Comet Ridge Limited

A.B.N. 47 106 092 577

Annual Report

for the year ended 30 June 2019

Overview of Activities

Following a successful 2019, Comet Ridge Limited is very well placed to take advantage of the tight east coast gas market. Comet Ridge's goal is that by the end of the 2020 financial year to have Mahalo and Albany projects progressing for development, as well as Galilee coal seam gas and possibly Gunnedah significantly progressed along the appraisal pathway.

Highlights

Key developments for the 2019 financial year include:

- ✓ Mahalo
  - The Mira 6/2 horizontal - vertical well combination was concluded during July 2018 reaching a maximum gas rate of 1.4 mmscf/d, exceeding expectations whilst peaking at a water rate of only 150 bwpd.
  - Successfully drilled the final five well evaluation programme, including three vertical wells, two of which were intercepted by lateral wells, including Mahalo's first dual lateral well, Struan 3.
  - Production testing of the three wells from the evaluation programme.
  - Agreement by the Mahalo Joint Venture to June 2020 for Final Investment Decision (FID).
  - Initial Development Plan (IDP) for the Mahalo Gas Project progressing with the JV agreeing a number of key elements.
- ✓ Galilee Permits
  - Albany 1 well drilled into the top 13m interval of the Lake Galilee Sandstone (before technical problems) and flowed from this section of the target reservoir a stable gas flow rate of 230,000 scf/d.
  - Vintage Energy Limited (Vintage) earnt their 15% interest in the Galilee "Deeps" Joint Venture (GDJV) by funding its contribution to the Albany 1 well. Vintage has elected to fund Stage 2 of the GDJV programme and, on funding 50% of the first $10m, will earn their next 15% interest in the GDJV, bringing their total interest to 30%.
  - Early in 2019 the 336km Koburra 2D seismic programme was completed including processing and an additional 896km of existing 2D seismic. From this initial interpretation of the data, regional structural trends have been identified, firming up a number of existing leads and adding four new leads.
  - Confirmation of four-way dip closure on the Lake Galilee structure, elevating it to a drill ready target.
  - In June 2019, Ensign Drilling Rig 932 started mobilising to Albany 2 well.
  - Comet Ridge renewed its MOU with APA Group to progress a detailed work programme on the Galilee-Moranbah Pipeline.
- ✓ Gunnedah
  - Santos has submitted the Narrabri Gas Project development application to the New South Wales Government for assessment. If Santos is successful with its development application, that could potentially re-open the Gunnedah acreage for appraisal. Comet Ridge continues to be in a position to watch and follow.
- ✓ Corporate
  - No recordable health, safety or environment incidents were recorded.
  - In June 2019, Comet Ridge successfully renegotiated the Stanwell Agreement, resulting in the Final Option Date being extended to 30 September 2022, and the removal of Stanwell's option to elect either a Gas Sales Agreement (GSA) or a cash settlement, in favour of a negotiated market priced GSA, for fixed volumes between 20 to 30 PJ, subject to the final development of the Mahalo Gas Project.
  - On 14 September 2018, Comet Ridge successfully raised $17.4m via a placement at $0.34 with institutional investors.
  - Comet Ridge made several key staff appointments during the year:
    - Martin Riley, veteran of the Queensland CSG industry, joined the Board, with Michael Dart stepping down due to work commitments;
    - Ashley Edgar, General Manager – Exploration and Subsurface; and
    - Tony Papinczak, General Manager – Development.

Figure 1 – Flare from Albany 1, which flowed 230,000 scf/d over a 13m interval in the Lake Galilee Sandstone

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.

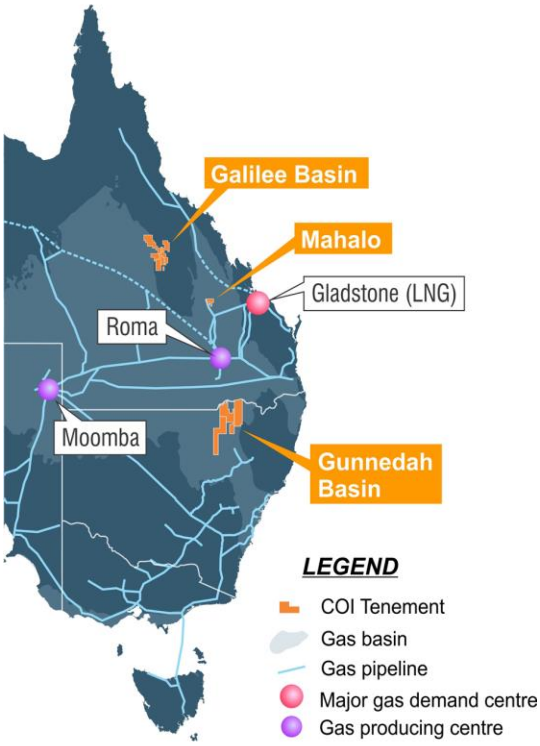

Figure 2 – Map of East Coast Australia detailing Comet Ridge's Permits

Comet Ridge Permits	Basin	State	CSG Interest	Sandstone Interest	Area (km^2)
ATP 743	Galilee	QLD	100%	85%[1]	3,195
ATP 744	Galilee	QLD	100%	85%[1]	4,296
ATP 1015	Galilee	QLD	100%	85%[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

Table 1 – Summary of Comet Ridge Permits as at 30 June 2019

[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" and is continuing to earn their remaining 15% interest at 30 June 2019.

[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 911km^2. The project is located just 14km (to the east) or 65km (to the north) from infrastructure connecting it to the East Coast market and Gladstone LNG export terminals. Comet Ridge has a 40% interest in Mahalo, with both Santos QNT Pty Ltd (Santos) and APLNG Pty Ltd (APLNG) holding 30% each. Origin is the upstream operator for APLNG.

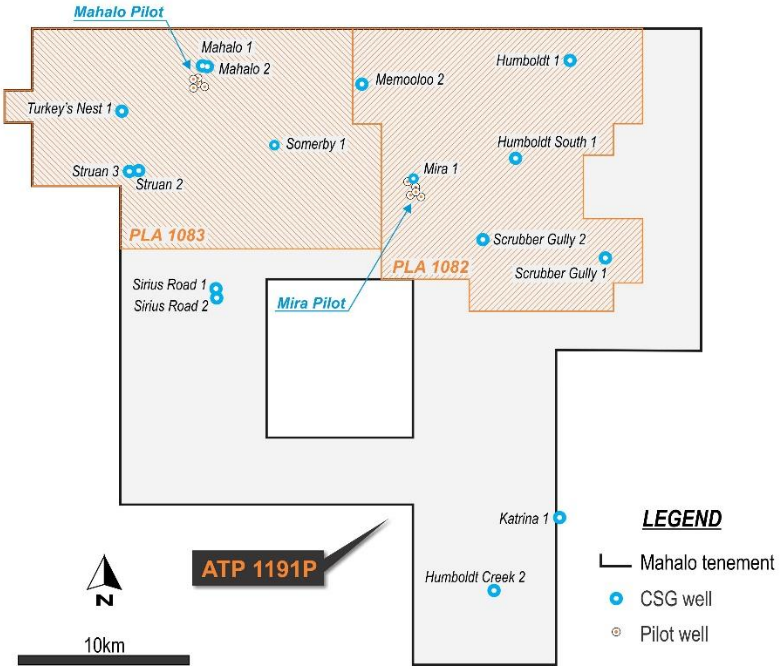

Figure 3 – Map showing the location of PLA 1082 Humboldt and PLA 1083 Mahalo, which cover the Initial Development Area

Evaluation Drilling – During the year, Comet Ridge as Exploration Agent for Santos, planned and successfully drilled a five well appraisal drilling programme in the Mahalo Gas Project, within budget and with zero injuries and zero environmental incidents. The five well programme included three vertical wells and two lateral wells, including Mahalo's first dual lateral well at Struan 3.

Production Testing – The wells drilled in the evaluation programme were specifically positioned to test the shallower and deeper limits of the field to help define the initial development area. From this drilling programme we have now defined the development area and we have confirmed key reservoir parameters ahead of development planning.

Initial Development Plan (IDP) – Towards the end of the financial year, the Mahalo Joint Venture reached agreement on a number of elements of the IDP, namely:

- The initial development will be a series of mostly dual lateral wells, intersecting with vertical production wells;
- Initial development will target the Castor and Pollux Seams in the northern part of the field in the shallower coal sections. The Aries and Orion Seams will not be targeted in the IDP;
- The modular gas plant (water treatment, dehydration and flare) is likely to be sized for 80 TJ/d gas capacity. Given the modular design, the plant could be expanded beyond 80 TJ/d at a later time;
- A modular compression concept will be implemented. Installed compression is expected to be initially 40 to 60 TJ/d with room for expansion;
- The approximate 65km pipeline connection to the two available export pipelines to the south would be sized with a capacity up to 120 TJ/d; and
- The joint venture has agreed to a final investment decision (FID) date of June 2020.

Comet Ridge's field development planning work, conducted during the latter part of 2017, considered a large vertical well development over a large part of the Mahalo Block. This included approximately 200 producing wells and an initial offtake rate of 50 to 60 TJ/d. The production well count in the latest IDP is approximately half of what was originally contemplated by Comet Ridge in 2017. Optimisation of the IDP will continue within the Mahalo Joint Venture over the coming months, leading to FID in June 2020, and given the modular approach to the development, it is Comet Ridge's view that first gas to market should be achieved before the end of 2021.

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 (gross) 2,287 PJ of 3C Contingent Resources, which have been independently certified at two stratigraphic levels. These comprise sandstone or "Deeps" (from a depth of approximately 2500m) in the Albany structure and also coal seam gas (CSG) or "Shallows" in the Gunn project area (from a depth to approximately 1000m). In November 2017, Comet Ridge and Vintage Energy Limited ("Vintage") signed a Joint Venture Agreement, which sees Vintage earn up to a 30% interest in the Galilee "Deeps" Joint Venture (GDJV).

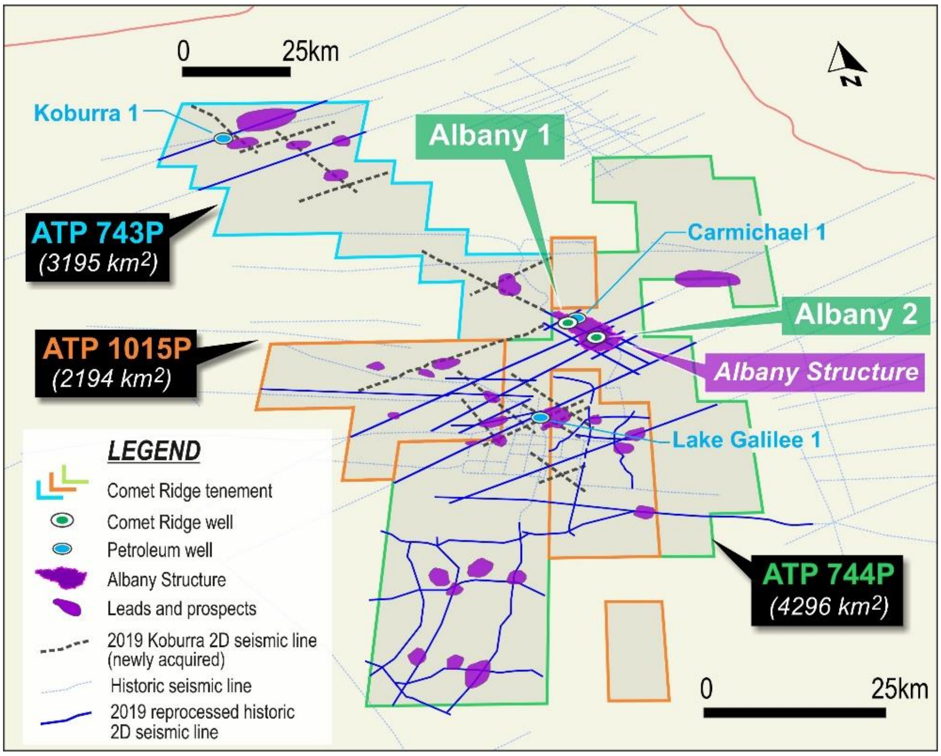

Figure 4 – Galilee ATP 743, ATP 744 and ATP 1015 showing seismic leads and conventional (sandstone) wells drilled to date

Albany Drilling - The Albany drilling programme has book-ended the financial year. At the start of the year, Albany 1 achieved a stabilised gas flow rate of 230,000 scf/d across a 13m interval in the Lake Galilee Sandstone Reservoir. Due to technical limitations of the drilling rig, the well was suspended. At the end of the financial year, the GDJV mobilised Ensign Drilling Rig 932 which spudded the Albany 2 well in July 2019.

