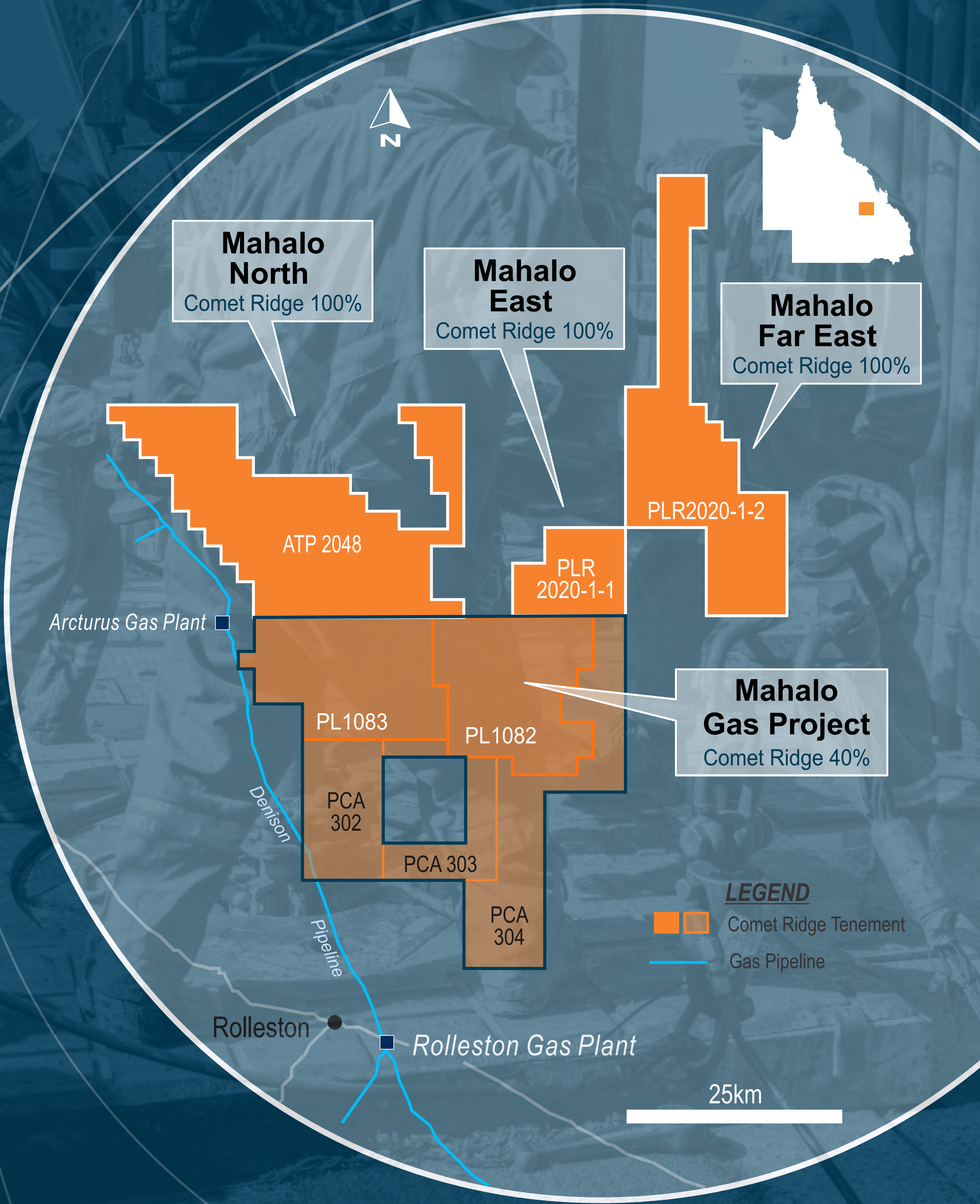
Comet Ridge

ANNUAL REPORT 2020



Comet Ridge Limited – Annual Report for the Year Ended 30 June **2020**

Overview of Activities

Key Points

- Underlying loss after tax of $4.8 million (2019: $4.0 million).
- Statutory net loss after tax of $10.4 million after write-off of $5.6 million of previously capitalised exploration and evaluation expenditure.
- Cash balance of $4.6 million at 30 June 2020, boosted after year end with receipt of $1.3 million of research and development tax incentives.
- Mahalo Gas Project awarded Environmental Approvals and Petroleum Leases.
- Mahalo North awarded Authority to Prospect (ATP 2048).
- Mahalo Gas Hub position boosted after year end with two new blocks (east of Mahalo North) to be awarded to Comet Ridge.

Highlights

Comet Ridge has key gas assets in three basins in eastern Australia, split into two groups:

1. The newly won Mahalo North Block (ATP 2048) and Mahalo Gas Project, that are close to infrastructure and existing producing fields and are better suited for near-term production.
2. The Galilee and Gunnedah Basin assets, that cover extremely large areas and are in the exploration and appraisal phase.

Key developments for the 2020 financial year include:

- ✓ **Mahalo North**
  - In October 2019, Comet Ridge was appointed preferred tenderer for the 450km^2 Mahalo North block. The block is highly prospective, located directly north and contiguous with the Mahalo Gas Project and is close to infrastructure.
  - Comet Ridge Mahalo North Pty Ltd was formally awarded Authority to Prospect (ATP) 2048 on 29 April 2020 as 100% equity holder.
  - Modelling of data across the Mahalo North Block estimates that a 1500m long dual lateral well, could flow gas in the range of 2-3 TJ/d which is consistent with the observed performance of both Mahalo 7 and Mira 6 lateral wells in the Mahalo Gas Project Area.
  - Non-binding letter of intent signed with adjacent gas producer and infrastructure owner Denison Gas (Queensland) Pty Ltd to explore options for gas processing and transport services from Mahalo North via the Denison Gas Pipeline to Queensland Gas Pipeline which connects Gladstone and the domestic market.
  - Application for a Petroleum Survey Licence (PSL) for the Greater Mahalo Development Area submitted to DNRME late in the June 2020 quarter.
- ✓ **Mahalo Gas Project**
  - Three key government approvals for the Mahalo Gas Project occurred during the June 2020 quarter:
    1. The Department of Agriculture, Water and the Environment granted approval under the Commonwealth Government Environment Protection and Biodiversity Conservation Act (EPBC).
    2. Queensland Department of Environment and Science granted environmental approval for the Mahalo Gas Project, and;
    3. Queensland Department of Natural Resources, Mines and Energy granted Petroleum Leases (PLs) 1082 (Humboldt) and 1083 (Mahalo) for a term of 30 years. These Petroleum Lease awards are the final joint venture regulatory approval required for the project to move forward to production.
  - Award of Potential Commercial Area (PCA) 302, PCA 303 and PCA 304 over the southern part of the Mahalo Project Area on 8 April 2020.
- ✓ **Galilee Permits**
  - Interpretation of the 2019 Koburra 2D seismic acquisition program and subsequent processing resulted in the identification of regional trends, firming up existing leads and prospects and identification of new leads across the Deeps Project Area.
  - Confirmation of four-way dip closure on the Lake Galilee Structure, elevating it to a drillable target.
  - Albany 2 well spudded on 30 July 2019 and was drilled to a total depth of 2702m. Wireline logs indicated good reservoir quality and the presence of gas in the target reservoir. 62m of core was also acquired across key reservoir intervals.
  - Successful sidetrack of Albany 1 to a total depth of 2822m. Strong gas shows were measured throughout the entire section.

- Three intervals of the Lake Galilee Sandstone were successfully stimulated in the Albany 2 well in December 2019. This was the first attempt to stimulate the Lake Galilee Sandstone reservoir section in the Galilee Basin and vindicates the view that the reservoir is a high-grade stimulation candidate.
- The three intervals were successfully flowed back with the assistance of nitrogen, with over 90% of the stimulation fluid being recovered. Analysis of a gas sample collected during build-up period over Christmas shut-down confirmed gas composition is comparable to Albany-1 gas.

- Vintage Energy Limited (Vintage) earned an additional 15% interest in the Galilee "Deeps" Joint Venture by funding its contribution to the 2D seismic program and Albany drilling program, bringing its total interest to 30%.

✓ **Gunnedah**

- The NSW Department of Planning, Industry and Environment (DPIE) recommended approval of Santos's Narrabri Gas Project with conditions in mid-June 2020. The project is being considered by the NSW Independent Planning Commission to make a final determination on the project in 2020. If Santos is successful with its development application, that would potentially re-open the Gunnedah acreage for appraisal. Comet Ridge continues to be in a position to watch and follow.

✓ **Corporate**

- On 27 November 2019, Comet Ridge successfully raised $10.0m via a placement to institutional and sophisticated investors. This was immediately followed by the opening of a Share Purchase Plan which closed on 17 December, raising a further $1.6m for the Company.
- A strategic review of the Company was completed and as a result the board determined the best way to maintain value to shareholders was achieved by retaining both asset groups under one corporate structure and primarily focussing on the 100% Mahalo North block - bringing it into production in a low cost, fit for purpose development.
- As a result of Coronavirus (COVID-19) and the fall in the oil price, the Board and Management of Comet Ridge Limited committed to reduce capital spend during this volatile time which included cuts to contractor numbers and days, reductions to staff salaries and Directors fees (net of superannuation and tax) to be taken in equity (subject to shareholder approval).
- In accordance with relevant accounting standards, Comet Ridge has conducted a detailed review of asset carrying values at 30 June 2020, resulting in a non-cash write-off of previously drilled and capitalised coal seam gas wells in the Company's Galilee Basin permits totalling $5.48 million. These wells are in areas likely to be relinquished in the future as part of the Company's applications for Potential Conventional Areas over the most prospective parts of the permits or that lie outside the defined CSG fairway. Comet Ridge has a very large acreage and Contingent Resource position in the Galilee Basin and future appraisal and development of the CSG "Shallows" and conventional "Deeps" projects remain a key priority for the Company.
- The potential of Comet Ridge's Galilee Basin permits have been boosted by the recent Federal Government announcement to prioritise the Galilee Basin (along with the North Bowen and Beetaloo Basins) for new gas supply to underpin the post-COVID national economic recovery.
- Subsequent to year end, cash receipts of $1.3m were received relating to FY 2018 and FY 2019 refundable Research & Development tax offsets.
- Comet Ridge made two key appointments during the year:
    1. Former Arrow Energy chief executive, Shaun Scott joined the board as a Non-executive Director on 16 October 2019; and
    2. Phil Hicks as Chief Financial Officer (on a contract basis) on 1 July 2020.
- Comet Ridge announced on 21 September 2020 that its Mahalo Gas Hub position was significantly expanded with two new blocks (east of Mahalo North) to be awarded by the Queensland Government as part of their recent tender process.

Permit Interest

Comet Ridge has interests in five permits in the Bowen and Galilee Basins in Queensland, and three in the Gunnedah Basin in New South Wales (Figure 1 and Table 1). Comet Ridge is in the process of surrendering its 100% interest in PMP 50100 in New Zealand. This is currently being processed by New Zealand Petroleum and Minerals.

