



Comet Resources Limited

ABN 88 060 628 202

and its

Controlled Entities

Half-Year Financial Report

31 December 2019

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COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Directors

Mr H Halliday – Non-Executive Chairman – Appointed 16 December 2014
Mr D Prentice – Non-Executive Chairman - Appointed on 11 October 2018
Mr A Molyneux – Non-Executive Chairman - Appointed 15 February 2019
Mr Matthew O’Kane – Managing Director – Appointed 12 November 2019

Company Secretary

Mr S Cheema

**Registered Office &
Principal Place of Business**

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

Telephone: (08) 6489 1600

Email: comet@cometres.com.au

Share Registry

Advanced Share Registry Services Pty Ltd
110 Stirling Highway
NEDLANDS WA 6009

Auditor

Stantons International
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited

Home Exchange: Perth, Western Australia

ASX Codes: CRL

Web Page

www.cometres.com.au

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COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2019.

Directors

The names of the Company's Directors in office during the half-year and until the date of their report are set out below. Directors were in office for this entire period unless otherwise stated.

Hamish Halliday

Mr Halliday founded Adamus Resources Limited and grew that Company to a multi-million-ounce emerging gold producer. Mr Halliday also co-founded Gryphon Minerals Limited and Venture Minerals Ltd, both highly successful junior explorers.

Mr Halliday is a Director of Blackstone Minerals Ltd, Alicanto Minerals Ltd, McTavish Industries Pty Ltd and Venture Minerals Ltd. He previously resigned from Renaissance Minerals Limited on 26 September 2018. No other Directorships in listed companies in the last three years.

Director since 16 December 2014, appointed Chairman in October 2018.

David Prentice

Mr Prentice is a senior resources executive with 25 plus years domestic and international experience. Mr Prentice started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and production companies. During the last 12 years, Mr Prentice has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies.

Mr Prentice is currently Managing Director of Brookside Energy (ASX: BRK), a Non-Executive Director of Black Mesa Production LLC, Non-Executive Chairman of Lustrum Minerals Limited (ASX: LRM).

Director since 11 October 2018.

Alexander Molyneux

Mr Molyneux was CEO of Paladin Energy Limited (ASX: PDN) (2015 – 2018) one of the world's largest uranium companies, where he optimized its operating business and completed a US\$700M successful recapitalisation of the company and a re-listing on the ASX. Prior to that, Alex spent approximately five years with Ivanhoe Mines Group and Ivanhoe Energy in various leadership capacities including as CEO and Director of SouthGobi Resources Ltd. (TSX: SGQ) (2009 – 2012). Mr Molyneux is currently Managing Director of Galena Mining (ASX: G1A) and serves on a number of public company boards, including: Argosy Minerals Ltd. (ASX: AGY), Metalla Royalty & Streaming Ltd. (TSX-V: MTA), Tempus Resources Ltd. (ASX: TMR), Northern Territories Pty Ltd and Azarga Metals Corp. (TSX-V: AZR).

Director since 15 February 2019

Matthew O'Kane

Mr. O'Kane is an experienced mineral industry executive and company director with 25 years' experience in the mining, commodities and automotive sectors. He has held senior leadership roles in Australia, the USA and Asia, in both developed and emerging markets, from startup companies through to MNC's. He has served on the board of mining companies in Canada, Hong Kong and Australia. During his career he has worked with company's involved in exploration, development and with producing companies.

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DIRECTORS' REPORT

Mr. O'Kane is currently a non-executive director of Azarga Uranium Corporation (TSX:AZZ) and Pursuit Minerals (ASX:PUR).

Director since 12 November 2019

RESULTS OF OPERATIONS

The net loss of the consolidated entity for the six months to 31 December 2019 is \$1,259,771 (31 December 2018: \$ 864,291 loss). The net loss was comprised mainly of expenditure on mineral exploration together with administration costs.

