



2017 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

E Czechowski

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

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

12th September 2017

Dear Fellow Shareholders,

Your Directors present the Annual Report and Audited Financial Statements of the Company for the year ended 30 June 2017.

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**

The directors present their report together with the consolidated financial report of Comet Resources Limited ("Comet" or "the Company") and its controlled entities, for the year ended 30 June 2017 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, 69 (**Chairman**)

Mr Jones was a founding director of Comet. Mr Jones has over 45 years 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, 58 (**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, 45 (**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, 68 (**Executive Director & Company Secretary**)

Director since 30 May 2013 and Company Secretary since 20 September 2007.

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.

**COMET RESOURCES LTD
and its Controlled Entities
DIRECTORS' REPORT (CONT'D)**

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	15,609,953	750,000	-	2,300,000
AR Cooper	16,763,517	3,000,000	4,000,000	3,300,000
E Czechowski	340,000	750,000	-	900,000
HP Halliday	1,400,000	1,500,000	-	5,500,000

Earnings per Share

	Cents
Basic loss per share	(1.00)
Diluted loss per share	(1.00)

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 \$1,278,134 (2016: \$492,859 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)

The 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, which hosts the historic Halberts Graphite mine near Munglinup (50km away). The Munglinup area has produced the bulk of Western Australia's recorded graphite production. The tenement is over freehold land with sealed road access within 20km and is located approximately 150km from the port of Esperance.

Comet owns 100% of the three tenements E74/562, E74/583 and E74/612 that make up the Springdale project and all tenements are granted. The total land holding at Springdale is approximately 220 square kilometres.

The Company completed a successful first pass 11 hole aircore drilling program in February 2016 which confirmed that graphite was present in a prospective zone/horizon. Comet has now drilled 113 aircore holes for 2,901 metres and 17 diamond holes for 972m. Graphite mineralisation is still open along strike and at depth.

Metallurgical testwork managed by the Company's metallurgical consultant IMO Project Service Pty Ltd, has identified graphene (several layers thick) from Springdale ore produced by the electrical exfoliation method. Metallurgical testwork on battery grade graphite is also being conducted.

COMET RESOURCES LTD
and its Controlled Entities
DIRECTORS' REPORT (CONT'D)

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. Because 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: start with carbon in some form and synthesize 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 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 volcanic-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, who is a Consultant to Comet and Managing Director, who 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 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.

**COMET RESOURCES LTD
and its Controlled Entities
DIRECTORS' REPORT (CONT'D)**

Review of Financial Condition

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

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

Capital Structure

During the year 44,708,625 Ordinary Shares, 24,000,000 Options and 12,000,000 Incentive Options were issued.

At the date of this report there are 59,000,000 unissued ordinary shares of Comet Resources Limited under option.

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.

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 were no significant events that need to be reported since reporting date other than the following:

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.

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.

**COMET RESOURCES LTD
and its Controlled Entities
DIRECTORS' REPORT (CONT'D)**

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 \$6,231 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.

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.

**COMET RESOURCES LTD
and its Controlled Entities
DIRECTORS' REPORT (CONT'D)**

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:

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 \$240,000 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.

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 \$240,000, 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.

Directors' & Key Management Personnel remuneration for the Year ended 30 June 2017

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	2017	36,000	-	1,558	3,420	-	325	41,303	-	0.8%
<i>Chairman</i>	2016	34,438	-	1,558	1,562	-	189	37,747	-	0.5%
AR Cooper	2017	240,000	-	8,600	-	-	1,299	249,899	-	0.52%
<i>Managing Director</i>	2016	112,000	-	7,546	-	-	50,759	170,305	-	29.8%
E Czechowski	2017	56,000	-	1,558	-	-	325	57,883	-	0.6%
<i>Company Secretary</i>	2016	36,000	-	1,558	-	-	189	37,747	-	0.5%
HP Halliday	2017	31,662	-	1,558	1,187	-	649	35,056	-	1.85%
<i>Non-executive</i>	2016	30,000	-	1,558	2,850	-	380	34,788	-	1.1%
Total 2017		363,662	-	13,274	4,607	-	2,598	384,141		
Total 2016		212,438	-	12,220	4,412	-	51,517	280,587		

On 13 September 2016, 8,000,000 Incentive Options were issued to Directors as approved at the General Meeting on 26 August 2016. Each Incentive Option entitles the holder to subscribe for one Share upon exercise of the Incentive Option. The amount payable upon exercise of each Incentive Option will be \$0.001. Each Incentive Option will expire at 5.00pm (WST) on 30 July 2021. An Incentive Option not exercised before the expiry date will automatically lapse on the expiry date. The Incentive Options were issued for \$0.0001 cash consideration to raise \$800.

