



Comet Resources Limited

ABN 88 060 628 202

and its

Controlled Entities

Half-Year Financial Report

31 December 2011

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Directors

RO Jones - Chairman

AR Cooper

RN Hill

Company Secretary

E Czechowski

**Registered Office &
Principal Place of Business**

Unit 2
23 Belgravia Street
BELMONT WA 6104

Telephone: (08) 9475 7100

Facsimile: (08) 9277 4147

Email: comet@cometres.com.au

Share Registry

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

Auditor

Stantons International
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Stock Exchange Listing

The Company is listed on the Australian Securities Exchange Limited

Home Exchange: Perth, Western Australia

ASX Code: CRL

Web Page

www.cometres.com.au

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2011.

Directors

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

Robert (Roj) Oswald Jones (Chairman)

Mr Jones was a founding Director of Comet and has been involved in the management of the Company's growth to date. Mr Jones has in excess of 30 years experience in the mining industry with major resource development companies, worldwide.

Director since 1993, appointed Chairman in 1999.

Anthony Roy Cooper

Mr Cooper has been with Comet since 1994. He currently holds the position of technical director. From 1996 to 2002, Mr Cooper was responsible for the geological 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 2001.

Roger Hill

Mr Hill was a founding Director of Comet and was a Board member initially until 1997. He has experience as a Director of public and private companies in a number of industries, including mining and resources. Mr Hill currently manages his own business interests.

Mr Hill was formerly a partner in a Perth law firm for 10 years.

Director since 2004.

Company Secretary

Edmund Czechowski

Edmund Czechowski is a Fellow of the Australian Society of Certified Practising Accountants and a Fellow of the Australian Institute of Company Directors. He has significant experience in accounting and secretarial roles within the resource sector.

RESULTS OF OPERATIONS

The net loss of the consolidated entity for the six months to 31 December 2011 is \$301,734 (31 December 2010:\$22,130 profit). The net loss was largely due to expenditure on mineral exploration and research and development.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

REVIEW OF OPERATIONS

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

- Exploration on a number of its wholly owned and managed exploration tenements and continued to identify and evaluate a number of resource assets/projects for acquisition and/or joint venture; and
- Research and development of biotechnology products for use in the oil industry by its wholly owned subsidiary Environmental Oil Solutions Pty Ltd ("EOS").

It is recommended that this half-yearly report be read in conjunction with the 30 June 2011 Annual Report and any public announcements made by the Company during the half year.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

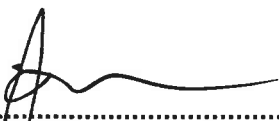
EVENTS SUBSEQUENT TO BALANCE DATE

There have been no matters or circumstances that have arisen since 31 December 2011 that has significantly affected or may significantly affect:

- (a) the economic entity's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the economic entity's state of affairs in future years.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 14.

Signed in accordance with a resolution of the Directors.


.....
AR Cooper
Director

Perth, 6 February 2012

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

		Consolidated	
	Note	Half-year ended 31 Dec 11 \$	Half-year ended 31 Dec 10 \$
Administration expenses		(208,887)	(176,668)
Exploration expenses		(148,796)	(107,187)
Operating result		<u>(357,683)</u>	<u>(283,855)</u>
Earnings before interest and taxes and amortisation (EBITA)		(357,683)	(283,855)
Amortisation		<u>(1,832)</u>	<u>(1,004)</u>
Earnings before interest and taxes		(359,515)	(284,859)
Net financial income	2(a)	<u>57,781</u>	<u>306,989</u>
(Loss)/profit before taxes		(301,734)	22,130
Income tax		<u>-</u>	<u>-</u>
Net (loss)/profit for the period		(301,734)	22,130
Other comprehensive income for the period			
Net unrealised fair value (loss)/gains on available- for-sale financial assets		(12,232)	41,940
Transfer of fair value reserve to income on disposal of investments		-	(40,800)
Total comprehensive (loss)/income for the period		<u>(313,966)</u>	<u>23,270</u>
Net (loss)/profit attributable to the parent entity		<u>(313,966)</u>	<u>23,270</u>
Total comprehensive (loss)/income attributable to the parent entity		<u>(313,966)</u>	<u>23,270</u>
Basic (loss)/earnings per share (cents)		(0.41)	0.03
Diluted (loss)/earnings per share (cents)		(0.41)	0.03

The consolidated statement of comprehensive income should be read in conjunction with the accompanying condensed notes.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**ABN 88 060 628 202****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2011**

