



# **2013 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 (Chief Executive Officer)  
E Czechowski  
NJ Featherby

### **Company Secretary**

E Czechowski

### **Registered Office & Principal Place of Business**

Unit 2  
23 Belgravia Street  
BELMONT WA 6104  
Telephone: 61 8 9475 7100  
Facsimile: 61 8 9277 4147

### **Share Registry**

Advanced Share Registry Limited  
150 Stirling Highway  
NEDLANDS WA 6009  
Telephone: 61 8 9389 8033  
Facsimile: 61 8 9389 7871

### **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  
CRLO

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

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

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21<sup>st</sup> August 2013

Dear Fellow shareholder,

Your Directors present the Annual Report and Audited Financial Statements of the Company for the year ended 30 June 2013.

During the year the Company carried out exploration drilling on a number of properties. Drilling at Browns Reef in New South Wales located a very broad zone of oxidised, gossanous material considered to represent sulphide mineralisation at depth. The results are considered encouraging.

In the Canning Basin agreement was reached with Native title holders.

It is with regret that we record the passing in May of Roger Hill, a founding director of Comet. Mr Hill was a tireless worker for shareholders and will be sorely missed.

The Board 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,

A handwritten signature in black ink that reads "R O Jones". The signature is written in a cursive, slightly slanted style.

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

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

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The directors present their report together with the consolidated financial report of Comet Resources Limited ("Comet" or "the Company") and its controlled entities, for the year ended 30 June 2013 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, 65 (**Chairman**)

Mr Jones was a founding director of Comet. Mr Jones has over 35 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, 54 (**Chief Executive Officer**)

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.

Mr Cooper is a Non-Executive Director in Alicanto Minerals Ltd a company that plans to list during 2012. No other Directorships in listed companies in the last 3 years.

**Mr Roger Norman Hill** LLB, 63 (**Non Executive Director**)

Mr Hill was a founding director of Comet and was originally a Board member until 1997. He has experience as a director of public and private companies in a number of industries, including mining and resource. Mr Hill presently manages his own business interests.

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

Director since 22 March 2004. Ceased on 23 May 2013.

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

**Mr Nathan John Featherby** B.Comm, 33 (**Non Executive Director**)

Mr Featherby holds a Bachelor of Commerce degree from Curtin University. His working career has been in stockbroking and merchant banking with a focus on small to medium mining and exploration companies.

Mr Featherby is a Director of Rico Resources Ltd. and was a Director of Emerald Oil and Gas NL.

Mr Featherby was appointed a Director on 12 April 2012.

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

**Mr Edmund Czechowski** FCPA, FAICD, 64 (**Executive Director & Company Secretary**)

Appointed a Director on 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)**

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## Directors' interests

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

### Ordinary fully paid shares

RO Jones	14,459,953
AR Cooper	8,506,312
E Czechowski	90,000
NJ Featherby	Nil

## Earnings per Share

	Cents
Basic loss per share	0.76
Diluted loss per share	0.76

## 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 were:

- mineral exploration; and
- research and development of biotechnological products for environmentally sound issues in the oil remediation industry.

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 \$626,825 (2012: \$525,151 loss).

## Operating and Financial Review

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

### Canning Basin Project (100% Comet)

Exploration Licences (E45/3893 E45/3894 and E45/3109) are in the Canning Basin and cover over 1,200 sq km. these tenements are considered to have potential for the discovery of a new Permian coal deposits.

Diamond exploration by Stockdale Prospecting Limited drill tested geophysical diamond targets over a large area of the Canning Basin during 1997. During this program several holes intersected material described as coal, lignite, bituminous and carbonaceous (coal material) within Permian sediments, with the best intersection of this material being 32m (the hole was terminated in coal material). Comet's tenements cover the following holes:

Anomaly KID 528 hole 1, 746333 E 7599270 N intersected 32 metres of coal material from 78 metres. The hole was terminated in coal material.

Anomaly KID 461 hole 1, 653300 E 7680110 N intersected 11 metres of coal material from 53 metres hole was terminated in coal material.

Anomaly KID 461 hole 2, 653510 E 7680040 N intersected 5 metres of coal material from 50 metres. The hole terminated at 58 metres.