**COMET RESOURCES LTD
and its Controlled Entities
DIRECTORS' REPORT (CONT'D)**

Each Incentive Option shall vest, and therefore be exercisable as follows;

- (a) Tranche 1 – 50% of the Incentive Options shall vest 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);
- (b) 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.
- (c) All Incentive Options will vest immediately upon a change of control or takeover.

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

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:

30 June 2017

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	14,459,953	1,150,000	-	15,609,953
AR Cooper	14,563,517	1,200,000	-	15,763,517
E Czechowski	90,000	250,000	-	340,000
H Halliday	-	1,000,000	-	1,000,000

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

30 June 2017

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:

30 June 2017

Name	Balance at the start of the year	Granted as compensation 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

**COMET RESOURCES LTD
and its Controlled Entities
DIRECTORS' REPORT (CONT'D)**

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

30 June 2017

Name	Balance at the start of the year	Acquired during the year	Balance at the end of the year
RO Jones	-	1,800,000	1,800,000
AR Cooper	-	3,300,000	3,300,000
E Czechowski	-	400,000	400,000
H Halliday	-	2,500,000	2,500,000

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	3	3
AR Cooper	3	3
E Czechowski	3	2
H Halliday	3	3

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 45.

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.

Signed in accordance with a resolution of directors.



AR Cooper
Managing Director

Dated at Perth this 12th September 2017

COMET RESOURCES LTD
and its Controlled Entities
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 30 June 2017

	Note	CONSOLIDATED	
		2017 \$	2016 \$
Administration expenses		(411,815)	(267,608)
Exploration expenses		(875,138)	(262,901)
Operating result		(1,286,953)	(530,509)
Loss before interest and taxes and depreciation		(1,286,953)	(530,509)
Depreciation	3(b)	-	-
Loss before interest and taxes		(1,286,953)	(530,509)
Net other income	3(a)	8,819	37,650
Loss before taxes		(1,278,134)	(492,859)
Net loss for the year	14	(1,278,134)	(492,859)
Other comprehensive income			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(1,278,134)	(492,859)
Net loss attributable to the members of the parent entity		(1,278,134)	(492,859)
Total comprehensive loss attributable to the members of the parent entity		(1,278,134)	(492,859)
Basic loss per share	15	(1.00) cents	(0.57) cents
Diluted loss per share		(1.00) cents	(0.57) 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 15 to 40.

COMET RESOURCES LTD
and its Controlled Entities
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	NOTE	CONSOLIDATED	
		2017 \$	2016 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,481,637	1,346,121
Trade and other receivables	7	39,419	17,351
Available-for-sale financial assets	9	-	-
Total current assets		1,521,056	1,363,472
Non-current assets			
Plant and equipment	8	-	-
Other financial assets	10	2,000	2,000
Total non-current assets		2,000	2,000
TOTAL ASSETS		1,523,056	1,365,472
LIABILITIES			
Current liabilities			
Trade and other payables	11	86,497	38,330
Total current liabilities		86,497	38,330
TOTAL LIABILITIES		86,497	38,330
NET ASSETS		1,436,559	1,327,142
EQUITY			
Issued capital	12	7,621,895	6,240,542
Reserves	13	614,208	608,010
Accumulated losses	14	(6,799,544)	(5,521,410)
TOTAL EQUITY		1,436,559	1,327,142

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 15 to 40.

**COMET RESOURCES LTD
and its Controlled Entities
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 30 June 2017**

	NOTE	CONSOLIDATED	
		2017	2016
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(1,258,255)	(486,981)
Rent received		-	600
Interest received		8,819	27,897
Net cash flows (used in) operating activities	16(b)	(1,249,436)	(458,484)
Cash flows from investing activities			
Bond refunded		-	8,500
Net cash flows from investing activities		-	8,500
Cash flows from financing activities			
Issue of shares and options net of issue costs		1,384,952	393,645
Net cash flows from financing activities		1,384,952	393,645
Net increase/(decrease) in cash and cash equivalents		135,516	(56,339)
Cash and cash equivalents at the beginning of the year		1,346,121	1,402,460
Cash and cash equivalents at the end of the year	16(a)	1,481,637	1,346,121

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 15 to 40.