During the half-year the consolidated entity carried out its principal activities being:

Highlights

- Diamond drilling program assays completed with multiple broad zones of shallow, high-grade graphite results released over the December quarter incl. **57m @ 22.38% Total Graphitic Carbon (TGC)** (ASX 17 Oct 2019), **17m @ 16.55% TGC** (ASX 24 Oct 2019) **10.9m @ 10.61% TGC** (ASX 25 Nov 2019) and **42.5m @ 17.02% TGC including 3.23m @ 51.02% TGC** (ASX 28 Nov 2019)
- Appointment of Matthew O'Kane as Managing Director (ASX 12 Nov 2019)
- Capital raise of \$562,500 before costs completed (ASX 19 Nov 2019)
- Highly experienced specialist teams engaged to conduct Aerial Electromagnetic (EM) survey, diamond drilling and metallurgical testwork (ASX 10 Oct 2019)
- EM completed, providing strong dataset to optimise graphite exploration efficiency by targeting shallow, high-grade, graphite (ASX 15 Oct 2019). Survey identified priority graphite targets in close proximity to Resources and 18 kilometres of strike length
- Metallurgical test work on diamond drill core underway in Perth. Initial results expected in Q1 2020.
- R&D Grant funding submission completed and submitted to Australian Government.

Post 31 December 2019

- Announcement of proposed acquisition of the Barraba Copper Project in Northern NSW as part of a strategy to obtain further assets that share graphite's exposure to the forecast growth in battery commodities required to support the de-carbonisation of the global transport network (ASX 23 Jan 2020)
- Receipt of R&D Grant payment of \$480k
- The Company despatched its Notice of General Meeting to be held on 3 April 2020 in order to seek shareholder approval for the acquisition of the Barraba Copper Project and capital raising.

Operations Report

A total of 12 pre-collared diamond drill holes were completed for 1005.7 metres between late August and mid-September at Springdale. The drilling was designed to primarily provide bulk sample material for detailed metallurgical test work as well as infill geological and structural information on the graphite mineralisation at the Northern and Western Resource areas.

All PQ and HQ diamond infill and twin metallurgical holes completed in the North Zone resource area successfully intersected multiple high grade graphite intersections (Figure 1).

HD024, the first hole targeting identified high-grade graphite mineralisation in the Northern Zone, intersected 57 metres of high-grade graphite of 22.38% TGC (Figure 2), from just 35.5 metres downhole and confirming previous RC drill intersections (ASX 17 Oct 2019).

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A highest grade graphite result to date of **3.23m @ 51.02% TGC from 35.27m** was returned from a wider interval of **42.5m @ 17.02% TGC from 20m** in hole HD024A. This hole was drilled as a twin of HD024 and showed stronger oxidation and veining but again confirmed the continuity of the high grade graphite mineralisation on the eastern side of the north zone.