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

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The quality of these intersections is hard to ascertain from the drill logs and Stockdale did not conduct any further investigation on the coal material. However, the deposition environment is prospective for coal development and the material does highlight the potential of Comet's new tenements. There is no evidence of coal exploration in the area of Comet's tenements.

**Browns Reef Base Metal Project (100% Comet)**

Four RC drill holes were completed during the reporting period for 682 metres at the Browns Reef Project in New South Wales. Drill hole locations and depths are tabled below. Hole diameter just over 125mm.

Hole Number	Easting (m)	Northing (m)	Dip (deg)	Azimuth (deg)	Depth (m)
BR0020	436736	6314021	-60	71	180
BR0021	436598	6314366	-60	71	172
BR0022	436927	6313402	-60	82	150
BR0023	436527	6314491	-60	71	180

The drilling was designed to test the mineralised stratigraphy north of the Browns Reef Zone where Comet completed its first phase of exploration drilling. The target areas also had anomalous geochemistry and a gravity anomaly (high).

**BR0021** intersected two broad zones of mineralisation from 2m-34m and from 85m- 150m. A wide (75m) altered zone with elevated Cu (Copper), Pb (Lead), Zn (Zinc), Ag (Silver), and As (Arsenic) with multiple gossanous zones was located from 85m to 150m. Although the hole was highly weathered with no sulphides preserved relict base metal sulphide structures were observed during logging. A further zone of anomalous Pb and As within altered gossanous material was observed at the start of the hole (2m to 34m). This is believed to represent another mineralised horizon.

It was expected that results would be low from this hole due to the mobile nature of base metals in the weathering profile depleting the grade. It was also noted that this is by far the deepest weathering observed at the Browns Reef Project. This may be due to a higher concentration of sulphides within the mineralised stratigraphy at this location.

The best intersection from this hole is 11 metres @ 21g/t Ag, 0.24% Cu, 0.35% Pb and 0.23% Zn from 94 metres.

Copper results were considered higher than the norm for Browns Reef with several anomalous zones intersected and grading up to 0.5%Cu

Hole BR0021 has shown that broad altered untested zones can be found along the 9 km strike length of the mineralised stratigraphy. The area around BR0021 is a new target area that requires follow up work to test for primary sulphide zones that this hole suggest will be 50+m wide. These widths have the potential to deliver significant tonnages per vertical metre.

A drilling program to test the anomalous zone indicated by BR0021 has been planned.

**BR0022** was drilled approximately 600m north of the Browns Reef Zone and intersected 31 m @ 0.1% Cu, 0.4% Pb and 1.0% Zn from 96 metres in a highly siliceous zone. This hole indicates that the Browns Reef Zone may be extended by at least 600m.

**BR0020** was targeted on the gravity High. No mineralisation was intersected. The mineralised stratigraphy is believed to be further to the west.

**BR0023** was targeted on a high geochemistry result. No mineralisation was intersected. The mineralised zone is believed to be further to the west.

The programme demonstrated that the mineralised stratigraphy can be identified and tested using RC drilling techniques with a suitably qualified and experienced drill rig operator. This will enable a cost effective way to locate and test the mineralised stratigraphy. Historically the zone has been difficult to locate due to the Tertiary basalt cover and weathering.

**Background information**

The Browns Reef project lies in an area of good infrastructure (service centre, sealed road, rail, water, and power) and is located on freehold land. Preliminary metallurgical testwork has shown that the mineralisation is amenable to conventional lead-zinc flotation processing at a practical grind size and reagent requirements.

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

Browns Reef mineralisation is hosted in the Late Silurian to Early Devonian "Preston Formation". The dominant sulphide is pyrite, with lesser sphalerite, galena, chalcopyrite and trace arsenopyrite. The sulphides occur as disseminations, blebs and stringers within steeply dipping silicified metasediments and in quartz–white mica–chlorite–carbonate stockwork veins. Previous workers (eg, Maniw 1983; Duncan 2000; Downes et al 2004) have described the system as a syndeformation Cobar-type base metal system or as an epigenetic porosity-controlled base-metal system.

