



# **2018 ANNUAL REPORT**

## **COMET RESOURCES LIMITED**

**and its**

**CONTROLLED ENTITIES**

**ABN 88 060 628 202**

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
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## CORPORATE DIRECTORY

### Directors

RO Jones (Chairman)  
AR Cooper (Managing Director)  
E Czechowski  
HP Halliday

### Company Secretary

S Cheema

### Registered Office & Principal Place of Business

Unit 1  
4 Canning Road  
KALAMUNDA WA 6076  
Telephone: 61 8 9466 7770

### Share Registry

Advanced Share Registry Limited  
110 Stirling Highway  
NEDLANDS WA 6009  
Telephone: 61 8 9389 8033  
Facsimile: 61 8 9262 3723

### Auditors

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  
ASX Code: CRL

**Web Page** [www.cometres.com.au](http://www.cometres.com.au)

**COMET RESOURCES LTD  
and its Controlled Entities  
CHAIRMAN'S REPORT**

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28<sup>th</sup> September 2018

Dear Fellow Shareholders,

Your Directors present the Annual Report and Audited Financial Statements of the Company for the year ended 30 June 2018.

During the year your Company has significantly advanced its 100% owned Projects.

- At the Springdale project we discovered several new graphite horizons and extensions to known graphite mineralisation. We also found that graphene can be produced from Springdale graphite rock by electrical exfoliation.
- We have also advanced the Gilmore Project with a new gold target currently being assessed.

We continue to evaluate opportunities for acquiring new tenements, either in our own right or by dealing with others.

The Board and management are highly experienced with a world-wide knowledge that is honed to finding and developing new prospects. The Board would like to thank you for your support, we will continue to manage your funds in a sensible and judicious manner and look forward to providing further tangible rewards to shareholders in the future.

Yours faithfully,



**R.O.JONES**  
**Chairman**

**COMET RESOURCES LTD  
and its Controlled Entities  
DIRECTORS' REPORT**

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The directors present their report together with the consolidated financial report of Comet Resources Limited ("Comet" or "the Group") and its controlled entities, for the year ended 30 June 2018 and the auditor's report thereon.

## **Directors**

The directors of the Company at any time during or since the end of the financial year are:

**Mr Robert (Roj) Oswald Jones** BSc (Joint Hons), FAusIMM, 70 (**Non-Executive (Chairman)**)

Mr Jones was a founding director of Comet. Mr Jones has over 45 years of experience in the mining industry with major resource development companies worldwide.

Director since 1993 – appointed Chairman in 1999.

No other Directorships in listed companies in the last 3 years.

**Mr Anthony (Tony) Roy Cooper** B.AppSc (Geol), MAusIMM, 59 (**Managing Director**)

Mr Cooper joined Comet in 1994. From 1996 to 2001 Mr Cooper was responsible for the geological and resource management of the Ravensthorpe Nickel Project.

Mr Cooper has over 20 years experience in the mining and mineral exploration industries, with particular expertise on gold and base metals.

Director since March 2001.

No other Directorships in listed companies in the last 3 years.

**Mr Hamish Peter Halliday** BSc (Geology), MAusIMM, 46 (**Non-Executive Director**)

Director since 16 December 2014.

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 and Venture Minerals Ltd. He resigned from Renaissance Minerals Limited on 26 September 2016.

No other Directorships in listed companies in the last three years.

**Mr Edmund Czechowski** FCPA, 69 (**Non-Executive Director**)

Director since 30 May 2013 and Company Secretary since 20 September 2007 (Resigned as Company Secretary on 22 May 2018).

Mr Czechowski is a Certified Practising Accountant and has over 30 years experience as Company Secretary and Financial Officer of both private and publicly listed companies.

No other Directorships in listed companies in the last three years.

**Mr Sonu Cheema** (**Company Secretary**)

Company Secretary since 22 May 2018.

Mr Cheema is a Certified Practising Accountant and has over 10 years experience as Company Secretary and Director of publicly listed companies within Australia and abroad.

**COMET RESOURCES LTD  
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DIRECTORS' REPORT (CONT'D)**

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## Directors' interests

The relevant interest of each director in the share capital of the companies within the consolidated entity, as notified by the directors to the Australian Securities Exchange Limited in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary fully paid shares	Incentive Shares	Options	Incentive Options
RO Jones	19,409,953	-	625,000	500,000
AR Cooper	26,063,517	-	5,500,000	-
E Czechowski	1,490,000	-	-	500,000
HP Halliday	5,400,000	-	-	3,000,000

## Earnings per Share

	Cents
Basic loss per share	(1.17)
Diluted loss per share	(1.17)

## Dividends

No dividends have been paid or will be recommended to be paid.

## Nature of Operations and Principal Activities

The principal activities of Comet Resources Ltd and its subsidiaries during the course of the financial year was mineral exploration.

There has been no significant change in the nature of this activity during the year.

## Results

The net loss after income tax of the consolidated entity for the financial year was \$2,006,363 (2017: \$1,278,134 loss).

## Operating and Financial Review

Comet will continue to take a range of approaches to attempt to increase shareholder value.

### Springdale Project E74/562 E74/583 E74/612 (100% Comet)

Comet's Springdale project is located approximately 30 km east of Hopetoun, Western Australia. The tenements lie within the deformed southern margin of the Yilgarn Craton and constitute part of the Albany-Fraser Orogen. The tenements cover freehold land with sealed road access within 20km and are located approximately 150km from the port of Esperance. Comet owns 100% of the three tenement's (E74/562, E74/583 and E74/612) that make up the Springdale project. The total land holding at Springdale is approximately 220 square kilometres.

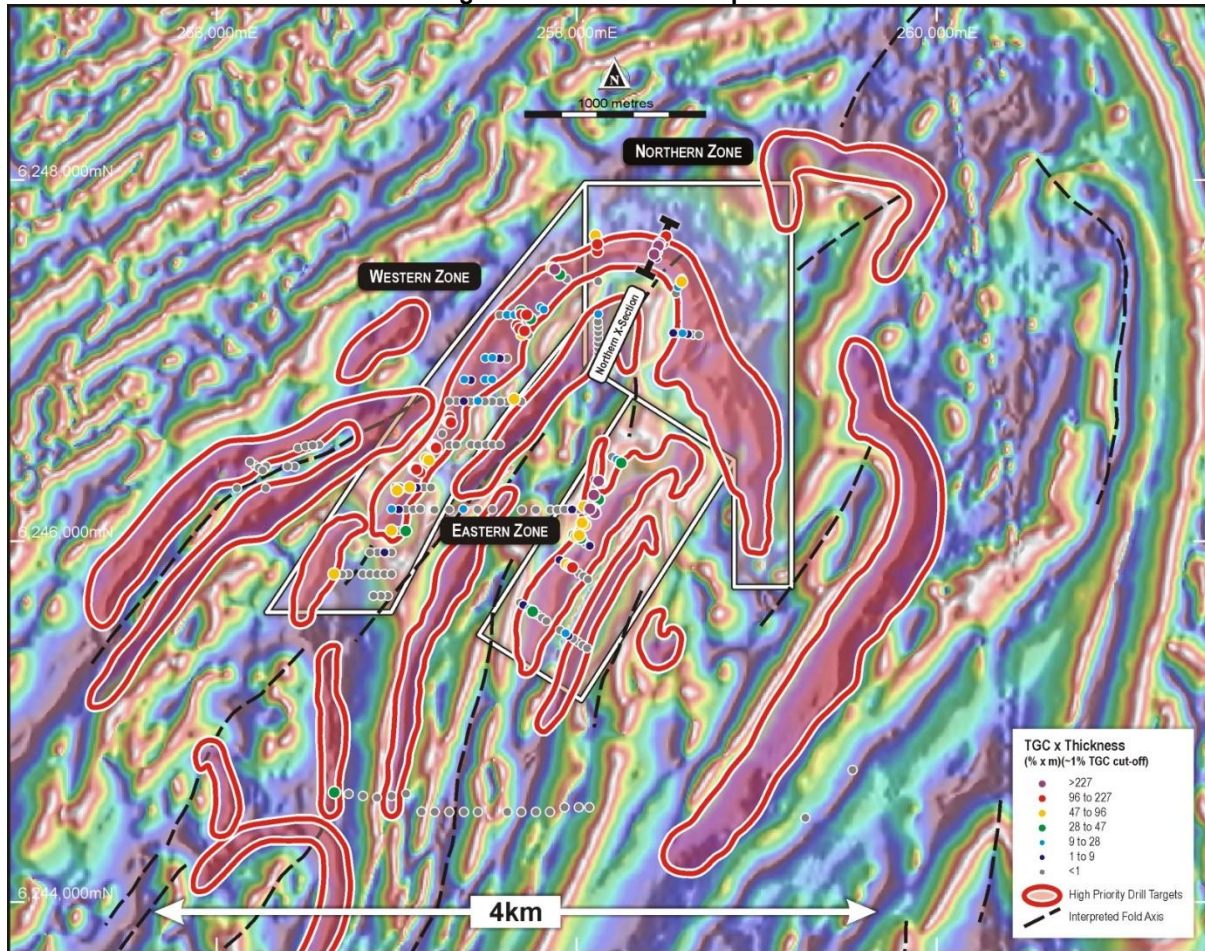
Comet completed a successful first pass aircore drilling program in February 2016. This program confirmed that graphite was present in a prospective zone/horizon (Western Zone).