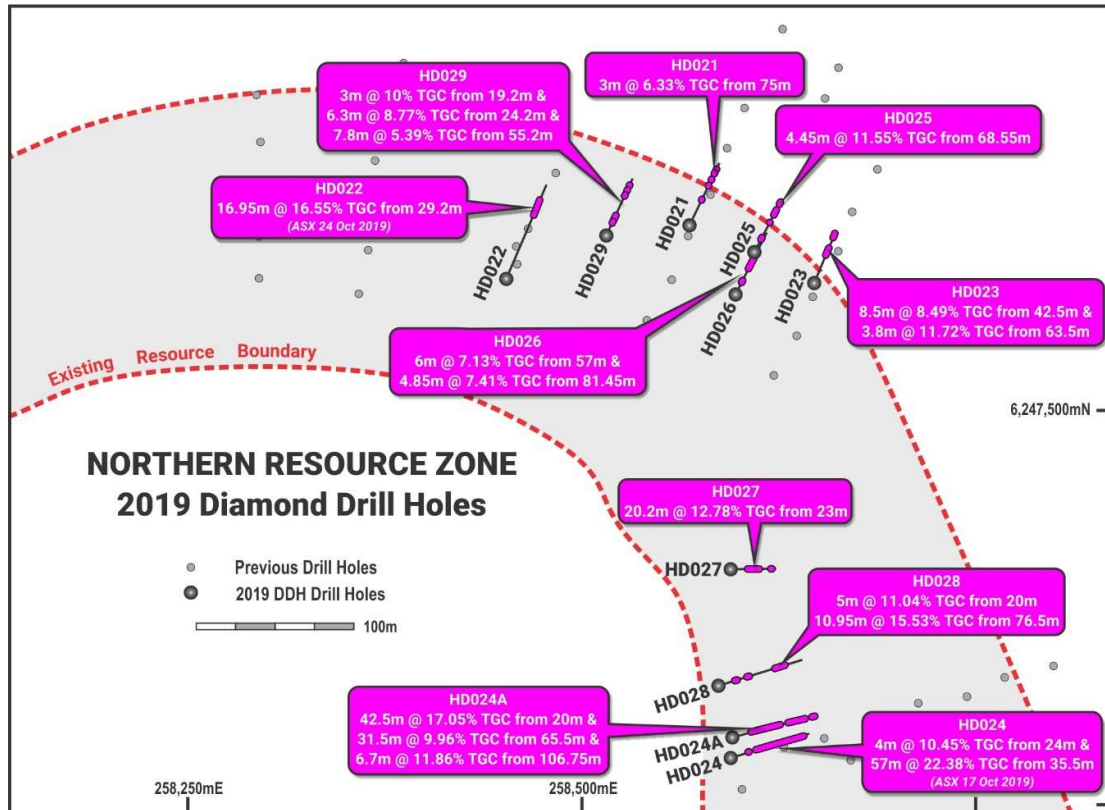


Figure 1. North Zone drill location plan graphite intersections

A single PQ hole HD031 designed to test interpreted high-grade graphite Resource wireframes was drilled targeting the West Zone Resource area. This infill hole was drilled north of previous high grade intersections such as in HD003 (**17.5m at 11 % TGC from 27m, including 6m at 22% TGC from 37m; ASX 15 Nov 2016**) and HD008 (**15.02m at 7.13% TGC from 13.1m, including 7.37m at 12.09% TGC from 19.5m; ASX 15 Sept 2017**).

Hole HD031 successfully confirmed the resource interpretation with high grade graphite mineralisation up to **10.9m at 10.61% TGC from 25m** including **6m at 17.57% CGT from 26m** intersected 40m north of previous intersections.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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DIRECTORS' REPORT