The area was explored in the late 70's to mid 80's by Electrolytic Zinc Company of Australasia Ltd. Exploration included surface sampling, 12 diamond drill holes and several geophysical techniques. The work resulted in the discovery of a lead-zinc mineralised. Surface expression of this mineralisation (defined by gossans, surface sampling and auger sampling) can be traced for over 10 km in a north-north-west direction. This zone has not been closed off.

Comet completed 13 diamond drill holes for a total of 4,775 metres (including pre-collars) (table 1 and 2) in its first programme at the Browns Reef Zone. The programme demonstrated good continuity over the 1 km strike length tested and there are indications that this extensive mineralisation also contains higher grade zones.

**Significant Intersection**

Hole No	From m	To m	Width m	Silver ppm	Copper %	Lead %	Zinc %	Pb+Zn+Cu %
BR0003	256	299.3	43.3	12.7	0.13	1.17	1.88	3.2
Including								
	256	260.2	4.2	34.5	0.44	1.47	3.8	5.7
	268.5	273.7	5.2	18.9	0.13	1.49	1.89	3.5
	279.4	285.2	5.8	5.5	0.12	2.14	3.86	6.1
	289.8	293.1	3.3	11.6	0.18	1.25	2.87	4.3
BR004	266.3	328.8	62.5	4.7	0.08	0.81	1.72	2.6
Including								
	267.5	274	6.4	8.4	0.12	1.77	3.52	5.4
	303.6	328.8	8.8	6.7	0.12	1.41	2.87	4.4
BR0007	333	373	40	5.8	0.17	0.7	1.5	2.4
including								
	359	363	4	12.8	0.11	1.11	3.93	5.2
	369	373	4	13.8	0.33	1.53	3.08	4.9
BR0018	316	374	58	19.0	0.4	0.9	2.0	3.3
including								
	368	374	6	74.0	1.2	4.8	11.4	17.4

The mineralised zone is open along strike, with a further 8 Km of the prospective zone to be evaluated. Some areas already have previously identified significant mineralised intersections.

The metallurgical testwork programme undertaken by Comet has shown that the mineralisation is amenable to conventional lead-zinc differential flotation processing. The work has shown that a high grade lead-silver concentrate and a high grade zinc concentrate can be produced at practical grind size and reagent requirements.

The Browns Reef Base Metal Project has potential for a large-tonnage resource and/or high grade smaller resources. A number of exploration activities are still needed to assess these potential resources.

**Utopia Project (100% Comet)**

The Utopia Project is located approximately 125 kilometres (km) east-southeast of Kalgoorlie. The Project is joint-ventured to Sipa Resources Ltd ("Sipa").

**Lake Dundas (option to purchase 100%)**

After disappointing results from the due diligence drilling program Comet withdrew from the option to purchase.



## **Kyrgyz Gold Pty Ltd**

In May 2013 Comet entered into a conditional option agreement to acquire 100% of Kyrgyz Gold Pty (KG). After completing due diligence, Comet withdrew from the transaction on 1 August 2013.

## **Tampu and Mollerin Project (100% Comet)**

Both tenements have been surrendered.

## **Environmental Oil Solutions**

During the year work has continued to commercialise COM001.

Work has focused on the development and trialling of micro-organisms isolated during research, which have been shown to significantly enhance the degradation and remediation of oil wastes. The business climate for developing new technologies continues to be difficult.

Further detail on work carried out during the year can be found in Comet's Quarterly Reports on the website [www.cometres.com.au](http://www.cometres.com.au).

## **Review of Financial Condition**

The Group has cash reserves of \$1,929,936 at 30 June 2013 and a net asset position of \$1,947,575. The Company considers this to be adequate to:

- meet the research and development commitments of Environmental Oil Solutions;
- meet the tenement exploration commitments; and
- assess new exploration projects.

## **Capital Structure**

During the year 1,597,051 fully paid ordinary shares were issued. No incentive shares or options were issued.

At the date of this report, the unissued ordinary shares of Comet Resources Limited under option are as follows:

Under option to Directors and Executives:	2,520,000
Under option to those other than Directors and Executives:	5,831,132

No person entitled to exercise any options, referred to above, had or has any right by virtue of any option to participate in any share issue of any other body corporate.