COMET RESOURCES LTD
and its Controlled Entities
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2017

	Issued Capital \$	Accumulated losses \$	Other Reserves \$	Total \$
CONSOLIDATED				
As at 1 July 2015	5,796,897	(5,028,551)	606,493	1,374,839
Net loss for the year	-	(492,859)	-	(492,859)
Total comprehensive loss for the year	-	(492,859)	-	(492,859)
Incentive shares deemed value	-	-	1,517	1,517
Shares issued	443,645	-	-	443,645
As at 30 June 2016	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
Options issued	-	-	3,600	3,600
Shares issued	1,381,353	-	-	1,381,353
As at 30 June 2017	7,621,895	(6,799,544)	614,208	1,436,559

The consolidated statement of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 15 to 40.

**COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2017**

1. CORPORATE INFORMATION

The financial report of Comet Resources Limited ("Comet") for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 12th September 2017.

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

Separate financial statements for Comet as an individual entity are no longer presented as a consequence of changes to the Corporations Act 2001, however required financial information for Comet as an individual entity is included in note 22.

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 2016 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 23 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

(c) Principles of consolidation (cont'd)

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.

(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.

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for the year ended 30 June 2017

(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.

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.

A summary of the policies applied to the Group's intangible assets is as follows:

	Patents and Licences	Development Costs
<i>Useful lives</i>	<i>Finite</i>	<i>Finite</i>
<i>Method used</i>	<i>Amortised on a straight line basis</i>	<i>Amortised over the period of the expected future benefit on a straight line basis</i>
<i>Internally generated/ Acquired</i>	<i>Internally generated</i>	<i>Internally generated</i>
<i>Impairment test / Recoverable amount testing</i>	<i>Annually and more frequently when an indication of impairment exists</i>	<i>Annually for assets not yet available for use and more frequently when an indication of impairment exists.</i>

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.

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(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 investment is derecognised or until the investment is determined to be impaired, at which the 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.

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for the year ended 30 June 2017

(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
- 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.

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(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

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.

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(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.

(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.

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(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.

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 2017 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 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

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(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;
- 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.

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(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.

3. REVENUES AND EXPENSES

(a) Revenue

	CONSOLIDATED	
	2017	2016
	\$	\$
Interest – other parties	8,819	34,650
Other income	-	3,000
	8,819	37,650

(b) Expenses

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

Operating leases	21,600	45,167
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(c) Directors/consultants benefits expense, included in statement of profit or loss and other comprehensive income

Consulting & Directors' fees	363,662	262,438
Superannuation costs	4,607	4,412
	368,269	266,850

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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 2017 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 2017 and 30 June 2016.

	<i>Exploration</i>	<i>R&D</i>	<i>Total</i>
	\$	\$	\$
Year ended 30 June 2017			
Revenue			
Interest revenue			8,819
Total consolidated revenue			<u>8,819</u>
Result			
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>
Assets and liabilities			
Segment assets	41,419	-	41,419
Unallocated assets			1,481,637
Total assets			<u>1,523,056</u>
Segment liabilities	(86,497)	-	(86,497)
Total liabilities			<u>(86,497)</u>
Other segment information			
Depreciation	-	-	-

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4. SEGMENT INFORMATION (cont'd)

	<i>Exploration</i>	<i>R&D</i>	<i>Total</i>
	\$	\$	\$
Year ended 30 June 2016			
Revenue			
Interest and rent revenue			37,650
Total consolidated revenue			<u>37,650</u>
Result			
Segment expenses	(530,509)	-	(530,509)
Unallocated income			37,650
Loss before tax			<u>(492,859)</u>
Net loss for the year			<u>(492,859)</u>
Assets and liabilities			
Segment assets	19,351	-	19,351
Unallocated assets			1,346,121
Total assets			<u>1,365,472</u>
Segment liabilities	(38,330)	-	(38,330)
Total liabilities			<u>(38,330)</u>
Other segment information			
Depreciation	-	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