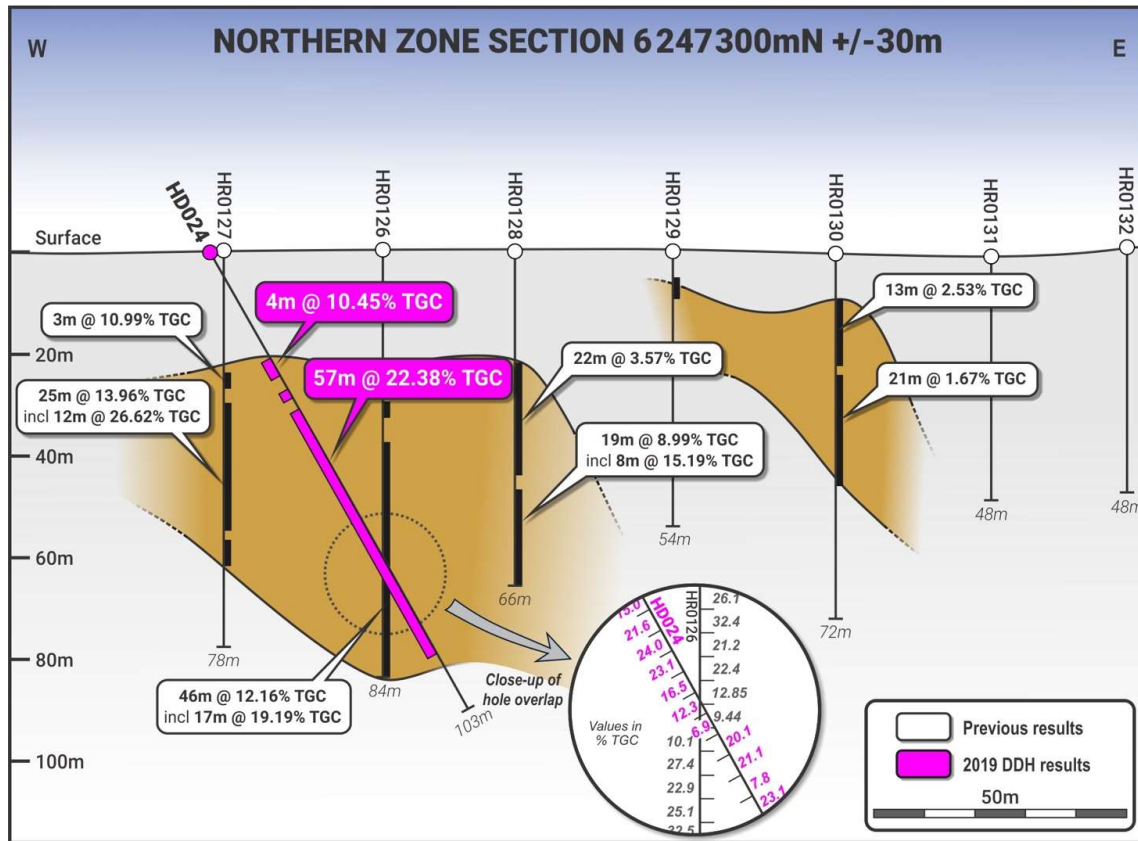


Figure 2. Drilling Cross section looking north-northwest

Corporate Activities

The Company appointed Matthew O'Kane as Managing Director during the quarter (ASX 12 Nov 2019). Mr O'Kane is an experienced Executive and Company Director with a career spanning 25 years, across the mining, commodities and automotive sectors. He has held senior executive roles across a range of private and public-companies in Australia, the USA and Asia.

The Company successfully completed a capital raise of \$562,500 before costs (ASX 19 Nov 2019).

The application submitted for an R&D grant in December of 2019 was approved by the Australian Government and funds of \$480K were received during January of 2020.

The proposed acquisition of the Barraba Copper Project in Northern NSW was announced on January 23, 2020. The 2,375ha exploration license that covers the project area, EL8492, is located near the town of Barraba, approximately 550km north of Sydney. It sits along the Peel Fault line and encompasses the historic Gulf Creek and Murchison copper mines. The region is known to host volcanogenic massive sulphide (VMS) style mineralisation containing copper, zinc, lead and precious metals. Historical workings at Gulf Creek produced high-grade copper for a short period around the turn of the 19th century, and this area will form a key part of the initial exploration focus.

Comet believes that copper is set to see an increase in demand due to the global efforts to reduce emissions from the transport network and also from generation of electricity. Copper is not only an important part the batteries used in BEV's but is also used extensively in the electric motors that drive the wheels of BEV's and is also used intensively in the generation of electricity from renewables, such as solar and wind. The Company believes that the Barraba copper project complements its existing

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DIRECTORS' REPORT

Springdale graphite project due to their shared end uses in batteries for BEV's, and better utilises available board and management resources with the aim of driving shareholder value.

It is recommended that this half-yearly report be read in conjunction with the 30 June 2019 Annual Report and any public announcements made by the Group during the half year.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding exploration and other activities of the consolidated entity.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes have occurred in the state of affairs of the consolidated entity.