Koburra 2D Seismic – During the year, the GDJV acquired 336km of 2D seismic, designed to identify regional structural trends and mature existing prospects towards drillable status. During June 2019, the 336km Koburra seismic was processed, along with 896km of existing 2D seismic data that had been acquired between 1980 and 2011.

The processed seismic has confirmed regional structural trends, firmed up a number of existing leads and identified an additional four new leads. The seismic also confirmed four-way dip closure on the Lake Galilee prospect. The Lake Galilee structure was first drilled in the 1960s with the well flowing gas at low rates and recovering minor amounts of oil on test. Comet Ridge has now determined from the seismic interpretation that the Lake Galilee 1 well was drilled on the edge of the structural close, giving significant up-dip potential.

Vintage Earn-in – Under the GDJV, Vintage have met the conditions required to earn its initial 15% interest in the GDJV. Vintage has elected to continue with the earn-in arrangement and, through funding its equity interest in the Koburra 2D seismic programme and the drilling of Albany 2 and Albany 1 sidetrack, will earn a further 15% interest, bringing its total interest in the GDJV to 30%.

Galilee Moranbah Pipeline – Comet Ridge renewed its MOU with APA to undertake a detailed work programme, inclusive of ground surveys, local stakeholder engagement, initial environmental studies and applying for a Petroleum Survey Licence. The proposed pipeline would connect the Galilee Basin to the North Queensland Gas Pipeline, which connects Moranbah to Townsville and services several large industrial clients and a growing market.

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.

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. For this reason, Comet Ridge continues to expense any exploration expenditure in relation to these tenements and no value is included in Exploration and Evaluation Assets relating to the Gunnedah Basin.

Comet Ridge is keeping a watching brief on the Santos Narrabri Gas Project which is contiguous to Comet Ridge's interest. Santos is currently working with the NSW government to obtain the necessary approvals.

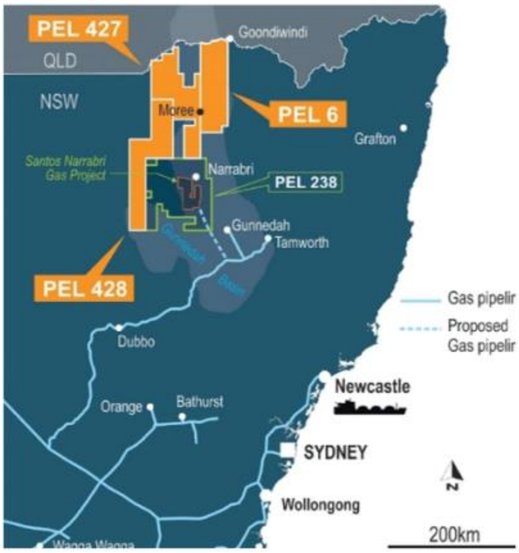

Figure 5 – Comet Ridge's NSW assets, contiguous to Santos Narrabri Gas Project

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.

During the 2019 financial year, Comet Ridge undertook a programme to plug and abandon (make permanently safe) all the wells in its New Zealand acreage as part of the process to surrender PMP50100. At 30 June 2019, all wells except for Murcott 1, have been successfully plugged and abandoned (made safe by cementing the reservoir section and permanently isolating from surface).

Health, Safety and Environment

Comet Ridge has experienced a significant increase in activity across a number of projects in comparison to the previous year.

This expansion has included an increase in the selection, review and pre-qualification of a number of major contractors. This in turn has required several project specific risk assessments be undertaken, the development of project specific safety, emergency and environmental plans, review and updating of a number of Health Safety and Environment Management System (HSEMS) procedures, and onsite review and collaboration with main and third-party contractors, in often remote and difficult working environments.

During the year, more than 85,000 working hours were reported across operations including Mahalo, New Zealand and Galilee (Seismic and Albany drilling), with many thousands of kilometres driven on remote unsealed outback roads. The Company is very pleased to report that no recordable health, safety or environmental (HSE) incidents were reported in the period 1 July 2018 through to 30 June 2019.

In line with the increase in field related operations, Comet Ridge continues to focus on improving its HSES performance. A review of the HSEMS is currently underway. A new Crisis and Emergency Management Plan has been written and adopted, the Contractor Management Plan has been reviewed as part of the process for the update of the HSEMS, and the Fitness for Work Procedure has been reviewed with particular focus of employees and contractors who are required to work in remote areas.

The regulatory framework in Queensland has gone through several changes during the financial year. The Financial Assurance process, has been updated to the Estimated Rehabilitation Cost and there has also been changes to existing regulations and policies, for example;

- Environmental Protection Regulation 2019
- Environmental Protection (Air) Policy 2019
- Environmental Protection (Noise) Policy 2019
- Environmental Protection (Water and Wetland Biodiversity) Policy 2019

The coming year sees more field and operational activities which will further necessitate the enhancement of our HSES performance, the 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 and environmental 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 it operates. This commitment has ensured its external and stakeholder relationships have been extremely positive at all times.

During 2018-2019 Comet Ridge has:

- Joined Toowoomba Surat Basin Enterprise Business Group (TSBE), and have attended a number of events, providing opportunities to network.
- Donated to a number of rural health initiatives including a sporting club, a rural men's mental health project and a project that encourages outings for disabled rural children.
- Became a financial member of the Leuceana Society, to allow knowledge gathering and networking in anticipation of future gas field development.
- Converted an old gas well to a landholder water supply bore in the Galilee Basin, instead of simply plugging and abandoning (making safe) the well.
- During the previous year Comet Ridge representatives have attended and contributed to a number of Government and Industry organised workshops, including but not limited to;
    - Stakeholder engagement forum in Dalby organised by the Australian Petroleum Production and Exploration Association (APPEA);
    - Independent Expert Scientific Community (IESC) forum in Sydney;
    - Department of Environment and Science (DES) financial assurance workshop; and
    - Central Highlands Development Corporation (CHDC) 'Industry and Innovation' workshop in Emerald, Qld.

Community engagement and respect for the communities, where the Company operates, is a core value for Comet Ridge and is supported by legislation and regulation. The Queensland 'Land Access Code', which has been developed in compliance with the relevant legislation and is enshrined in regulation, is the main formal reference when it comes to landowner and community relations and interaction between landholders and the oil and gas Industry. Comet Ridge has always acted consistently with the principles and guidelines set out in this Code of Practice.

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.

With the increased role as Agent for the Exploration Operator at Mahalo (March 2017 to March 2019) the Company's focus has now increased from being around the eastern Galilee Basin, to the Mahalo area in the southern Bowen Basin. Our landowner contact has, in the main, been in the form of personal visits, which strengthens and reinforces relationships with these landholders 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 Local Government 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 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 strong 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. An example of this was during the 2018/2019 Koburra seismic acquisition programme in the Galilee Basin, Comet Ridge engaged and worked closely with two local Indigenous groups to undertake ground survey/clearances prior to seismic activity.

Figure 6 – Flare at Mira Pilot Scheme, Mahalo Gas Project

2019 Annual Reserves Statement

Comet Ridge is pleased to present its Annual Reserves Statement for the period ending 30 June 2019:

Table 2 – 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
			30-6-18	30-6-19	30-6-18	30-6-19	30-6-18	30-6-19	30-6-18	30-6-19	30-6-18	30-6-19	30-6-18	30-6-19
Bowen Basin, QLD	Mahalo Gas Project (ATP 1191)	40%	*18	*18	*172	*172	374	374	224	224	**385	**385	389	389
Galilee Basin, QLD	Gunn Project Area (ATP 744)	100%	-	-	-	-	-	-	-	-	**67	**67	1,870	1,870
Galilee Basin, QLD	Albany Structure (ATP 744)	85%	-	-	-	-	-	-	56	48	**153	**130	417	354
Gunnedah Basin, NSW	PEL 6 PEL 427 PEL 428	29.55% 59.09% 68.42%	-	-	-	-	-	-	-	-	-	-	562	562
Total[2]			**18**	**18**	***172**	***172**	**374**	**374**	**280**	**272**	****605**	****582**	**3,238**	**3,175**

ASX Listing Rules Annual Report Requirements

*Listing Rule 5.39.1:

- All 1P and 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 1P and 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 2019 as against the previous year and discloses that the petroleum reserves (1P, 2P and 3P) remained unchanged.

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 2019 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 a regular basis to ensure that if there is any new data that might affect the reserves or resources estimates of the Company, steps can be taken to ensure that the estimates are adjusted accordingly.

** Listing Rule 5.40.1:

- All 2C contingent resources at 30 June 2019 are undeveloped. Approximately 75% of the reported 2C Contingent Resource is attributable to unconventional gas with the remainder attributable to a sandstone reservoir referred to in the Table as the Albany Structure.
- The geographical areas where the 2C Contingent Resources are located appear in the far left column of the Table.

Listing Rule 5.40.2:

- The table records a reconciliation of the 2C and 3C Contingent Resources as at 30 June 2019, against the previous year and discloses that the net 1C, 2C and 3C Contingent Resources decreased during the period by 15% due to Vintage Energy Limited earning a 15% in the Albany Structure as part of its farmin with Comet Ridge to earn a 30% interest. (Refer to ASX:VEN Announcement 26 November 2018). Overall the Contingent Resources for the permit has not decreased with the variation being due to a commercial transaction and not a review of the resources. Apart from the decrease in Comets interest in the Contingent Resources booking for the Albany Structure in ATP 744 there were no other changes to the 1C, 2C and 3C Contingent Resources from those recorded as at 30 June 2018.

Listing Rule 5.44:

- The estimates of Reserves and Contingent Resources appearing in the 2019 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 in the form and context in which they appear herein has been issued with the previous consent of Dr McConachie in the form and context in which they appear in this Annual Reserves Statement for 2019. 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 2019 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 the Mahalo Gas Project, 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 previously 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 2019.
- 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) Comet Ridge's net reserves have not been adjusted for fuel or shrinkage (estimated at approximately 3%) and have been calculated at the wellhead (which is the reference point for the purposes of Listing Rule 5.26.5).
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 were registered during the period with confirmation being received from the NSW Depart of Planning and Environment Resources & Geoscience on 5 November 2018.

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 2019 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.

During the reporting period the ASX released its 4th edition of the Corporate Governance Principles and Recommendations (Principles) in February 2019. The Company has begun steps to adopt the updated 4th Edition of the ASX Recommendations and intends to report against that version for the year end June 2020.

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 2019 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/

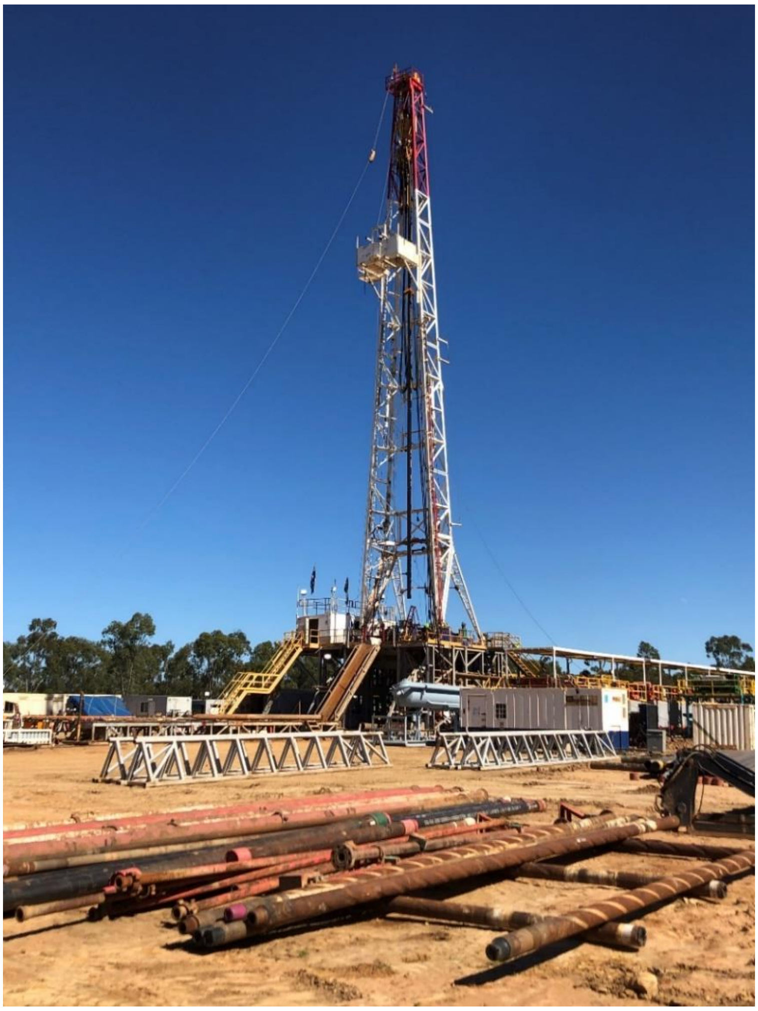

Figure 7 – Photo of Ensign Drilling Rig 932 located at Albany 2

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 2019. The Company was incorporated on 23 August 2003 and listed on the Australian Securities Exchange on 19 April 2004.