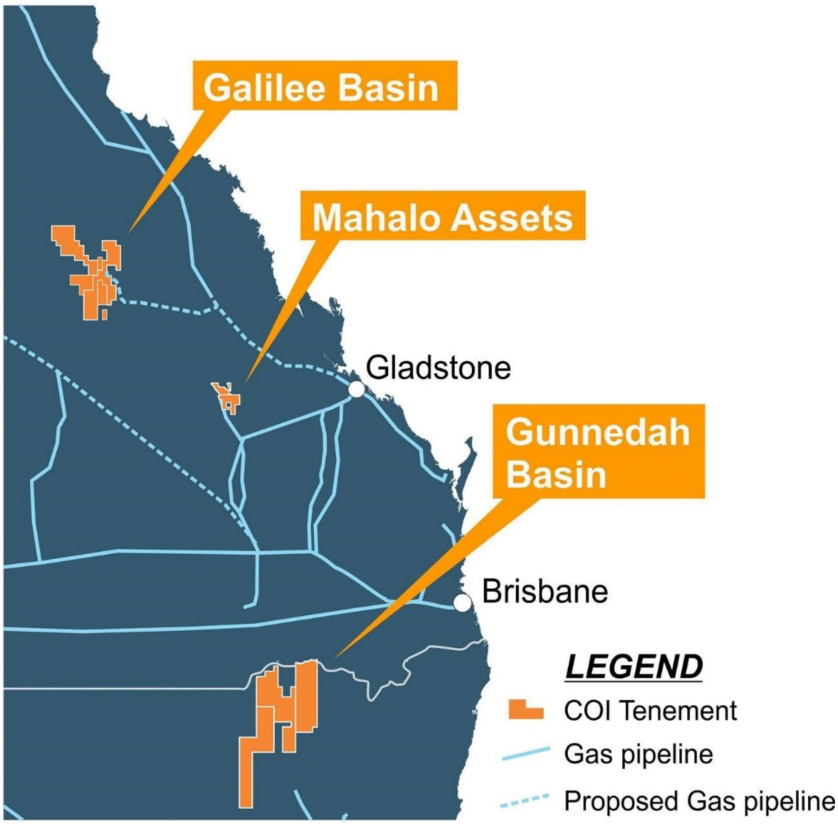


Figure 1 – Map of East Coast Australia detailing Comet Ridge's Permits

Comet Ridge Permits	Basin	State	CSG Interest	Sandstone Interest	Area (km^2)
ATP 743	Galilee	QLD	100%	70%[1]	3,195
ATP 744	Galilee	QLD	100%	70%[1]	4,296
ATP 1015	Galilee	QLD	100%	70%[1]	2,194
PL1082 and PL1083	Bowen	QLD	40%	n/a[2]	500
PCA302, PCA303 and PCA304	Bowen	QLD	40%	n/a[2]	411
ATP 2048 Mahalo North	Bowen	QLD	100%	n/a	450
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 at 30 June 2020

[1] Vintage Energy has earned a 30% interest in the sandstone "Deeps" during the 2020 financial year.

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

Mahalo North – ATP 2048

Tenure Award - One of the significant highlights of the year for Comet Ridge has been the award of Authority to Prospect ATP2048 (Mahalo North) by Queensland's Department of Natural Resources, Mines and Energy (DNRME). This block was contested in a bidding round run by DNRME in August 2019 with winning bidders announced in late October 2019.

The award of the ATP to Comet Ridge as 100% equity holder followed the approval of the Environmental Authority (EA) by the Department of Environment and Science (DES) and formal execution of a Native Title agreement over the block.

The 450km^2 block is highly prospective, given its location directly north of, and contiguous with, the Mahalo Gas Project area and proximity to infrastructure.

Subsurface Analysis - On award as preferred tenderer for the block, Comet Ridge focussed on obtaining required approvals and commenced preparations for the initial work program. In addition, the Company has continued to refine its technical understanding of the highly prospective CSG fairway, in order to optimise the value from the large block.

Subsurface analysis, combined with optimisation of well design and an ongoing review of additional third party, high quality, seismic data has increased confidence in the extension of the productive coal fairway from Mahalo, into the Mahalo North acreage (Figure 2) and the ability of strategically placed pilots to deliver meaningful gas volumes.

Using the extensive dataset across the Mahalo Gas Project, Comet Ridge has modelled that a dual lateral well in this fairway, if drilled to 1500m in length, could flow in the range of 2-3 TJ/d. This is consistent with observed well performance from Mahalo 7 and Mira 6 in the Mahalo Gas Project area and will be refined following testing of the initial Mahalo North pilot wells. Both lateral wells at Mahalo, although drilled in the same prospective fairway at the same depth range, were significantly shorter than the wells currently planned for Mahalo North.

The modelling of Mahalo North production suggests that the block has the potential to deliver up to 20 TJ/d, which at 100% equity provides a meaningful gas sales volume in addition to Comet Ridge's 40% share of future production from the Mahalo Gas Project.

Gas Supply to Market – Comet Ridge has been progressing options for gas processing and transportation for produced gas from Mahalo North, and potentially the Mahalo Gas Project as part of the Greater Mahalo Development Area.

- Existing infrastructure near to Mahalo North, in addition to the potential to supply gas as a substitute for diesel to nearby coal mines, provides for a staged development profile and early production from Mahalo North.
- A non-binding letter of intent with adjacent gas producer and infrastructure owner Denison Gas (Queensland) Pty Ltd was signed in November 2019 to explore options for the provision of gas processing and transport services via the Denison Gas Pipeline, which runs down the western side of Mahalo North and Mahalo Gas Project areas.
- In January 2020, Comet Ridge signed an agreement with LogiCamms to consider an export solution via building a new pipeline from the Mahalo fields to connect with pipelines supplying the export and domestic market.
- Late in the year, Comet Ridge applied for a Petroleum Survey Licence (PSL) for the Greater Mahalo Development Area with Queensland Government, which, when approved will allow the company to better locate gas facilities, flowlines and pipelines.

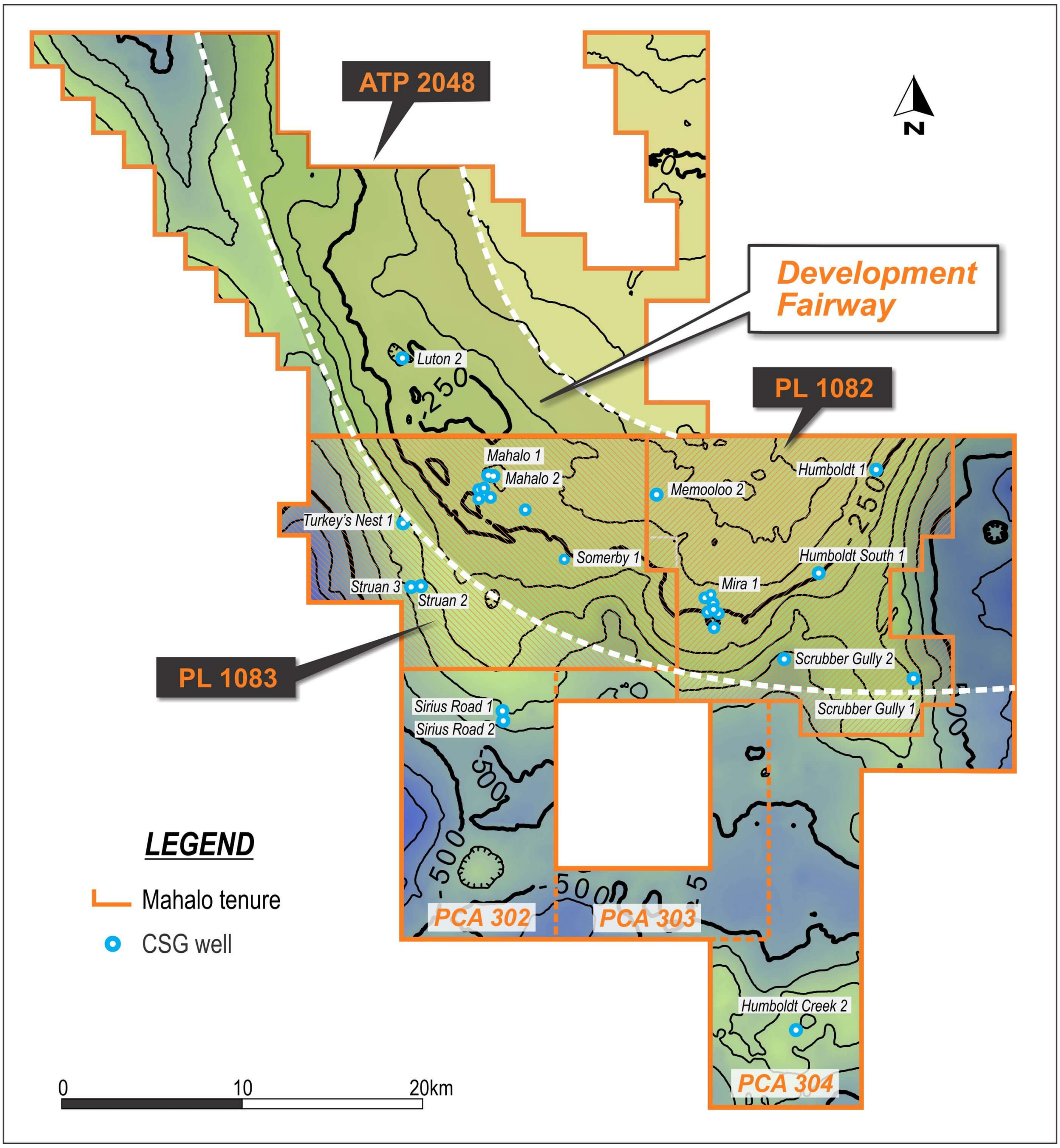


Figure 2 - Map showing the location of the development fairway of the Greater Mahalo Gas Project, comprising ATP 2048 (Mahalo North), PL 1082 (Humboldt) and PL 1083 (Mahalo)

Figure 3 - Map of the Greater Mahalo Development Area with Comet Ridge's 100% Mahalo North & 40% Mahalo Gas Project

Mahalo Gas Project

Comet Ridge's Mahalo Gas Project (MGP) is located in the Denison Trough, approximately 240km west of Gladstone in the southern Bowen Basin and covers an area of 911km^2 (see Figure 3). The project is located just 14km (to the east) or 65km (to the north) from infrastructure connecting to the east coast gas market and Gladstone LNG export terminals. Comet Ridge has a 40% interest in the MGP, with both Santos QNT Pty Ltd (Santos) and APLNG Pty Ltd (APLNG) holding 30% each. Origin is the upstream operator for APLNG.

Government Approvals – Three critical Government approvals were granted for the Mahalo Gas Project during the year, enabling the project to move forward to production and development once a Final Investment Decision (FID) is reached by the joint venture participants.

- The Mahalo Gas Project was granted Queensland State Petroleum Leases (PLs) 1082 (Humboldt) and 1083 (Mahalo). The leases have been granted for a term of 30 years.
- The Petroleum Lease awards are the final regulatory approval required for the project to move forward to production and follow the approval from the Commonwealth Government Environment Protection and Biodiversity Conversation Act (EPBC) approval in May 2020 and the Queensland Government Department of Environment and Science environmental approval in June 2020.
- The remaining portion of the MGP is covered by Potential Commercial Area's (PCAs) 302 (Lowesby West), 303 (Lowesby) & 304 (Humboldt Creek), all for a term of 5 years.

Initial Development Plan (IDP) - Comet Ridge has continued to work with the Mahalo Joint Venture partners to drive the optimum development outcome for the Mahalo Gas Project.

- Several engineering studies in gas and water handling facilities, well design and field layout have progressed throughout the year.
- Reservoir modelling work, focussed on development well designs of up to 1800m, has demonstrated increasingly positive economic value for the project, due to increased gas rates and gas recoveries for development wells, and an overall reduction in total wells for the project.

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 down to approximately 1000m). In November 2017, Comet Ridge and Vintage Energy Limited (Vintage) signed a Joint Venture Agreement, where Vintage has earned a 30% interest in the Galilee "Deeps" Joint Venture (GDJV). Figure 4 shows the Galilee Basin blocks and the leads and prospects contained in the sandstone "Deeps".