ASX Listing Rules Compliance

In preparing the half year Review for the period ended 31 December 2019, the Company has relied on the following ASX announcements

ASX Announcement	1 July 2019	Completion of Share Placement
ASX Announcement	9 July 2019	EM Survey Targets Extensions to High-Grade Graphite Resource
ASX Announcement	18 July 2019	Drilling to Commence at High Grade Springdale Project
ASX Announcement	31 July 2019	Quarterly Activities Report and Appendix 5B Jun 2019
ASX Announcement	4 September 2019	Springdale Aerial EM Survey Complete and Drilling Progress
ASX Announcement	30 September 2019	Annual Report to shareholders
ASX Announcement	10 October 2019	Appointment of Experienced Team for Metallurgical Testwork
ASX Announcement	15 October 2019	EM Survey Identifies Priority Graphite Targets
ASX Announcement	17 October 2019	Outstanding Graphite Results From Latest Diamond Drilling
ASX Announcement	24 October 2019	More High Grade Results From Latest Diamond Drilling
ASX Announcement	24 October 2019	Outstanding Graphite Results From Latest Diamond Drilling
ASX Announcement	31 October 2019	Quarterly Activities Report and Appendix 5B Sep 2019
ASX Announcement	12 November 2019	Comet Appoints Managing Director
ASX Announcement	19 November 2019	Funding to Advance the High-Grade Springdale Project Secured
ASX Announcement	25 November 2019	West Zone Hole Confirms High Grade Graphite Continuity
ASX Announcement	28 November 2019	Highest Grade Graphite Intercept to date from North Zone
ASX Announcement	23 January 2020	Copper Project Acquisition
ASX Announcement	31 January 2020	Quarterly Activities Report and Appendix 5B Dec 2019
ASX Announcement	18 February 2020	Capital Raising Provides Strong Endorsement for Acquisition
ASX Announcement	20 February 2020	CRL Investor Presentation - RIU explorers conference

Compliance Statement This report contains information extracted from reports cited herein. These are available to view on the website www.cometres.com.au. In relying on the above ASX announcements and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the abovementioned announcements or this Half Year Report for the period ended 31 December 2019.

Tenement List

Project	Location	Tenement	Interest
Springdale	WA	E74/562	100%
		E74/612	100%
Bell's find	NSW	M74/1055	25%

EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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DIRECTORS' REPORT

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 17.

Signed in accordance with a resolution of the Directors.



.....
Hamish Halliday
Chairman

Perth, 12 March 2020

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COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

		Consolidated	
		Half-year ended 31 Dec 19	Half-year ended 31 Dec 18
		\$	\$
	Note		
Administration expenses		(393,111)	(466,009)
Exploration expenses		(900,589)	(835,220)
Operating result		<u>(1,293,700)</u>	<u>(1,301,229)</u>
Loss before interest and taxes and depreciation		(1,293,700)	(1,301,229)
Depreciation		-	-
Loss before interest and taxes		(1,293,700)	(1,301,229)
Other income	2(a)	33,929	436,938
Loss before taxes		(1,259,771)	(864,291)
Net (loss) for the period		(1,259,771)	(864,291)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive (loss) for the period		<u>(1,259,771)</u>	<u>(864,291)</u>
Net (loss) attributable to the parent entity		<u>(1,259,771)</u>	<u>(864,291)</u>
Total comprehensive (loss) attributable to the members of the parent entity		<u>(1,259,771)</u>	<u>(864,291)</u>
Basic loss per share (cents)	4	(0.45)	(0.42)
Diluted loss per share (cents)	4	(0.45)	(0.42)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**ABN 88 060 628 202****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