1. Information on Directors

The following persons were the Directors of Comet Ridge Limited who held office for the whole or part of the year and up to the date of this Report.

James McKay B.Com, LLB, Non-executive Chairman (Director since 16 April 2009)

Special Responsibilities
Chairman
Member of the 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 purchased the historic East Rand Proprietary Mine with a 51M oz reserve.

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

Mr McKay is also a director and shareholder of Centenary Memorial Gardens Pty Ltd, a major Brisbane cemetery and crematorium. He is a past president of the Australasian Cemeteries and Crematoria Association, having served on its board for over 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 (resigned 13 November 2018)

Tor McCaul B.E. (Hons/Petroleum), B.Econ, MBA, Managing Director (Director since 16 April 2009)

Special Responsibilities
Managing Director
Member of the Risk Committee

Experience
Tor McCaul was appointed Managing Director of Comet Ridge in April 2009 when the Company merged with Chartwell Energy Limited (Chartwell). He previously held the position of Chief Executive Officer of Chartwell having commenced with the Company in 2008. Tor has over 30 years' experience in the oil and gas industry. He graduated in Petroleum Engineering from UNSW in 1987 and spent the next 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 Niugini.

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

During the financial year, Mr McCaul was elected to the APPEA Board and is the Chair of the APPEA Exploration Committee.

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.

Chris Pieters B.Sc (Hons), B.Bus, Executive Director (Director since 16 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, MAusIMM, Non-executive Director (Director since 9 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 a past Chair of the Western Australian Council of Chartered Secretaries of Australia, a former Director on their National Board and a lecturer for the Securities Institute of Australia. Ms Swaby is the principal of a corporate consulting company and was a member of the Paladin Energy Ltd Board for a period of 10 years. In August 2015, she stepped down from her role at Paladin as Company Secretary and EGM-Corporate Services. She also serves on the board of ASX listed Deep Yellow Limited. 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
Deep Yellow Limited
Birimian Limited (Resigned 13 November 2018)

Martin Riley B.E. (Hons I/Chem), Non-executive Director (Director since 13 March 2019)

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

Experience
Martin Riley holds first-class honours degree from Sydney University in Chemical Engineering and has almost 35 years' experience in the upstream oil and gas industry in a variety of roles. Martin was influential in the commercial inception and development of the Coal Seam Gas (CSG) industry in Queensland in the 1990s with Origin Energy. Martin has held a number of sub-surface technical roles, and senior executive positions within the industry, across both CSG and conventional assets, through exploration, development and production.

Interest in Shares and Options
Nil.

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

Michael Dart B.Com, FINSIA, Non-executive Director (14 October 2016 until his resignation on 13 March 2019)

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

Stephen Rodgers was appointed Company Secretary on 16 April 2009 and continues in office at the date of this report. He is a lawyer with over 30 years' experience and holds a Bachelor of Laws degree from Queensland University of Technology.

After practising law with several firms in Brisbane over a 12-year period he then operated his own specialist commercial and property law practice for 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 an instrumental member of the team which led the takeover negotiations and implementation of QGC's friendly acquisition of that Company.

He also holds the position of Company Secretary of 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 oil and gas exploration activities. The Group has tenement interests and a number of prospective projects in eastern Australia.

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

4. Operating and Financial Review

The loss after tax of the Group for the financial year ended 30 June 2019 amounted to $4.0 million (2018: loss of $2.2 million).

During the financial year, the Group capitalised exploration expenditure of $7.2 million (2018 $3.2 million) on the Mahalo Gas Project and $6.2 million (2018 $1.3 million) on the Galilee Deeps Joint Venture.

At 30 June 2019, the Group had $12.998 million in cash on hand and net current assets of $11,597 million.

Comet Ridge has future exploration commitments for its Galilee and Mahalo projects which will be funded as required when they fall due. Also, if Comet Ridge were to enter into commercial discussions regarding a gas sales agreement with Stanwell, and an agreement not come to fruition, a cash payment would arise, which is not presently funded. Note 2 (d) Going Concern, and the independent auditor's report both acknowledge the existence of these matters and the material uncertainty that exists as a consequence. If Comet Ridge was not able to secure or raise funds to meet these payments, that may cast significant doubt about the Group's ability to continue as a going concern. However, in both instances the amount of the payments are substantially less than the current market value of Comet Ridge and the Board is confident of being able to source funding at the necessary time.

Further information on the operations of the Group and likely developments are set out in the Overview of Activities and Significant Affairs outlined below.

5. Significant Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year ended 30 June 2019:

(a) Stabilised gas flowrate from Albany 1

In July 2018, Comet Ridge recorded a stabilised gas flowrate of 230,000 scf/d across a 13m interval in the Lake Galilee Sandstone Reservoir at the Albany 1 well. This was the first measured flowrate for the Galilee basin and there remains a further 100+m of sandstone target still to be tested.

(b) Five well evaluation programme at the Mahalo Gas Project

As exploration agent for Santos, Comet Ridge planned and successfully drilled a five well programme, including three verticals, of which two were intersected by lateral wells. The programme was delivered within budget, with zero injuries and zero environmental incidents.

(c) Vintage Energy Limited (Vintage) earn 15% interest

On funding their interest in the Albany 1 well, Vintage earnt a 15% interest in the Galilee "Deeps" Joint Venture (GDJV), across ATP 743, 744 and 1015. Comet Ridge and Vintage have both formally committed to Stage 2 of the farm-in which will see Vintage earn their next 15% interest by funding 50% of the first $10 million spend on the 336km Koburra 2D seismic programme, the drilling of Albany 2 and the side track of Albany 1. Subsequent to year end, Vintage completed the requirements to earn the remaining 15% interest in the GDJV (refer to Note 29 – Post balance date events).

(d) Stanwell Agreement

On 17 June 2019, the Company reached an agreement with Stanwell which has amended the 2014 Deed of Option and has extended the Final Option Date under the Deed to 30 September 2022. The current agreement has removed Stanwell's option to elect either a Gas Sales Agreement (GSA) or a cash settlement and has moved to a negotiation process for a market priced GSA, for a fixed gas volume of between 20 to 30 PJ, depending on the final development of the Mahalo Gas Project. Should a GSA not be negotiated the agreement retains the obligation to settle in cash.

(e) Capital raising

During the year, the Company undertook an equity raising via a placement with institutional shareholders. Comet Ridge raised a total of $17.4 million (before costs) to fund its ongoing activities at Mahalo and the GDJV.

6. Dividends Paid or Recommended

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

7. Post Balance Date Events

On 2 September 2019 it was announced that Vintage had met the conditions to earn a further 15% interest in the Galilee Deeps Joint Venture, bringing their total interest in the GDJV to 30%. As a consequence of Vintage earning a further 15% interest in the GDJV, Comet Ridge has reduced its interest in the Contingent Resources of the Albany structure to reflect its 70% interest in the GDJV. The total Contingent Resources for the Albany structure have not changed.

Petroleum Lease Applications (PLA) 1082 Humboldt and 1083 Mahalo were lodged with the Department of Natural Resources, Mines and Energy (DNRME) on 12 September 2019. The PLAs cover the expected Initial Development Area for the Mahalo gas Project. It is expected the Potential Commercial Area (PCA) applications will be lodged shortly to secure the remainder of ATP 1191.

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.

8. Principal Risks

Risk Management Framework

Comet Ridge established the Risk Committee to provide advice and assistance to the Board in developing policy and assessing risks of the business. The Comet Ridge risk management procedure is based on the Australian Standard AS/NZS ISO 31000:2018 as having prominence in guiding the facilitation and management of risk within the Company. Comet Ridge recognises that effective risk management is a fundamental consideration in the decision-making process within the Company. The process of identifying, assessing and managing material business risks is designed to manage risks, mitigate risks to an acceptable level and, where appropriate, accept risk to generate returns. The Comet Ridge risk management framework is reviewed annually, in which an analytical review is undertaken of all the Company's operational, corporate, legal, regulatory and financial risk exposures.

The Comet Ridge risk management procedure incorporates an enterprise level view of risk, an understanding of risk management options and the use of consistently developed risk information. This is a continuous process and provides the foundation for the execution of business management activities. The use of common language around risk identification, management and reporting across field and office-based teams enables us to focus on the key risks to achieve organisational goals.

The Comet Ridge risk management procedure defines oversight responsibilities for the Board to enable effective risk identification, assessment and management across the business.

Material Risks at 30 June 2019

The material business risks for Comet Ridge at 30 June 2019 are outlined in this section. These risks may materialise independently, concurrently or in combination. The active management of these risks through our risk management framework is imperative to Comet Ridge meeting strategic objectives and delivering shareholder value. This summary is neither an exhaustive list of risks that may affect Comet Ridge, nor are the risks listed in order of importance.

Operational Risks	
Risk	**Joint Venture arrangements** – Comet Ridge is in several joint ventures for most of the assets it owns and, as such, is dependent on technical and commercial alignment with our Joint Venture partners.
Cause	Misalignment between Joint Venture partners can lead to inefficient utilisation of available capital and may impact approaches to prioritisation of exploration or development opportunities.
Impact	Delayed approvals of development plans may impact on the timing of Comet Ridge's growth.
Mitigations	We work closely with our Joint Venture partners to achieve mutually beneficial outcomes.
Risk	**Exploration and development** – Our growth is dependent on our ability to successfully discover, develop and deliver new resources and reserves.
Cause	Exploration and drilling activities are highly uncertain and dependent on capital funding and the acquisition and analysis of data.
Impact	Comet Ridge's ability to deliver our strategy may be impacted by the success of our exploration and development efforts.
Mitigations	To ensure the highest possibility of success and therefore confidence of investors, we seek to employ the most technically capable staff, who analyse our existing acreage for drilling prospects by applying best-in-class technologies and process for exploration and development. Comet Ridge seeks partnering and farm-in opportunities to diversify risk.
Risk	**Access to infrastructure** – Comet Ridge's growth strategy is largely dependent on access to infrastructure owned by third parties.
Cause	We rely on third parties to process, transport and market the product Comet Ridge is seeking to produce.
Impact	Comet Ridge's growth may be impacted by the failure to obtain access to appropriate supporting facilities.
Mitigations	We seek to work closely with suppliers of infrastructure to mitigate the risk of not obtaining access and we continue to explore alternative routes to market to diversify risk where possible.
Strategic Financial Risks	
Risk	**Access to Funding** – Comet Ridge's ability to fund operations and future growth.
Cause	Volatility or uncertainty in capital markets could restrict the willingness of investors to provide additional capital
Impact	Comet Ridge's growth aspirations require the investment of significant capital to generate returns.
Mitigations	We have prudent expenditure management and forecasting with a Board approved budget. We actively seek partnering opportunities to help fund key activities on a project by project basis.

Safety, environmental and sustainability risks	
Risk	**Health and safety** – There is a risk of harm to employees, contractors and communities near our operations, particularly in remote locations, from exploration activities.
Cause	Our activities are subject to operating hazards which could result in harm to our people or our communities.
Impact	In addition to injury or negative effects to the health or wellbeing of affected people, impacts may include reputational damage and fines.
Mitigations	The identification, effective control and overall management of health and safety risks are the highest priority for Comet Ridge. We have developed detailed health and safety management plans, as well as rigorous processes to ensure we operate at the highest standards of safety management.
Political Risks	
Risk	**Significant regulatory change** – A change in government or policy and / or unexpected changes to legislation and regulation may significantly impact Comet Ridge financially and operationally.
Cause	Changes in legislation, regulations and / or policy can result from changes in Government or from changes by Government or external pressures.
Impact	Changes in legislation, regulation and / or policy may impact on exploration and development of our product. In turn, such changes would impact on sustainable returns for investors, through profit erosion and loss of company value. Retrospective or unexpected regulatory changes potentially impact the longer-term viability of projects.
Mitigations	We actively monitor regulatory and political developments and constructively engage with government, regulators and industry bodies.

9. Future Developments and Expected Results

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

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

10. Environmental Regulations

The Group's operations are subject to environmental regulation under the federal and state laws of Australia, where it undertakes its exploration, 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.

11. Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2019 has been received and is attached to this report as required under section 307c of the Corporations Act 2001.

12. Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the financial year ended 30 June 2019 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	10	10	4	4	3	3	*	*
T McCaul	10	10	*	*	*	*	3	3
G Swaby	10	9	4	4	3	3	*	*
C Pieters	10	10	*	*	*	*	2	2
M Dart**	7	7	4	4	1	1	1	1
M Riley**	3	3	*	*	2	2	2	2

* = Not a member of the relevant committee

**= On the 13 March 2019, Michael Dart resigned as a director and Martin Riley was appointed. Martin assumed the role as Chair of the Risk Committee and member of the Audit and Remuneration Committees.

13. **Remuneration Report – Audited**

This report outlines the remuneration arrangements in place for the Non-executive Directors, Executive Directors and other Key Management Personnel of the Company.

Remuneration Committee

The Board has established a Remuneration Committee which provides advice and specific recommendations on the remuneration packages and other terms of employment for Non-executive Directors, Executive Directors and other senior executives, including:

- the level of Non-executive Director fees;
- the amount and nature of remuneration arrangements for Executive Directors and other executives; and
- the type and nature of incentive arrangements including key performance targets effecting the remuneration of the executive team.

The objective of the Remuneration Committee is to ensure that the remuneration policies and arrangements are fair and competitive and aligned with the long-term interest of the Company.

The level of remuneration and other terms and conditions of employment for Executive Directors and Company executives are reviewed annually having regard to performance and relevant comparative information and are approved by the Board after the Remuneration Committee has sought independent professional advice, as required. In this respect, consideration is given to normal commercial rates of remuneration for similar levels of responsibility.

In framing the Remuneration Report, the Remuneration Committee has reflected on the performance in 2019 and noted that 2019 has delivered some very positive results for the Company. Our lead asset, Mahalo, has moved through evaluation and is now on the development path, with FID now planned for June 2020. Significant results have been achieved in the Galilee with the first measured gas flow of 230,000 scf/d from 13m of Albany 1 sandstone reservoir, and we acquired 336km of 2D seismic, which identified new leads and confirmed closure on the Lake Galilee structure. We have ended the financial year with a rig mobilising to drill Albany 2 and side-track Albany 1.

At this stage of the Group's development, the Remuneration Committee is focused on long term value generation for shareholders and therefore consider Long Term Incentives (LTIs) based on achieving specific milestones, to be the preferred method of incentivising Executive Directors and Senior Executives. With the LTIs selected, the Committee has focused on ensuring Executive Directors and Senior Executives' long-term performance aligns with long term value for shareholders. In 2019, Comet Ridge assessment of LTIs, identified that some would not be achieved, resulting in a small decrease in executive remuneration in the current financial year in the Remuneration table below.

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

Key Management Personnel

For 2019, the Key Management Personnel (KMP) for Comet Ridge comprised:

James McKay	Non-executive Chairman
Tor McCaul	Managing Director
Gillian Swaby	Non-executive Director
Christopher Pieters	Executive Director
Martin Riley	Non-executive Director (appointed 13 March 2019)
Michael Dart	Non-executive Director (resigned 13 March 2019)

There has been a significant increase in capability to the executive team with the recruiting a full time CFO, a GM – Subsurface and a GM – Development. However, at this stage on the Group's development, it is the view of the Committee that the Board remain as the KMP's for the organisation. As the Company moves closer to development and ultimately production, the Committee intends to review its position on those personnel who could be considered as KMPs.

Non-executive Director Remuneration

The Board's policy is to remunerate Non-executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to Non-executive Directors is subject to approval by shareholders at the Annual General Meeting. The latest determination was at the Annual General Meeting held on 11 November 2009 when shareholders approved an aggregate remuneration of $500,000 per year.

Fees for Non-executive Directors are not linked to the performance of the Group, however, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. There is no minimum holding prescribed in the Constitution.

During the 2019 financial year the Committee engaged with BDO on a Board Remuneration report, which compared Comet Ridge's current fees against comparative companies in the same industry. The Committee discussed the report and recommended the increase from the lower end of the scale provided. This was the first increase since 2009.

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

Director fees	**2019**	**2018**
	$	**$**
Base Fees		
Chair[1]	**156,000**	96,000
Other Non-executive Directors[1]	**81,000**	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

[1] Changes to the Base Fees was effective from 1 December 2018.

Executive Remuneration Framework

The objective of the executive remuneration policy is to ensure that the Group's remuneration arrangements are competitive and reasonable, enabling it to attract and retain the right calibre of staff and to align the remuneration of Executive Directors and other executives with shareholder and business objectives. Executive remuneration arrangements comprise a fixed remuneration component and may also include specific incentives based on key performance areas affecting the Group's financial and/or operational results as follows:

(a) a base salary (which is based on factors such as length of service, qualifications and experience), superannuation, fringe benefits and performance incentives;
(b) short-term performance incentives in the form of cash bonuses which are paid only when predetermined key performance indicators have been met;
(c) executives engaged through professional service entities are paid fees based on an agreed market based hourly and/or daily rate for the services provided and may also be entitled to short term performance based incentives; and
(d) long term performance-based incentives comprising performance rights which are designed to align the remuneration of executives with the business objectives of the Company and its shareholders.

The Remuneration Committee reviews executive remuneration arrangements annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

Executive and Non-executive Directors and other employed executives receive the superannuation guarantee contribution required by the Commonwealth Government. For the year ended 30 June 2019 the rate was 9.5% up to a maximum contribution of $20,531. 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.

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.

Details of Remuneration

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

Benefits and Payments Year Ended 30 June 2019	Short-term Benefits & Fees		Post Employment	Long-term Benefits		Share-based Payments	
	Salary & Fees	Cash Bonus	Super-annuation	Long Service Leave	Total Cash Remuneration	Performance Rights	Total
Directors	$	$	$	$	$	$	$
J McKay	**122,784**	**-**	**11,664**	**-**	**134,448**	**-**	**134,448**
T McCaul	**379,951**	**-**	**20,531**	**10,869**	**411,351**	**(3,006)**	**408,345**
G Swaby	**87,250**	**-**	**-**	**-**	**87,250**	**-**	**87,250**
C Pieters	**199,339**	**-**	**6,540**	**-**	**205,879**	**(379)**	**205,500**
M Dart	**70,796**	**-**	**2,063**	**-**	**72,859**	**-**	**72,859**
M Riley	**24,519**	**-**	**2,329**	**-**	**26,848**	**-**	**26,848**
Total Key Management Personnel	**884,639**	**-**	**43,127**	**10,869**	**938,635**	**[1](3,385)**	**935,250**

[1] The Company reassessed the likelihood of non-market vesting conditions attached to the performance rights being satisfied. It was determined that it is no longer probable that these awards will vest. As a result, the expense associated with these rights has been reversed.

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	Long Service Leave	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	[2]45,000	5,812	-	240,988	5,320	246,308
M Dart	65,637	-	6,236	-	71,873	-	71,873
Total Key Management Personnel	806,450	45,000	40,942	6,020	898,412	142,911	1,041,323

[2] C. Peters remuneration for 2018 has been restated to include a cash bonus of $45,000 relating to performance in the 2018 financial year. Refer ASX announcement 1 June 2018 for further details.

The relative proportions of actual remuneration recognised are as follows:

	Fixed Remuneration		At Risk Short Term Incentives		At Risk Long Term Incentives	
Executive Director	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
T McCaul	**100.0%**	**74.60%**	**0.0%**	0.0%	**0.0%**	**25.40%**
C Pieters	**100.0%**	**97.36%**	**0.0%**	0.0%	**0.0%**	**2.64%**

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.

No performance rights were scheduled to mature during the financial year, hence fixed remuneration for 2019 was 100% of remuneration for the Executive Directors.

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 the ASX at year end for the current year and previous four years.

Relation to performance	**2019**	**2018**	**2017**	**2016**	**2015**
Total remuneration ($)	**935,250**	1,041,323	711,635	703,083	742,225
EPS (loss) cents	**(0.56)**	(0.34)	(0.64)	(0.70)	(3.68)
Dividends paid	**-**	-	-	-	-
Share price at year end (cents)	**26**	36	13	6	6

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
KPI's:	A bonus of $50,000 for each KPI achieved listed below :

- Agreement for the commercial offtake of more than 50% of the gas from Mahalo
- FID Mahalo
- Agreement for the commercial offtake of more than 50% of the gas from Galilee
- FID Galilee Basin; and
- Farmout of the Shallow Coals in the Galilee.

In the event that the position was to become redundant or other factors prevented Mr Pieters from achieving those KPIs within the allowed time, which were outside of his control, they could be treated as having been satisfied and able to be paid.

Performance rights for Mr McCaul and Mr Pieters will be awarded on achievement of certain milestones as outlined in the Performance Rights table on page 21.

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 at Grant date Cents	Performance Condition	Vested %
T McCaul						
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	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%
	3,500,000					
C Pieters						
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%
	375,000					
	3,875,000					

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

Grant Date	Vesting Date	Number at Beginning of Year	Granted as Remuneration During the Year	Number of Rights Vested	Number of Rights Lapsed	Number at End of Year
T McCaul						
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	31-Jan-20	1,000,000	-	-	-	1,000,000
23-Nov-17	31-Jan-21	1,000,000	-	-	-	1,000,000
		3,500,000	-	-	-	3,500,000
C Pieters						
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
		375,000	-	-	-	375,000
		3,875,000	-	-	-	3,875,000

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 2019	Balance at beginning of the year	Shares purchased	Other Movements	Balance at end of the year
J McKay	**37,295,470**	**-**	**-**	**37,295,470**
T McCaul	**6,343,159**	**-**	**-**	**6,343,159**
G Swaby	**-**	**-**	**-**	**-**
C Pieters	**1,217,000**	**-**	**-**	**1,217,000**
M Dart	**-**	**-**	**-**	**-**
M Riley	**-**	**-**	**-**	**-**
Total	**44,855,629**	**-**	**-**	**44,855,629**

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

END OF AUDITED REMUNERATION REPORT

14. Options and Performance Rights

Options

There were no options for ordinary shares in Comet Ridge on issue at 30 June 2019.

Performance Rights

Movements in the number of performance rights on issue and the number of ordinary shares issued during the year ended 30 June 2019 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 2018	Granted during the year	Vested during the year	Expired during the year	No. of Rights 30 June 2019
1-Dec-16	31-Dec-19	7.00	1,875,000	-	-	-	1,875,000
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
20-May-18	31-Jan-20	36.50	250,000	-	-	-	250,000
20-May-18	31-Jan-21	36.50	250,000	-	-	-	250,000
31-Dec-18	31-Dec-19	32.50	-	400,000	-	-	400,000
31-Dec-18	31-Jan-20	32.50	-	350,000	-	-	350,000
31-Dec-18	31-Jan-21	32.50	-	350,000	-	-	350,000
			4,375,000	1,100,000	-	-	5,475,000

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

15. Insurance of Directors and Officers

The Company has entered into agreements with Directors to indemnify them against any claims and related expenses that may arise in their capacity as Directors and officers of the Company or a related body corporate, except where the liability arises out of conduct involving a lack of good faith and subject to the provisions of the Corporations Act 2001.

During the financial year, the Company paid premiums for Directors' and Officers' liability Insurance. The contract prohibits disclosure of the details of the nature of the liabilities covered or the premium paid.

The Company has not during or since the end of the financial period indemnified or agreed to indemnify an Auditor of the Company.

16. Proceedings on Behalf of Company

No person has applied for leave of Court under section 237 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

17. Rounding of Amounts to Nearest Thousand Dollars

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

18. Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Group expenditure to the auditor for non-audit services, is as follows:

	Consolidated	
	June 2019	**June 2018**
	$	**$**
PricewaterhouseCoopers Australia		
Non-audit services	**6,000**	-

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*.

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in Note 5 Auditors' Remuneration on Page 33 of the financial statements.