Comet conducted a 220 sq. km detailed aeromagnetic survey over the Project. Interpretation has delineated 26 Km of stratigraphy deemed to be prospective for graphite mineralisation. Comet has only drilled 20% of this stratigraphy to date and has discovered multiple graphite zones. Structural interpretation identified tight folding of the stratigraphy within Comet's tenements, highlighting the potential for repetition and thickening of prospective units.

Comet has now drilled 93 RC holes for a total of 5320m, 113 aircore holes for 2,901 metres and 20 diamond holes for 1,193 metres.

**COMET RESOURCES LTD  
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DIRECTORS' REPORT (CONT'D)**

**Figure 1 – Collar location plan**



Significant intersections from drilling included;

**Northern Zone**

HR0060

- 20m @ 19.3% TGC from 30m including 13m @ 25.8% TGC and 2m @ 19.3% TGC

HR0061

- 7m @ 16.3% TGC from 15m including 3m @ 35.1% TGC
- 15m @ 7.3% TGC from 24m including 2m @ 23.1% TGC and 2m @ 16.1% TGC

HR0082

- 19m @ 14.21% TGC from 20m including 6m @ 27.34% TGC and 1m @ 33% TGC

HR0083

- 21m @ 14.57% TGC from 37m including 12m @ 21.75% TGC.

**Western Zone**

HD001

- 15.5m @ 9.9% TGC from 30.5m including 7m @ 20.8% TGC

HD003

- 17.5m @ 11.3% TGC from 27m including 6m @ 22.3% TGC

HD016

- 15.5m @ 7.5% TGC from 8.5m including 4m @ 12.1% TGC and 1.9m @ 19.3% TGC
- 14m @ 6.7% TGC from 28m including 3.25m @ 20.2% TGC

HD017

- 10.5m @ 7.6% TGC from 9.5 m including 4.95m @ 14.1% TGC

**Eastern Zone**

HD018

- 5.6m @ 7% TGC from 15.5m
- 4.6m @ 15.8% TGC from 40m including 3.1m @ 21% TGC
- 11m @ 25.6% TGC from 49m including 9 metres @ 30.2% TGC

HR0036

- 12m @ 12.2% TGC from 26m including 5m @ 23.1% TGC

HR0069

- 6m @ 9.5% TGC from 38m including 2m @ 16.2% TGC
- 6m @ 18.3% TGC from 47m including 5m @ 21.7% TGC

**COMET RESOURCES LTD  
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DIRECTORS' REPORT (CONT'D)**

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Comet discovered in April 2017 that graphene nano platelets can be produced from Springdale graphite by electrical chemical exfoliation.

Testwork has continued over the year with new processes and solutions to increase graphene and yield and quality. Designing and construction of a bench scale exfoliation device has also been completed. This will allow for more production to supply graphene product for trials with potential end users and to test design parameters.

It is very rare for a graphite deposit to be able to produce graphene using the electro chemical exfoliation method.

### **What is Graphene**

Graphene is a natural material. Researchers discovered graphene in the 1940s; it was only in 2004 that a graphene sheet was isolated. In 2010 this achievement was awarded a Nobel Prize.

Graphite is stacked graphene sheets (a 1mm thick piece of graphite would be made from approximately 3 million sheets of graphene). Consider graphene as being a 2-dimensional (**2D**) material and graphite a 3-dimensional material, the challenge is to separate the sheet. Graphene is the most expensive material in the world and some commentators call 2004 the start of the graphene Era.

### **Why Graphene**

- It is the thinnest and toughest 2D material, 200 times stronger than steel.
- Graphene is flexible and transparent, has the largest surface area of all materials, and is the most stretchable crystal. The material is also extremely impermeable, even helium atoms cannot go through it.
- Graphene is currently the best electricity conductor known to man and is the perfect thermal conductor.
- Graphene is light - it weighs just 0.77 milligrams per square meter. As it is a single 2D sheet, it has the highest surface area of all materials.

### **Graphene Production**

There are two approaches to produce graphene and graphene-related materials. The first one is top-down, which means you begin with graphite and produce graphene. The second one is bottom-up, which starts with carbon in some form and synthesizes graphene sheets or flakes. These production methods to date have been expensive.

### **Graphene Uses**

Graphene's properties make it a wonder material that can be incorporated into a huge number of applications such as coatings and paints, composite materials, conductive inks, displays, graphene thermal applications, energy containers, membranes, 3D printings, sensors, electronics, energy generation, photonics / optics, medicine and biology, lubricants, spintronics to list a few. Over 13,000 graphene related patents have been filed and this number grows weekly.

Please see Comet's ASX announcements and web page for more information.

### **Gilmore Project EL8282 (100% Comet)**

The Gilmore Project is a 90 square kilometre exploration licence (EL 8282) located located 80km west of Canberra in New South Wales. The Project is an attractive target for gold and base metal mineralisation due to the presence of a Silurian volcano-sedimentary sequence, located close to a major regional thrust fault zone (the Gilmore Suture).

The Main Ridge North Prospect has been recognised by Comet as a priority gold target due to the presence of gold mineralisation with anomalous rock chip Ag, Mo, Bi and Se geochemistry in the vicinity of a possible shallow intrusive body (proximal style of intrusive related gold mineralisation).

Please see Comet's ASX announcements and web page for more information.

### **Competent Person Statement**

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr Anthony Cooper. Mr Cooper is a Consultant to Comet and Managing Director and is a Member of the Australasian Institute of Mining and Metallurgy, with over 20 years' experience in the mining industry. Mr Cooper has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr



**COMET RESOURCES LTD  
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DIRECTORS' REPORT (CONT'D)**

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Cooper consents to the inclusion in this Annual Report of the matters based on his information in the form and context in which they appear.

This Report may include forward-looking statements that are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risk, uncertainties and other factors, many of which are outside the control of Comet Resources that could cause actual results to differ materially from such statements. Comet Resources makes no undertaking to subsequently update or revise forward-looking statements made in this Report to reflect events or circumstances after the date of this Report.

## **Review of Financial Condition**

The Group has cash reserves of \$819,776 at 30 June 2018 (2017: \$1,481,637) and a net asset position of \$744,165 (2017: \$1,436,559). The Company considers this to be adequate to:

- meet the tenement exploration commitments; and
- assess new exploration projects.

