 % 2018	Equity Holding % 2017
Chartwell Energy Limited	Australia	Ordinary	100	100
Comet Ridge Limited	Australia	Ordinary	100	100
Comet Ridge NZ Pty Ltd	Australia	Ordinary	100	100
Comet Ridge USA Inc.	USA	Ordinary	-#	100
Davidson Prospecting Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Mahalo Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Gunnedah Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Galilee Pty Ltd	Australia	Ordinary	100	100

Comet Ridge USA Inc was deregistered during the 2018 financial year

Joint arrangements

The Group has interests in the following Joint Arrangements:

ATP 1191 Mahalo	–	40.00%
PEL427 Gunnedah	–	59.09%
PEL428 Gunnedah	–	68.42%
PEL6 Gunnedah	–	29.55%

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 2014 agreement Comet Ridge Limited guarantees the indexed $20 million consideration payable by Comet Ridge Mahalo Pty Ltd (CRM) under Option B. Option B is exercisable by Stanwell Corporation Limited (SCL) upon the earlier of FID for any development of the Mahalo Gas Project permit area or Sunset Date of 30 September 2019.

If SCL elects to exercise Option B, it will receive a cash payment of $20 million at 1 July 2014 dollar terms which is to be escalated in accordance with CPI on and from 1 July 2014 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).

Notes to the Financial Statements (continued)

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

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 2018	June 2017
Payable - minimum lease payments	$000's	$000's
- not later than 12 months	98	94
- between 12 months and 5 years	8	107
	106	201

Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling $445,000 (2017: $383,000) as follows:

- $212,000 (2017: $150,000) to the State of Queensland in respect of the Group's exploration permits and environmental guarantees;
- $200,000 (2017 $200,000) to the State of NSW to support the Group's exploration permits and environmental guarantees; and
- $33,000 (2017: $33,000) 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.

Post balance date events

On the 27 July 2018, Vintage earned the right to a 15% interest in the Albany converntial gas project by contributing $3.35m to the costs of drilling Albany 1 well. The effect of Vintage earning at 15% interest is to reduce Comet Ridge interest in the 2C Contingent resource from 153PJ to 130PJ.

On the 4 September 2018 Comet Ridge and Stanwell Corporation signed a Deed of Amendment (2018 Agreement) to the 2014 Agreement. The effect of the 2018 Agreement is to extend the Sunset Date from 20 October 2018 to 30 September 2019. Stanwell Corporation and Comet Ridge have also agreed to negotiate a new Gas Sales Agreement which, if successfully concluded, will replace the 2014 Agreement.

On the 14 September 2018 Comet Ridge raised $17.4 million, before costs, via a placement with a small number of new substantial Australian equities fund managers and support from existing institutional shareholders. The placement was completed at $0.34 per share and resulted in approximately 51.2 million shares being issued.

Other than the above 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.

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, other than those disclosed in the remuneration section of the Directors' Report.

Transactions with controlled entities

Transactions between Comet Ridge Limited and its subsidiaries during the year included:

- loans advanced to/repayments from subsidiaries; and
- investments in subsidiaries.

The loans and investments have been impaired as shown in the parent entity disclosures section of this note. The loans to subsidiaries are interest free, repayable in cash at call and are unsecured.

Notes to the Financial Statements (continued)

Note 14 Other information (continued)

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 2018	June 2017
Audit services	$	$
- Auditing or reviewing the financial statements	**102,000**	95,000

Earnings per share

	June 2018	June 2017
	$000's	$000's
(a) Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Loss for the year	**2,218**	3,618
Loss used in the calculation of the basic and dilutive earnings per share	**2,218**	3,618
(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	**653,505,312**	561,286,810
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	**653,505,312**	561,286,810

(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.

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
Michael Dart	Non-executive Director

	Consolidated	
	June 2018	June 2017
	$	$
Short-term employee benefits	**806,450**	677,620
Post-employment benefits	**40,942**	41,362
Long-term employment benefits	**6,020**	10,121
Share-based payments	**142,911**	(17,468)
	996,323	711,635

Notes to the Financial Statements (continued)

Note 14 Other information (continued)

Parent entity disclosures	June 2018 $000's	June 2017 $000's
Current assets	**12,497**	6,768
Non-current assets	**36,138**	31,754
Total assets	**48,635**	38,522
Current liabilities	**954**	1,355
Non-current liabilities	**1,997**	1,969
Total liabilities	**2,951**	3,324
Net assets	**45,684**	35,198
Contributed equity	**127,051**	113,988
Share-based payments reserve	**3,833**	3,844
Accumulated losses	**(85,200)**	(82,634)
Total equity	**45,684**	35,198
Loss for the period	**2,567**	1,628
Other comprehensive income	**-**	-
Total comprehensive income	**2,567**	1,628

Bank guarantees

Bank guarantees are disclosed in Note 13.