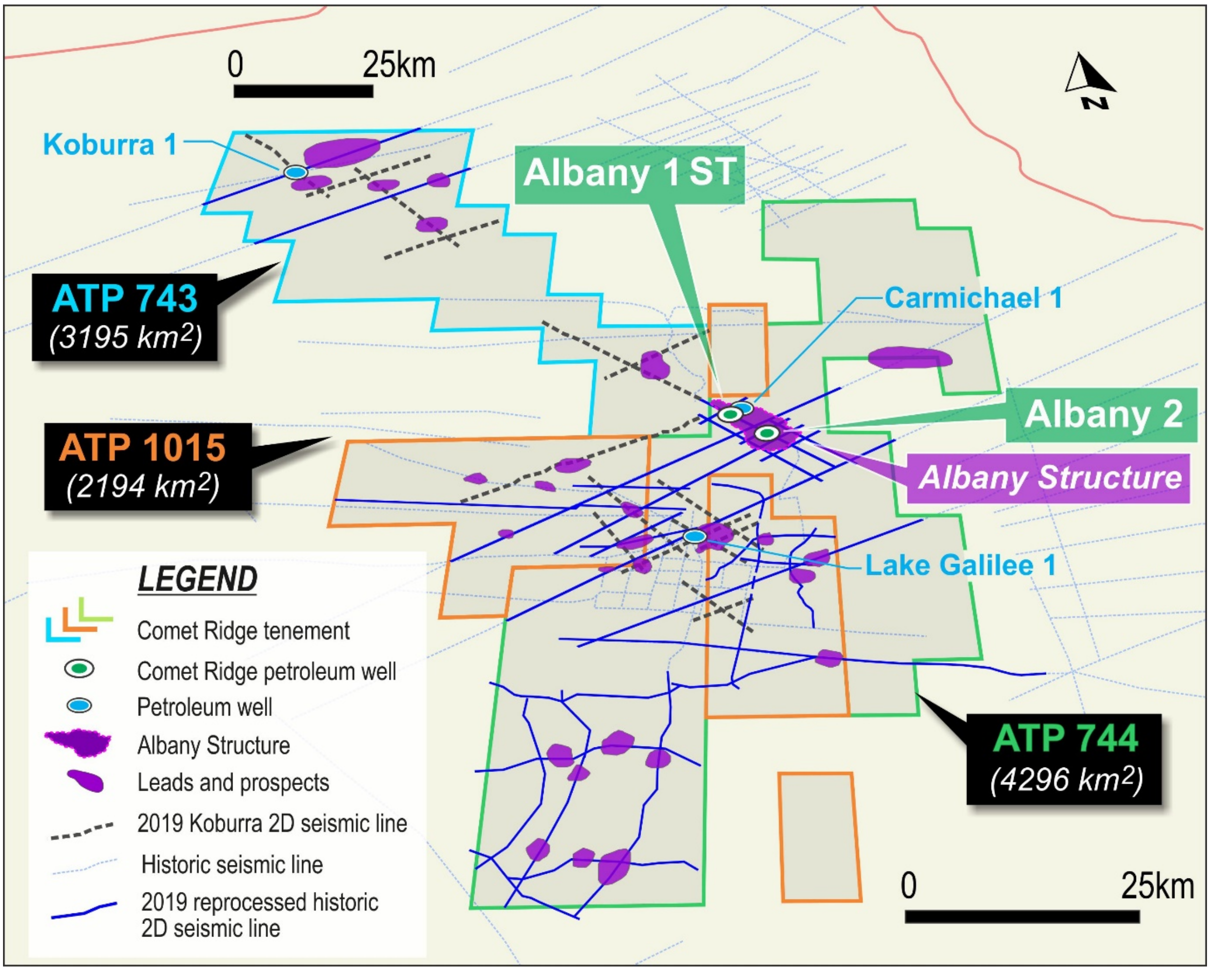


Figure 4 – Galilee ATP 743, ATP 744 and ATP 1015 showing seismic leads and conventional (sandstone) wells drilled to date

Albany Drilling - The Albany drilling programme was the primary focus for the Company during the first half of the financial year. The GDJV contracted Ensign Drilling Rig 932 for the second round of drilling on the Albany Structure, following on from the successful gas flow from Albany 1 well in June 2018. The primary objective of the campaign was to determine the presence of hydrocarbons in the Lake Galilee Sandstone reservoir section in the southeast culmination and to obtain a commercial gas flow rate through hydraulic stimulation.

- The Albany 2 well was spudded on 30 July 2019 and drilled to a total depth of 2702m. The GDJV obtained 62m of conventional core predominantly over sandstone reservoir intervals from the well and acquired an extensive set of petrophysical and image logs. Logging identified a 13m sandstone section with porosity values ranging from 12 to 15%, which exceeded Comet Ridge's pre-drilling expectations. Gas shows were recorded across all sandstone packages within the target reservoir.
- The rig moved directly to Albany 1 well, commencing with abandonment operations on the Albany 1 vertical well bore drilled in 2018, followed by sidetrack drilling operations. The Albany 1ST (sidetrack) was completed on 22 October 2019 reaching a total depth of 2822m. Strong gas shows were measured through all four sandstone packages, exceeding pre-drilling expectations. An extensive petrophysical and image log suite was acquired to provide information on the reservoir characteristics and to optimise the stimulation program.
- In December 2019, hydraulic stimulation operations commenced at Albany 2. Three prospective zones in the upper part of the Lake Galilee Sandstone were successfully treated with significant volumes of ceramic proppant. The success of the stimulation treatments

mark the first attempt to stimulate the Lake Galilee Sandstone reservoir section in the Galilee Basin and confirms the view that the reservoir is a high-grade stimulation candidate.

- A gas sample was acquired from Albany 2 after the well was shut-in over the Christmas Period. Compositional analysis confirmed the gas was comparable with gas from the Albany 1 well. The Albany 2 well flowback was completed in January 2020 using nitrogen lifting, with over 90% of flow back fluid recovered.
- Operations were suspended in the Galilee Basin in mid-February 2020 after an extended period of rainfall was received and all equipment was demobilised to avoid lengthy wet weather standby charges. Figure 5 shows an aerial view of the Ensign 932 drilling rig working at Albany 2.

Koburra 2D Seismic – At the beginning of the financial year, the GDJV finalised the interpretation of the 2019 Koburra 2D seismic survey and reprocessed archive seismic data. The interpretation has confirmed regional structural trends, firmed up a number of existing leads and has 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 has met the conditions required to earn its additional 15% interest in the GDJV through funding its equity interest in the Koburra 2D seismic programme and the drilling of Albany 2 and the Albany 1 sidetrack, bringing its total interest in the GDJV to 30%.

Galilee Moranbah Pipeline – Comet Ridge had executed a non-binding Memorandum of Understanding (MOU) with APA Group for gas export out of the Galilee Basin. During the year APA was awarded a Pipeline Survey License (PSL) for the proposed Galilee-Moranbah Pipeline. The proposed pipeline would connect the Galilee Basin to the North Queensland Gas Pipeline, which connects Moranbah to Townsville and services several large industrial customers and a growing market.

Figure 5 – Aerial shot of the Albany 2 lease showing Ensign Rig 132

New South Wales Permits

Comet Ridge's three contiguous NSW 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 equity interests across these licences and between 97.5% and 100% conventional equity interest. 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 gas 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.

Agreement between the Federal and NSW governments to facilitate increased gas supply, lower emissions and provide more gas into the east coast manufacturing sector is encouraging. Progress has been made in progression of the Santos Narrabri Gas Project with approval of the project from the NSW Department of Planning, Industry and Environment with conditions in mid-June 2020. At the time of writing, the project was being considered by the Independent Planning Commission who is expected to make a final decision on the project during 2020. Comet Ridge is keeping a watching brief on the Santos Narrabri Gas Project which is contiguous with Comet Ridge's interests. If Santos is successful with its development application, that could potentially re-open the Gunnedah acreage for gas appraisal and development. Figure 6 shows Comet Ridge's interest in NSW.

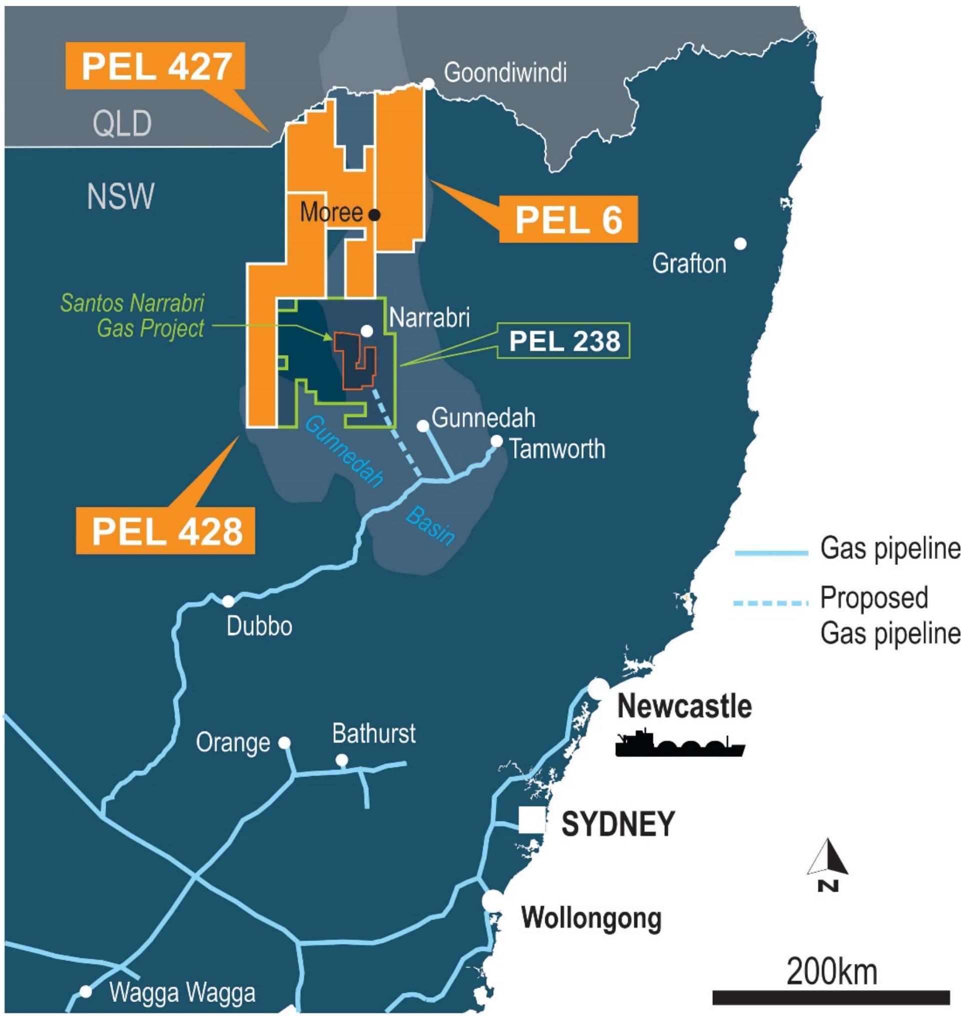


Figure 6 – Comet Ridge's NSW assets, contiguous to the Santos Narrabri Gas Project

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 2020, 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

The majority of Comet Ridge's field activity during the 2020 financial year occurred in the Galilee Basin.

With this field activity, there has been 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. Often, this occurs in remote and difficult working environments.

With more than 91,000 working hours reported during the year, it was unfortunate to have one of the contractors on the Albany drilling project suffer the Company's only Lost Time Injury (LTI) for the year. The circumstances surrounding the incident were such that a tubing tong swung and struck an operator, causing a bruise/soft tissue injury. A thorough investigation was carried out by the contractor, with Comet Ridge support, and remedial actions were taken.

Comet Ridge continues to focus on improving its Health Safety and Environment Management System (HSES). The Company reviewed and amended some of its key processes relating to field activities to ensure ongoing safe and reliable operations, as well as ensuring our Safety Management Plans were reflective of the latest government legislation.

Community

Comet Ridge takes its corporate social responsibility very seriously. This is reflected in a deep commitment, at all levels of the Company, to working with community stakeholders in the regions where it operates. This commitment has ensured external and stakeholder relationships continue to be extremely positive. Due to COVID-19, Comet Ridge has intentionally reduced direct face to face contact with key landholders and community representatives for the bulk of 2020.

During 2019, and very early in 2020 Comet Ridge has:

- Maintained its financial membership of the Leucaena Society, to allow knowledge gathering and networking in anticipation of future gas field development.
- Attended and contributed to a number of Government and Industry organised workshops, including but not limited to:
    - The stakeholder engagement forum (due to COVID-19 this has been delayed until 2021), organised by the Australian Petroleum Production and Exploration Association (APPEA);
    - Department of Environment and Science (DES) financial assurance workshop;
    - Met with and briefed the Central Highlands Council Mayor on Comet Ridge activities in the region;
    - Met with and briefed the CEO of the Central Highlands Development Corporation (CHDC) on Comet Ridge activities in the region; and
    - Presented at the Department of Environment and Science (DES) CSG 101 Webinar.

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 gas Industry. Comet Ridge has always acted consistently with the principles and guidelines set out in this Code of Practice.

Comet Ridge 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.

In terms of Local Government engagement, the Company continues to maintain contact with relevant officials and elected representatives, in the Local Government areas (LGAs) that Comet Ridge operates. Contact with Local Government 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 all very important to the Company. An example of this was the successful negotiation of a Right to Negotiate (RTN) with a local Native Title Group in the Mahalo North region, which was a requirement of the awarding of ATP 2048.