## **Capital Structure**

A General Meeting of Shareholders held on 9 August 2017 approved the issue of the following shares and options:

- 11,550,000 Fully Paid Ordinary Shares at \$0.05;
- 4,000,000 Options exercisable at \$0.10 expiring 31 December 2019;
- 10,000,000 Options exercisable at \$0.10 expiring on 31 December 2020 or if, at any time between 1 January 2020 and 31 December 2020, the 30 day volume weighted average price of Shares as traded on ASX is \$0.20 or more, the Company has the right to give notice to the Optionholder that the expiry date of the Options is accelerated (Acceleration Notice) to that date which is 20 business days after the date of the Acceleration Notice is given to the Optionholder and the Company will issue an ASX announcement on the date the Acceleration Notice is given announcing the new expiry date of the Options.
- 5,000,000 Options exercisable at \$0.15 expiring on 31 December 2020 or if, at any time between 1 January 2020 and 31 December 2020, the 30 day volume weighted average price of Shares as traded on ASX is \$0.20 or more, the Company has the right to give notice to the Optionholder that the expiry date of the Options is accelerated (Acceleration Notice) to that date which is 20 business days after the date of the Acceleration Notice is given to the Optionholder and the Company will issue an ASX announcement on the date the Acceleration Notice is given announcing the new expiry date of the Options.
- 4,000,000 Incentive Options exercisable at \$0.001 expiring 30 July 2022.

On 28 September 2017, 6,000,000 unlisted incentive options exercisable at \$0.001 expiring on 30 July 2021 and which vested on 1 July 2017 were converted to fully paid ordinary shares.

On 11 December 2017, the following options issues took place:

- 400,000 Options exercisable at \$0.10 expiring on 31 December 2019; and
- 500,000 Options exercisable at \$0.001 expiring on 30 July 2022.

On 31 January 2018, 6,000,000 unlisted incentive options exercisable at \$0.001 had vested and were converted to fully paid ordinary shares.

On 28 May 2018, Comet Resources advised that it had issued 19,250,000 Fully Paid Ordinary Shares at an issue price of \$0.04 per share by way of share placement.

## **Risk Management**

The Group takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Group believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee and the whole Board acts in that role.

**COMET RESOURCES LTD  
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DIRECTORS' REPORT (CONT'D)**

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The Board has a number of mechanisms in place to ensure that the management's objectives and activities are aligned with the risks identified by the Board.

## **Significant Events since Reporting Date**

There has not been any significant changes in the state of affairs during the year ended 30 June 2018 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

## **Likely Developments**

The consolidated entity will focus on the exploration of its portfolio of mining tenements and the acquisition of new projects and/or assets.

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations on future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

## **Environmental Regulation and Performance**

The consolidated entity's operations were subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities.

The directors are not aware of any breaches during the period covered by this report.

## **Indemnification of Officers**

The Company has agreed to indemnify and keep indemnified the following officers, Mr RO Jones, Mr AR Cooper, Mr HP Halliday and Mr E Czechowski against all liabilities incurred by the directors and officers as a director or officer of the Company (and subsidiaries) and all legal expenses incurred by the directors as a director of the Company (and subsidiaries).

The indemnity only applies to the extent and in the amount that the directors and officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company (or subsidiaries), under the general law or otherwise.

The indemnity does not extend to any liability:

- to the Company or a related body corporate of the Company; or
- arising out of conduct of the directors involving a lack of good faith; or
- which was incurred prior to 15 April 1994 and which is in respect of any negligence, default, breach of duty or breach of trust of which the directors may be guilty in relation to the Company or related body corporate.

## **Insurance of Officers**

Since the end of the previous financial year the Company has paid insurance premiums of \$6,684 in respect of directors and officers liability and corporate reimbursement, for directors and officers of the Company. The insurance premiums relate to:

- any loss for which the directors and officers may not be legally indemnified by the Company arising out of any claim, by reason of any wrongful act committed by them in their capacity as a director or officer, first made against them jointly or severally during the period of insurance; and
- indemnifying the Company against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any director or officer in their capacity as a director or officer, first made against the director or officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid in respect of each individual officer of the Company.

## **Remuneration Report (Audited)**

This report outlines the remuneration arrangements in place for directors and key management personnel of Comet Resources Ltd.

### **Remuneration Philosophy**

The performance of the Group depends upon the quality of its directors and key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Company bases its remuneration of employees and consultants on industry standards and the Australasian Institute of Mining and Metallurgy Remuneration and Membership Survey. Whilst in the exploration and acquisition phase, the Company targets the lowest quartile of remuneration levels.

### **Remuneration Structure**

In accordance with best practice corporate governance, the structure of Non-executive director and Executive remuneration is separate and distinct.

Details of the nature and amount of each element of the emoluments of each director of the Company and the consolidated entity are:

### **Remuneration Committee**

Due to the size and composition of the current board, remuneration related matters are collectively discussed and resolved in accordance with Company requirements.

### **Employment Agreements**

Comet has entered into the following agreements with Directors:

- An agreement with Alberta Resources Pty Ltd for the services of Mr Tony Cooper with fees of \$396,000 per year. The agreement is on commercial terms and can be terminated at 1 months' notice; and
- An agreement with Huntworth Pty Ltd for the services of Edmund Czechowski with fees of \$56,000 per year. The agreement is on commercial terms and can be terminated at 1 months' notice.
- Agreements in regards to the other directors of the Company continue to roll forward in conjunction with their directorships.

### **Directors' Fees and Benefits**

Directors' fees are determined within an aggregate fee pool limit, which is periodically recommended for approval by Shareholders. This amount is separate from any specific tasks the Directors may take on for the Company.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts of the Company) because of a contract made by the Company or a related body corporate with the Director or with a firm of which the Director has a substantial financial interest, other than:

- a) geological consulting and management fees paid or due and payable to Alberta Resources Pty Ltd of \$396,000, an entity in which Mr Cooper has a substantial financial interest for services provided in the normal course of business and at normal commercial rates.
- b) a total of \$56,000 was paid to Huntworth Pty Ltd, an entity in which Mr Czechowski has a substantial financial interest for company secretarial services provided in the normal course of business and at normal commercial rates.

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DIRECTORS' REPORT (CONT'D)**

- c) a total of \$39,420 was paid to Mr Jones as Chairman of the Company during the year ended 30 June 2018.
- d) a total of \$69,764 was paid to Mr Halliday as Director of the Company during the year ended 30 June 2018.

**Directors' & Key Management Personnel remuneration for the Year ended 30 June 2018**

Name		Short-term			Post-employment		Share-based	Total	Perform-ance based	Remun-eration consisting of incentive shares or options %
		Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retire-ment benefits	Incentive shares or options			
		\$	\$	\$	\$	\$	\$	\$	%	%
RO Jones	2018	36,000	-	-	3,420	-	- <sup>1</sup>	39,420	-	0.0%
Chairman	2017	36,000	-	1,558	3,420	-	325	41,303	-	0.8%
AR Cooper	2018	357,000	-	-	-	-	-	357,000	-	0.0%
Managing Director	2017	240,000	-	8,600	-	-	1,299	249,899	-	0.52%
E Czechowski	2018	56,000	-	-	-	-	- <sup>1</sup>	56,000	-	0.0%
Non-executive	2017	56,000	-	1,558	-	-	325	57,883	-	0.6%
HP Halliday	2018	69,764	-	-	-	-	- <sup>1</sup>	69,764	-	0.0%
Non-executive	2017	31,662	-	1,558	1,187	-	649	35,056	-	1.85%
<b>Total 2018</b>		<b>518,764</b>	<b>-</b>	<b>-</b>	<b>3,420</b>	<b>-</b>	<b>-</b>	<b>522,184</b>		
<b>Total 2017</b>		<b>363,662</b>	<b>-</b>	<b>13,274</b>	<b>4,607</b>	<b>-</b>	<b>2,598</b>	<b>384,141</b>		

The Company undertakes to apply for official quotation by ASX of all ordinary Shares allotted pursuant to the convert of any Incentive Options.

<sup>1</sup>During the year, the Company issued 4,000,000 incentive options to Hamish Halliday (3,000,000), Robert Jones (500,000) and Edmund Czechowski (500,000). These options vest upon the Company achieving a JORC compliant resource or a change of control event occurring. These vesting conditions are yet to satisfied.

## Directors' interests

The numbers of ordinary shares in the Company held during the financial year by each director and key management personnel of Comet, including their personally-related entities, are set out below.