Contingent liabilities

Contingent liabilities are disclosed in Note 13.

Loans to subsidiaries and investments in subsidiaries

The parent entity has recorded investments in subsidiaries at cost of $44.25 million (2017: $48.29 million) less provisions for impairment $44.08 million (2017: $48.12 million). The parent entity has also loaned funds to its subsidiaries of net $18.82 million (2017: $26.31 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by $7.67 million (2017: $18.26 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.

Notes to the Financial Statements (continued)

Note 14 Other information (continued)

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.

Payable - minimum lease payments	June 2018 $000's	June 2017 $000's
● not later than 12 months	**98**	94
● between 12 months and 5 years	**8**	107
	106	201

(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.

Minimum expenditure requirements	June 2018 $000's	June 2017 $000's
● not later than 12 months	**2,571**	92
● between 12 months and 5 years	**3,121**	5,692
	5,692	5,784

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 Limited, 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.

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.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(c) Principles of consolidation (continued)

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.

(d) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Comet Ridge Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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 Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.
-

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 Profit or Loss and Other 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)

(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.

(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 or loss.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

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

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.

(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.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(g) 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.

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 over the expected vesting period. The total amount expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(h) 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.

(i) 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.

Notes to the Financial Statements (continued)

Note 15 Summary of other significant accounting policies (continued)

(j) 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.

(k) Comparatives

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

(l) 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 2018 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 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. 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.

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 Group will adopt AASB9 from 1 July 2018.

AASB 15 Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018)
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.

The Group will adopt AASB15 from 1 July 2018.

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. The impact of this standard has been fully assessed and adoption of this standard from 1 July 2019 is not expected to have a material impact on the Group.

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 2018 and of the performance for the year ended on that date of the consolidated entity.

2) As stated in Note 2, the financial statements also comply with International Financial Reporting Standards.

3) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Tor McCaul

Managing Director
Brisbane, Queensland, 21 September 2018

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Independent Auditor's Report

To the members of Comet Ridge Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Comet Ridge Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2(d) in the financial report which states that the Group's ability to execute its planned exploration and evaluation activity and meet other necessary corporate expenditure is dependent on the Group's ability to raise additional funds. The matters set forth in Note 2(d) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group 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.

Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Exploration and evaluation expenditure - Impairment ***Refer to Note 3: Material balances – critical accounting estimates and judgements***	

The Group is involved in exploration and evaluation activities with tenement interest and a suite of prospective projects in Queensland and New South Wales.
 	
Exploration and evaluation expenditure totalling $47.9 million as disclosed in Note 3 represent a significant balance recorded in the consolidated statement of financial position.
 	
AASB 6 Exploration for and Evaluation of Mineral Resources require the Exploration and evaluation assets to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.
 	
Management performed an assessments at 30 June 2018 as to whether impairment indicators exist that require further impairment assessment.
	Our procedures included, amongst others:
	▪ Evaluating management's methodology and their documented basis for determining whether impairment indicators exist:
	  ▪ forecast gas prices;
	  ▪ forecast gas exploration reserves;
	  ▪ project commencement and commencement of gas delivery;
	  ▪ anticipated cost of rehabilitation; and
	  ▪ capital expenditure estimates.
	▪ Testing a sample of additions to the Group's exploration and evaluation assets for the year ending 30 June 2018;
	▪ Testing each permit remains valid in respect of each tenement through the review of official government documentation; and
	▪ Confirming the results of additional or revised reserve certifications.

Financial Liability at fair value ***Refer to Note 3: Material balances – critical accounting estimates and judgements***	

The Group repurchased the 5% interest in the Mahalo Gas Project from Stanwell Corporation Limited on 18 March 2014. The liability to Stanwell Corporation Limited is recognised as a financial liability at fair value through profit and loss.
 	
The nature of the consideration payable by the Group is at the option of Stanwell Corporation Limited and is either in the way of:
• Option #1: Gas supply agreement with an embedded $15m discount against the market price of gas at the time of the Final Investment Decision which has been revised to 30 September 2019; or
• Option #2: $20m cash payment, indexed by CPI.
 	
The financial liability recognised at 30 June 2018 was $14.8 million.
 	