5. TAXATION

CONSOLIDATED
2017 **2016**
\$ **\$**

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 2017 is as follows:

Accounting loss before income tax	(1,278,134)	(492,859)
Prima facie tax benefit on loss from ordinary activities at 27.5% (2016: 30%)	(351,487)	(147,857)
Tax effect of amounts which are not deductible in calculating taxable income:		
Share base payments	714	549
	(350,773)	(147,308)
Movement in unrecognised temporary differences	30,423	(340,671)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	320,350	487,979
Income tax expense	-	-
Unrecognised temporary differences		
Deferred Tax Assets at 27.5% (2016: 30%)		
Investment	-	34,950
Prepaid expenses	586	3,386
Provision for expenses & accruals	5,983	4,722
Capital raising costs	23,854	1,806
Carry forward revenue tax losses	3,265,961	3,213,395
Carry forward capital tax losses	311,598	339,925
	3,607,982	3,598,184
Deferred Tax Liabilities at 27.5% (2016: 30%)		
Unearned Revenue	-	2,887
	-	2,887

The Group has revenue losses arising in Australia of \$11,876,221 (2016: \$10,711,315) and capital losses of \$1,133,083 (2016: \$1,133,083) that are available indefinitely for offset against future taxable profits of the companies in which the loss arose.

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	CONSOLIDATED	
	2017	2016
	\$	\$
6. CASH AND CASH EQUIVALENTS		
Cash	985,997	85,415
Short term deposits, maturing within 90 days and paying interest at a weighted average interest rate of 0.6% (2016: 2.75%)	495,640	1,260,706
	1,481,637	1,346,121
7. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	39,419	7,729
Accrued interest	-	9,622
	39,419	17,351
<p>As of 30 June 2017 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.</p> <p>Details regarding the effective interest rate and credit risk of current receivables are disclosed in Note 20.</p>		
8. PLANT AND EQUIPMENT		
Non-current		
At cost	66,998	66,998
Accumulated depreciation	(66,998)	(66,998)
Total plant and equipment net book value	-	-
Reconciliation		
Reconciliation of the carrying amount for plant and equipment is set out below:		
Carrying amount at beginning of year	-	-
Additions	-	-
Depreciation	-	-
Carrying amount at end of year	-	-
9. AVAILABLE- FOR- SALE FINANCIAL ASSETS		
Current		
Securities in listed companies (at market value 30 June)	-	-
<i>Listed securities</i>		
The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.		
Securities held in Living Cities Development Group Limited (formerly known as Ferrowest Limited) have a fair value of \$Nil at 30 June 2017 (2016:\$Nil). The company changed its name to Birrabong Corporation Limited on 31 May 2017.		
10. OTHER FINANCIAL ASSETS		
Non-current		
Security bonds	2,000	2,000

COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

	CONSOLIDATED			
	2017	2016		
	\$	\$		
11. TRADE AND OTHER PAYABLES				
Current				
Trade creditors and accruals	86,497	38,330		
	2017	2016	2017	2016
	No.	No.	\$	\$
12. ISSUED CAPITAL				
Issued and paid-up capital	152,950,000	108,241,375	7,621,895	6,240,542
Movements in ordinary share capital				
Balance at the beginning of the financial year	108,241,375	83,006,895	6,240,542	5,796,897
Shares issued during the year net of capital raising costs	44,708,625	25,234,480	1,381,353	443,645
Balance at the end of the financial year	152,950,000	108,241,375	7,621,895	6,240,542

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

There are 24,000,000 Options with an expiry date of 31 December 2019 on issue at balance date.

On 13 September 2016 24,000,000 Options were issued for cash consideration of \$0.0001 per Option as approved at the General Meeting on 26 August 2016. Each Option entitles the holder to subscribe for one Share upon exercise of the Option. The amount payable upon the exercise of each Option will be \$480,000 for 12,000,000 exercisable at \$0.04 and \$1,200,000 for 12,000,000 exercisable at \$0.10.

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.

COMET RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

Incentive Options

There are 12,000,000 Incentive Options with an expiry date of 30 July 2021 on issue at the date of this report.

On 13 September 2016 12,000,000 Incentive Options were issued for cash consideration of \$0.0001 per Incentive Option to Directors and Cicero as approved at the General Meeting on 26 August 2016. Each Incentive Option entitles the holder to subscribe for one Share upon exercise of the Incentive Option. The amount payable upon the exercise of each Incentive Option will be \$0.001.