Consolidated			
	Note	As at 31 Dec 11 \$	As at 30 June 11 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,888,373	2,193,905
Trade and other receivables		38,025	27,729
Available-for-sale financial assets		26,213	53,008
TOTAL CURRENT ASSETS		1,952,611	2,274,642
NON-CURRENT ASSETS			
Other financial assets		48,940	48,940
Plant and equipment		6,120	7,952
TOTAL NON-CURRENT ASSETS		55,060	56,892
TOTAL ASSETS		2,007,671	2,331,534
CURRENT LIABILITIES			
Trade and other payables		36,451	27,677
TOTAL CURRENT LIABILITIES		36,451	27,677
TOTAL LIABILITIES		36,451	27,677
NET ASSETS		1,971,220	2,303,857
EQUITY			
Issued capital	8	4,969,594	4,988,265
Reserves	9	606,494	618,726
Accumulated losses		(3,604,868)	(3,303,134)
TOTAL EQUITY		1,971,220	2,303,857

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

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

		Consolidated	
		Half-year ended 31 Dec 11 \$	Half-year ended 31 Dec 10 \$
	Note		
Cash flows from operating activities			
Payments to suppliers and employees		(344,427)	(278,631)
Interest received		57,566	43,921
Net cash flows used in operating activities		<u>(286,861)</u>	<u>(234,710)</u>
Cash flows from investing activities			
Proceeds from sale of listed securities		-	606,681
Repayment of unclaimed monies		-	(27,299)
Net cash flows from investing activities		<u>-</u>	<u>579,382</u>
Cash flows from financing activities			
Capital raising costs		(18,671)	-
Net cash flows from financing activities		<u>(18,671)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(305,532)	344,672
Cash and cash equivalents at beginning of period		2,193,905	2,001,667
Cash and cash equivalents at end of period	3	<u>1,888,373</u>	<u>2,346,339</u>

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

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	TOTAL \$
As at 1 July 2010	<u>4,873,265</u>	<u>(3,098,634)</u>	<u>651,954</u>	<u>2,426,585</u>
Net profit for the period	-	22,130	-	22,130
Other comprehensive income for the period	-	-	1,140	1,140
Total comprehensive income for the period	-	22,130	1,140	23,270
Shares issued	115,000	-	-	115,000
As at 31 December 2010	<u>4,988,265</u>	<u>(3,076,504)</u>	<u>653,094</u>	<u>2,564,855</u>
 As at 1 July 2011	 <u>4,988,265</u>	 <u>(3,303,134)</u>	 <u>618,726</u>	 <u>2,303,857</u>
Net loss for the period	-	(301,734)	-	(301,734)
Other comprehensive loss for the period	-	-	(12,232)	(12,232)
Total comprehensive loss for the period	-	(301,734)	(12,232)	(313,966)
Capital raising costs	(18,671)	-	-	(18,671)
 As at 31 December 2011	 <u>4,969,594</u>	 <u>(3,604,868)</u>	 <u>606,494</u>	 <u>1,971,220</u>

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

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 1: Basis of Preparation of the Half-Year Financial Report

This financial report is a general purpose condensed financial report for the half-year ended 31 December 2011 which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2011 and considered with any public announcements made by Comet Resources Limited during the half-year ended 31 December 2011 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

The half-year financial statements do not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial statements have been prepared on the basis of accrual accounting and historical costs, modified where applicable by the measurements at fair value of selected individual assets and financial liabilities.

Going Concern Basis

The half-year financial statements have been prepared on the going concern basis, which contemplate continuity of normal business activities and realization of assets and settlement of liabilities in the ordinary course of business. The going concern of the Group is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to monitor the ongoing funding requirements of the Group. The Directors are confident that sufficient funding can be secured if required to enable the Group to continue as a going concern and as such are of the opinion that the financial statements have been appropriately prepared on a going concern basis.

Changes in Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 *Related Party Disclosures (amendment)* effective 1 January 2011
- AASB 132 *Financial Instruments: Presentation (amendment)* effective 1 February 2010
- AASB Int 14 *Prepayments of a Minimum Funding Requirement (amendment)* effective 1 January 2011
- *Improvements to AASBs* (May 2010)

The adoption of the standards or interpretations is described below:

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 1: Basis of Preparation of the Half-Year Financial Report (cont'd)

Changes in Accounting Policies (cont'd)

AASB 124 Related Party Transactions (Amendment)

The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 132 Financial instruments: Presentation (Amendment)

The AASB issued an amendment that alters the definition of financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights issues are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