Shares held by directors and key management personnel are as follows:

Name	Balance at the start of the year	Acquired during the year	Disposed of during the year	Balance at the end of the year
RO Jones	15,609,953	1,650,000	-	17,259,953
AR Cooper	15,763,517	5,650,000	-	21,413,517
E Czechowski	340,000	950,000	-	1,290,000
H Halliday	1,000,000	3,150,000	-	4,150,000

Options held by directors and key management personnel at reporting date are as follows:

Name	Balance at the start of the year	Acquired during the year	Balance at the end of the year
RO Jones	-	-	-
AR Cooper	4,000,000	-	4,000,000
E Czechowski	-	-	-
H Halliday	-	-	-

Incentive shares held by directors or key management personnel at reporting date are as follows:

**COMET RESOURCES LTD**  
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**DIRECTORS' REPORT (CONT'D)**

Name	Balance at the start of the year	Granted as compensation during the year	Converted to Ordinary Shares during the year	Balance at the end of the year
RO Jones	750,000	-	750,000	-
AR Cooper	3,000,000	-	3,000,000	-
E Czechowski	750,000	-	750,000	-
H Halliday	1,500,000	-	1,500,000	-

Incentive Options held by directors and key management personnel at reporting date are as follows:

Name	Balance at the start of the year	Acquired during the year	Exercised during the year <sup>1</sup>	Balance at the end of the year
RO Jones	1,800,000	500,000	900,000	1,400,000
AR Cooper	3,300,000	-	1,650,000	1,650,000
E Czechowski	400,000	500,000	200,000	700,000
H Halliday	2,500,000	3,000,000	1,250,000	4,250,000

<sup>1</sup> Exercise of unlisted Incentive Options exercisable at \$0.001 expiring 30 July 2021 and vested on 1 July 2017.  
End of Remuneration Report.

## Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board Meetings	
	A	B
RO Jones	6	6
AR Cooper	6	6
E Czechowski	6	4
H Halliday	6	6

A = Number of meetings eligible to attend

B = Number of meetings attended during the time the Director held office during the year.

## Committee Memberships

As at the date of this report the Company does not have a Remuneration, Nomination or Audit Committee. This role is assumed by the full Board.

## Significant changes in State of Affairs

During the financial year there were no significant changes in the state of affairs of the consolidated entity.

## **Auditor's Independence and Non-Audit Services**

The Company's auditor, Stantons International, did not provide any non-audit services during the year.

A copy of the Auditor's independence declaration as required by Section 307c of the Corporations Act 2001 is set out on page 40.

## **Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Comet Resources Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's corporate governance statement is contained on its web page at [www.cometres.com.au](http://www.cometres.com.au).

Signed in accordance with a resolution of directors.



**AR Cooper  
Managing Director**

Dated at Perth this 28<sup>th</sup> September 2018

**COMET RESOURCES LTD**  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 30 June 2018**

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	Note	<b>CONSOLIDATED</b>	
		<b>2018</b> <b>\$</b>	<b>2017</b> <b>\$</b>
Administration expenses		(688,447)	(411,815)
Exploration expenses		(1,592,766)	(875,138)
<b>Operating result</b>		<b>(2,281,213)</b>	<b>(1,286,953)</b>
<b>Loss before interest and taxes and depreciation</b>		<b>(2,281,213)</b>	<b>(1,286,953)</b>
Depreciation	3(b)	-	-
<b>Loss before interest and taxes</b>		<b>(2,281,213)</b>	<b>(1,286,953)</b>
Net other income	3(a)	274,850	8,819
<b>Loss before taxes</b>		<b>(2,006,363)</b>	<b>(1,278,134)</b>
<b>Net loss for the year</b>	12	<b>(2,006,363)</b>	<b>(1,278,134)</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive loss for the year</b>		<b>(2,006,363)</b>	<b>(1,278,134)</b>
<b>Net loss attributable to the members of the parent entity</b>		<b>(2,006,363)</b>	<b>(1,278,134)</b>
<b>Total comprehensive loss attributable to the members of the parent entity</b>		<b>(2,006,363)</b>	<b>(1,278,134)</b>
<b>Basic loss per share</b>	13	(1.17) cents	(1.00) cents
<b>Diluted loss per share</b>		(1.17) cents	(1.00) cents

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 17 to 38.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2018**

		<b>CONSOLIDATED</b>	
	<b>NOTE</b>	<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	819,776	1,481,637
Trade and other receivables	7	17,443	39,419
<b>Total current assets</b>		<b>837,219</b>	<b>1,521,056</b>
<b>Non-current assets</b>			
Other financial assets	8	2,000	2,000
<b>Total non-current assets</b>		<b>2,000</b>	<b>2,000</b>
<b>TOTAL ASSETS</b>		<b>839,219</b>	<b>1,523,056</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	84,290	86,497
Provisions		10,764	-
<b>Total current liabilities</b>		<b>95,054</b>	<b>86,497</b>
<b>TOTAL LIABILITIES</b>		<b>95,054</b>	<b>86,497</b>
<b>NET ASSETS</b>		<b>744,165</b>	<b>1,436,559</b>
<b>EQUITY</b>			
Issued capital	10	8,894,316	7,621,895
Reserves	11	655,756	614,208
Accumulated losses	12	(8,805,907)	(6,799,544)
<b>TOTAL EQUITY</b>		<b>744,165</b>	<b>1,436,559</b>

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 17 to 38.



**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2018**

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		<b>CONSOLIDATED</b>	
		<b>2018</b>	<b>2017</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(2,209,133)	(1,258,255)
Grants and Rebates		269,992	-
Interest received		4,859	8,819
		<hr/>	
<b>Net cash flows (used in) operating activities</b>	14(b)	(1,934,282)	(1,249,436)
		<hr/>	
<b>Cash flows from financing activities</b>			
Issue of shares and options net of issue costs		1,272,421	1,384,952
		<hr/>	
<b>Net cash flows from financing activities</b>		1,272,421	1,384,952
		<hr/>	
<b>Net (decrease/increase in cash and cash equivalents)</b>		(661,861)	135,516
Cash and cash equivalents at the beginning of the year		1,481,637	1,346,121
		<hr/>	
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<b>819,776</b>	<b>1,481,637</b>
		<hr/>	

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 17 to 38.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2018**

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	Issued Capital \$	Accumulated losses \$	Other Reserves \$	Total \$
<b>CONSOLIDATED</b>				
<b>As at 1 July 2016</b>	6,240,542	(5,521,410)	608,010	1,327,142
Net loss for the year	-	(1,278,134)	-	(1,278,134)
Total comprehensive loss for the year	-	(1,278,134)	-	(1,278,134)
Incentive shares deemed value	-	-	2,598	2,598
Option issues	-	-	3,600	3,600
Shares issued	1,381,353	-	-	1,381,353
<b>As at 30 June 2017</b>	7,621,895	(6,799,544)	614,208	1,436,559
Net loss for the year	-	(2,006,363)	-	(2,006,363)
Total comprehensive loss for the year	-	(2,006,363)	-	(2,006,363)
Options issued	-	-	41,548	41,548
Shares issued (net of costs)	1,272,421	-	-	1,272,421
<b>As at 30 June 2018</b>	<b>8,894,316</b>	<b>(8,805,907)</b>	<b>655,756</b>	<b>744,165</b>

The consolidated statement of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 17 to 38.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2018**

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**1. CORPORATE INFORMATION**

The financial report of Comet Resources Limited ("Comet") for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 28<sup>th</sup> September 2018.

Comet Resources Limited is a Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of Comet and its subsidiaries ("the Group") are described in the Directors' Report.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant policies, which have been adopted in the preparation of this financial report, are:

**(a) Basis of Preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, Australian Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements of Comet Resources Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

It has been prepared on the basis of accrual accounting and historical costs, modified where applicable, by the measurement at fair value of selected financial assets.

The financial report is presented in Australian dollars.

**(b) Accounting Policies**

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2017 but determined that their application to the financial statements is either not relevant or material.