## **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**

On the 1<sup>st</sup> August 2013 the Company withdrew from the Kyrgyz Option Agreement.

Other than the above, there were no significant events that need to be reported since reporting date.

## **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; and
- the development and commercialisation of the EOS technology.

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

## **Environmental Regulation and Performance**

The consolidated entity's operations were subject to environmental regulations under both Commonwealth and State legislation in relation to its exploration activities and its research and development 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 RN Hill, Mr NJ Featherby 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 \$8,024 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.

### **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 \$162,000 per year. The agreement is on commercial terms and can be terminated at 1 months' notice; and
- An agreement with Rojex Mining Services Pty Ltd for the services of Mr Roj Jones with fees of \$162,000 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 \$36,000 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) a total of \$162,500 was paid to Rojex Mining Services Pty Ltd, an entity in which Mr Jones has a substantial financial interest for services provided in the normal course of business and at normal commercial rates;
- b) geological consulting and management fees paid or due and payable to Alberta Resources Pty Ltd of \$162,000, 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.
- c) a total of \$36,000 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.

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

**Directors' & Key Management Personnel remuneration for the Year ended 30 June 2013**

		Short-term			Post-employment		Share-based			
Name		Cash salary and fees	Cash bonus	Non-monetary benefits	Super-annuation	Retirement benefits	Incentive shares or options	Total	Performance based	Remuneration consisting of incentive shares or options
		\$	\$	\$	\$	\$	\$	\$	%	%
RO Jones (i) <i>Chairman</i>	2013	112,500	-	51,638	-	-	-	164,138	-	-
	2012	162,000	-	1,752	-	-	-	163,752	-	-
AR Cooper <i>CEO</i>	2013	162,000	-	1,638	-	-	-	163,638	-	-
	2012	162,000	-	1,752	-	-	-	163,752	-	-
RN Hill (i) * <i>Non-executive</i>	2013	15,000	-	16,638	2,700	-	-	34,338	-	-
	2012	30,000	-	1,752	2,700	-	-	34,452	-	-
E Czechowski** <i>Company Secretary</i>	2013	36,000	-	1,638	-	-	-	37,638	-	-
	2012	36,000	-	1,752	-	-	-	37,752	-	-
NJ Featherby <i>Non-executive</i>	2013	-	-	1,638	-	-	-	1,638	-	-
	2012	-	-	377	-	-	-	377	-	-
<b>Total 2013</b>		<b>325,500</b>	<b>-</b>	<b>73,190</b>	<b>2,700</b>	<b>-</b>	<b>-</b>	<b>401,390</b>		
<b>Total 2012</b>		<b>390,000</b>	<b>-</b>	<b>7,385</b>	<b>2,700</b>	<b>-</b>	<b>-</b>	<b>400,085</b>		

\*RN Hill ceased as a Director on 23 May 2013.

\*\* E Czechowski was appointed a Director on 30 May 2013 and also holds the position of Company Secretary.

During the year no incentive shares or options were issued or exercised.

(i) Included in non-monetary benefits are the following fees settled via the issue of shares:

Mr RO Jones	- \$50,000
Mr RN Hill	- \$15,000

## 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	7	6
AR Cooper	7	6
RN Hill	5	5
NJ Featherby	7	3
E Czechowski	1	1

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.

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

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**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 46.

**Corporate governance**

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

Signed in accordance with a resolution of directors.



**AR Cooper  
Executive Director**

Dated at Perth this 21<sup>st</sup> day of August 2013

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**for the year ended 30 June 2013**