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

Tor McCaul

Managing Director
Brisbane, Queensland, 23 September 2019

Auditor's Independence Declaration

As lead auditor for the audit of Comet Ridge Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
23 September 2019

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

		Consolidated	
		June 2019	June 2018
	Note	$000's	$000's
Other income			
Interest received		**339**	176
Other income	4	**-**	119
Expenses			
Employee benefits' expense	4	**(1,406)**	(1,348)
Contractors' & consultancy costs	4	**(490)**	(245)
Exploration and evaluation expenditure written off		**(155)**	(132)
Restoration and rehabilitation expense		**(12)**	(300)
Professional fees		**(253)**	(184)
Corporate expenses		**(599)**	(276)
Fair value movement of financial liability at fair value	16	**(603)**	432
Occupancy costs	4	**(184)**	(102)
Finance costs		**(72)**	(75)
Other expenses		**(516)**	(268)
Depreciation		**(50)**	(15)
LOSS BEFORE INCOME TAX		**(4,001)**	(2,218)
Income tax expense/(benefit)	6	**-**	-
LOSS FOR THE YEAR		**(4,001)**	(2,218)
Other Comprehensive Loss, Net of Income Tax			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**(11)**	(101)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX		**(11)**	(101)
TOTAL COMPREHENSIVE LOSS		**(4,012)**	(2,319)
Loss attributable to:			
Owners of the parent		**(4,001)**	(2,218)
Total Comprehensive Loss attributable to:			
Owners of the parent		**(4,012)**	(2,319)
LOSS PER SHARE		**Cents**	**Cents**
Basic loss per share	7	**(0.56)**	(0.34)
Diluted loss per share	7	**(0.56)**	(0.34)

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

Consolidated Statement of Financial Position

as at 30 June 2019

	Note	Consolidated June 2019 $000's	Consolidated June 2018 $000's
CURRENT ASSETS			
Cash and cash equivalents	8	**12,998**	11,547
Trade and other receivables	9	**481**	609
Inventories	10	**57**	79
Other assets	11	**1,304**	458
TOTAL CURRENT ASSETS		**14,840**	12,693
NON-CURRENT ASSETS			
Property, plant and equipment	12	**150**	49
Exploration and evaluation expenditure	13	**63,142**	49,739
TOTAL NON-CURRENT ASSETS		**63,292**	49,788
TOTAL ASSETS		**78,132**	62,481
CURRENT LIABILITIES			
Trade and other payables	14	**2,802**	759
Provisions	15	**441**	1,005
TOTAL CURRENT LIABILITIES		**3,243**	1,764
NON-CURRENT LIABILITIES			
Financial liability at fair value	16	**17,191**	16,588
Provisions	15	**1,523**	607
TOTAL NON-CURRENT LIABILITIES		**18,714**	17,195
TOTAL LIABILITIES		**21,957**	18,959
NET ASSETS		**56,175**	43,522
EQUITY			
Contributed equity	17	**129,110**	112,440
Reserves	18	**1,313**	1,329
Accumulated losses		**(74,248)**	(70,247)
TOTAL EQUITY		**56,175**	43,522

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2019

	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 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
Balance at 1 July 2018	**112,440**	**1,259**	**70**	**(70,247)**	**43,522**
Loss for the period	**-**	**-**	**-**	**(4,001)**	**(4,001)**
Other comprehensive loss for the period	**-**	**(11)**	**-**	**-**	**(11)**
Total comprehensive loss for the period	**-**	**(11)**	**-**	**(4,001)**	**(4,012)**
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	**16,670**	**-**	**-**	**-**	**16,670**
Shares issued on vesting of performance rights	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**(5)**	**-**	**(5)**
	16,670	**-**	**(5)**	**-**	**16,665**
Balance at 30 June 2019	**129,110**	**1,248**	**65**	**(74,248)**	**56,175**

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2019

	Note	Consolidated June 2019 $000's	Consolidated June 2018 $000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**308**	173
Payments to suppliers and employees		**(2,695)**	(1,845)
NET CASH USED IN OPERATING ACTIVITIES	19	**(2,387)**	(1,672)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(12,652)**	(5,220)
Movements in restricted cash		**(27)**	(62)
Payment for property, plant and equipment		**(153)**	(11)
NET CASH USED IN INVESTING ACTIVITIES		**(12,832)**	(5,293)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**17,417**	13,109
Share issue costs		**(747)**	(636)
NET CASH FROM FINANCING ACTIVITIES		**16,670**	12,473
Net increase in cash held		**1,451**	5,508
Cash at the beginning of the year		**11,547**	6,039
CASH AT THE END OF THE YEAR	8	**12,998**	11,547

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

Notes to the Financial Statements

Note 1 General information

These financial statements include the consolidated financial statements and notes of Comet Ridge Limited (the Company or Comet Ridge) and its controlled entities (the Group). Comet Ridge Limited is a for-profit entity for the purpose of preparing the financial statements. Disclosures with respect to the parent entity are included in Note 28. The financial statements were approved for issue by the Directors on 18 September 2019.

Comet Ridge Limited is a public company limited by shares, incorporated and domiciled in Australia.

Note 2 Summary of significant accounting policies

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

a. Compliance with Accounting Standards

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

b. Compliance with IFRS

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

c. Historical cost convention

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

d. Going concern

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

At 30 June 2019, the Group had $12.998 million in cash on hand and net current assets of $11,597 million.

Through interaction with the Department of Natural Resources, Mines and Energy and our joint venture partners, there are a number of commitments to continue to progress the Mahalo Gas Project and Galilee Deeps Joint Venture. These commitments are made over various timeframes, with funding raised as appropriate to meet these commitments. Exploration commitments at 30 June 2019 for the next 12 months totalled $7.766 million as disclosed in Note 23.

By entering into the 2019 Agreement with Stanwell, refer Note 16 for further details, Comet Ridge can at its election initiate negotiations on a GSA up to the 29 September 2021. If Comet Ridge does not initiate negotiations, then Stanwell can initiate negotiations before the 8 October 2021. If neither party commences negotiations or the negotiations commence but a GSA cannot be agreed, then the cash payment of $20 million, indexed for CPI, would be required within 30 days. If negotiations do not commence, then the earliest date at which the cash payment is due is 8 November 2021.

The ability of the Group to continue as a going concern 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 to meet these commitments as they arise.

The exploration commitments and the existence of the Stanwell Arrangement creates a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern in the absence of being successful in relation to one of the above financing strategies. In the absence of this the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial statements. No adjustments for such circumstances have been made in the financial statements.

At the date of this financial report, the Directors have a reasonable expectation that the Group will be successful with its future fund-raising initiatives and, as a result, will have adequate resources to fund its future operational requirements and for these reasons they continue to adopt the going concern basis in preparing the financial report.

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.

Notes to the Financial Statements (continued)

Note 2 Summary of other significant accounting policies (continued)

f. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the 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.

g. Comparatives

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

h. New accounting standards and interpretations for application in future periods

The new Australian Accounting Standards and Interpretations either adopted or issued but not yet adopted for the 30 June 2019 annual reporting period are set out below. The Group's assessment of the impact of these new Standards and Interpretations, most relevant to the Group, are as follows:

New accounting standards

The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective from 1 July 2018 for the reporting period.

The new accounting standard adopted by the Group effective 1 July 2018 are:

- AASB 15 Revenue from Contracts with Customers
- AASB 9 Financial Instruments

As the Company is in the exploration and evaluation phase and currently does not generate revenue there is no impact of the new revenue standard.

The adoption of AASB 9 also has not impacted the financial statements, noting that the Stanwell Liability has historically been classified as a financial liability measured at fair value through profit and loss and continues to be measured on that basis under AASB 9.

There was no material impact on the financial report as a result of the adoption of these standards.

Accounting standards issued but not yet adopted

AASB 16 Leases was issued in February 2016 and became effective for financial years beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Comet ridge will adopt the new leasing standard on 1 July 2019.

The Group does not have any existing finance leases and has operating lease commitments totalling $104,000 as at reporting date. Leases to explore for oil, natural gas and similar non-regenerative resources are specifically excluded from AASB 16.

To date, the Group has focussed on the provisions of the standard that will most impact the financial results and continues to assess the extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit or loss and classification of cash flows.

On initial application, the Group intends to make the election under the new standard to measure lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application and to record a right-of-use asset equal to the lease liability.

Notes to the Financial Statements (continued)

Note 3 Material balances - critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Group's accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Management has identified the following critical estimates and judgements applied in the preparation of the financial statements.

- Going concern – Note 1
- Exploration and Evaluation assets – Note 13
- Rehabilitation Provisions – Note 15
- Financial liability at fair value – Note 16

Details of the nature of assumptions and conditions can be found in the relevant notes to the financial statements.

Note 4 Other income and expenditure

	Consolidated	
	June 2019	**June 2018**
Other income	**$000's**	**$000's**
Other income includes the following specific items:		
Foreign exchange gains (net)	-	119
Total other income	-	119

	Consolidated	
Expenses	**June 2019**	**June 2018**
Loss before income tax includes the following specific expenses:	**$000's**	**$000's**
(a) Employee benefits' expense		
Other employee benefits' expense	**(1,249)**	(678)
Share-based payments' expense (Refer to Note 21)	**5**	(580)
Defined contribution superannuation expense	**(162)**	(90)
	(1,406)	(1,348)
(b) Occupancy costs		
Rental expense relating to operating leases	**(167)**	(86)
Other occupancy costs	**(17)**	(16)
	(184)	(102)

Accounting Policies

Other income

Interest income is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Notes to the Financial Statements (continued)

Note 4 Other income and expenditure (continued)

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.

Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each 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.

Notes to the Financial Statements (continued)

Note 5 Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Group:

	Consolidated	
	June 2019	June 2018
	$	$
PricewaterhouseCoopers Australia		
Auditing or reviewing the financial statements	**100,000**	-
Other assurance services	**6,000**	-
	106,000	-
Pitcher Partners Australia		
Auditing or reviewing the financial statements	**-**	102,000
	-	102,000
	106,000	102,000

Note 6 Income tax

	Consolidated	
	June 2019	June 2018
	$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	**-**	-
(b) Numerical reconciliation of income tax expense to prima facie tax on accounting profit		
Loss before income tax	**(4,001)**	(2,218)
Tax benefit at the Australian tax rate of 30% (2018: 30%)	**1,200**	665
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share options expensed	**1**	(174)
Other non-deductible items	**(4)**	(11)
Current year tax losses not recognised in deferred tax assets	**(1,197)**	(480)
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.

(c) Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30% (2018: 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.

Notes to the Financial Statements (continued)

Note 6 Income tax (continued)

The income tax expense/(benefit) for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

Accounting Policies

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Deferred tax asset	**-**	-
The balance of deferred tax asset comprises:		
Deferred tax assets		
Tax losses	**23,757**	17,614
Capital costs deductible over 5 years	**117**	260
Provisions	**1,900**	1,706
	25,774	19,580
Deferred tax liabilities		
Exploration and evaluation expenditure	**(14,130)**	(9,377)
Accrued interest	**(11)**	(1)
	(14,141)	(9,378)
Net deferred tax asset	**11,633**	10,202
Deferred tax asset not recognised	**(11,633)**	(10,202)
Deferred tax asset recognised in accounts	-	-
Movements in deferred tax asset		
Opening balance	**-**	-
Deferred tax (credited) to profit or loss	**-**	-
Closing balance	**-**	-

Accounting Policies

Deferred income tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets have not been recognised with respect to the following items:

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Australian temporary differences and tax losses	**11,445**	9,976
Offshore tax losses	**188**	226
	11,633	10,202

Notes to the Financial Statements (continued)

Note 6 Income tax (continued)

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.

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, Comet Ridge Denison Trough Pty Ltd and Comet Ridge NZ Pty Ltd) have implemented the tax consolidation legislation and formed a tax consolidated Group from 1 July 2009. The members of the tax consolidated Group have entered into a tax funding agreement such that each member recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means:

i. the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances;

ii. the subsidiaries recognise all current and deferred tax amounts relating to its own transactions, events and balances; and

iii. current tax liabilities and deferred tax assets arising with respect to losses in subsidiaries are transferred from the subsidiaries to the parent entity as inter-company payables or receivables.

The tax consolidated Group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default of the parent entity to meet its payment obligations.

Note 7 Earnings per share

	June 2019 $000's	June 2018 $000's
(a) Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Loss for the year	**4,001**	2,218
Loss used in the calculation of the basic and dilutive earnings per share	**4,001**	2,218
(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	**715,070,064**	653,505,312
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	**715,070,064**	653,505,312

(c) Options and performance rights are considered to be "potential ordinary shares" and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details relating to options and performance rights are set out in Note 21.

Accounting Policies

Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the 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.

Notes to the Financial Statements (continued)

Note 8 Cash and cash equivalents

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Cash at bank and on hand	**12,998**	11,547

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. Interest earned on accounts range from 0.00% - 2.14%.

Note 9 Trade and other receivables

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Current		
Trade receivables	**67**	15
Other receivables	**414**	594
	481	609

Other receivables mainly comprise joint venture receivables - 61% (2018: 70%) and GST refunds - 23% (2018: 25%). The carrying amount of trade debtors and other receivables is assumed to approximate their fair values due to their short-term nature.

Accounting Policy

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. 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.

Impairment of trade receivables

The Group considers an allowance for expected credit losses (ECLs) for trade debtors. The Group applies a simplified approach in calculating ECLs. The Group bases its ECL assessment on its historical credit loss experience, adjusted for factors specific to the debtors and the economic environment including, but not limited to, financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and delinquency in payments. In 2019 and 2018 all of the Group’s trade receivables and other current receivables which the Group measures at amortised cost are short-term (i.e. expected settlement within 12 months) and the Group has credit assessment and risk management policies in place. As a result, the expected credit losses on trade receivables was not considered material.