		Consolidated	
	Note	As at 31 Dec 19 \$	As at 30 June 19 \$
CURRENT ASSETS			
Cash and cash equivalents		427,231	1,291,468
Trade and other receivables		48,456	-
TOTAL CURRENT ASSETS		<u>475,687</u>	<u>1,291,468</u>
NON-CURRENT ASSETS			
Other financial assets		2,000	2,000
TOTAL NON-CURRENT ASSETS		<u>2,000</u>	<u>2,000</u>
TOTAL ASSETS		<u>477,687</u>	<u>1,293,468</u>
CURRENT LIABILITIES			
Trade and other payables		211,282	82,298
Provision for Employee Benefits		-	12,494
TOTAL CURRENT LIABILITIES		<u>211,282</u>	<u>94,792</u>
TOTAL LIABILITIES		<u>211,282</u>	<u>94,792</u>
NET ASSETS		<u>266,405</u>	<u>1,198,676</u>
EQUITY			
Issued capital	7	11,328,632	9,896,132
Shares to be issued		-	1,105,000
Reserves	8	907,962	907,962
Accumulated losses		(11,970,189)	(10,710,418)
TOTAL EQUITY		<u>266,405</u>	<u>1,198,676</u>

The consolidated statement of financial position should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated	
		Half-year ended 31 Dec 19 \$	Half-year ended 31 Dec 18 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,225,666)	(1,293,974)
Interest and grant received	2(a)	33,929	436,938
Net cash flows (used in) operating activities		<u>(1,191,737)</u>	<u>(857,036)</u>
Cash flows from investing activities			
		-	-
Net cash flows from investing activities			-
Cash flows from financing activities			
Issue of share capital, net of issue costs		327,500	849,816
Net cash flows from financing activities		<u>327,500</u>	<u>849,816</u>
Net (decrease) in cash and cash equivalents		(864,237)	(7,220)
Cash and cash equivalents at beginning of period		1,291,468	819,776
Cash and cash equivalents at end of period		<u>427,231</u>	<u>812,556</u>

The consolidated statement of cash flows should be read in conjunction with the accompanying condensed notes.

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COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital \$	Shares to be issued	Accumulated Losses \$	Other Reserves \$	TOTAL \$
As at 1 July 2018	8,894,316	-	(8,805,907)	655,756	744,165
Net loss for the period	-	-	(864,291)	-	(864,291)
Total comprehensive (loss) for the period	-	-	(864,291)	-	(864,291)
Incentive shares deemed value	-	-	-	-	-
Shares and options issued	849,816	-	-	-	849,816
As at 31 December 2018	9,744,132	-	(9,670,198)	655,756	729,690
As at 1 July 2019	9,896,132	1,105,000	(10,710,418)	907,962	1,198,676
Net loss for the period			(1,259,771)		(1,259,771)
Total comprehensive (loss) for the period			(1,259,771)		(1,259,771)
Shares issued (net of costs)	1,432,500	(1,105,000)			327,500
As at 31 December 2019	11,328,632	-	(11,970,189)	907,962	266,405

The consolidated statement of changes in equity should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Note 1: Summary of Significant Accounting Policies

a. Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Comet Resources Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

These interim financial statements were authorized for issue on 12 March 2020.

b. Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements aside from what is disclosed in Note 1e. The Group has considered the implications of new and amended Accounting Standards that became applicable on or after 1 January 2019 but determined that their application to the financial statements is either not relevant or not material.

c. Impact of new standards

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 1 (d) below.

d. Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

i. Initial Application of AASB 16: Leases

The Group has assessed that there are no leases that require the recognition of a right-of-use asset or lease liability in the statement of financial position at the reporting date. Lease agreements currently entered into by the Group are less than 12 months. The Board have assessed that at this point, the leases will not be renew and applied the exemption of short-term leases of AASB 16 para 5.

ii. Leases

The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

e. Going Concern

As per the interim financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2019, the Group had cash and cash equivalents of \$427,231 and incurred a loss after income tax of \$1,259,771.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

	Consolidated	
	31 Dec 19	31 Dec 18
	\$	\$

Note 2: Loss from Ordinary Activities

(a) Net Other Income

Interest received – other entities	386	794
Grant Received	33,543	94,113
R&D Refund	-	342,031
Total net other income	<u>33,929</u>	<u>436,938</u>

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Note 3: Segment Reporting

The Group has identified its operating segments based on the internal reports that are provided to the Board (Chief Operating Decision Maker) for making strategic decisions.