**(c) Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Comet Resources Limited ("Comet") at the end of the reporting period. A controlled entity is any entity over which Comet has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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**(d) Revenue Recognition**

**Interest Income**

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

**Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income amount and is released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

**Sale of Non-Current assets**

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

**(e) Cash and Cash Equivalents**

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short terms deposits with an original maturity of six months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

**(f) Intangible Assets**

*Acquired both separately and from a business combination*

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the statement of comprehensive income through the 'research and development expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

**(f) Intangible Assets (cont'd)**

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

*Research and development costs*

Research costs are expensed as incurred.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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Development expenditure incurred on an individual project in the future may be carried forward when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

**(g) Impairment of Assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(h) Investments and Other Financial Assets**

Financial assets in the scope of AASB 139 Financial Instruments: Recognitions and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value plus, in the case if investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

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

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are required for the purpose of selling in the near term with the intention of making a profit. Gains or losses on investments held for trading are recognised in profit and loss.

**(ii) Available-for-sale-investments**

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as the preceding category. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognized in profit or loss.

The fair values of investments that are actively traded in organized financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and options pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

**(i) Other Taxes**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

**(j) Foreign Currency Transactions**

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at reporting date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of comprehensive income in the financial year in which the exchange rates change.

**(k) Borrowing Costs**

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

**(l) Income Tax**

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for the financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

**(m) Trade and Other Receivables**

The collectability of debts is assessed at reporting date and specific provision is made for any doubtful accounts. Trade debtors to be settled within 60 days are carried at amounts due.

**(n) Plant and Equipment**

**Acquisition**

Items of plant and equipment are initially stated at cost less accumulated depreciation and impairment losses.

**Depreciation and Amortisation**

Items of plant and equipment are depreciated/amortised using the straight-line method over their estimated useful lives.

The depreciation rates used for plant and equipment range between 13% and 50%.

Assets are depreciated or amortised from the date of acquisition.

**(o) Leased Assets**

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

**Finance Leases**

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

**Operating Leases**

Payments made under operating leases are charged against profits in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

**(p) Exploration and Evaluation Expenditure**

All exploration and evaluation expenditure is expensed as incurred.

**(q) Trade and Other Payables**

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

**(r) Employee Entitlements**

**Wages, Salaries and Annual Leave**

The provisions for employee entitlements to wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the reporting date, calculated at undiscounted amounts based on expected wage and salary rates including related on-costs.

**Superannuation Plan**

The Company contributes to defined contribution superannuation plans. Contributions are charged against income as they are made.

**(s) Share-based Payment Transactions**

The Group provides benefits to employees or consultants (including directors) of the Group in the form of share-based payment transactions, whereby employees or consultants render services in exchange for shares or rights over shares ('equity-settled transactions').

The directors may provide these benefits at their discretion by a resolution or there is currently a plan in place to provide these benefits, the Employee Share Option Plan (ESOP), which provides benefits to directors, executives and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Comet (market conditions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 15).

**(t) Contributed Equity**

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



**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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**(u) Segment Reporting**

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the statement of profit or loss and other comprehensive income and statement of financial position.

**(v) Earnings Per Share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

**(v) Earnings Per Share (cont'd)**

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- a. costs of servicing equity (other than dividends) and preference share dividends;
- b. the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have not been recognized as expenses; and
- c. other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(w) Significant Accounting Estimates**

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date which they are granted. The fair value is determined by the Company using a binomial model.

*Provision for loans to subsidiaries*

The Company has provided in full for funds advanced to its subsidiary.

*Deferred taxation*

Deferred income tax assets are recognised for carry forward unused tax losses to the extent that it is probable that taxable profits will be available against which the tax losses can be utilised. At 30 June 2018 no deferred tax asset has been recognised in relation to the unused tax losses as it is not considered probable that taxable profits will be available.

**(x) New Accounting Standards for Interpretation in Future Periods**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its

**(x) New Accounting Standards for Interpretation in Future Periods (cont'd)**

hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments).

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

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

- AASB 16: *Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

**(x) New Accounting Standards for Interpretation in Future Periods (cont'd)**

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application. The directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures).

- AASB 2014-10: *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (applicable to annual reporting periods commencing on or after 1 January 2018). This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: *Business Combinations* to an associate or joint venture and requires that:
  - a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
  - the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
  - any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

**(xi) New amended standards adopted by the group**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2017 affected any of the amounts recognised in the correct period or any prior period, although it caused minor changes to the Group's disclosures.

**3. REVENUES AND EXPENSES**

**(a) Revenue**

	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Interest – other parties	4,858	8,819
R&D Tax Rebate	189,992	-
DMP Grant Funds	80,000	-
	<u>274,850</u>	<u>8,819</u>

**(b) Expenses**

Depreciation		
- plant & equipment	-	-
<b>Lease payments, included in statement of profit or loss and other comprehensive income</b>		

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**3. REVENUES AND EXPENSES (cont'd)**

Operating leases	21,600	21,600
<b>(c) Directors/consultants benefits expense, included in statement of profit or loss and other comprehensive income</b>		
Consulting & Directors' fees	518,764	363,662
Superannuation costs	3,420	4,607
Share-based payment expense	-	2,598
	<u>522,184</u>	<u>370,867</u>

**4. SEGMENT INFORMATION**

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 entity has two reportable operating segments namely exploration and research and development.

The exploration segment is involved in the exploration of minerals in Australia.

The research and development segment is involved in the research and development of the EOS Technology. For the year ended 30 June 2018 no research or development was undertaken.

**Operating segments**

The following tables' present revenue and loss information and certain asset and liability information regarding operating segments for the years ended 30 June 2018 and 30 June 2017.

	<b>Exploration</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Year ended 30 June 2018</b>		
<b>Revenue</b>		
Interest revenue		4,858
R&D Tax Rebate		189,992
DMP Grant Funds		80,000
Total consolidated revenue		<u>274,850</u>
<b>Result</b>		
Segment expenses	(2,281,213)	(2,281,213)
Unallocated income		274,850
Loss before tax		<u>(2,006,363)</u>
Net loss for the year		<u>(2,006,363)</u>
<b>Assets and liabilities</b>		
Segment assets	19,443	19,443
Unallocated assets		819,776
Total assets		<u>839,219</u>
Segment liabilities	(95,054)	(95,054)
Total liabilities		<u>(95,054)</u>
<b>Other segment information</b>		
Depreciation	-	-

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**4. SEGMENT INFORMATION (cont'd)**

	<i>Exploration</i>	<i>Total</i>
	<i>\$</i>	<i>\$</i>
<hr/> <b>Year ended 30 June 2017</b>		
<b>Revenue</b>		
Interest revenue		8,819
Total consolidated revenue		<u>8,819</u>
<b>Result</b>		
Segment expenses	(1,286,953)	(1,286,953)
Unallocated income		8,819
Loss before tax		<u>(1,278,134)</u>
Net loss for the year		<u>(1,278,134)</u>
<b>Assets and liabilities</b>		
Segment assets	41,419	41,419
Unallocated assets		1,481,637
Total assets		<u>1,523,056</u>
Segment liabilities	(86,497)	<u>(86,497)</u>
Total liabilities		<u>(86,497)</u>
<b>Other segment information</b>		
Depreciation	<u>-</u>	<u>-</u>

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**5. TAXATION**

**CONSOLIDATED**  
**2018                  2017**  
**\$                      \$**

**Statement of Comprehensive Income**

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the year ended 30 June 2018 is as follows:

Accounting loss before income tax	(2,006,363)	(1,278,134)
Non assessable income	(189,991)	-
	<u>(2,196,354)</u>	<u>(1,278,134)</u>
 <b>Prima facie tax benefit on loss from ordinary activities at 27.5% (2017: 27.5%)</b>	 (603,997)	 (351,487)
Tax effect of amounts which are not deductible in calculating taxable income	206,285	-
Share base payments	9,941	714
	<u>(387,771)</u>	<u>(350,773)</u>
 Movement in unrecognised temporary differences	 (16,536)	 30,423
 Tax effect of current year tax losses for which no deferred tax asset has been recognised	 404,307	 320,350
 Income tax expense	 <u>-</u>	 <u>-</u>

**Unrecognised temporary differences**

**Deferred Tax Assets at 27.5% (2017: 27.5%)**

Investment	-	-
Prepaid expenses	(2,437)	586
Provision for expenses & accruals	(5,096)	5,983
Capital raising costs	9,003	23,854
Carry forward revenue tax losses	3,670,268	3,266,961
Carry forward capital tax losses	311,598	311,598
	<u>3,983,336</u>	<u>3,607,982</u>

**Deferred Tax Liabilities at 27.5% (2017: 27.5%)**

Unearned Revenue	-	-
	<u>-</u>	<u>-</u>

The Group has revenue losses arising in Australia of \$13,346,429 (2017: \$11,876,221) and capital losses of \$1,133,083 (2017: \$1,133,083) that are available indefinitely for offset against future taxable profits of the companies in which the loss arose.