Each Incentive Option shall vest, and therefore be exercisable as follows:

- (i) Tranche 1 – 50% of the Incentive Options shall vest 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);
- (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.

The Incentive Options are non-transferable.

Shares allotted pursuant to the convert of the Incentive 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 Incentive Options.

Incentive Shares

There are 6,000,000 Incentive Shares with an expiry date of 24 November 2018 on issue at the date of this report.

On 24 November 2015, 6,000,000 Incentive Shares were issued to Directors as approved at the AGM on 12 November 2015. The Incentive Shares are a separate class of Shares that will be convertible into Shares in the Company. They do not carry any voting rights in the Company or rights to participate in new issues (whether bonus rights) in the Company.

Each Incentive Share will convert into one (1) Ordinary Share upon the earlier of:

- (a) the volume weighted average price for 30 days of Comet Resources Limited Shares exceeds \$0.10 (Share Price Milestone); or
- (b) the Company directly or indirectly secures or defines an asset with JORC measured and indicated resources exceeding 250,000 gold or gold equivalent ounces (Resource Milestone); or
- (c) a takeover bid becoming unconditional; entering into and the Court approving a solvent scheme of arrangement or reconstruction which has the effect of changing the control of the Company, (each of the above being a Takeover Event).

If the Share Price Milestone or the Resource Milestone are not achieved or a Takeover Event has not occurred within 3 years from the date of issue each Incentive Share will lapse.

The Incentive Shares are unlisted and are not transferable.

In the event of a reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any of the Incentive Shares, all rights of the Shareholder will be reconstructed (as appropriate) in accordance with the Listing Rules.

Incentive shareholders are not entitled to participate in new issues of securities offered to shareholders. Incentive shareholders can participate in new issues of securities offered to shareholders if the Incentive Share is converted before the relevant record date for that new issue.

**COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017**

Incentive Shares (cont'd)

Shares allotted pursuant to the convert of the Incentive Shares 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 Incentive Shares, within 10 business days of the date of allotment of those new Ordinary Shares.

The fair value of the 6,000,000 Incentive shares at grant date was \$7,800 using the Binomial Pricing Model.

The market price of the Company's fully paid ordinary shares at 30 June 2017 was 5.3 cents (2016: 3.2 cents) per share.

	CONSOLIDATED	
	2017	2016
	\$	\$
13. RESERVES		
Option premium reserve	298,307	294,707
Share-based payments reserve	315,901	313,303
	614,208	608,010

	CONSOLIDATED	
	2017	2016
	\$	\$
Movement in reserves		
Balance at beginning of year	608,010	606,493
Options issued	3,600	
Incentive share deemed fair value for the year	2,598	1,517
Balance at end of year	614,208	608,010

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.

Net Unrealised Gains Reserve

This reserve records movements in the fair value of available-for-sale financial assets. At 30 June 2017 the balance of the net unrealised gains reserve is \$nil (2016: \$nil).

COMET RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

	CONSOLIDATED	
	2017	2016
	\$	\$
14. ACCUMULATED LOSSES		
Accumulated losses at beginning of year	(5,521,410)	(5,028,551)
Net loss attributable to members of the parent entity	(1,278,134)	(492,859)
Accumulated losses at the end of the year	<u>(6,799,544)</u>	<u>(5,521,410)</u>

	CONSOLIDATED	
	2017	2016
	\$	\$
15. EARNINGS PER SHARE		
(a) Basic earnings (loss) per share (cents per share)	<u>(1.00)</u>	<u>(0.57)</u>
(b) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to ordinary entity	<u>(1,278,134)</u>	<u>(492,859)</u>
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	<u>128,035,528</u>	<u>86,644,413</u>

16. 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:

	CONSOLIDATED	
	2017	2016
	\$	\$
Cash	985,997	85,415
Short term deposits maturing within 90 days and paying interest at a weighted average interest rate of 0.6% (2016: 2.75%)	495,640	1,260,706
	<u>1,481,637</u>	<u>1,346,121</u>