Significant judgements are made by management to determine the most probable option that will be exercised by Stanwell Corporation Limited and management's key assumption to determine the fair value of the liability.
	Our procedures included, amongst others:
	▪ Evaluating management's significant judgements used to determine which is the most probable option to be exercised by Stanwell Corporation Limited by assessing:
	  ▪ The potential of Mahalo/Mira Gas Project to supply the agreed quantities of gas; and
	  ▪ Gas price under the gas pricing mechanism compared to the current market gas price.
	▪ Evaluating management's key assumptions in determining the fair value of the liability, including:
	  ▪ Index rate used;
	  ▪ Discount rate used; and
	  ▪ Final Investment Decision date.
	▪ Recalculating management's calculation in determining the fair value at balance date.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's statutory accounts for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 21 of the directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Comet Ridge Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
21 September 2018

Additional Information

The additional information set out below was applicable at 5 September 2018:

1. Number of Equity Holders

Ordinary Share Capital

676,650,986 fully paid ordinary shares are held by 2,168 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	147	6,854	0.000%
1,001 - 5,000	304	931,296	0.140%
5,001 - 10,000	238	1,946,366	0.290%
10,001 - 100,000	896	37,659,194	5.570%
100,001 - maximum	583	636,107,276	94.010%
	2,168	**676,650,986**	**100.000%**

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

The numbers of shareholders holding less than a marketable parcel (being 1,429 units or less) were:

161 Holders (25,565 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	7.61%
McKay Super Pty Ltd & Waterford Atlantic Pty Ltd & Affiliates	37,295,470	5,51%

The above shareholdings are disclosed pursuant to section 671B (3) of the Corporations Act 2001 but the relevant interests shown do not necessarily represent the beneficial interest in the share capital of the Company or the parties concerned.

5. Unquoted Securities

Unlisted performance rights: The Company has 4,375,000 preformance rights on issue, issued in accordance with the Employee Performance Share Rights Plan last approved by shareholders at the Company's AGM on 24 November 2016. The number of beneficial holders of performance rights totals 3.

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	61,677,812	9.12%
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	47,007,241	6.95%
3.	MCKAY SUPER PTY LTD	20,253,128	2.99%
4.	BRIXIA INVESTMENT LTD	19,392,108	2.87%
5.	GILBY RESOURCES PTY LTD<THE GILBY INVESTMENT A/C>	18,100,00	2.67%
6.	VILLIERS QUEENSLAND PTY LTD<PAUL BROSNAN ACCOUNT>	17,999,608	2.66%
7.	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	16,038,297	2.37%
8.	SIXTH ERRA PTY LTD	14,028,906	2.07%
9.	KABILA INVESTMENTS PTY LTD	13,808,143	2.04%
10.	WATERFORD ATLANTIC PTY LTD	13,697,082	2.04%
11.	PG CONSOLIDATED PTY LTD<THE PG A/C>	13,463,297	1.99%
12.	MR CHRISTOPHER JOHN BLAMEY + MRS ANNE MARGARET BLAMEY <ACB SUPER FUND A/C>	11,038,297	1.63%
13.	BIAN GROUP PTY LIMITED	10,154,120	1.5%
14.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,333,930	1.08%
15.	NAUGHTON SUPER PTY LTD<NAUGHTON SUPER A/C>	6,600,000	0.98%
16.	NAUGHTON SUPER PTY LTD<NAUGHTON SUPER A/C>SARA ELIZABETH HEATH	6,251,392	0.92%
17.	BNP PARIBAS NOMS PTY LTD <DRP>	6,207,147	0.92%
18.	BRAZIL FARMING PTY LTD	6,200,000	0,92%
19.	AVANTEOS INVESTMENTS LIMITED <1823205 SUPERANNUATION A/C>	5,954,440	0.88%
20.	MR PAUL GEOFFREY FUDGE	5,880,000	0.87%
TOTAL		**321,084,949**	**47.45%**

7. Restricted Securities

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

8. Interest in Petroleum Tenements

Authority to Prospect (ATP), Petroleum Exploration Lease (PEL), Petroleum Mining Permit (PMP) Interests

ATP / PEL / PMP	Location	Interest[1]	Operator
ATP1191 Mahalo [3]	Bowen Basin	40%	Santos QNT Pty Ltd
PEL427 [2]	Gunnedah Basin	100% Conventional 59.09% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
PEL428 [2]	Gunnedah Basin	100% Conventional 68.42% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
PEL 6 [2]	Gunnedah Basin	97.5% Conventional 29.55% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
ATP743 [4]	Galilee Basin	100%	Comet Ridge Limited
ATP744 [4]	Galilee Basin	100%	Comet Ridge Limited
ATP1015 [4]	Galilee Basin	100%	Comet Ridge Limited
PMP50100	South Island, New Zealand	100%	Comet Ridge NZ Pty Ltd

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

[2] The Petroleum Exploration Permits located in the Gunnedah Basin are divided into Conventional oil and gas equity and CSG Joint Ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these respective permits.

[3] Comet Ridge Limited was appointed agent by Santos to manage Mahalo Block subsurface work in respect of the Mahalo 2018 Joint Venture Exploration Work Program and Budget.

[4] 100% interest in Galilee Permits, reducing to 70% - 85% as Vintage earns its interest in the Permits.

Corporate Directory

Comet Ridge Limited

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

Stephen Rodgers
Company Secretary

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Australian Securities Exchange Ltd
Home Exchange: Brisbane

ASX Code: **COI**

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