**CONSOLIDATED**  
**2018                  2017**  
**\$                      \$**

**6. CASH AND CASH EQUIVALENTS**

Cash	589,905	985,997
Short term deposits, maturing within 90 days and paying interest at a weighted average interest rate of 0.6% (2017: 0.6%)	229,871	495,640
	<u>819,776</u>	<u>1,481,637</u>

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	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>7. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	17,443	39,419
	<u>17,443</u>	<u>39,419</u>

As of 30 June 2018 trade and other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The Group does not have any collateral in relation to these receivables.

Details regarding the effective interest rate and credit risk of current receivables are disclosed in Note 20.

**8. OTHER FINANCIAL ASSETS**

**Non-current**

Security bonds	<u>2,000</u>	<u>2,000</u>
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**9. TRADE AND OTHER PAYABLES**

**Current**

Trade creditors	70,389	-
Accruals	<u>13,900</u>	<u>86,497</u>
	<u>84,289</u>	<u>86,497</u>

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>	<b>\$</b>	<b>\$</b>
<b>10. ISSUED CAPITAL</b>				
<b>Issued and paid-up capital</b>	<u>195,750,000</u>	<u>152,950,000</u>	<u>8,894,316</u>	<u>7,621,895</u>
<b>Movements in ordinary share capital</b>				
Balance at the beginning of the financial year	152,950,000	108,241,375	7,621,895	6,240,542
Shares issued during the year net of capital raising costs	42,800,000	44,708,625	1,272,421	1,381,353
Balance at the end of the financial year	<u>195,750,000</u>	<u>152,950,000</u>	<u>8,894,316</u>	<u>7,621,895</u>

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at a shareholders meeting. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

**Options**

At the reporting date, the Company had the following Options on issue.

<b>Options Numbers</b>	<b>Option Terms</b>	<b>Vesting conditions</b>
12,000,000	Unquoted Options exercisable at \$0.04 exp 31 December 2019	Not applicable
16,400,000	Unquoted Options exercisable at \$0.10 exp 31 December 2019	Not applicable
6,000,000	Unquoted Incentive options exercisable at \$0.001 exp 30 July 2021	Each Incentive Option shall vest, and therefore be exercisable as follows: (i) Tranche 1 50% of the Incentive Options vested on 1 July 2017 subject to the Related Party remaining an officer, employee or consultant to the Company at the time of vesting (failing which, any unvested Incentive Options will lapse);

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		(ii) Tranche 2 the remaining 50% of the Incentive Options shall vest upon the Company achieving one of the following milestones: The Incentive Options are exercisable upon the Company reporting 20 or more holes intersecting 6 metres or more at 8%+ Graphite; (iii) All Incentive Options will vest immediately upon a change of control or takeover.
4,500,000	Unquoted Incentive Options Exercisable at \$0.001 exp 30 July 2022	Each Option is exercisable at any time on and from either of the following events occurring after the date of issue of the Option: (i) a JORC compliant resource has been defined by the Company; or (ii) a Change of Control Event occurring.
5,000,000	Unquoted Advisor options exercisable at \$0.10 exp 31 December 2020	Not applicable
10,000,000	Unquoted Advisor options exercisable at \$0.15 exp 31 December 2020	Not applicable

The Options are transferable subject to any restriction or escrow agreements imposed by ASX or under applicable Australian securities laws. Shares allotted pursuant to the convert of the Options will rank equally with the then issued ordinary Shares of the Company; and

The Company undertakes to apply for official quotation by ASX of all ordinary Shares allotted pursuant to the convert of any Options.

**Incentive Shares**

There are no Incentive shares on issue.

**CONSOLIDATED**  
**2018                  2017**  
**\$                          \$**

**11. RESERVES**

Option premium reserve	298,307	298,307
Share-based payments reserve	357,449	315,901
	655,756	614,208

**CONSOLIDATED**  
**2018                  2017**  
**\$                          \$**

**Movement in reserves**

Balance at beginning of year	614,208	608,010
Options issued	-	3,600
Incentive share deemed fair value for the year	41,548	2,598
Balance at end of year	655,756	614,208

**Nature and Purpose of Reserves**

*Option Premium Reserve*

The Option premium reserve reflects the amounts received on issue of options other than remuneration options.

*Share-Based Payments Reserve*

The reserve reflects the value of equity benefits provided to executives as part of their remuneration.



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	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>12. ACCUMULATED LOSSES</b>		
Accumulated losses at beginning of year	(6,799,544)	(5,521,410)
Net loss attributable to members of the parent entity	(2,006,363)	(1,278,134)
Accumulated losses at the end of the year	<u>(8,805,907)</u>	<u>(6,799,544)</u>

	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>13. EARNINGS PER SHARE</b>		
(a) Basic earnings (loss) per share (cents per share)	<u>(1.17)</u>	<u>(1.00)</u>
(b) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to ordinary entity	<u>(2,006,363)</u>	<u>(1,278,134)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	172,046,575	128,035,528

**14. STATEMENT OF CASH FLOWS**

**(a) Reconciliation of cash and cash equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Cash	589,905	985,997
Short term deposits maturing within 90 days and paying interest at a weighted average interest rate of 0.6% (2017: 0.6%)	229,871	495,640
	<u>819,776</u>	<u>1,481,637</u>

**(b) Reconciliation of operating loss after income tax to net cash used in operating activities**

Operating loss after income tax	(2,006,363)	(1,278,134)
Add non-cash items:		
Depreciation and impairment	-	-
Shares issued in lieu of fees	-	-
Diminution in value of available for sale assets	-	-
Incentive shares	41,548	2,599
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	21,976	(22,068)
Increase/(decrease) in trade and other payables	(2,207)	48,167
Increase/(decrease) in current provisions	10,764	-
Net cash flow (used in) operating activities	<u>(1,934,282)</u>	<u>(1,249,436)</u>
There were no non-cash financing and investing activities.		

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**15. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES**

**Details of Key Management Personnel**

The following persons were directors of Comet Resources Limited during the financial year:

Mr RO Jones - Chairman  
Mr AR Cooper – Managing Director  
Mr E Czechowski – Non-Executive Director  
Mr HP Halliday – Non-Executive Director

**Compensation by Category: Key Management Personnel, Directors and Executives**

	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Short-term	518,764	376,936
Post-employment	3,420	4,607
Share based payments	-	2,598
	<u>522,184</u>	<u>384,141</u>

**Other transactions with directors and key management personnel**

- (i) Consultancy fees of \$396,000 per annum were paid or are payable at normal commercial rates to Alberta Resources Pty Ltd, a company controlled by Mr AR Cooper, for the provision of technical and administrative services.
- (ii) Consultancy fees of \$56,000 per annum were paid at normal commercial rates to Huntworth Pty Ltd, a company controlled by Mr E Czechowski, for the provision of company secretary services.
- (iii) A total of \$39,420 was paid to Mr Jones as Chairman of the Company during the year ended 30 June 2018.
- (iv) A total of \$69,764 was paid to Mr Halliday as Director of the Company during the year ended 30 June 2018.

The above fees have been included in directors' and key management personnel remuneration disclosed in the remuneration report.

The terms and conditions of the transactions with directors and director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arms length basis.