The Company operates predominately in one geographical segment, being Australia, and one operating segment being mineral exploration.

Note 4: Earnings per share

	2019 Number	2018 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	280,915,761	206,425,272
	<hr/>	<hr/>
	2019 Number	2018 Number
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	280,915,761	206,425,272
	<hr/>	<hr/>

Note 5: Contingent Liabilities and Contingent Assets

The group does not have any contingent assets or liabilities outstanding at 31 December 2019.

Note 6: Dividends

There are no dividends paid or payable during the half-year.

Note 7: Issued Capital

	31 Dec 19 No.	31 Dec 18 No.	31 Dec 19 \$	31 Dec 18 \$
(a) Share Capital				
Issued share capital	296,000,000	230,450,000	11,328,632	9,744,132
(b) Share movements during the period				
Balance brought forward	240,000,000	195,750,000	9,896,132	8,894,316
Issued during the period net of share issue cost	56,000,000	34,700,000	1,432,500	849,816
At the end of the period	<hr/>	<hr/>	<hr/>	<hr/>
	296,000,000	230,450,000	11,328,632	9,744,132

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Note 8: Reserves

	Options Premium	Share Based Payments	Total
	\$	\$	\$
As at 1 July 2019	298,307	609,655	907,962
Incentive shares and options deemed value for the period	-	-	-
Options issued during the period	-	-	-
As at 31 December 2019	<u>298,307</u>	<u>609,655</u>	<u>907,962</u>
As at 1 July 2018	298,307	357,449	655,756
Incentive shares and options deemed value for the period	-	-	-
Options issued during the period	-	-	-
As at 31 December 2018	<u>298,307</u>	<u>357,449</u>	<u>655,756</u>

Note 9: Subsidiaries

Environmental Oil Solutions Pty Ltd – 100%
Ravensthorpe Management Pty Ltd – 100%

The Subsidiaries are incorporated in Australia and remain dormant at the date of this report.

Note 10: Events Subsequent to Reporting Date

On the 15th of January 2020 Comet Resources received the \$ 479,063 from the ATO in relation to the R&D Grant. The company also completed a capital raise of \$562,500 before costs, in addition the company has announced it plans to raise \$2,000,000 to fund the Barraba Copper Project Acquisition. There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

Note 11: Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or assets at balance date or date of this report.

Note 12: Commitments

There were no material commitments or contingencies at the reporting date for the parent company except for those disclosed in Note 11.

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The Directors of Comet Resources Limited declare that:

- (a) the financial statements and notes, set out on pages 8 to 15 are in accordance with the Corporations Act 2001:
 - give a true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended 31 December 2019 of the Group; and
 - comply with Accounting Standards and the Corporations Regulations 2001;
- (b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



.....
Hamish Halliday
Chairman

Perth, 12 March 2020

12 March 2020

The Directors
Comet Resources Limited
Suite 9, 330 Churchill Avenue
Subiaco WA 6008

Dear Sirs

RE: COMET RESOURCES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Comet Resources Limited.

As Audit Director for the review of the financial statements of Comet Resources Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED



Martin Michalik
Director

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
COMET RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Comet Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Comet Resources Limited (the consolidated entity). The consolidated entity comprises both Comet Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Comet Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Comet Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Comet Resources Limited on 12 March 2020.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Comet Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Regarding Going Concern

Without modifying our conclusion expressed above, attention is drawn to the following matter.

As referred to in Note 1(e) to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2019, the Group had cash and cash equivalents of \$427,231 and incurred a loss after income tax of \$1,259,771.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
12 March 2020

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