AASB Int 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

The Group has not elected to adopt any of the new standards or amendments that are issued but not yet effective.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated	
	31 Dec 11	31 Dec 10
	\$	\$
Note 2: Loss from Ordinary Activities		
(a) Net Financial Income		
Interest received – other entities	57,781	53,236
Other income	-	4,072
Profit on sale of listed securities	-	249,681
Total Revenue	57,781	306,989

	Consolidated	
	31 Dec 11	30 Jun 11
	\$	\$
Note 3: Cash and cash equivalents		
Cash	25,618	30,116
Bank bills and short term deposits maturing within 60 days	1,862,755	2,163,789
	1,888,373	2,193,905

Reconciliation of cash and cash equivalents

Cash at the end of the financial period as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	1,888,373	2,193,905
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Note 4: Segment Reporting

The economic entity operates entirely in Australia and predominantly in the field of mineral exploration and bio-technology.

31 December 2011	Bio-Tech	Exploration	Unallocated	Total
Revenue	-	-	57,781	57,781
Expenses	(73,232)	(148,796)	(137,487)	(359,515)
Segment results	(73,232)	(148,796)	(79,706)	(301,734)
31 December 2010				
Revenue	-	-	306,989	306,989
Expenses	(63,889)	(107,187)	(113,783)	(284,859)
Segment results	(63,889)	(107,187)	193,206	22,130

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**ABN 88 060 628 202****CONDENSED NOTES TO THE FINANCIAL STATEMENTS****FOR THE HALF-YEAR ENDED 31 DECEMBER 2011****Note 4: Segment Reporting (Cont'd)**

From 1 July 2009, 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 comprehensive income and statement of financial position.

Note 5: Earnings per share

	2011 Number	2010 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	73,055,187	71,885,061
	2011 Number	2010 Number
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	73,055,187	71,885,061

Note 6: Contingent Liabilities and Contingent Assets

The economic entity does not have any contingent assets or liabilities outstanding at 31 December 2011.

Note 7: Dividends

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

Note 8: Issued Capital

	31 Dec 11 No.	30 June 11 No.	31 Dec 11 \$	30 June 11 \$
(a) Share Capital				
Issued share capital	73,055,187	73,055,187	4,988,265	4,988,265
(b) Share movements during the period				
Balance brought forward	73,055,187	70,714,935	4,988,265	4,873,265
Capital raising costs	-	-	(18,671)	-
Issued	-	2,340,252	-	115,000
At the end of the period	73,055,187	73,055,187	4,969,594	4,988,265

During the period the Company issued no fully paid ordinary shares (30 June 2011:2,340,252 at 4.914 cents per share) to Directors in settlement of consulting and directors' fees.

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 9: Reserves

	Fair Value	Share Based Payments	Total
As at 1 July 2010	45,460	606,494	651,954
Net unrealised fair value gains on available-for-sale financial assets	41,940	-	41,940
Transfer of fair value reserve to income on disposal of investments	(40,800)	-	(40,800)
As at 31 December 2010	<u>46,600</u>	<u>606,494</u>	<u>653,094</u>

	Fair Value	Share Based Payments	Total
As at 1 July 2011	12,232	606,494	618,726
Net unrealised fair value (loss)/gains on available-for-sale financial assets	(12,232)	-	(12,232)
Transfer of fair value reserve to income on disposal of investments	-	-	-
As at 31 December 2011	<u>-</u>	<u>606,494</u>	<u>606,494</u>

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

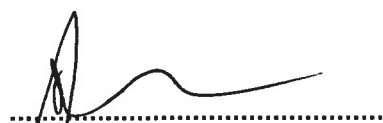
ABN 88 060 628 202

DIRECTORS' DECLARATION

The Directors of Comet Resources Limited declare that:

- (a) the financial statements and notes, set out on pages 4 to 12 are in accordance with the Corporations Act 2001:
 - give a true and fair view of the financial position as at 31 December 2011 and of the performance for the half-year ended 31 December 2011 of the economic entity; and
 - comply with Accounting Standards and the Corporations Regulations 2001;
- (b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



AR Cooper
Director

Perth, 6 February 2012

6 February 2012

The Directors

Comet Resources Limited
Unit 2
23 Belgravia Street
Belmont WA 6104

Dear Sirs

RE: COMET RESOURCES LIMITED

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

As Audit Director for the review of the financial statements of Comet Resources Limited for the period ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



Martin Michalik
Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Comet Resources Limited, which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Comet Resources Limited (the consolidated entity). The consolidated entity comprises both Comet Resources Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Comet Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Comet Resources Limited on 6 February 2012.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

Stantons International Audit & Consulting Pty Ltd



Martin Michalk
Director

West Perth, Western Australia
6 February 2012