Other debtors

These amounts generally arise from transactions outside the usual operating activities of the Group. They do not contain impaired assets and are not past due. Based on the credit history and future economic forecasts, it is expected that these other balances will be received when due.

Note 10 Inventories

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Consumables - at cost	**57**	79

Accounting Policy

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

Notes to the Financial Statements (continued)

Note 11 Other assets

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Prepayments	832	13
Restricted cash	472	445
	1,304	458

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 23.

Prepayments

The prepaid expenses predominately relate to the prepayment for demobilisation costs for the use of drilling rigs.

Note 12 Property, plant and equipment

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Plant and equipment at cost	261	119
Accumulated depreciation	(111)	(70)
	150	49
Movements in carrying amounts of property, plant and equipment		
Balance at the beginning of year	49	53
Additions	151	11
Depreciation	(50)	(15)
Balance at the end of year	150	49

Accounting Policy

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

Class of fixed asset

Plant and Equipment	10% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Note 13 Exploration and evaluation assets

	Consolidated	
Exploration and evaluation expenditure		Restated
	June 2019	June 2018
	$000's	$000's
Exploration and evaluation expenditure	81,069	67,510
Less provision for impairment	(17,927)	(17,771)
	63,142	49,739

Movements in exploration and evaluation phase	June 2019	June 2018
	$000's	$000's
Balance at the beginning of year	49,739	45,284
Exploration and evaluation expenditure during the year	12,606	4,814
Exploration and evaluation expenditure written off	(155)	(132)
Restoration and rehabilitation asset	952	(227)
Balance at the end of year	63,142	49,739

Notes to the Financial Statements (continued)

Note 13 Exploration and evaluation assets (continued)

*The 2018 opening balance was restated by $1.8m following revisiting the initial accounting treatment on signing of the 2018 Stanwell Agreement with a corresponding increase in the Financial Liability at fair value (Stanwell arrangement). Refer to Note 16 for further details.

Accounting Policy

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

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

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

i. the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
ii. activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

The timing and amount of restoration costs 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.

Critical accounting estimates and judgements

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

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

	June 2019	June 2018
Minimum expenditure requirements	**$000's**	**$000's**
- not later than 12 months	**7,766**	7,642
- between 12 months and 5 years	**12,027**	3,323
	19,793	10,965

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.

Notes to the Financial Statements (continued)

Note 13 Exploration and evaluation assets (continued)

In the last 12 months Mahalo has taken significant steps toward development, with APLNG taking on the development role and the JV working through the initial development plan and associated approvals. No impairment indicators were identified at 30 June 2019 for ATP1191.

ATP743, ATP 744 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 2019 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 $155,000 (2017: $132,000).

	Consolidated	
Permit	**June 2019**	**June 2018**
	$000's	**$000's**
PEL 427	**63**	79
PEL 428	**46**	14
PEL6	**46**	39
Total	**155**	132

The New Zealand permit PMP50100 is in the process of being surrendered and the carrying value of its exploration and evaluation assets has been written off.

Interest in joint operations

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

In accordance with AASB 11 Joint Arrangements, all of the Groups' interests in joint arrangements are classified as joint operations. A joint operation involves joint control of the assets contributed or acquired for the purpose of the joint operation. Each party may take their share of the output of the joint operation and each bears its share of the expenses incurred. The interests of the Group in joint operations are brought to account by recognising the Group's share of jointly controlled assets, liabilities, revenue and expenses.

The carrying amount of exploration and evaluation expenditure includes the Group's interest in the exploration and evaluation expenditure of a number of joint operations. Comet Ridges share of the respective joint operations is as follows:

	GDJV	ATP1191	PEL427	PEL428	PEL6	Total
	85.0%	40.0%	59.1%	68.4%	29.6%	
30 June 2019	$000's	$000's	$000's	$000's	$000's	$000's
Current assets						
Cash and cash equivalents	1,428	134	4	-	2	1,568
Trade and other receivables	1,077	5	-	6	2	1,090
Total current assets	2,505	139	4	6	4	2,658
Non-current assets						
Exploration and evaluation expenditure	6,059	23,804	671	641	389	31,264
Total non-current assets	6,059	23,804	671	641	389	31,264
Total assets	8,564	23,943	675	647	393	33,922
Current liabilities						
Trade and other payables	1,768	310	4	9	5	1,796
Total current liabilities	1,768	310	4	9	5	1,796
Share of joint venture net assets	6,796	23,633	671	638	388	32,126

Notes to the Financial Statements (continued)

Note 13 Exploration and evaluation assets (continued)

	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

As at 30 June 2019, the principal place of business for PEL 6, 427 and 428 is c/- Santos Limited, Level 5, 60 Flinders Street, Adelaide SA 5000. For ATP1191, the principal place of business is c/- Origin Energy, as upstream operator for APLNG, Level 24, 180 Ann Street, Brisbane QLD 4000.

As at 30 June 2018, the Company owned 100% of ATP743, ATP744 and ATP1015.

The Group has fully impaired its interest in the Gunnedah Basin Licences PEL 427, PEL 428 and PEL 6.

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

	Consolidated	
	June 2019	June 2018
Minimum expenditure requirements	$000's	$000's
● not later than 12 months	**5,791**	5,071
● between 12 months and 5 years	**4,953**	203
	10,744	5,274

Note 14 Trade and other payables

	Consolidated	
Trade and Other Payables	June 2019	June 2018
Current	$000's	$000's
Trade payables	**2,802**	759

Trade payables includes $1,793,000 (2018: $24,000) for the Group's share of joint operation liabilities (refer Note 13).

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from reporting date. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Notes to the Financial Statements (continued)

Note 15 Provisions

	Consolidated	
	June 2019	June 2018
Current	$000's	$000's
Employee benefits	**337**	233
Restoration & rehabilitation	**104**	772
	441	1,005
Non-current		
Employee benefits	**22**	57
Restoration & rehabilitation	**1,501**	550
	1,523	607
	1,964	1,612

	June 2019	June 2018
Movements in carrying amounts of restoration and rehabilitation	$000's	$000's
Balance at the beginning of the year	**1,322**	1,043
Additions capitalised to exploration and evaluation expenditure	**952**	227
Utilisation of provision	**(760)**	-
Unwind of discount - finance charges	**72**	75
Foreign exchange movements	**19**	(23)
Balance at the end of the year	**1,605**	1,322

Accounting Policy

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Rehabilitation Provision

The Group records the present value of the estimated cost of legal and constructive obligations to restore disturbances in the period in which the obligation arises. The nature of rehabilitation activities includes the abandonment of wells, removal of facilities and restoration of affected areas. Typically, the obligation arises when the well is spudded (commences drilling) or the infrastructure is installed.

When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related asset. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an expense within finance costs.

The carrying amount capitalised is amortised over the useful life of the related asset. The assets' useful lives are currently estimated at between one and fifteen years (once production commences). Costs incurred which relate to an existing condition caused by past operations, and which do not give rise to a future economic benefit, are expensed.

The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances.

Critical accounting estimates and judgements

The Group estimates the future rehabilitation costs of gas wells and associated infrastructure at the time of installation. In most instances, rehabilitation of assets occurs many years into the future. This requires assumptions to be made on the rehabilitation date, the extent of rehabilitation activities required, requirements of future environmental legislation, methodology and technologies used to determine the future rehabilitation cost.

The rehabilitation obligation is discounted to present value using a ten-year government bond discount rate as this is reflective of the risk free rate over the period to rehabilitation of the assets. These estimates require significant management judgement and are subject to risk and uncertainty that may be beyond the control of the Group; hence, there is a possibility that changes in circumstances will materially alter projections, which may impact the recoverable amount of assets and the value of rehabilitation obligations at each reporting date.

Notes to the Financial Statements (continued)

Note 16 Financial liability at fair value

	Consolidated	
	June 2019 $000's	Restated June 2018 $000's
Non-current		
Financial liability at fair value - Stanwell Corporation Limited	**17,191**	16,588

Movements in Financial liability at fair value	June 2019 $000's	Restated June 2018 $000's
Balance at the beginning of the year	**16,588**	17,020
Movement in financial liability at fair value	**603**	(432)
Balance at the end of the year	**17,191**	16,588

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

Critical accounting estimates and judgements

On 17 June 2019, Comet Ridge executed an agreement with Stanwell Corporation Limited (Stanwell), which amended the 2014 Deed of Option between the parties, extending the Final Option Date under the Deed to 30 September 2022. The 2019 Agreement has removed Stanwell's option to select either a Gas Sales Agreement (GSA) or a cash settlement from the 2014 Agreement as well as terminating the 2018 Agreement. This option has now been replaced with the ability for Comet Ridge Mahalo Pty Ltd (CML) to commence negotiations on a GSA by 29 September 2021, or if CML does not commence negotiations, Stanwell may commence negotiations for a GSA by 8 October 2021.

If CML and Stanwell are unable to come to an agreement on a GSA or neither party commence negotiations for a GSA, then a cash settlement of $20 million, indexed for CPI from March 2014, would be triggered on or before 8 November 2021 (Payment Amount). Upon payment by Comet of the Payment Amount, the obligations under the 2014 Agreement and the 2019 Agreement will have been fully discharged as between the parties. The 2019 Agreement allows for CML and Stanwell to negotiate a market priced GSA and fixed gas volumes between 20 to 30 PJ, depending on the final development of the Mahalo Gas Project.

Fair value measurement
Given the change in nature of the 2019 Agreement, Comet Ridge has revisited the assumptions of the transaction and in particular who is the potential market participant and what they would seek as compensation for taking on the financial obligations now included in the 2019 Agreement.

In this instance, the liability is the obligation to either 1) provide a discount to the price that would be applied to a GSA to supply gas from the Mahalo Project or 2) to provide cash consideration. The principal market and market participant could essentially include any producer or trader. It would be expected that any market participant would take a conservative view on the liability and therefore want to be compensated for the present value of the greatest liability.

In considering the options, Comet Ridge has determined that a cash settlement represents the maximum liability under the 2019 Agreement.

The impact of the change in methodology resulted in a $1.7 million expense to the profit and loss in 2019. This has been offset by the time extension obtained under the 2019 Agreement, resulting in a net expense of $603,000 as shown in the Fair value movement expense.

Valuation techniques and process used to determine fair values
The fair value of the SCL liability is based on the anticipated financial liability arising from the 2019 Agreement. The SCL liability is classified as level 3 in the fair value hierarchy due to the use of unobservable inputs (refer to Note 24 for further definitions of the fair value hierarchy). The inputs used in the calculation of the fair value of the financial liability at fair value are as follows:

1. The option with the greatest liability that a market participant would want to be compensated for is a cash settlement based on neither party commencing negotiations representing the maximum liability under the 2019 Agreement. As a result the $20 million, indexed for CPI, will be the basis for determining the liability.
2. The latest date for the cash payment under point 1 is 8 November 2021, giving a period of indexation of 7.7 years from March 2014.
3. The CPI rate used to index the $20 million cash payment from March 2014 is based on actual quarterly CPI rates from March 2014 to 30 June 2019 and forecast at 1.5% per annum for the remaining period to 8 November 2021.
4. Comet Ridge's cost of capital is 12%. The pre-tax discount rate applied is also 12%.

Notes to the Financial Statements (continued)

Note 16 Financial liability at fair value (continued)

The relationships between the unobservable inputs and the fair value of the financial liability at fair value are as follows:

Unobservable input	Relationship to fair value
Agreement term	If Comet Ridge begins negotiations with Stanwell that are unsuccessful, the cash payment would be payable earlier than 8 November 2021, and the carrying amount of the financial liability at fair value will increase.
CPI rate	If the 1.5% pa CPI rate reduces/increases to a low of 0.5% pa or a high of 2.5% pa the indexed liability will reduce by approximately 2.3% or $387,000; or increase by approximately 3.3% or $571,000.
Pre-tax discount rate	If the 12% pre-tax discount rate reduces/increases by 2% i.e. to a low of 10% and/or a high of 14% the NPV of the indexed liability will increase by approximately 2% or $746,000 or decrease by approximately 2% or $703,000, with a resulting reduction/increase in the total fair value movement to be expensed over the term of the agreement.

Parent Entity Guarantee
Comet Ridge Limited has provided a parent company financial guarantee Comet Ridge Mahalo Pty Ltd (CRM) in favour of Comet Ridge Mahalo's potential $20m liability (indexed at CPI from 2014) to Stanwell Corporation.

The guarantee represents a contingent liability of the parent should CRM not be able to settle the obligation if and when it falls due.