No amounts were receivable from directors and their director-related entities at reporting date arising from these transactions.

Amounts payable to directors and their director-related entities at reporting date arising from these transactions were as follows:

	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Current payables		
Trade creditors (net of GST)	-	-
	<u>-</u>	<u>-</u>

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**16. AUDITOR'S REMUNERATION**

	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Audit services:		
Auditors of the Company – Stantons International	17,222	16,058

**17. COMMITMENTS**

**Exploration expenditure commitments**

The obligations to perform minimum exploration work on leases are not provided for in the accounts and are payable as follows:  
Not longer than one year

145,000	145,000
---------	---------

The Group may vary the exploration expenditure over the period by reducing its tenement holdings and/or applying for exemptions. Future expenditure will be based on the prospectivity of the tenements and/or the cash resources of the Group.

**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to support the Group's operations.

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations and in addition listed shares.

It is, and has been throughout the period under review, the Group's policy that trading in financial instruments may be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

*Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash and short-term deposits.

There is a limited amount of credit risk relating to the cash and cash equivalents that the Group holds in deposits. The Group received interest on its cash and cash equivalents, based on daily balances and at balance date, was exposed to a variable interest rate of 0.6% per annum. The Group's operating accounts do not attract interest.

The Group's cash reserves are only placed with major Australian banks. The Group is not materially exposed to changes in market interest rates.

The Group does not presently have customers and consequently does not have credit exposure to outstanding receivables. The Group may in the future be exposed to interest rate risk should it borrow funds for acquisition and development.

*Sensitivity Analysis*

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2018 and 2017.

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**18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

<b>Consolidated Entity</b> <b>30 June 2018</b>	<b>Carrying Amount</b> <b>\$</b>	<b>Interest Rate Risk</b> <b>-1%</b>		<b>Interest Rate Risk</b> <b>+1%</b>	
		<b>Net Loss</b> <b>\$</b>	<b>Equity</b> <b>\$</b>	<b>Net Gain</b> <b>\$</b>	<b>Equity</b> <b>\$</b>
<i>Financial assets</i>					
Cash & cash equivalents	229,871	(2,298)	(2,298)	2,298	2,298

<b>Consolidated Entity</b> <b>30 June 2017</b>	<b>Carrying Amount</b> <b>\$</b>	<b>Interest Rate Risk</b> <b>-1%</b>		<b>Interest Rate Risk</b> <b>+1%</b>	
		<b>Net Loss</b> <b>\$</b>	<b>Equity</b> <b>\$</b>	<b>Net Gain</b> <b>\$</b>	<b>Equity</b> <b>\$</b>
<i>Financial assets</i>					
Cash & cash equivalents	495,640	(4,956)	(4,956)	4,956	4,956

None of the Group's financial liabilities is interest bearing. The remaining cash and cash equivalents at the reporting date are non-interest bearing.

*Foreign currency risk*

The Group operates solely within Australia at this time and is subject to limited foreign currency risk.

*Price risk*

The Group and the parent entity are exposed to equity securities price risk. This arises from investments held by the Group and classified on the consolidated statement of financial position as available-for-sale assets or at fair value through profit or loss. At 30 June 2018 the fair value of equity securities is \$Nil (2017:\$Nil). A 10% movement would increase/decrease profit or loss for the year by \$Nil (2017:\$Nil). The Group and the parent entity are exposed to minimal commodity price risk.

*Credit risk*

The Group trades only with recognised, creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial assets, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

There are no significant concentrations of credit risk within the Group.

*Liquidity risk*

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short-term deposits, grant funding and equity raising if required.

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**19. FINANCIAL INSTRUMENTS**

The Group held the following financial instruments:

	Note	Floating Interest	Fixed interest maturing in:		Non Interest bearing	Total	Weighted average interest rate
			1 year or less	1-5 years			
<b>CONSOLIDATED</b>		\$	\$	\$	\$	\$	
<b>2018</b>							
Financial assets							
Cash and cash equivalents	6	819,776	-	-	-	819,776	0.6%
Trade and other receivables	7	-	-	-	17,443	17,443	0%
Listed securities	9	-	-	-	-	-	0%
Bonds	10	-	-	-	2,000	2,000	0%
		<u>819,776</u>	<u>-</u>	<u>-</u>	<u>19,443</u>	<u>839,219</u>	
Financial liabilities							
Trade and other payables	11	-	-	-	84,290	84,290	0%
		<u>-</u>	<u>-</u>	<u>-</u>	<u>84,290</u>	<u>84,290</u>	
Net financial assets		<u>819,776</u>	<u>-</u>	<u>-</u>	<u>(64,847)</u>	<u>754,929</u>	

	Note	Floating Interest	Fixed interest maturing in:		Non Interest bearing	Total	Weighted average interest rate
			1 year or less	1-5 years			
<b>CONSOLIDATED</b>		\$	\$	\$	\$	\$	
<b>2017</b>							
Financial assets							
Cash and cash equivalents	6	495,640	-	-	-	495,640	0.6%
Trade and other receivables	7	-	-	-	39,419	39,419	0%
Listed securities	9	-	-	-	-	-	0%
Bonds	10	-	-	-	2,000	2,000	0%
		<u>495,640</u>	<u>-</u>	<u>-</u>	<u>41,419</u>	<u>537,059</u>	
Financial liabilities							
Trade and other payables	11	-	-	-	86,497	86,497	0%
		<u>-</u>	<u>-</u>	<u>-</u>	<u>86,497</u>	<u>86,497</u>	
Net financial assets		<u>495,640</u>	<u>-</u>	<u>-</u>	<u>(45,078)</u>	<u>450,562</u>	

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**19. FINANCIAL INSTRUMENTS (cont'd)**

**Net fair values of financial assets and liabilities**

The net fair values of financial assets and financial liabilities at reporting date approximates their carrying amount.

	<b>CONSOLIDATED</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
<b>Level 1</b>		
Cash and cash equivalents	819,776	1,481,637
Trade and other receivables	19,443	41,419
Trade and other payables	(84,290)	(86,497)
	<u>754,929</u>	<u>1,436,559</u>
<b>20. PARENT ENTITY DISCLOSURES</b>		
<b>(a) Financial Position</b>		
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	819,776	1,481,637
Trade and other receivables	17,443	39,419
Available-for-sale financial assets	-	-
<b>Total current assets</b>	<u>837,219</u>	<u>1,521,056</u>
<b>Non-current assets</b>		
Plant and equipment	-	-
Other financial assets (i)	2,000	2,000
<b>Total non-current assets</b>	<u>2,000</u>	<u>2,000</u>
<b>TOTAL ASSETS</b>	<u>839,219</u>	<u>1,523,056</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	84,290	86,497
Provisions	10,764	-
<b>Total current liabilities</b>	<u>95,054</u>	<u>86,497</u>
<b>TOTAL LIABILITIES</b>	<u>95,054</u>	<u>86,497</u>
<b>NET ASSETS</b>	<u><b>744,165</b></u>	<u><b>1,436,559</b></u>
<b>EQUITY</b>		
Issued capital	8,894,316	7,621,895
Reserves	655,756	614,208
Accumulated losses	(8,805,907)	(6,799,544)
<b>TOTAL EQUITY</b>	<u><b>744,165</b></u>	<u><b>1,436,559</b></u>

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**20. PARENT ENTITY DISCLOSURES (cont'd)**

**(b) Financial Performance**

	2018 \$	2017 \$
Loss for the year	(2,006,363)	(1,278,134)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>(2,006,363)</b>	<b>(1,278,134)</b>

**(i) Other Financial Assets**

	2018 \$	2017 \$
Security bonds	2,000	2,000
	<u>2,000</u>	<u>2,000</u>

**Commitments and Contingencies**

There were no material commitments or contingencies at the reporting date for the parent company except for those disclosed in Note 23.

**21. RELATED PARTY DISCLOSURES**

The consolidated financial statements include the financial statements of Comet and the subsidiaries listed in the following table.