2020 Annual Reserves Statement

Comet Ridge is pleased to present its Annual Reserves Statement for the period ending 30 June 2020:

Comet Ridge Limited – Net Recoverable Reserves and Resources [1]														
			Reserves (PJ)[1]						Contingent Resources (PJ)[1]					
			1P	1P	2P	*2P	3P	3P	1C	1C	2C	**2C	3C	3C
			30-6-19	30-6-20	30-6-19	30-6-20	30-6-19	30-6-20	30-6-19	30-6-20	30-6-19	30-6-20	30-6-19	30-6-20
Bowen Basin, QLD	Mahalo Gas Project (ATP 1191)⁺	40%	*18	*-	*172	*106	374	183	224	53	**385	**89	389	154
Galilee Basin, QLD	Gunn Project Area (ATP 744)	100%	-	-	-	-	-	-	-	-	**67	**67	1,870	1,870
Galilee Basin, QLD	Albany Structure (ATP 744)	70%	-	-	-	-	-	-	48	39	**130	**107	354	292
Gunnedah Basin, NSW	PEL 6 PEL 427 PEL 428	29.55% 59.09% 68.42%	-	-	-	-	-	-	-	-	-	-	562	562
Total			*18	-	*172	*106	374	183	272	92	**582	**263	3,175	2,878

Table 2 – Comet Ridge Limited – Reserves and Resources Annual Statement

[1] Movements in Net Recoverable Reserves and Resources are explained below in responses to Listing Rule 5.39.3 and 5.40.2

⁺ Subsequent to the booking of the Reserves and Resources for ATP 1191 the Authority to Prospect and the area that it covered has been converted on application to PL 1082 and PL 1083 along with PCA's 302, 303, and 304.

ASX Listing Rules Annual Report Requirements

* Listing Rule 5.39.1:

- All 2P petroleum reserves recorded in Table 2 as at 30 June 2020 are undeveloped and are attributable to unconventional gas.
- 100% of the 2P petroleum reserves are located in the Bowen Basin.
- No 1P petroleum reserves were recorded for the period ending 30 June 2020 – Please refer to ASX Announcement "Mahalo Reserves and Resources Revision" 30 October 2020.

* Listing Rule 5.39.2:

- The proportion of 2P petroleum reserves that are unconventional is 100%. There are only 2P reserves recorded for the Company which are located in the Company's Bowen Basin Mahalo Gas Project area.

Listing Rule 5.39.3:

- Table 2 records a reconciliation of the 1P, 2P and 3P petroleum reserves as at 30 June 2020 as against the previous year and discloses that the petroleum reserves (1P, 2P and 3P) have reduced materially. This reduction was as a result of the Mahalo Joint Venture participants considering and adopting an initial development plan (IDP) that was different to prior assumptions as well as changes to the Petroleum Resource Management System in June 2018. This necessitated the Company obtaining an updated reserve certification from MHA Petroleum Consultants LLC Inc to revise the reserves and resources for the Mahalo project as at 30 October 2019 (Refer to Comet Ridge Announcement to ASX on 30 September 2019).

Listing Rule 5.39.4:

- Comet Ridge first reported certified petroleum reserves for the Mahalo Gas Project on 27 August 2014 and these reserves have remained undeveloped for greater than 5 years since the date initially reported.
- The Mahalo Joint Venture has yet to reach a Final Investment Decision on the Mahalo Gas Project, which needs the approval of all three Joint Venture participants. Lateral well drilling was undertaken by Comet Ridge, as agent for the exploration Operator (Santos), during 2017 and 2018, to demonstrate and confirm the most likely development well style. During the first half of 2020, both Federal and State environmental approvals were received for the Mahalo Gas Project and then on 30 June 2020 the Petroleum Leases (PLs) were awarded by the Queensland Government. This allows the Mahalo Joint Venture to now finalise the development concept and proceed to make a Final Investment Decision (FID).
- Comet Ridge intends to work with the Mahalo Joint Venture to make a development decision on the Mahalo Gas Project as soon as possible. Concurrent with this, Comet Ridge now has a large 100% operated acreage position immediately adjacent to the Mahalo Gas Project, and intends to rapidly appraise these areas, to certify further gas reserves and resources and to develop these in a similar fashion,

making use of third party infrastructure that is available to the Mahalo Gas Project. To the extent possible, combining these developments, will lower unit costs.

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 2020 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 2018, 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 2020 are undeveloped. Approximately 78% of the reported 2C Contingent Resource is attributable to unconventional gas with the remainder attributable to a sandstone reservoir referred to in Table 2 as the Albany Structure.
- The geographical areas where the 2C Contingent Resources are located appear in the far-left column of Table 2.

Listing Rule 5.40.2:

- Table 2 records a reconciliation of the 1C, 2C and 3C Contingent Resources as at 30 June 2020, against the previous year and discloses that:
    - the net 1C, 2C and 3C Contingent Resources for the Albany Structure decreased during the period due to Vintage Energy Limited earning a further 15% in the Albany Structure as part of its farmin with Comet Ridge to take its interest to 30%. (Refer to ASX:VEN Announcement 2 September 2019). 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.
    - the net 1C, 2C and 3C Contingent Resources for the Mahalo Gas Project decreased materially during the period. This is due to the same reasons outlined above under the section “Listing Rule 5.39.3”.
    - Apart from the decrease in Comet Ridge’s interest in the Contingent Resources booking for the Albany Structure in ATP 744 and the decrease in Contingent Resources for the Mahalo Gas Project, there were no other changes to the 1C, 2C and 3C Contingent Resources from those recorded as at 30 June 2019.

Listing Rule 5.44:

- The estimates of Reserves and Contingent Resources appearing in the 2020 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 2020. 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”) 2018 Petroleum Resource Management System (“PRMS”) Guidelines as well as the 2011 Guidelines for Application of the Petroleum Resources Management System
- The unconventional (CSG) Contingent Resource estimates for ATP 744 in the 2020 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 Annual 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 2020.
- 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 Department 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 2020 the Company's corporate governance practices and policies have substantially accorded with those outlined in the ASX Corporate Governance Council's Principles and Recommendations (4th Edition) (ASX Recommendations or ASX Guidelines), except as outlined in the Company's annual Corporate Governance Statement. Even where there is a deviation from the recommendations the Company continues to review and update its policies and practices in order that these keep abreast of the growth of the Company, the broadening of its activities, current legislation and good practice.

The ASX Corporate Governance Council's (the Council) recommendations are not prescriptive but rather they are guidelines. If certain recommendations are not appropriate for the Company given its circumstances, it may elect not to adopt that particular practice in limited circumstances.

Where the Company's Corporate Governance practices do not correlate with the practices recommended by the Council, the Company does not consider that the recommended practices are appropriate due to either the size of the Board or the management team or due to the current activities and operations being carried on by and within the Company.

A copy of Comet Ridge's 2020 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 4th 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/

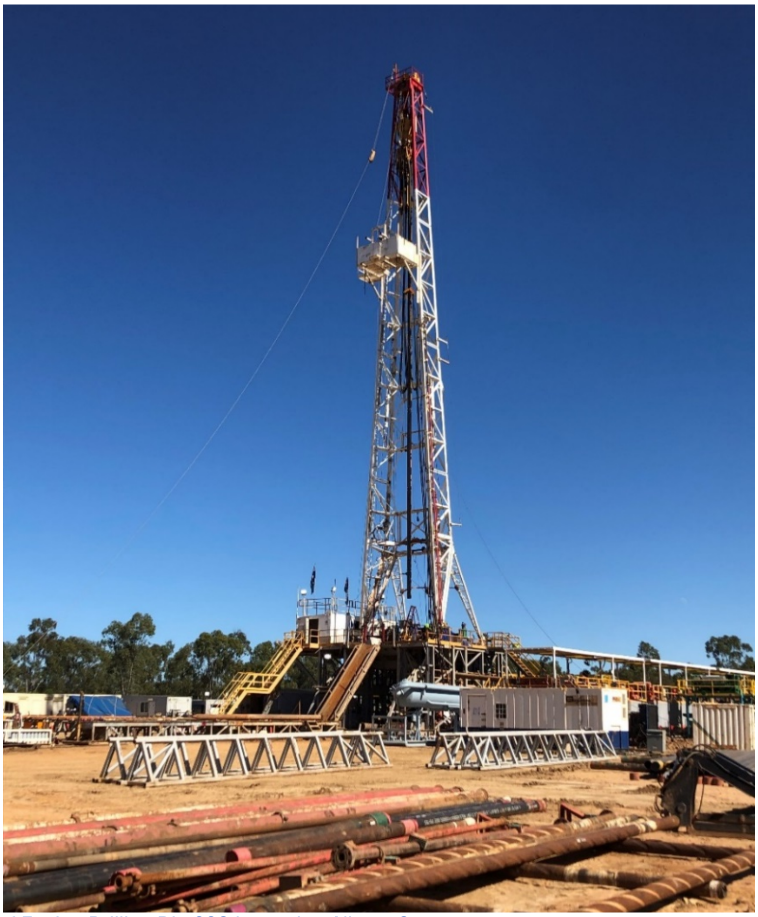


Figure 7 – Photo of Ensign Drilling Rig 932 located at Albany 2

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 2020. 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 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
37,408,105 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.

Mr McCaul was elected to the APPEA Board in November 2018 and is the Chair of the APPEA Exploration Committee.

Interest in Shares and Options
6,501,053 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
Nil

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

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

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 and Panoramic Resources Ltd. 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
Panoramic Resources Ltd
Birimian Limited (Resigned 13 November 2018)

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

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

Experience
Martin Riley holds a first-class honours degree from Sydney University in Chemical Engineering and has 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
400,000 ordinary shares

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

Shaun Scott B.A (Rec Admin), B.Bus (Accountancy), ACA, Non-executive Director (Director since 16 October 2019)

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

Experience
Shaun Scott is an experienced independent non-executive director on both public and private boards. As an executive, Mr Scott was CEO of Arrow Energy Limited and was instrumental in taking this business from a $20 million coal seam gas explorer to a significant gas and energy producer and leader in the development of the Queensland LNG industry, until Arrow's $3.5 billion acquisition by Shell and Petro-China in 2010. At the Board level, Shaun has operated as Chairman and non-executive director of a number of publicly listed companies and chaired numerous Board sub-committees. Mr Scott has specific expertise and experience in business strategy, negotiations, financial and risk management, executive remuneration, governance and safety leadership.

He is a member of the Chartered Accountants Australia and New Zealand.

Interest in Shares and Options
600,000 ordinary shares

Directorships Held in Other Listed Entities in Last 3 Years
iGas Energy PLC (Non-executive Director of Australian subsidiaries) (resigned February 2020)
AnaeCo Ltd (resigned December 2017)

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 2020 amounted to $10.4 million (2019: loss of $4.0 million), including write-offs of previously drilled and capitalised Galilee Basin CSG well costs ($5.48 million) and current year Gunnedah Basin expenditure ($0.15 million).

During the financial year, the Group capitalised exploration expenditure of $2.5 million (2019: $7.2 million) on the Mahalo Gas Project, $11.8 million (2019: $6.2 million) on the Galilee Deeps Joint Venture and $0.8 million (2019: $nil) on Mahalo North.

At 30 June 2020, the Group had $4.636 million in cash on hand and net current assets of $4.840 million.

Comet Ridge has future exploration commitments for its Galilee, Mahalo and Mahalo North 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 funding to meet these payments, that may cast significant doubt about the Group's ability to continue as a going concern. Comet Ridge is actively pursuing a number of potential funding transactions to progress the appraisal and development of the Company's projects including sell-down, farmout and gas prepay arrangements. 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 2020:

(a) Vintage Energy Limited (Vintage) earned a further 15% interest in the Galilee Deeps Joint Venture (GDJV).

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.

(b) Appointment of Shaun Scott as a Non-executive Director

On 16 October 2019, Mr Shaun Scott, former Arrow Energy CEO, was appointed a non-executive director to the Board of Comet Ridge. Mr Scott is an experienced independent non-executive director on both public and private boards. As an executive, Mr Scott was CEO of Arrow Energy Limited and was instrumental in taking this business from a $20 million coal seam gas explorer to a significant gas and energy producer and leader in the development of the Queensland LNG industry, until Arrow's $3.5 billion acquisition by Shell and Petro-China in 2010.