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

Operating loss after income tax	(1,278,134)	(492,859)
Add non-cash items:		
Depreciation and impairment	-	-
Shares issued in lieu of fees	-	50,000
Diminution in value of available for sale assets	-	1,748
Incentive shares	2,599	1,517
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	(22,068)	(7,042)
Increase/(decrease) in trade and other payables	48,167	(11,848)
Net cash flow (used in) operating activities	<u>(1,249,436)</u>	<u>(458,484)</u>

**COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017**

17. 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 – Executive Director and Company Secretary
Mr HP Halliday – Non-Executive Director

Compensation by Category: Key Management Personnel, Directors and Executives

	CONSOLIDATED	
	2017	2016
	\$	\$
Short-term	376,936	274,658
Post employment	4,607	4,412
Share based payments	2,598	1,517
	384,141	280,587

During the year 8,000,000 Incentive Options were issued to key management personnel, directors or executives.

Other transactions with directors and key management personnel

- (i) Consultancy fees of \$240,000 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.

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:

	CONSOLIDATED	
	2017	2016
	\$	\$
Current payables		
Trade creditors (net of GST)	-	13,500
		13,500

COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

18. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2017	2016
	\$	\$
Audit services:		
Auditors of the Company – Stantons International	16,058	15,038

19. 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	95,000
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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.

Rental commitments

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2017 are as follows:

Not longer than one year
 Longer than one year but not longer than two years
 Longer than two years

	CONSOLIDATED	
	2017	2016
	\$	\$
Not longer than one year	-	-
Longer than one year but not longer than two years	-	-
Longer than two years	-	-
	-	-

20. 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.

COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

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

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 2017 and 2016.

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

Consolidated Entity 30 June 2016	Carrying Amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$
<i>Financial assets</i>					
Cash & cash equivalents	1,260,706	(12,607)	(12,607)	12,607	12,607

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 2017 the fair value of equity securities is \$Nil (2016:\$Nil). A 10% movement would increase/decrease profit or loss for the year by \$Nil (2016:\$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.

COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

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

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.

21. 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			
		\$	\$	\$	\$	\$	
CONSOLIDATED							
2017							
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>	

COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

22. PARENT ENTITY DISCLOSURES

(a) Financial Position

	2017	2016
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,481,637	1,346,121
Trade and other receivables	39,419	17,351
Available-for-sale financial assets	-	-
Total current assets	<u>1,521,056</u>	<u>1,363,472</u>
Non-current assets		
Plant and equipment	-	-
Other financial assets (i)	2,000	2,000
Total non-current assets	<u>2,000</u>	<u>2,000</u>
TOTAL ASSETS	<u>1,523,056</u>	<u>1,365,472</u>
LIABILITIES		
Current liabilities		
Trade and other payables	86,497	38,330
Total current liabilities	<u>86,497</u>	<u>38,330</u>
TOTAL LIABILITIES	<u>86,497</u>	<u>38,330</u>
NET ASSETS	<u>1,436,559</u>	<u>1,327,142</u>
EQUITY		
Issued capital	7,621,895	6,240,542
Reserves	614,208	608,010
Accumulated losses	(6,799,544)	(5,521,410)
TOTAL EQUITY	<u>1,436,559</u>	<u>1,327,142</u>

(b) Financial Performance

	2017	2016
	\$	\$
Loss for the year	(1,278,134)	(492,859)
Other comprehensive loss	-	-
TOTAL COMPREHENSIVE LOSS	<u>(1,278,134)</u>	<u>(492,859)</u>

(i) Other financial assets

	2017	2016
	\$	\$
Investments in controlled entities	-	-
Loans to controlled entities	-	-
Provision for diminution	-	-
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 25.

COMET RESOURCES LTD
and its Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

23. RELATED PARTY DISCLOSURES

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

	2017	2016
	%	%
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:

		Management fee	Amount owed by related parties	Amounts owed to related parties
Related party		\$	\$	\$
Subsidiary:				
Environmental Oil Solutions Ltd	2017	-	-	-
	2016	-	-	-
Ravensthorpe Management Pty Ltd	2017	-	-	-
	2016	-	-	-

Transactions with key management personnel are disclosed in Note 17.

24. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years other than the following:

On 21 June 2017 the Company entered into a Placement Proposal with Cicero Advisory Services Pty Ltd to act as Corporate Advisor and Canaccord Genuity (Australia) Limited to act as lead manager and bookrunner in relation to a proposed placement proposal. Cicero is offering to raise a total of \$1,500,000 before the costs of the offer through the placement of shares over two tranches at \$0.05 for working capital purposes.