	2018	2017
	%	%
Comet Resources Limited – controlled entities		
Ravensthorpe Management Pty Ltd*^	100	100
Environmental Oil Solutions Pty Ltd*^	100	100

\* incorporated in Australia

^ dormant

Comet Resources Limited is the ultimate parent entity. The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

Related party		Management fee	Amount owed by related parties	Amounts owed to related parties
		\$	\$	\$
Subsidiary:				
Environmental Oil Solutions Ltd	2018	-	-	-
	2017	-	-	-
Ravensthorpe Management Pty Ltd	2018	-	-	-
	2017	-	-	-

Transactions with key management personnel are disclosed in Note 15.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2018**

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**22. EVENTS SUBSEQUENT TO REPORTING DATE**

There has not been any significant changes in the state of affairs during the year ended 30 June 2018 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company.

**23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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



**COMET RESOURCES LTD  
and its Controlled Entities  
DIRECTORS' DECLARATION**

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The Directors of Comet Resources Limited declare that:

- (a) 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;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards;
- (c) in the Directors' opinion, the attached financial statements and notes thereto set out in pages 17 to 38 are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- (d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'AR Cooper', with a long horizontal stroke extending to the right.

**AR Cooper**  
**Managing Director**

Dated at Perth this 28th day of September 2018

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

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Comet Resources Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

**Basis for Opinion**

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

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

**Key Audit Matters**

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

We have determined that there are no Key Audit Matters that require disclosure in the audit report.

**Other Information**

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

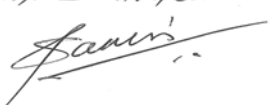
**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 11 of the directors' report for the year ended 30 June 2018. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Opinion on the Remuneration Report**

In our opinion, the Remuneration Report of Comet Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

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

*Stantons International Audit and Consulting Pty Ltd*  


**Samir R Tirodkar**  
Director

West Perth, Western Australia  
28 September 2018

28 September 2018

Board of Directors  
Comet Resources Limited  
Unit 1, 4 Canning Road  
Kalamunda, WA 6076

Dear Sirs

**RE: COMET RESOURCES LIMITED**

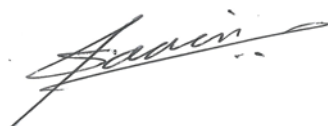
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Comet Resources Limited.

As Audit Director for the audit of the financial statements of Comet Resources Limited for the year ended 30 June 2018, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully,

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED**  
(Trading as Stanton International)  
(An Authorised Audit Company)



**Samir Tirodkar**  
Director

**COMET RESOURCES LTD**  
and its Controlled Entities

**ASX ADDITIONAL INFORMATION**

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

The information is made as at 25<sup>th</sup> September 2018.

Rank	Name	Units	% of Units
1	BAY VIEW PTY LTD <ROJEX A/C>	15,609,953	7.58
2	GREAT SOUTHERN FLOUR MILLS PTY LTD	11,000,000	5.34
3	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	10,000,000	4.85
4	STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	8,400,000	4.08
5	FAIRPLAN HOLDINGS PTY LTD <HANRAHAN SUPER FUND A/C>	6,500,000	3.16
6	<b><u>GROUP # 49769</u></b>	<b>5,061,894</b>	<b>2.46</b>
.	ALBERTA RESOURCES PTY LTD <BRITISH COLUMBIA S/F A/C>	5,061,894	2.46
7	<b><u>GROUP # 32235</u></b>	<b>5,037,000</b>	<b>2.45</b>
.	ALBERTA RESOURCES PTY LTD <BRITISH COLUMBIA S/F A/C>	5,037,000	2.45
8	MCTAVISH INDUSTRIES PTY LTD <MCTAVISH A/C>	4,400,000	2.14
9	MR RICHARD STUART DONGRAY + MRS JOAN DONGRAY <SUPER FUND A/C>	4,075,000	1.98
10	<b><u>GROUP # 15462</u></b>	<b>4,063,722</b>	<b>1.97</b>
.	MERRIWEE PTY LTD <MERRIWEE SUPER FUND A/C>	4,063,722	1.97
11	MR ANTHONY COOPER	3,300,000	1.6
12	MR PAUL SIMON DONGRAY <THE DONGRAY FAMILY NO 2 A/C>	3,000,000	1.46
13	MR MICHAEL GRAHAM SHIELDS + MS AMANDA JOY SHIELDS <AM SUPERANNUATION FUND A/C>	2,940,000	1.43
14	KOBIA HOLDINGS PTY LTD	2,749,429	1.33
15	<b><u>GROUP # 11990</u></b>	<b>2,700,000</b>	<b>1.31</b>
.	ROJEX MINING SERVICES PTY LTD <ROJEX S/F A/C>	2,700,000	1.31
16	<b><u>GROUP # 22366</u></b>	<b>2,553,503</b>	<b>1.24</b>
.	BROOMEHILL PTY LTD <HILL ANDERSON S/FUND A/C>	1,037,175	0.5
.	BROOMEHILL PTY LTD	1,516,328	0.74
17	<b><u>GROUP # 23211</u></b>	<b>2,500,000</b>	<b>1.21</b>
.	PILLAGE INVESTMENTS PTY LTD <THE PILLAGE SUPER FUND A/C>	2,500,000	1.21
18	COLOSSEUM SECURITIES PTY LTD <GIGLIA FAMILY A/C>	2,250,000	1.09
19	MR ARTHUR WILLIAM BARRETT + MRS VICKI GAYE BARRETT <THE FALCON SUPER FUND A/C>	2,105,817	1.02
20	MR IAN ALASTAIR LEETE + MRS HELEN LEETE <THE LEETE FAMILY S/F A/C>	2,000,000	0.97
<b>Totals: Top 20 holders of CRL ORDINARY FULLY PAID</b>		<b>100,246,318</b>	<b>48.66</b>
<b>Total Remaining Holders Balance</b>		<b>105,753,682</b>	<b>51.34</b>
<b>Total Holders Balance</b>		<b>206,000,000</b>	<b>100</b>

**Number of shareholders**

206,000,000 fully paid ordinary shares are held by 832 shareholders.

**UNLISTED OPTIONS**

Exercise price	Expiry date	Number of options	Number of holders
\$0.04	31 December 2019	12,000,000	4
\$0.10	31 December 2019	28,150,000	40
\$0.10	31 December 2020	10,000,000	1
\$0.15	31 December 2020	5,000,000	1
\$0.001	30 July 2022	4,500,000	4

**COMET RESOURCES LTD**  
**and its Controlled Entities**

**ASX ADDITIONAL INFORMATION (CONT'D)**

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**Distribution of shareholders**

	<b>Fully Paid</b>
1-1,000	33
1,001-5,000	90
5,001-10,000	161
10,001-100,000	347
100,001 & over	201
<b>TOTAL</b>	<b>832</b>

**Holders of non-marketable parcels**

There are 123 shareholders that hold less than a marketable parcel totalling 333,692 fully paid ordinary shares.

**Voting rights**

On a show of hands each member is entitled to one vote and on a poll one vote for every fully paid share held.

**Substantial shareholders**

The following shareholders are recorded in the register of substantial shareholders:

Mr AR Cooper & Alberta Resources Pty Ltd – 26,063,517 fully paid shares – 12.65%  
Mr RO Jones & Rojex Mining Services Pty Ltd – 19,409,953 fully paid shares – 9.42%

**Stock Exchange listing**

The Company's fully paid shares (CRL) are quoted by the Australian Securities Exchange Limited.

**Restricted securities**

The Company has no securities on issue that are classified as "Restricted Securities".

**On-market buy-back**

Currently there is no on-market buy-back of the Company's securities.

**CORPORATE GOVERNANCE STATEMENT**

In accordance with ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be found on the Company's website at: [www.cometres.com.au/companyinformation/corporategovernance](http://www.cometres.com.au/companyinformation/corporategovernance)

**COMET RESOURCES LTD**  
and its Controlled Entities

**TENEMENT SCHEDULE**

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Tenement Listing		
Project	Interest	Tenement
Springdale Project	100%	E74/562
	100%	E74/583
	100%	E74/612
Gilmore Project	100%	EL8282
Bell's Find	25%	M74/1055