(c) Award of Mahalo North block

During the year, Comet Ridge was appointed the successful bidder via a tender process for the 450 km^2 Mahalo North block by the Queensland Government. Mahalo North is located directly north and contiguous to the Mahalo Gas Project. After obtaining an Environmental Authority and concluding a Native Title Agreement, Comet Ridge announced on 30 April 2020 that it had been formally awarded ATP 2048 as 100% equity holder and operator.

(d) Revision of Mahalo Gas Project Reserves

On 30 October 2019, the Company announced a material reduction of the Gas Reserves and Contingent Resources for the Mahalo Gas Project. This reduction resulted from the Mahalo Joint Venture participants considering an initial development plan (IDP) that was different to prior assumptions as well as changes to the Petroleum Resource Management System in June 2018. This necessitated the Company obtaining a new reserve certification from MHA Petroleum Consultants LLC Inc to revise the Gas Reserves and Contingent Resources for the Mahalo project as at 30 October 2019.

(e) Capital raising

In November 2019, the Company completed an equity raising via a placement and share purchase plan. Comet Ridge raised a total of $11.6 million (before costs) to fund its ongoing activities at the Mahalo permits and the GDJV.

(f) Galilee Deeps JV work program

During the year, the Galilee Deeps Joint Venture undertook the drilling of Albany 2 and Albany 1ST (sidetrack) and the fracture stimulation and initial flow-back of Albany 2, all located in ATP 744. Comet Ridge's share of expenditure on this project during the year was $12.8 million, with joint venture partner Vintage Energy (ASX: VEN) contributing a further $7.0 million for their share of expenditure.

At the date of this report, the results of the testing of Albany 2 had not been fully assessed and Albany 1ST has yet to be fracture stimulated and tested. Due to the start of the wet season and subsequent Coronavirus Pandemic, activities at Albany were suspended early in 1Q2020 and there is no field based activity currently planned. This is due to both of the GDJV participants primary focus on nearer term development and production assets.

(g) Mahalo Gas Project environmental approvals

In May and June 2020, Comet Ridge announced that the Mahalo Gas Project (MGP) had received both Commonwealth and State Government environmental approvals. These environmental approvals were the final steps required for the Project to be awarded Petroleum Leases over the northern areas of the MGP targeted for initial development.

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 7 July 2020 it was announced that the Mahalo Gas Project (in which Comet Ridge holds a 40% interest) had been granted Queensland State Government Petroleum Leases (PLs) 1082 (Humboldt) and 1083 (Mahalo) for a term of 30 years. These Petroleum Lease awards were the final regulatory approval required for the project to move forward to production and follows the Commonwealth Government Environment Protection and Biodiversity Conservation Act (EPBC) approval in May 2020 and the Queensland Department of Environment and Science environmental approval in June 2020.

On 24 August 2020, Comet Ridge issued a further 7,730,000 unlisted Performance Rights to eligible employees and long-term contractors. The Performance Rights were issued in two parcels, with parcel 1 vesting at 1 July 2021 and parcel 2 vesting at 1 July 2022. These have been issued in accordance with the Company's Performance Rights Plan which was summarised in the Notice of Meeting for the 2016 Annual General Meeting. No Performance Rights were issued to KMP in relation to this award of rights.

The Company received R&D tax incentive refunds totalling $1.3 million in August and September 2020 relating to eligible expenditure incurred in the Galilee Basin during FY2018 and FY2019.

On 21 September 2020, Comet Ridge announced that it had been selected by the Queensland Government as the preferred tenderer of two additional gas blocks in the emerging Mahalo Gas Hub area. The new blocks to be awarded to Comet Ridge are as follows:

- PLR2020-1-1 (which will be called Mahalo East) covers an area of 97 km^2 and is located immediately east of Mahalo North (and north of the Mahalo Gas Project) in the same high-quality gas fairway. Similar to Comet Ridge's 100% owned Mahalo North project, Mahalo East is considered an immediate extension of the Mahalo Gas Project; and
- PLR2020-1-2 (which will be called Mahalo Far East) covers an area of 338 km^2 and is located slightly further east again. This block is interpreted to contain the north-eastern extent of the high-quality gas fairway and to have a very large gas in place volume, providing significant potential upside within the Mahalo Gas Hub.

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 2020

The material business risks for Comet Ridge at 30 June 2020 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.
Risk	**Renewal of Tenure** - All permits and tenure are subject to compliance with certain requirements, including but not limited to meeting minimum exploration work commitments, lodgement of reports, payment of fees and compliance with environmental conditions and legislation.
Cause	We rely on a number of external factors as well as internal to ensure that we are able to satisfy these conditions which might not be able to be met on time or at all due to various factors some of which may be out of the control of the Company.
Impact	Comet Ridge could lose title to or its interest in any of the permits or tenure to any of its assets if these requirements are not met.
Mitigation	We have a very experienced team who are familiar with the regulatory environment and continue to monitor the Company's progress as against work commitments and reporting obligations. These commitments are continually reviewed throughout the year not only by the operations team level but also are overseen by the Risk Committee who reports directly to the Board who has the authority to secure further resources and funding to ensure commitments are not missed.
Risk	**Land Access** – Land access is critical for the success of Comet Ridge's exploration and development activities.
Cause	We rely on being able to negotiate with landholders and other stakeholders' access and entry agreements onto private and public lands over which Comet Ridge's exploration and production tenures overlay.
Impact	Comet Ridge's exploration operations and profitability may be adversely impacted or delayed in the event of a dispute with a land owner or user that delays or prevents the Company carrying out its projects and this could materially adversely affect its financial position and performance.
Mitigations	We seek to work closely with landholders and other stakeholders and engage with them as early as possible to ensure that they are kept appraised of our proposed activities and seek to develop working partnerships with these parties 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, such as has been experienced with the advent of the COVID-19 pandemic.
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	**Climate Change** - Management of carbon emissions and increased regulatory obligations may lead to increasing regulation and costs
Cause	There continues to be focus from governments, regulators, and investors in relation to how companies are managing the impacts of climate change policy and expectations.
Impact	Comet Ridge's growth may be impacted by increasing regulation and costs associated with climate change and the management of carbon emissions.
Mitigation	Comet ridge actively monitors current and emerging areas of climate change risk and opportunities to ensure appropriate action can be taken. Comet Ridge continuously focuses on improving its energy efficiency and emissions management in delivering cost efficiencies
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 2020 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 2020 and the number of meetings attended by each Director were:

	Board		Audit Committee		Remuneration Committee		Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
J McKay	8	8	3	3	1	1	*	*
T McCaul	8	8	*	*	*	*	5	4
G Swaby	8	8	5	5	*	*	*	*
C Pieters	8	8	*	*	*	*	*	*
S Scott +	5	5	2	2	1	1	*	*
M Riley	8	8	5	5	1	1	5	5

* Not a member of the relevant committee
+ Shaun Scott appointed 16 October 2019

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 2020 and noted that 2020 has delivered encouraging results for the Company. Our lead asset, Mahalo, has moved through evaluation and is now on the development path, with the award of environmental approvals and Petroleum Leases. The Company was awarded a new permit, Mahalo North, which is an extension of the highly productive Mahalo fairway. Appraisal of the Galilee Deeps project has been progressed during the year but the results have not been fully assessed due to the suspension of operations.

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.

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

Key Management Personnel

For 2020, 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
Shaun Scott	Non-executive Director (appointed 16 October 2019)

Based on the Group's current activities, it is the view of the Committee that the Board remain as the KMPs 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 effective from 1 December 2018. This was the first increase since 2009. No increases to Non-Executive Directors fees have been made in 2020. In response to the COVID-19 pandemic and the need to conserve cash resources, the Company announced on 31 March 2020 that all Directors (other than the Managing Director) have elected to receive their net fees in equity rather than cash from 1 April 2020 (subject to shareholder approval at the Company's 2020 Annual General Meeting). The applicable Superannuation and PAYG relating to Directors fees have continued to be paid in cash. The Non-executive Directors remuneration shown in the table on page 24 is reported on a gross basis, notwithstanding net wages have not been paid in cash from 1 April 2020.

Non-executive Directors' fees (inclusive of superannuation) have been paid on the following basis as at the end of each financial year:

Director fees	**2020**	**2019**
	$	**$**
Base Fees		
Chair	**156,000**	**156,000**
Other Non-executive Directors	**81,000**	**81,000**
Additional Fees		
Chair of Audit Committee	**10,000**	**10,000**
Chairs of Remuneration and Risk Committees	**5,000**	**5,000**
Members of committees	**3,000**	**3,000**

Executive Remuneration 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 2020 the rate was 9.5% up to a maximum contribution of $21,002. 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.

In response to the COVID-19 pandemic and the need to conserve cash resources, the Company reduced the salary of the Managing Director by 50% from 1 April 2020. This reduction remained in effect for the remainder of the 2020 financial year and may be amended from time to time by the Board taking into account the operating, strategic and reporting requirements of the business.

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 KMP of the Group during the financial year are set out in the following table:

Benefits and Payments Year Ended 30 June 2020	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	[1]146,256	-	13,894	-	160,150	-	160,150
T McCaul	348,595	-	20,554	18,787	387,936	44,716	432,652
G Swaby	[1]95,667	-	7,932	-	103,599	-	103,599
C Pieters	[1]157,390	-	7,115	-	164,505	[2](223)	164,282
M Riley	[1]84,033	-	7,983	-	92,016	-	92,016
S Scott*	[1]56,659	-	5,383	-	62,042	-	62,042
Total KMP	888,600	-	62,861	18,787	970,248	44,493	1,014,741

* Shaun Scott appointed as Non-executive Director 16 October 2019

1 The fees included in the table above for all Directors (other than the Managing Director) are shown on a gross basis. Net fees (after superannuation and PAYG obligations) have not been paid in cash from 1 April 2020, rather they have been accrued and are to be settled in shares, subject to shareholder approval at the upcoming 2020 AGM. If shareholder approval is not received, the accrued net fees will be paid in cash, representing a total payment of $77,778 for the period 1 April 2020 to 30 June 2020.

2 The Company reassessed the likelihood of non-market vesting conditions attached to a tranche of Performance Rights being satisfied. It was determined that it is no longer probable that this tranche of Performance Rights will vest. As a result, the expense associated with these rights has been reversed along with Performance Rights that expired during the financial year.

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 KMP	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 certain 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.
* Mike Dart resigned as a Director of the Company on 13 March 2019 and Martin Riley was appointed a Director on the same day.

The relative proportions of actual remuneration recognised are as follows:

	Fixed Remuneration		At Risk Short Term Incentives		At Risk Long Term Incentives	
Executive Director	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
T McCaul	**89.7%**	**100.0%**	**0.0%**	0.0%	**10.3%**	**0.0%**
C Pieters	**100.0%**	**100.0%**	**0.0%**	0.0%	**0.0%**	**0.0%**

Long term incentives are provided by way of Performance Rights and the percentages disclosed above are based on the value of the Performance Rights expensed during the year.

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

Comparison of KMP Remuneration to Company Performance

The table below shows the total remuneration cost of the KMP, 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	**2020**	**2019**	**2018**	**2017**	**2016**
Total remuneration ($)	**1,014,741**	935,250	1,041,323	711,635	703,083
Loss per share (loss) cents	[1] **(1.36)**	(0.56)	(0.34)	(0.64)	(0.70)
Dividends paid	**-**	-	-	-	-
Share price at year end (cents)	**9.2**	26	36	13	6

[1] The loss for 2020 includes a non-cash write-off of $5.48 million (0.69 cents) of capitalised exploration and evaluation expenditure for previously drilled CSG wells in the Galilee Basin.

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:	$450,000 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
KPIs:	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.

Share-based Compensation

Long term incentives are provided to certain employees through the Comet Ridge Limited Performance Rights Plan as approved by shareholders for the purposes of ASX Listing Rule 7.2 Exception 9 most recently at the 2016 Annual General Meeting. Share-based compensation is equity-settled.

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 KMP are shown in the table below. In addition to the performance condition, KMP 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						
23-Nov-17[1]	1,000,000	31-Jan-21	31-Jan-21	26.50	Upon decision to proceed with the commercial development of the Albany Gas project	0%
31-Dec -19	750,000	31-Dec-21	31-Dec-21	19.00	Delivery of first commercial gas production	0%
31-Dec -19	750,000	31-Dec-22	31-Dec-22	19.00	Commercial gas production for 30 consecutive days averaging 15Tj/d net	0%
31-Dec -19	1,000,000	30-Jun-23	30-Jun-23	19.00	Commercial gas production for 30 consecutive days averaging 20Tj/d net	0%
	3,500,000					

[1] The expense associated with these rights has been reversed based on the Company determining that it is no longer probable that the performance condition will be met by the vesting date.