Accounting Treatment from 2018 and restatement of opening balance
Under the 2014 Agreement, and the 2018 Amendment Agreement, Stanwell Corporation Limited (SCL) had an option to either:

1. receive a discount under a Gas Supply Agreement (GSA) (Option A). 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 GSA. The revenue foregone by Comet Ridge is the $15 million discount indexed by CPI up to the date the GSA is signed; or
2. receive 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 GSA cannot be agreed.

The effect of the 2018 Agreement was to extend the option date to 30 September 2019.

On further review of the 2018 agreement and the initial booking of the 2014 Agreement, Comet Ridge has determined that the initial accounting for the agreement did not correctly reflect the fair value at the time and as a result, at 31 December 2018, adjusted the opening balance for Financial Liability and Exploration and Evaluation Asset by $1.8m.

Note 17 Equity

	Consolidated June 2019	June 2018
	$000's	$000's
Ordinary shares - fully paid	**129,110**	112,440

Movements in ordinary shares	June 2019 Number of Shares	June 2018 Number of Shares	June 2019 $000's	June 2018 $000's
Balance at the beginning of the period	**676,650,986**	617,742,154	**112,440**	99,377
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 @ 34 cents per share	**51,225,437**	-	**17,417**	-
Share issue costs	**-**	-	**(747)**	(636)
Balance at the end of the year	**727,876,423**	676,650,986	**129,110**	112,440

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. 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.

Notes to the Financial Statements (continued)

Note 18 Reserves

	Consolidated	
	June 2019	June 2018
	$000's	$000's
Foreign currency translation	**1,248**	1,259
Share-based payments	**65**	70
	1,313	1,329

	June 2019	June 2018
The movements in the Share-based Payments' Reserve during the year are as follows:	$000's	$000's
Balance at the beginning of the year	**70**	80
Shares issued on vesting of performance rights	**-**	(590)
Share-based payments during the year	**(5)**	580
Balance at the end of the year	**65**	70

Accounting Policy

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

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

Note 19 Consolidated Statement of Cashflows reconciliation

	Consolidated	
	June 2019	June 2018
(a) Reconciliation of cash flow from operations	$000's	$000's
Loss for the year	**(4,001)**	(2,218)
Depreciation	**50**	15
Impairment - exploration and evaluation expenditure	**155**	132
Exploration and evaluation expenditure written off	**-**	300
Share-based payments	**(5)**	580
Net exchange differences	**(11)**	(119)
Movement in financial liability at fair value	**603**	(432)
Changes in assets and liabilities		
Decrease/(Increase) in trade and other receivables	**340**	(176)
Decrease/(Increase) in inventories	**22**	(4)
Decrease/(Increase) in prepayments and deposits paid	**13**	(2)
Increase in trade payables and accruals	**96**	117
Increase in provisions	**351**	135
	(2,387)	(1,672)

(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 $nil (2018: $590,000).

Note 20 Segment information

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

Identification of reportable segments
The principal operating activities of the Group are the exploration and evaluation of its tenements for oil and gas reserves. The internal reports used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocations of resources is cash flow reporting of exploration and evaluation activities as one segment.

Notes to the Financial Statements (continued)

Note 21 Share-based payments

Share-based payments
The share-based payments' expense included in the financial statements with respect to performance rights issued during the year and already issued in prior years is as follows:

	Consolidated	
	June 2019 $000's	June 2018 $000's
Statement of Comprehensive Income		
Share-based payments' expense included in employee benefits' expense	(5)	580

Annual assessment of the performance rights likelihood of meeting vesting conditions was performed and as a result it is now being considered unlikely that some of the performance metrics will be met. This resulted in the reversal of those expenses.

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

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.

Accounting Policy

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 2019.

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.

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

Notes to the Financial Statements (continued)

Note 21 Share-based payments (continued)

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

The following table shows the number and movements of performance rights during the 2019 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2018	Granted During the Year	Vested During the Year	Expired During the Year	No. of Rights 30 June 2019
1-Dec-16	31-Dec-19	7.00	1,875,000	-	-	-	1,875,000
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
20-May-18	31-Jan-20	36.50	250,000	-	-	-	250,000
20-May-18	31-Jan-21	36.50	250,000	-	-	-	250,000
31-Dec-18	31-Dec-19	23.50	-	400,000	-	-	400,000
31-Dec-18	31-Jan-20	32.50	-	350,000	-	-	350,000
31-Dec-18	31-Jan-21	32.50	-	350,000	-	-	350,000
			4,375,000	1,100,000	-	-	5,475,000

At 30 June 2019, all performance rights were subject to non-market vesting conditions. There were no performance rights that had vested which had not yet been exercised.

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

Note 22 Contingent liabilities

There are no contingent liabilities of the Group as at 30 June 2019.

Notes to the Financial Statements (continued)

Note 23 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.

	Consolidated	
	June 2019	June 2018
Payable – minimum lease payments	$000's	$000's
● not later than 12 months	**90**	98
● between 12 months and 5 years	**14**	8
	104	106

Exploration expenditure
In order to maintain an interest in the exploration tenements in which the parent is involved, the parent is committed to meet the conditions under the agreements. The timing and amount of exploration expenditure and obligations of the parent are subject to the minimum work or expenditure requirements of the permit conditions or farm-in agreements (where applicable) and may vary significantly from the forecast based on the results of the work performed, which will determine the prospectivity of the relevant area of interest. The obligations are not provided for in the financial statements.

	Consolidated	
	June 2019	June 2018
Minimum expenditure requirements	$000's	$000's
● not later than 12 months	**7,766**	2,571
● between 12 months and 5 years	**12,027**	3,121
	19,793	5,692

The increase in commitments has predominately arisen from the later work programmes on ATP 743, ATP 744 and ATP 1015.

Bank guarantees
Westpac Banking Corporation have provided bank guarantees totalling $472,000 (2018: $445,000) as follows:

- $239,000 (2018: $212,000) to the State of Queensland - Group's exploration permits and environmental guarantees;
- $200,000 (2018 $200,000) to the State of NSW - Group's exploration permits and environmental guarantees; and
- $33,000 (2018: $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.

Accounting Policy

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.

Notes to the Financial Statements (continued)

Note 24 Risk management

Overview

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

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

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

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

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

	Consolidated	
	June 2019	June 2018
Financial Assets	$000's	$000's
Cash and cash equivalents	**12,998**	11,547
Trade and other receivables	**481**	609
Restricted cash	**472**	445
	13,951	12,601
Financial Liabilities		
Trade and other payables	**2,802**	759
Financial liability at fair value - Stanwell Corporation Limited	**17,191**	16,588
	19,993	17,347

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 whilst preserving liquidity.

Interest rate sensitivity

A sensitivity of 1% interest rate has been selected as this is considered reasonable given the current market conditions. A 1% movement in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

	Profit or Loss		Equity	
	1% increase	1% decrease	1% increase	1% decrease
2019 – Consolidated	$000's	$000's	$000's	$000's
Cash and cash equivalents and restricted cash	**135**	**(135)**	**135**	**(135)**
2018 – Consolidated				
Cash and cash equivalents and restricted cash	120	(120)	120	(120)

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.

Notes to the Financial Statements (continued)

Note 24 Risk Management (continued)

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 negotiating a Gas Supply Agreement (GSA) with SCL. In the event a GSA is not negotiated then a cash payment of $20m escalated by CPI until the date of payment will be required and has been disclosed in the below table.

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 2019	**$000's**	**$000's**	**$000's**	**$000's**
Trade and other payables	**2,802**	**-**	**2,802**	**2,802**
Financial liability at fair value - Stanwell Corporation Limited	**-**	**22,460**	**22,460**	**17,191**
	2,802	**22,460**	**25,262**	**19,993**
Consolidated - 30 June 2018				
Trade and other payables	759	-	759	759
Financial liability at fair value - Stanwell Corporation Limited	-	17,669	17,669	16,588
	759	17,669	18,428	17,347

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 New Zealand.

The Group currently does not engage in any hedging or derivative transactions to manage foreign currency risk. The Group's policy is to generally convert its local currency to NZ dollars at the time of transaction.

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

	2019 NZD	2018 NZD
Financial Assets	**$000's**	**$000's**
Cash and cash equivalents	1	17
Trade and other receivables	1	1
Financial Liabilities		
Trade and other payables	(12)	(12)

Based on financial instruments held at 30 June 2019 and 30 June 2018, 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 2019 $nil, (2018: $nil) of the Group's receivables were past due. The Group has no other significant concentration of credit risk.

Notes to the Financial Statements (continued)

Note 24 Risk management (continued)

Cash and cash equivalents, restricted cash and term deposits
The Group has a significant concentration of credit risk with respect to cash deposits with banks. However, significant cash deposits are invested across three to four banks to mitigate credit risk exposure to a particular bank. AAA rated banks are mostly used and non AAA banks are utilised where commercially attractive returns are available.

Price risk
Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Group is exposed to commodity price risk. Commodity prices can be volatile and are influenced by factors beyond the Group's control. As the Group is currently engaged in exploration, no sales of commodities are forecast for the next 12 months, and accordingly, no hedging or derivative transactions have been used to manage commodity price risk.

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

Consistent with others in the industry, the Group monitors capital on the basis of forecast exploration and 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 2019 (refer Note 16).

	Consolidated	
Financial Liabilities - Level 3	**June 2019**	**June 2018**
	$000's	**$000's**
Financial liability at fair value - Stanwell Corporation Limited	**17,191**	16,588
Balance at the beginning of the year	**16,588**	17,020
Movement in financial liability at fair value	**603**	(432)
Balance at the end of the year	**17,191**	16,588

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 25 Group structure

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of Incorporation	Class of Shares	Equity Holding %	
			2019	2018
Chartwell Energy Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Limited	Australia	Ordinary	100	100
Comet Ridge NZ Pty Ltd	Australia	Ordinary	100	100
Davidson Prospecting Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Mahalo Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Gunnedah Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Galilee Pty Ltd	Australia	Ordinary	100	100
Comet Ridge Denison Trough Pty Ltd	Australia	Ordinary	100	100

Accounting Policies

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity. Investments in subsidiaries are accounted for at cost in the separate financial statements of Comet Ridge Limited.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling 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.

Joint arrangements

The Group has interests in the following Joint Arrangements:

ATP 1191 Mahalo	–	40.00%
ATP 743 Galilee	–	85.00%
ATP 744 Galilee	–	85.00%
ATP 1015 Galilee	–	85.00%
PEL427 Gunnedah	–	59.09%
PEL428 Gunnedah	–	68.42%
PEL6 Gunnedah	–	29.55%

Notes to the Financial Statements (continued)

Note 25 Group structure (continued)

In accordance with AASB 11 *Joint Arrangements*, the accounting treatment adopted for these joint arrangements depends upon an assessment of the rights and obligations of the parties to the arrangement that are established in each of the joint operating agreements (JOAs) or the farm-in agreement as the case may be. The JOA or farm-in agreement sets out the voting rights of the parties to the agreement. The voting rights determine who has control i.e. the power to direct the operating activities of the joint arrangement.

Based on the analysis of each JOA and farm-in agreement, the Group has classified each of its joint arrangements as a "joint operation" in accordance with the requirements of AASB 11 in that:

1. there is joint control because all decisions about the operating activities requires unanimous consent of all parties, or a Group of parties considered collectively; and
2. each party to the joint operation has rights to its respective interest in the assets and revenue of the arrangement, and obligations for its share of the liabilities and expenditure.

As a result, the Group recognises in its financial statements its share of the revenue, expenses, assets and liabilities of each of the joint operations in which it has an interest.

Note 26 Related party transactions

Parent entity
The legal parent entity is Comet Ridge Limited. Details of controlled entities are set out in Note 25.

Key Management Personnel
There were no transactions with 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.

Loans to subsidiaries and investments in subsidiaries
The parent entity has recorded investments in subsidiaries at cost of $44.25 million (2018: $44.25 million) less provisions for impairment $44.08 million (2018: $44.08 million).