The Company has also agreed to pay Cicero a capital raising fee of 5% payable in shares at \$0.05 (300,000 shares) and an ongoing advisory services fee of \$10,000 per month for a minimum of 6 months. These fees only become payable upon completion of tranche 2 of the placement.

The Company has agreed to pay Canaccord Genuity Pty Ltd a capital raising fee of 5% payable in shares at \$0.05 (1,200,000 shares).

Tranche 1 has already been completed with the issue of 19,950,000 shares raising \$997,500 (before the costs of the offer).

COMET RESOURCES LTD
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 30 June 2017

24. EVENTS SUBSEQUENT TO REPORTING DATE (cont'd)

On 9 August 2017 Shareholders approved the issue of 6,000,000 tranche 2 shares at \$0.05 to Cicero (or its nominees) and 4,050,000 tranche 2 shares at \$0.05 to Canaccord (or its nominees) to raise a total of \$502,500 (before the costs of the offer).

On 15 August 2017 1,200,000 Fully Paid Ordinary Shares were issued to Canaccord and 300,000 Fully Paid Ordinary Shares were issued to Cicero on top of the placement proposal in lieu of capital raising fees.

In addition to the Ordinary Shares issued, the issue of options was approved by Shareholders as follows:

- 4,000,000 Options exercisable at \$0.10 expiring 31 December 2019 to raise \$400;
- 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.

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group does not have any contingent liabilities or assets at balance date or date of this report other than the payment of capital raising fees as detailed in Note 24.

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

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 11 to 40 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



AR Cooper
Managing Director

Dated at Perth this 12th day of September 2017

**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 2017, 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 Company's financial position as at 30 June 2017 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

During our audit, we did not come across any 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 2017, 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 7 to 10 of the directors' report for the year ended 30 June 2017. 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 2017 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

Samir R Tirodkar
Director



West Perth, Western Australia
12 September 2017

12 September 2017

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 2017, 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 Stantons 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 29th August 2017.

Twenty largest shareholders		
	Number	%
Rojex Mining Services Pty Ltd	15,609,953	9.49
Alberta Resources Pty Ltd	9,061,984	5.51
Fairplan Holdings Pty Ltd	6,500,000	3.95
Pillage Investments Pty Ltd	6,000,000	3.65
Merriwee Pty Ltd	5,500,000	3.34
Station Nominees Pty Ltd	5,250,000	3.19
Alberta Resources Pty Ltd	5,037,000	3.06
Aigle Royal Superannuation Fund Pty Ltd	4,810,000	2.92
Great Southern Flour Mills Pty Ltd	4,090,000	2.49
RS & J Dongray	4,075,000	2.48
Broomehill Pty Ltd	3,653,503	2.22
Mr PH Watts	3,300,000	2.00
Mr PS Dongray	2,500,000	1.52
Merchant Funds Management Pty Ltd	2,200,000	1.34
Brentine Nominees Pty Ltd	2,000,000	1.22
Colosseum Securities Pty Ltd	1,986,000	1.21
Mr M Shields	1,960,000	1.19
Symorgh Investments Pty Ltd	1,950,000	1.18
Citicorp Nominees Pty Ltd	1,836,000	1.12
Alberta Resources Pty Ltd	1,788,774	1.09
TOTAL	89,108,124	54.17

Number of shareholders

164,500,000 fully paid ordinary shares are held by 651 shareholders.

**COMET RESOURCES LTD
and its Controlled Entities**

ASX ADDITIONAL INFORMATION (CONT'D)

Distribution of shareholders

	Fully Paid
1-1,000	28
1,001-5,000	79
5,001-10,000	134
10,001-100,000	253
100,001 & over	157
TOTAL	651

Holders of non-marketable parcels

There are 134 shareholders that hold less than a marketable parcel totalling 454,570 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 – 16,763,517 fully paid shares – 10.19%
Mr RO Jones & Rojex Mining Services Pty Ltd – 15,609,953 fully paid shares – 9.49%

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

The Company's Corporate Governance disclosure is available on the Company's website at:
www.cometres.com.au/companyinformation/corporategovernance

**COMET RESOURCES LTD
and its Controlled Entities**

TENEMENT SCHEDULE

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