The movements in the current year of the number of Performance Rights granted to KMP 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
31-Dec-19	31-Dec-21	-	750,000	-		750,000
31-Dec-19	31-Dec-22	-	750,000	-		750,000
31-Dec-19	30-Jun-23	-	1,000,000	-		1,000,000
		3,500,000	2,500,000	-	(2,500,000)	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	2,500,000	-	(2,875,000)	3,500,000

Key Management Personnel Shareholdings

The number of ordinary shares in the Company held by each of the KMP of the Group is as follows:

30 June 2020	Balance at beginning of the year	Shares purchased	Other Movements	Balance at end of the year
J McKay	37,295,470	**112,635**	-	**37,408,105**
T McCaul	6,343,159	**157,894**	-	**6,501,053**
G Swaby	-	-	-	-
C Pieters	1,217,000	-	-	**1,217,000**
M Riley	-	**400,000**	-	**400,000**
S Scott	-	**600,000**	-	**600,000**
Total	44,855,629	**1,270,529**	-	**46,126,158**

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

END OF AUDITED REMUNERATION REPORT

14. Performance Rights

Movements in the number of Performance Rights on issue during the year ended 30 June 2020 as a result of new grants and expiring of Performance Rights during the year are as follows:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2019	Granted during the year	Vested during the year	Expired during the year	No. of Rights 30 June 2020
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
31-Dec-19	31-Dec-21	19.00	-	750,000	-	-	750,000
31-Dec-19	31-Dec-22	19.00	-	750,000	-	-	750,000
31-Dec-19	30-Jun-23	19.00	-	1,000,000	-	-	1,000,000
			5,475,000	2,500,000	-	(3,875,000)	4,100,000

Since the end of the financial year and up to the date of this report the following Performance Rights have been issued to employees and long-term contractors. No Performance Rights were issued to KMP as part of this issue of Performance Rights.

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights Granted
7-Aug-20	1-Jul-21	0.079	5,220,000
7-Aug-20	1-Jul-22	0.079	2,510,000
			7,730,000

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 2020	**June 2019**
	$	**$**
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 38 of the financial statements.

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

Tor McCaul

Managing Director
Brisbane, Queensland, 24 September 2020

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Comet Ridge Limited for the year ended 30 June 2020, 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
24 September 2020

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	Consolidated June 2020 $000's	June 2019 $000's
Other income			
Interest received		**93**	339
Expenses			
Employee benefits' expense	4	**(1,036)**	(1,406)
Contractors' & consultancy costs	4	**(400)**	(490)
Exploration and evaluation expenditure written off	4	**(5,630)**	(155)
Restoration and rehabilitation expense		**-**	(12)
Professional fees		**(407)**	(253)
Corporate expenses		**(203)**	(599)
Fair value movement of financial liability at fair value	16	**(2,015)**	(603)
Occupancy costs	4	**(138)**	(184)
Finance costs		**(23)**	(72)
Other expenses	4	**(569)**	(516)
Depreciation		**(67)**	(50)
LOSS BEFORE INCOME TAX		**(10,395)**	(4,001)
Income tax expense/(benefit)	6	**-**	-
LOSS FOR THE YEAR		**(10,395)**	(4,001)
Other Comprehensive Income, Net of Income Tax			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**3**	(11)
TOTAL OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX		**3**	(11)
TOTAL COMPREHENSIVE LOSS		**(10,392)**	(4,012)
Loss attributable to:			
Owners of the parent		**(10,395)**	(4,001)
Total Comprehensive Loss attributable to:			
Owners of the parent		**(10,392)**	(4,012)
LOSS PER SHARE		**Cents**	**Cents**
Basic loss per share	7	**(1.36)**	(0.56)
Diluted loss per share	7	**(1.36)**	(0.56)

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 2020

	Note	Consolidated June 2020 $000's	June 2019 $000's
CURRENT ASSETS			
Cash and cash equivalents	8	**4,636**	12,998
Trade and other receivables	9	**1,384**	481
Inventories	10	**4**	57
Other assets	11	**752**	1,304
TOTAL CURRENT ASSETS		**6,776**	14,840
NON-CURRENT ASSETS			
Property, plant and equipment	12	**97**	150
Exploration and evaluation expenditure	13	**72,738**	63,142
TOTAL NON-CURRENT ASSETS		**72,835**	63,292
TOTAL ASSETS		**79,611**	78,132
CURRENT LIABILITIES			
Trade and other payables	14	**1,398**	2,802
Provisions	15	**538**	441
TOTAL CURRENT LIABILITIES		**1,936**	3,243
NON-CURRENT LIABILITIES			
Financial liability at fair value	16	**19,206**	17,191
Provisions	15	**1,711**	1,523
TOTAL NON-CURRENT LIABILITIES		**20,917**	18,714
TOTAL LIABILITIES		**22,853**	21,957
NET ASSETS		**56,758**	56,175
EQUITY			
Contributed equity	17	**140,200**	129,110
Reserves	18	**1,201**	1,313
Accumulated losses		**(84,643)**	(74,248)
TOTAL EQUITY		**56,758**	56,175

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 2020

	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 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
Balance at 1 July 2019	**129,110**	**1,248**	**65**	**(74,248)**	**56,175**
Loss for the period	**-**	**-**	**-**	**(10,395)**	**(10,395)**
Other comprehensive loss for the period	**-**	**3**	**-**	**-**	**3**
Total comprehensive loss for the period	**-**	**3**	**-**	**(10,395)**	**(10,392)**
Transactions with owners in their capacity as owners					
Contributions of equity net of transaction costs	**11,090**	**-**	**-**	**-**	**11,090**
Shares issued on vesting of Performance Rights	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**(115)**	**-**	**(115)**
	11,090	**-**	**(115)**	**-**	**10,975**
Balance at 30 June 2020	**140,200**	**1,251**	**(50)**	**(84,643)**	**56,758**

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 2020

	Note	Consolidated	
		June 2020	**June 2019**
		$000's	**$000's**
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**125**	308
Payments to suppliers and employees		**(2,438)**	(2,695)
NET CASH USED IN OPERATING ACTIVITIES	19	**(2,313)**	(2,387)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(17,112)**	(12,652)
Movements in restricted cash		**(14)**	(27)
Payment for property, plant and equipment		**(13)**	(153)
NET CASH USED IN INVESTING ACTIVITIES		**(17,139)**	(12,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**11,614**	17,417
Share issue costs		**(524)**	(747)
NET CASH FROM FINANCING ACTIVITIES		**11,090**	16,670
Net(decrease)/increase in cash held		**(8,362)**	1,451
Cash at the beginning of the year		**12,998**	11,547
CASH AT THE END OF THE YEAR	8	**4,636**	12,998

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 24 September 2020.

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 2020, the Group had $4.636 million in cash on hand and net current assets of $4.840 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, Mahalo North and Galilee permits. These commitments are made over various timeframes, with funding raised as appropriate to meet these commitments. Exploration commitments required to be spent by 30 June 2021 amount to $1.1 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 29 September 2021. Stanwell has transferred the 2019 Agreement to CleanCo Queensland Limited (CleanCo). If Comet Ridge does not initiate negotiations, then CleanCo 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. Recent discussions with CleanCo indicate they are still keen to contract gas from Comet Ridge for their gas portfolio requirements subject to agreement on timing and pricing of such gas supply.

The ability of the Group to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding through debt, equity, selldown or farm-out of assets, 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.

Comet Ridge is actively pursuing a number of potential funding transactions to progress the appraisal and development of the Company's projects including selldown, farmout and gas prepay arrangements. At the date of this financial report, the Directors have a reasonable expectation that the Group will be successful with its future funding 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.

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 2020 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 2019 for the reporting period.

The new and amended accounting standards adopted by the Group effective 1 July 2019 are:

- AASB 16 Leases
- Interpretation 23 Uncertainty over Income Tax Treatments

The Group changed its accounting policies following the adoption of AASB 16. The impact of the adoption of the leasing standard and the new accounting policies are disclosed in Note 23 below.

The Group does not have any existing finance leases and has operating lease commitments totalling $87,000 as at reporting date. Leases to explore for oil, natural gas and similar non-regenerative resources are specifically excluded from AASB 16.

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

There are no accounting standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting year/periods and on foreseeable future transactions.

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 2
- 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 expenditure

	Consolidated	
Expenses	**June 2020**	**June 2019**
Loss before income tax includes the following specific expenses:	**$000's**	**$000's**
(a) Employee benefits' expense		
Employee benefits' expense	**(943)**	(1,249)
Share-based payments' expense (Refer to Note 21)	**115**	5
Defined contribution superannuation expense	**(208)**	(162)
	(1,036)	(1,406)
(b) Occupancy costs		
Rental expense relating to operating leases	**(116)**	(167)
Other occupancy costs	**(22)**	(17)
	(138)	(184)
(c) Exploration and evaluation expenses		
Exploration and evaluation asset write-off (Refer to Note 13)	**(5,481)**	-
Exploration and evaluation expense (Refer to Note 13)	**(149)**	(155)
	(5,630)	(155)

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.

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:

Note 4 Other income and expenditure (continued)

- 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.

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 2020	**June 2019**
	$	**$**
PricewaterhouseCoopers Australia		
Auditing or reviewing the financial statements	**110,000**	100,000
Other assurance services	**-**	6,000
	110,000	106,000

Note 6 Income tax

	Consolidated	
	June 2020	**June 2019**
	$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	**(10,395)**	(4,001)
Tax benefit at the Australian tax rate of 30% (2019: 30%)	**3,119**	1,200
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share options expensed	**35**	1
Government COVID-19 cashflow boost	**15**	-
Other non-deductible items	**(4)**	(4)
Current year tax losses not recognised in deferred tax assets	**(3,165)**	(1,197)
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% (2019: 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.

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 2020	**June 2019**
	$000's	**$000's**
Deferred tax asset	**-**	-
The balance of deferred tax asset comprises:		
Deferred tax assets		
Tax losses	**28,187**	23,757
Capital costs deductible over 5 years	**361**	117
Provisions	**1,769**	1,900
	30,317	25,774
Deferred tax liabilities		
Exploration and evaluation expenditure	**(17,228)**	(14,130)
Accrued interest	**(1)**	(11)
	(17,229)	(14,141)
Net deferred tax asset	**13,088**	11,633
Deferred tax asset not recognised	**(13,088)**	(11,633)
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 2020	**June 2019**
	$000's	**$000's**
Australian temporary differences and tax losses	**12,753**	11,445
Offshore tax losses	**335**	188
	13,088	11,633

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

i. the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances;
ii. the subsidiaries recognise all current and deferred tax amounts relating to its own transactions, events and balances; and
iii. current tax liabilities and deferred tax assets arising with respect to losses in subsidiaries are transferred from the subsidiaries to the parent entity as inter-company payables or receivables.

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

Note 7 Earnings per share

	June 2020 $000's	June 2019 $000's
(a) Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Loss for the year	**10,395**	4,001
Loss used in the calculation of the basic and dilutive earnings per share	**10,395**	4,001
(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	**789,000,030**	676,650,986
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	**789,000,030**	676,650,986

(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.

Note 8 Cash and cash equivalents

	Consolidated	
	June 2020	June 2019
	$000's	$000's
Cash at bank and on hand	**4,636**	12,998

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Interest earned on accounts range from 0.00% - 1.35%.

Note 9 Trade and other receivables

	Consolidated	
	June 2020	June 2019
	$000's	$000's
Current		
Trade receivables	**67**	67
Other receivables	**1,317**	414
	1,384	481

Other receivables mainly comprise research and development tax incentive refunds - 98% (2019: nil) and GST refunds - 2% (2019: 23%). 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 2020 and 2019 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 were 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 2020	June 2019
	$000's	$000's
Consumables - at cost	**4**	57

Accounting Policy

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

Note 11 Other assets

	Consolidated	
	June 2020	June 2019
	$000's	$000's
Prepayments	**300**	832
Restricted cash	**452**	472
	752	1,304

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. Refer Note 23.