The parent entity has also loaned funds to its subsidiaries of net $25.65 million (2018: $18.82 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by $8.33 million (2018: $7.67 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 27 Key Management Personnel

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

James McKay	Non-executive Chairman
Tor McCaul	Managing Director
Gillian Swaby	Non-executive Director
Christopher Pieters	Executive Director
Martin Riley	Non-executive Director (appointed 13 March 2019)
Michael Dart	Non-executive Director (resigned 13 March 2019)

	Consolidated	
	June 2019	**June 2018**
	$	**$**
Short-term employee benefits	**884,639**	851,450
Post-employment benefits	**43,127**	40,942
Long-term employment benefits	**10,869**	6,020
Share-based payments	**(3,385)**	142,911
	935,250	1,041,323

Note 28 Parent entity disclosures

	June 2019	**June 2018**
	$000's	**$000's**
Current assets	**14,688**	12,497
Non-current assets	**48,603**	36,138
Total assets	**63,291**	48,635
Current liabilities	**2,809**	954
Non-current liabilities	**2,181**	1,997
Total liabilities	**4,990**	2,951
Net assets	**58,301**	45,684
Contributed equity	**143,720**	127,051
Share-based payments' reserve	**3,829**	3,833
Accumulated losses	**(89,248)**	(85,200)
Total equity	**58,301**	45,684
Loss for the period	**4,048**	2,567
Other comprehensive income	**-**	-
Total Comprehensive Income	**4,048**	2,567

Bank guarantees
Bank guarantees are disclosed in Note 13.

Contingent liabilities
Contingent liabilities are disclosed in Note 13.

Parent Entity Guarantee

Comet Ridge Limited has provided a parent company financial guarantee for Comet Ridge Mahalo Pty Ltd (CRM) in favour of Comet Ridge Mahalo's potential $20m liability (indexed at CPI from 2014) to Stanwell Corporation.

The guarantee represents a contingent liability of the parent should CRM not be able to settle the obligation if and when it falls due.

Notes to the Financial Statements (continued)

Note 29 Post balance date events

On 2 September 2019 it was announced that Vintage Energy Limited (Vintage) had met the conditions to earn a further 15% interest in the Galilee Deeps Joint Venture, bringing their total interest to 30%. As a consequence of Vintage earning a further 15% interest in the GDJV, Comet Ridge has reduced its interest in the Contingent Resources of the Albany structure to reflect its 70% interest in the GDJV. The total Contingent Resources for the Albany structure have not changed.

Petroleum Lease Applications (PLA) 1082 Humboldt and 1083 Mahalo were lodge with the Department of Natural Resources, Mines and Energy (DNRME) on 12 September 2019. The PLAs cover the expected Initial Development Area for the Mahalo gas Project. It is expected the Potential Commercial Area (PCA) applications will be lodged shortly to secure the remainder of ATP1191.

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.

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 2019 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, 23 September 2019

Independent auditor's report

To the members of Comet Ridge Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Comet Ridge Limited (the Company) and its controlled entities (together 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 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

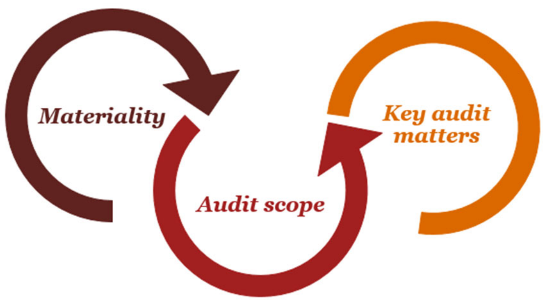
We draw attention to Note 2(d) in the financial report, which indicates that the Group has ongoing commitments to continue its normal business operations, including the progression of its Mahalo Gas Project and Galilee Deeps Joint Venture exploration activities. In addition, under an agreement with Stanwell Corporation Limited, contract terms exist whereby a cash payment of $20,000,000 (escalated by CPI from March 2014) may become payable.

The ability of the Group to continue to as a going concern depends upon a number of matters including the successful raising of funding through debt, equity or farm-out of the Group's tenements to meet these commitments as they arise. These conditions, along with other matters set forth in Note 2(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	*Audit scope*
• For the purpose of our audit we used overall Group materiality of $780,000, which represents approximately 1% of the Group's total assets. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. • We chose Group total assets because, in our view, it is the benchmark against which the performance	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The accounting processes are structured around the Group finance function at the Group's head office in Brisbane. We have performed our audit procedures primarily at the Group's Brisbane office.

of the Group is most commonly measured whilst in the exploration phase. We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

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 for the current period. The key audit 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. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	***How our audit addressed the key audit matter***
Carrying Value of the Exploration and Evaluation Assets *Refer to note 13, Exploration and Evaluation expenditure* Exploration and Evaluation assets represent the Mahalo and Galilee Deeps Joint Ventures (JVs), and the Gunnedah and Galilee Basin tenements, and have a carrying value of $63,142,000 at 30 June 2019. Exploration and Evaluation expenditure capitalised in the year totalled $12,606,000. In addition, all expenditure in relation to the Gunnedah Basin ($155,000) and New Zealand tenements ($nil) has been fully impaired during the year. We considered the Carrying Value of the Exploration and Evaluation Assets to be a key audit matter given the significance of the Exploration and Evaluation Asset balance to the financial statements and judgements regarding future exploration plans and tenure status, in determining whether the assets should continue to be capitalised.	The following procedures, amongst others, were performed in relation to the recoverability of the Exploration and Evaluation Assets: • Considered the Group's accounting position paper on the ability to continue to capitalise exploration and evaluation assets; • Agreed the licence expiry date of the respective tenements to the Department of Natural Resources, Mines and Energy (DNRME) website to identify assets where the Group's right to explore had expired; • Compared the minimum exploration spend commitments per the licence to actual exploration spend incurred; • Sighted applications for renewal or Petroleum Lease applications where they had been lodged with the DNMRE; • Assessed the FY20 budget to determine if exploration spend had been included for the respective tenements to demonstrate continued exploration activity; and • Discussed likely developments and future plans for the respective tenements with Management.

Key audit matter	How our audit addressed the key audit matter
Completeness of the rehabilitation provision *Refer to note 15, Provisions* The rehabilitation provision represents the estimated present value of rehabilitating current environmental disturbances (wells, tanks, and associated infrastructure) on the Group's tenements. The rehabilitation provision recognised at 30 June 2019 totalled $1,605,000 (2018: $1,320,000). We considered this a key audit matter given the estimation of the rehabilitation provision involves significant judgment by the Group on the required rehabilitation activities, cost of rehabilitation activities, timing of rehabilitation, and inflation and discount factors.	The following procedures, amongst others, were performed in relation to the rehabilitation provision: • Considered whether the accounting policy was consistent with the requirements of Australian Accounting Standards; • Agreed the estimated timing of rehabilitation aligns to the end of the tenement licence date or earlier if relevant for the respective tenements; • Considered the reasonableness of estimated cost of rehabilitation with reference to recent rehabilitation activity undertaken by the Group; • Considered the appropriateness of the inflation rate and discount rate with reference to Australian Government bond rates and Reserve Bank of Australia inflation targets; • Evaluated if all exploration wells included on the DNMRE website relating to the Group's Australian tenements had been included in the rehabilitation provision; • Tested the mathematical accuracy of the rehabilitation model by recalculating the provision; and • Assessed the disclosures included in the financial report.
Valuation of the Stanwell Corporation Limited Financial Liability *Refer to note 16, Financial liability at fair value* The Stanwell Arrangement originated in 2014 and reflects the Group's obligation to settle the acquisition of Stanwell's 5% interest in the Mahalo Gas Project. The arrangement has been renegotiated and amended twice during the 2019 financial year. The 2018 Deed of Amendment ("2018 Agreement") extended the maturity date of the Deed of Option Mahalo Joint Venture ("2014 Agreement") to September 2019, which formed the basis of the accounting adopted at the 31 December 2018 half year. On 19 June 2019 Comet Ridge Limited and Stanwell Corporation Limited agreed a further amendment to the 2014 Agreement, 2019 Deed of Amendment ("2019 Agreement").	The following procedures, amongst others, were performed in relation to the valuation of the Stanwell Corporation Financial Liability: • Considered the Group's technical accounting position paper and key assumptions therein; • Reviewed the 2014 Agreement, 2018 Agreement and 2019 Agreement to obtain an understanding of the arrangements; • Considered the reasonableness of the timing of any potential cash outflow with reference to the conditions in the 2019 Agreement; • Consulted with PwC Valuation specialists in relation to estimating the fair value of the Stanwell Arrangement, in particular with respect to the appropriate discount rate to be applied; • Considered the forecast inflation rates over the remaining timeframe of the Stanwell

Key audit matter	How our audit addressed the key audit matter
In estimating the fair value of the financial liability under the Arrangement, the Group have made judgements regarding the determination of the fair value including: • the timing of any cash payment to Stanwell Corporate Limited; • the discount rate to be applied; and • forecast inflation rates. Given these judgements made in determining the fair value of the liability, the complexities of the Stanwell Arrangement and the significance of the Arrangement to the financial statements, we consider the accounting for the Stanwell Arrangement to be a key audit matter.	Arrangement; • Tested the mathematical accuracy of the calculations of the financial liability through recalculation of the liability; and • Assessed the disclosures included in the financial report regarding the key assumptions estimation of the liability and the events which have occurred throughout FY19.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, 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 on the other information that we obtained prior to the date of this auditor's report, 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 have 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 17 to 22 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of Comet Ridge Limited for the year ended 30 June 2019 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan

Michael Shewan
Partner

Brisbane
23 September 2019

Additional Information

The additional information set out below was applicable at 5 September 2019:

1. Number of Equity Holders

Ordinary Share Capital

727,876,423 fully paid ordinary shares are held by 2,162 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	160	7,308	0.000%
1,001 - 5,000	281	852,969	0.120%
5,001 - 10,000	224	1,865,671	0.260%
10,001 - 100,000	905	39,088,832	5.370%
100,001 - maximum	592	686,061,643	94.250%
	2,162	**727,876,423**	**100.000%**

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

The numbers of shareholders holding less than a marketable parcel (being 1,924 units or less) were:

209 Holders (84,074 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	7.07%
McKay Super Pty Ltd & Waterford Atlantic Pty Ltd & Affiliates	37,295,470	5.12%

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 5,475,000 Performance rights on issue, issued in accordance with the Employee Performance Share Rights Plan last approved by shareholders at the Company's AGM on 24 November 2016. The number of beneficial holders of performance rights totals 5.

Additional Information (continued)

6. The 20 Largest Holders of Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	Percentage of Issued Capital %
1.	CITICORP NOMINEES PTY LIMITED	66,370,975	9.12%
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	54,363,114	7.47%
3.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	25,638,053	3.52%
4.	MCKAY SUPER PTY LTD	20,253,128	2.78%
5.	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	20,000,000	2.75%
6.	BRIXIA INVESTMENTS LTD	18,534,201	2.55%
7.	GILBY RESOURCES PTY LTD<THE GILBY INVESTMENT A/C>	18,000,000	2.47%
8.	SIXTH ERRA PTY LTD	16,961,236	2.33%
9.	KABILA INVESTMENTS PTY LTD	16,811,721	2.31%
10.	WATERFORD ATLANTIC PTY LTD	13,697,082	1.88%
11.	PG CONSOLIDATED PTY LTD<THE PG A/C>	13,463,297	1.85%
12.	VILLIERS QUEENSLAND PTY LTD <PAUL BROSNAN ACCOUNT>	11,977,227	1.65%
13.	MR CHRISTOPHER JOHN BLAMEY + MRS ANNE MARGARET BLAMEY <ACB SUPER FUND A/C>	11,038,297	1.52%
14.	NATIONAL NOMINEES LIMITED	11,028,341	1.52%
15.	BIAN GROUP PTY LIMITED	10,154,120	1.40%
16.	MR PAUL GEOFFREY FUDGE	9,444,109	1.30%
17.	AVANTEOS INVESTMENTS LIMITED <1823205 SUPERANNUATION A/C>	7,754,440	1.07%
18.	BNP PARIBAS NOMS PTY LTD <DRP>	6,923,679	0.95%
19.	NAUGHTON SUPER PTY LTD <NAUGHTON SUPER A/C>	6,700,000	0.92%
20.	BRAZIL FARMING PTY LTD	6,459,062	0.89%
TOTAL		**365,572,082**	**50.25%**

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	Bowen Basin	40%	Origin Energy, as upstream operator for APLNG
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 [3]	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
ATP744 [3]	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
ATP1015 [3]	Galilee Basin	70% Conventional 100% CSG	Comet Ridge Limited
PMP50100[4]	South Island, New Zealand	100% CSG	Comet Ridge NZ Pty Ltd

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

2 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 The Authorities to Prospect (ATPs) located in the Galilee Basin have nee divided by way of a farmin to Vintage Energy Limited into the Conventional (Deeps) and Unconventional (Shallows) joint ventures. The percentages recorded show the interests that Comet Ridge (or a wholly owned subsidiary) holds in these respective ATP's.

4 As previously announced PMP 50100 has been relinquished by the Company. There is currently one outstanding well that requires final abandonment works to be completed to satisfy the NZPM's requirements.

Corporate Directory

Directors

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

**Company Secretary - ** Stephen Rodgers

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Home Exchange: Brisbane

ASX Code: **COI**