Prepayments
The prepaid expenses predominately relate to the prepayment for exploration equipment hire.

Note 12 Property, plant and equipment

	Consolidated	
	June 2020	June 2019
	$000's	$000's
Plant and equipment at cost	**274**	261
Accumulated depreciation	**(177)**	(111)
	97	150
Movements in carrying amounts of property, plant and equipment		
Balance at the beginning of year	**150**	49
Additions	**14**	151
Depreciation	**(67)**	(50)
Balance at the end of year	**97**	150

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 range of useful life are:

Class of fixed asset

Plant and Equipment	3 to 10 years

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		
	June 2020	June 2019
	$000's	$000's
Exploration and evaluation expenditure	**96,295**	81,069
Less provision for impairment	**(23,557)**	(17,927)
	72,738	63,142

Movements in exploration and evaluation phase	June 2020	June 2019
	$000's	$000's
Balance at the beginning of year	**63,142**	49,739
Exploration and evaluation expenditure during the year	**15,073**	12,606
Exploration and evaluation expenditure written off	**(5,630)**	(155)
Restoration and rehabilitation asset	**153**	952
Balance at the end of year	**72,738**	63,142

Note 13 Exploration and evaluation assets (continued)

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 2020	June 2019
Minimum expenditure requirements	**$000's**	**$000's**
- not later than 12 months	**1,056**	7,766
- between 12 months and 5 years	**13,683**	12,027
	14,739	19,793

Minimum expenditure commitments as at 30 June 2020 have decreased as a result of the completion of the 2019/20 Galilee Deeps JV work program during the 2020 financial year, offset by additional commitments for the recently awarded Mahalo North permit (ATP 2048).

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.

Note 13 Exploration and evaluation assets (continued)

In the second half of the 2020 financial year, the Mahalo Gas Project received Commonwealth and Queensland environmental approvals and finally, Petroleum Leases (PL 1082 and PL 1083) for a term of 30 years. In addition, the remaining tenure of ATP 1191 has been secured with the award of three Potential Commercial Areas (PCA 302, PCA 303 and PCA 304) for a term of 3 years. The project is now development ready and no impairment indicators were identified at 30 June 2020.

The Company was awarded ATP 2048 (Mahalo North project) in April 2020. The Mahalo North project contains an extension of the same coal reservoirs as the Mahalo Gas Project. Capitalised exploration and evaluation expenditure at 30 June 2020 totals $0.68 million, relating to office based geological and geophysical interpretation and analysis. Comet Ridge is planning an appraisal program at Mahalo North during 2021.

ATP743, ATP 744 and ATP1015 are still under evaluation for both “Shallow” CSG and Conventional “Deeps” and have not yet reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. The Company is also in the process of preparing applications to the Queensland Department of Natural Resources, Mines and Energy to secure the long-term tenure on these permits via Potential Commercial Areas (PCAs). As part of the PCA application process, it is likely that acreage within the Galilee permits will be relinquished where Contingent Resources do not exist. As a result of this, Comet Ridge has reviewed the carrying value of capitalised exploration and evaluation expenditure in the Galilee permits at 30 June 2020 and has decided to write-off $5.48 million of capitalised cost of four previously drilled CSG wells that lie in areas that may be relinquished or are outside of the CSG development fairway where Contingent Resources exist and will be the core PCA areas for both CSG and Deeps. The write-off by permit is as follows:

	Consolidated	
Permit	**June 2020**	**June 2019**
	$000's	**$000's**
ATP 744	**3,924**	-
ATP 1015	**1,557**	-
Total	**5,481**	-

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 2020 financial year an amount of $149,000 (2019: $155,000) of exploration and evaluation expenditure was written off for the Gunnedah Basin permits (PEL427, PEL428 and PEL6).

	Consolidated	
Permit	**June 2020**	**June 2019**
	$000's	**$000's**
PEL 427	**24**	63
PEL 428	**82**	46
PEL 6	**43**	46
Total	**149**	155

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:

Note 13 Exploration and evaluation assets (continued)

	GDJV	ATP1191	PEL427	PEL428	PEL6	Total
	70.0%	40.0%	59.1%	68.4%	29.6%	
30 June 2020	$000's	$000's	$000's	$000's	$000's	$000's
Current assets						
Cash and cash equivalents	39	-	16	-	12	67
Trade and other receivables	259	-	-	-	-	259
Total current assets	298	-	16	-	12	326
Non-current assets						
Exploration and evaluation expenditure	18,860	25,306	705	680	406	45,957
Total non-current assets	18,860	25,306	705	680	406	45,957
Total assets	19,158	25,306	721	680	418	46,283
Current liabilities						
Trade and other payables	55	566	23	9	16	669
Total current liabilities	55	566	23	9	16	669
Share of joint venture net assets	19,103	24,740	698	671	402	45,614

	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	31,564
Total non-current assets	6,059	23,804	671	641	389	31,564
Total assets	8,564	23,943	675	647	393	34,222
Current liabilities						
Trade and other payables	1,768	310	4	9	5	2,096
Total current liabilities	1,768	310	4	9	5	2,096
Share of joint venture net assets	6,796	23,633	671	638	388	32,126

As at 30 June 2020, 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. For GDJV, the principal place of business is c/- Comet Ridge Ltd, Level 3, 410 Queen Street, Brisbane QLD 4000.

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 2020	June 2019
Minimum expenditure requirements	$000's	$000's
● not later than 12 months	**1,056**	5,791
● between 12 months and 5 years	**2,257**	4,953
	3,313	10,744

Minimum expenditure requirements for joint operations as at 30 June 2020 have decreased as a result of the completion of the 2019/20 Galilee Deeps JV work program during the 2020 financial year.

Note 14 Trade and other payables

	Consolidated	
	June 2020	**June 2019**
Current	**$000's**	**$000's**
Trade payables	**1,398**	2,802

Trade payables includes $669,000 (2019: $1,793,000) 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.

Note 15 Provisions

	Consolidated	
	June 2020	**June 2019**
Current	**$000's**	**$000's**
Employee benefits	**436**	337
Restoration & rehabilitation	**102**	104
	538	441
Non-current		
Employee benefits	**34**	22
Restoration & rehabilitation	**1,677**	1,501
	1,711	1,523
	2,249	1,964

	June 2020	**June 2019**
Movements in carrying amounts of restoration and rehabilitation	**$000's**	**$000's**
Balance at the beginning of the year	**1,605**	1,322
Additions capitalised to exploration and evaluation expenditure	**153**	952
Utilisation of provision	**-**	(760)
Unwind of discount - finance charges	**23**	72
Foreign exchange movements	**(2)**	19
Balance at the end of the year	**1,779**	1,605

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.

Note 15 Provisions (continued)

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.

Note 16 Financial liability at fair value

	Consolidated	
	June 2020	**June 2019**
	$000's	**$000's**
Non-current		
Financial liability at fair value - Stanwell Corporation Limited	**19,206**	17,191

	June 2020	**June 2019**
Movements in financial liability at fair value	**$000's**	**$000's**
Balance at the beginning of the year	**17,191**	16,588
Movement in financial liability at fair value	**2,015**	603
Balance at the end of the year	**19,206**	17,191

The liability to Stanwell Corporation Limited 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 revisited the assumptions of the transaction in preparation of the 2019 Annual Report 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 continues to represent the maximum liability under the 2019 Agreement.

An expense of $2,015,000 has been recorded in the 2020 financial year as shown in the Movements in financial liability at fair value above.

Note 16 Financial liability at fair value (continued)

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 earliest 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 2020 and forecast at 1.1% per annum for the remaining period to 8 November 2021.
4. The pre-tax discount rate applied is also 12%.

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 1.1% pa forecast 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 0.9% or $209,000; or increase by approximately 0.8% or $172,000.
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 2.1% or $475,000 or decrease by approximately 2% or $456,000, 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.

Note 17 Equity

	Consolidated June 2020 $000's	June 2019 $000's
Ordinary shares - fully paid	**140,200**	129,110

Movements in ordinary shares	June 2020 Number of Shares	June 2019 Number of Shares	June 2020 $000's	June 2019 $000's
Balance at the beginning of the period	**727,876,423**	676,650,986	**129,110**	112,440
Share placement @ 34 cents per share		51,225,437	**-**	17,417
Share placement @ 19 cents per share	**52,631,579**	-	**10,000**	-
Share Purchase Plan @ 19 cents per share	**8,492,028**	-	**1,614**	-
Share issue costs	**-**	-	**(524)**	(747)
Balance at the end of the year	**789,000,030**	727,876,423	**140,200**	129,110

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.

Note 18 Reserves

	Consolidated	
	June 2020	June 2019
	$000's	$000's
Foreign currency translation	**1,251**	1,248
Share-based payments	**(50)**	65
	1,201	1,313

	June 2020	June 2019
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	**65**	70
Shares issued on vesting of Performance Rights	**-**	-
Share-based payments during the year	**(115)**	(5)
Balance at the end of the year	**(50)**	65

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 2020	June 2019
(a) Reconciliation of cash flow from operations	$000's	$000's
Loss for the year	**(10,395)**	(4,001)
Depreciation	**67**	50
Exploration and evaluation assets written off	**5,630**	155
Share-based payments	**(115)**	(5)
Net exchange differences	**3**	(11)
Movement in financial liability at fair value	**2,015**	603
Changes in assets and liabilities		
Decrease in trade and other receivables	**355**	340
Decrease in inventories	**53**	22
Decrease in prepayments and deposits paid	**567**	13
(Decrease)/Increase in trade payables and accruals	**(621)**	96
Increase in provisions	**128**	351
	(2,313)	(2,387)

(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.

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.

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 2020 $000's	June 2019 $000's
Statement of Comprehensive Income		
Share-based payments' expense included in employee benefits' expense	**(115)**	(5)

Annual assessment of the likelihood of Performance Rights 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.

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 2020.

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.

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.

Note 21 Share-based payments (continued)

The following table shows the number and movements of Performance Rights during the 2020 year:

Grant Date	Expiry Date	Share Price at Grant Date (cents)	No. of Rights 30 June 2019	Granted During the Year	Vested During the Year	Expired During the Year	No. of Rights 30 June 2020
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
31-Dec-19	31-Dec-21	19.00	-	750,000	-	-	750,000
31-Dec-19	31-Dec-22	19.00	-	750,000	-	-	750,000
31-Dec-19	30-Jun-23	19.00	-	1,000,000	-	-	1,000,000
			5,475,000	2,500,000	-	(3,875,000)	4,100,000

At 30 June 2020, all Performance Rights were subject to non-market vesting conditions.

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

Note 22 Contingent liabilities

There are no contingent liabilities of the Group as at 30 June 2020.

Note 23 Commitments

Lease commitments

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

	Consolidated	
	June 2020	June 2019
Payable – minimum lease payments	$000's	$000's
● not later than 12 months	79	90
● between 12 months and 5 years	8	14
	87	104

Note 23 Commitments (continued)

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 2020	**June 2019**
Minimum expenditure requirements	**$000's**	**$000's**
● not later than 12 months	**1,056**	7,766
● between 12 months and 5 years	**13,683**	12,027
	14,739	19,793

Minimum expenditure commitments as at 30 June 2020 have decreased as a result of the completion of the 2019/20 Galilee Deeps JV work program during the 2020 financial year, offset by additional commitments for the recently awarded Mahalo North permit (ATP 2048).

Bank guarantees

Westpac Banking Corporation have provided bank guarantees totalling $452,000 (2019: $472,000) as follows:

- $252,000 (2019: $239,000) to the State of Queensland - Group's exploration permits and environmental guarantees; and
- $200,000 (2019: $200,000) to the State of NSW - Group's exploration permits and environmental guarantees.

The bank guarantees are secured by term deposits.

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 2020	**June 2019**
Financial Assets	**$000's**	**$000's**
Cash and cash equivalents	**4,636**	12,998
Trade and other receivables	**1,384**	481
Restricted cash	**452**	472
	6,472	13,951
Financial Liabilities		
Trade and other payables	**1,398**	2,802
Financial liability at fair value - Stanwell Corporation Limited	**19,206**	17,191
	20,604	19,993

Note 24 Risk management (continued)

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.

	Profit or Loss		**Equity**	
	1% increase	**1% decrease**	**1% increase**	**1% decrease**
2020 – Consolidated	**$000's**	**$000's**	**$000's**	**$000's**
Cash and cash equivalents and restricted cash	**51**	**(51)**	**51**	**(51)**
2019 – Consolidated				
Cash and cash equivalents and restricted cash	135	(135)	135	(135)

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. This is based on the undiscounted cash flows of the financial liabilities based on the earliest date on which they are required to be paid. With respect to the liability to Stanwell Corporation Limited (SCL) arising from the Renegotiated Mahalo Option Agreement, the Group will manage this liquidity risk by 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 2020	**$000's**	**$000's**	**$000's**	**$000's**
Trade and other payables	**1,398**	**-**	**1,398**	**1,398**
Financial liability at fair value - Stanwell Corporation Limited	**-**	**22,397**	**22,397**	**19,206**
	1,398	**22,397**	**23,795**	**20,604**
Consolidated - 30 June 2019				
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

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.

Note 24 Risk management (continued)

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

	2020 NZD	2019 NZD
Financial Assets	**$000's**	**$000's**
Cash and cash equivalents	**2**	**1**
Trade and other receivables	**1**	**1**
Financial Liabilities		
Trade and other payables	**(16)**	**(12)**

Based on financial instruments held at 30 June 2020 and 30 June 2019, 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 2020 $nil, (2019: $nil) of the Group's receivables were past due. The Group has no other significant concentration of credit risk.

Cash and cash equivalents, restricted cash and term deposits
The Group has a significant concentration of credit risk with respect to cash deposits with banks. 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.

Note 24 Risk management (continued)

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 2020 (refer Note 16).

	Consolidated	
Financial Liabilities - Level 3	**June 2020**	**June 2019**
	$000's	**$000's**
Financial liability at fair value - Stanwell Corporation Limited	**19,206**	17,191
Balance at the beginning of the year	**17,191**	16,588
Movement in financial liability at fair value	**2,015**	603
Balance at the end of the year	**19,206**	17,191

Other fair value disclosures
The Directors consider that the carrying amount of trade receivables and payables recorded in the financial statements approximates their fair values due to their short-term nature.

Note 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 % 2020	Equity Holding % 2019
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 Mahalo North 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.

Note 25 Accounting Policies (continued)

Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the parent entity.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in Other Comprehensive Income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that any amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in Other Comprehensive Income are reclassified to profit or loss where appropriate.

Joint arrangements
The Group has interests in the following Joint Arrangements:

ATP 1191 Mahalo	–	40.00%
ATP 743 Galilee	–	70.00%
ATP 744 Galilee	–	70.00%
ATP 1015 Galilee	–	70.00%
PEL427 Gunnedah	–	59.09%
PEL428 Gunnedah	–	68.42%
PEL6 Gunnedah	–	29.55%

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

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

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

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

Note 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 KMP 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 (2019: $44.25 million) less provisions for impairment $44.08 million (2019: $44.08 million).

Note 26 Related party transactions (continued)

The parent entity has also loaned funds to its subsidiaries of net $28.48 million (2019: $25.65 million) primarily to undertake exploration expenditure. The parent entity has impaired the carrying amount of the loans by $8.48 million (2019: $8.33 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.

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
Shaun Scott	Non-executive Director (appointed 16 October 2019)

	Consolidated	
	June 2020	June 2019
	$	$
Short-term employee benefits	**888,600**	884,639
Post-employment benefits	**62,861**	43,127
Long-term employment benefits	**18,787**	10,869
Share-based payments	**44,493**	(3,385)
	1,014,741	935,250

Note 28 Parent entity disclosures

	June 2020	June 2019
	$000's	$000's
Current assets	**6,696**	14,688
Non-current assets	**58,341**	48,603
Total assets	**65,037**	63,291
Current liabilities	**1,717**	2,809
Non-current liabilities	**2,397**	2,181
Total liabilities	**4,114**	4,990
Net assets	**60,923**	58,301
Contributed equity	**154,809**	143,720
Share-based payments' reserve	**3,713**	3,829
Accumulated losses	**(97,599)**	(89,248)
Total equity	**60,923**	58,301
Loss for the period	**8,343**	4,048
Other comprehensive income	**-**	-
Total Comprehensive Income	**8,343**	4,048

Bank guarantees
Bank guarantees are disclosed in Note 13.

Contingent liabilities
Contingent liabilities are disclosed in Note 13.

Note 28 Parent entity disclosures (continued)

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.

Note 29 Post balance date events

On 7 July 2020 it was announced that the Mahalo Gas Project (in which Comet Ridge holds a 40% interest) had been granted Queensland State Government Petroleum Leases (PLs) 1082 (Humboldt) and 1083 (Mahalo) for a term of 30 years. These Petroleum Lease awards were the final regulatory approval required for the project to move forward to production and follows the Commonwealth Government Environment Protection and Biodiversity Conservation Act (EPBC) approval in May 2020 and the Queensland Department of Environment and Science environmental approval in June 2020.

On 24 August 2020, Comet Ridge issued a further 7,730,000 unlisted Performance Rights to eligible employees and long-term contractors. The Performance Rights were issued in two parcels, with parcel 1 vesting at 1 July 2021 and parcel 2 vesting at 1 July 2022. These have been issued in accordance with the Company's Performance Rights Plan which was summarised in the Notice of Meeting for the 2016 Annual General Meeting. No Performance Rights were issued to KMP in relation to this award of rights.

The Company received R&D tax incentive refunds totalling $1.3 million in August and September 2020 relating to eligible expenditure incurred in the Galilee Basin during FY2018 and FY2019.

On 21 September 2020, Comet Ridge announced that it had been selected by the Queensland Government as the preferred tenderer of two additional gas blocks in the emerging Mahalo Gas Hub area. The new blocks to be awarded to Comet Ridge are as follows:

- PLR2020-1-1 (which will be called Mahalo East) covers an area of 97 km^2 and is located immediately east of Mahalo North (and north of the Mahalo Gas Project) in the same high-quality gas fairway. Similar to Comet Ridge's 100% owned Mahalo North project, Mahalo East is considered an immediate extension of the Mahalo Gas Project; and
- PLR2020-1-2 (which will be called Mahalo Far East) covers an area of 338 km^2 and is located slightly further east again. This block is interpreted to contain the north-eastern extent of the high-quality gas fairway and to have a very large gas in place volume, providing significant potential upside within the Mahalo Gas Hub.

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 2020 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, 24 September 2020

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:

- giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- 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 2020
- 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 & 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, Mahalo North 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 (indexed by CPI from March 2014) may become payable on 8 November 2021.

The ability of the Group to continue as a going concern depends upon the successful raising of funding through debt, equity, sell down 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 $790,000, 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.	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.

- We chose Group total assets because, in our view, it is the benchmark against which the performance 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 (E&E) assets represent the Mahalo and Galilee Deeps Joint Ventures (JVs), Mahalo North and the Gunnedah and Galilee Basin tenements, and have a carrying value of $72,738,000 at 30 June 2020. E&E expenditure capitalised in the year totalled $15,226,000. E&E Assets totalling $5,481,000 relating to certain Galilee Basin CSG wells that lie in areas that may be relinquished or are outside of the CSG development fairway have been written off. All expenditure in relation to the Gunnedah Basin ($149,000) has been written-off 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	The following procedures, amongst others, were performed in relation to the carrying value of the Exploration and Evaluation Assets: - Considered the Group's accounting position paper on the ability to continue to capitalise exploration and evaluation assets for each area of interest; - Agreed the licence expiry date of the respective tenements (ATP's, PL's and PCA's) to the Department of Natural Resources, Mines and Energy (DNRME) website to identify assets where expiry of the Group's right to explore had or will expire in the near term; - Compared the minimum exploration spend commitments per the licence to actual exploration spend incurred; - Assessed the FY21 budget to determine if exploration spend had been included for the respective tenements to demonstrate continued exploration activity; - Discussed likely developments and future plans for the respective tenements with Management; - Agreed the write-off of exploration assets to underlying records relating to specific well costs

Key audit matter	*How our audit addressed the key audit matter*
tenure status, in determining whether the assets should continue to be capitalised.	and considered the rationale for the write-off of those costs; and - Assessed the appropriateness of disclosures included in the financial report regarding the write-off of Exploration and Evaluation assets.
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 was renegotiated and amended twice during the 2019 financial year. 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.	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; - Read the Stanwell Agreements, 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 Agreement; - Consulted with PwC Valuation specialists in relation to the appropriateness of the discount rate to be applied; - Considered the forecast inflation rates over the remaining timeframe of the Stanwell 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 FY20.

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 2020, 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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 22 to 28 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Comet Ridge Limited for the year ended 30 June 2020 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
24 September 2020

Additional Information

The additional information set out below was applicable at 16 September 2020:

1. Number of Equity Holders

Ordinary Share Capital

789,000,030 fully paid ordinary shares are held by 2,507 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	168	6,995	0.000%
1,001 - 5,000	286	923,823	0.120%
5,001 - 10,000	290	2,359,114	0.300%
10,001 - 100,000	1,048	45,407,856	5.760%
100,001 - maximum	715	740,302,242	93.760%
	2,507	**789,000,030**	**100.000%**

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

The numbers of shareholders holding less than a marketable parcel (being 5,953 units or less) were:

487 Holders (1,109,701 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
Awal Bank BSC	51,500,000	6.53%

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 11,580,000 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 8.

6. The 20 Largest Holders of Ordinary Shares

		Number of Ordinary Fully Paid Shares Held	Percentage of Issued Capital %
1.	CITICORP NOMINEES PTY LIMITED	68,132,578	8.64%
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,550,296	2.86%
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	22,400,391	2.84%
4.	MCKAY SUPER PTY LTD	20,253,129	2.57%
5.	NORFOLK ENCHANTS PTY LTD <TROJAN RETIREMENT FUND A/C>	20,090,089	2.55%
6.	BRIXIA INVESTMENTS LTD	19,306,201	2.45%
7.	GILBY RESOURCES PTY LTD	18,000,000	2.28%
8.	SIXTH ERRA PTY LTD	17,969,150	2.28%
9.	KABILA INVESTMENTS PTY LTD	17,479,318	2.22%
10.	NATIONAL NOMINEES LIMITED	17,248,209	2.19%
11.	BNP PARIBAS NOMS PTY LTD <DRP>	15,146,497	1.92%
12.	WATERFORD ATLANTIC PTY LTD	13,854,976	1.76%
13.	PG CONSOLIDATED PTY LTD <THE PG A/C>	13,463,297	1.71%
14.	MR CHRISTOPHER JOHN BLAMEY + MRS ANNE MARGARET BLAMEY <ACB SUPER FUND A/C>	10,888,297	1.38%
15.	VILLIERS QUEENSLAND PTY LTD <PAUL BROSNAN ACCOUNT>	10,212,152	1.29%
16.	BIAN GROUP PTY LIMITED	10,054,120	1.27%
17.	MR PAUL GEOFFREY FUDGE	9,272,633	1.18%
18.	NAUGHTON SUPER PTY LTD <NAUGHTON SUPER A/C>	8,400,000	1.06%
19.	BRAZIL FARMING PTY LTD	7,859,062	1.00%
20.	KEW SUPERANNUATION FUND PTY LTD <K W SUPERANNUATION FUND A/C>	7,684,440	0.97%
TOTAL		**350,264,835**	**44.39%**

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 [2]	Bowen Basin	40%	Origin Energy, as upstream operator for APLNG
ATP2048	Bowen Basin	100%	Comet Ridge Mahalo North Pty Ltd
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
PEL427 [4]	Gunnedah Basin	100% Conventional 59.09% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
PEL428 [4]	Gunnedah Basin	100% Conventional 68.42% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
PEL 6 [4]	Gunnedah Basin	97.5% Conventional 29.55% CSG	Comet Ridge Limited (Conventional) Santos NSW (Betel) Pty Ltd (CSG)
PMP50100 [5]	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] Subsequent to 30 June 2020, part of the ATP 1191 Mahalo Permit was converted to Petroleum Lease (PL) 1082 and 1083 with the remainder area, covered by Petroleum Commercial Area (PCA) applications 302, 303 and 304.

[3] The Authorities to Prospect (ATPs) located in the Galilee Basin have been 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 ATPs.

[4] 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.

[5] 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
Shaun Scott – Non-executive Director
Company Secretary – Stephen Rodgers

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