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	Note	<b>CONSOLIDATED</b>	
		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
Administration expenses		(430,166)	(398,556)
Exploration expenses		(468,806)	(238,422)
<b>Operating result</b>		<b>(898,972)</b>	<b>(636,978)</b>
<b>Earnings before interest and taxes and depreciation</b>		<b>(898,972)</b>	<b>(636,978)</b>
Depreciation		(4,722)	(3,959)
<b>Earnings before interest and taxes</b>		<b>(903,694)</b>	<b>(640,937)</b>
Net other income	3(a)	101,745	115,786
<b>Loss before taxes</b>		<b>(801,949)</b>	<b>(525,151)</b>
Income tax (R & D tax refund)	5	175,124	-
<b>Net loss for the year</b>	14	<b>(626,825)</b>	<b>(525,151)</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Net unrealised fair value (losses)/gains on available-for-sale financial assets	3(b)	-	(12,233)
<b>Total comprehensive loss for the year</b>		<b>(626,825)</b>	<b>(537,384)</b>
<b>Net loss attributable to the members of the parent entity</b>		<b>(626,825)</b>	<b>(525,151)</b>
<b>Total comprehensive loss attributable to the members of the parent entity</b>		<b>(626,825)</b>	<b>(537,384)</b>
<b>Basic loss per share</b>	15	(0.76) cents	(0.70) cents
<b>Diluted loss per share</b>		(0.76) cents	(0.70) 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 16 to 42.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 30 June 2013**

		<b>CONSOLIDATED</b>	
	<b>NOTE</b>	<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,929,936	2,464,541
Trade and other receivables	7	20,938	25,797
Available-for-sale financial assets	9	12,815	20,970
<b>Total current assets</b>		<b>1,963,689</b>	<b>2,511,308</b>
<b>Non-current assets</b>			
Plant and equipment	8	1,295	6,017
Other financial assets	10	10,940	50,940
<b>Total non-current assets</b>		<b>12,235</b>	<b>56,957</b>
<b>TOTAL ASSETS</b>		<b>1,975,924</b>	<b>2,568,265</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	28,349	53,874
<b>Total current liabilities</b>		<b>28,349</b>	<b>53,874</b>
<b>TOTAL LIABILITIES</b>		<b>28,349</b>	<b>53,874</b>
<b>NET ASSETS</b>		<b>1,947,575</b>	<b>2,514,391</b>
<b>EQUITY</b>			
Issued capital	12	5,796,192	5,736,183
Reserves	13	606,493	606,493
Accumulated losses	14	(4,455,110)	(3,828,285)
<b>TOTAL EQUITY</b>		<b>1,947,575</b>	<b>2,514,391</b>

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 16 to 42.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the year ended 30 June 2013**

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	NOTE	<b>CONSOLIDATED</b>	
		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(849,164)	(589,475)
Receipt of R&D tax rebate & tax refund		175,124	-
Rent received		6,250	-
Interest received		98,177	116,217
<b>Net cash flows (used in) operating activities</b>	16(b)	(569,613)	(473,258)
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		-	-
Security Bond		40,000	(2,000)
Purchase of plant & equipment		-	(2,024)
<b>Net cash flows provided by/(used in) investing activities</b>		40,000	(4,024)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	835,113
Costs associated with the issue of shares		(4,992)	(87,195)
<b>Net cash flows (used in)/provided by financing activities</b>		(4,992)	747,918
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(534,605)	270,636
Cash and cash equivalents at the beginning of the year		2,464,541	2,193,905
<b>Cash and cash equivalents at the end of the year</b>	16(a)	<b>1,929,936</b>	<b>2,464,541</b>

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 16 to 42.



**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 30 June 2013**

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	Issued Capital \$	Accumulated losses \$	Other Reserves \$	Total \$
<b>CONSOLIDATED</b>				
<b>As at 1 July 2011</b>	4,988,265	(3,303,134)	618,726	2,303,857
Net loss for the year	-	(525,151)	-	(525,151)
Other comprehensive loss for the year	-	-	(12,233)	(12,233)
Total comprehensive loss for the year	-	(525,151)	(12,233)	(537,384)
Shares issued	835,113	-	-	835,113
Costs associated with shares issued	(87,195)	-	-	(87,195)
<b>As at 30 June 2012</b>	5,736,183	(3,828,285)	606,493	2,514,391
Net loss for the year	-	(626,825)	-	(626,825)
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	(626,825)	-	(626,825)
Shares issued	65,000	-	-	65,000
Costs associated with shares issued	(4,991)	-	-	(4,991)
<b>As at 30 June 2013</b>	<b>5,796,192</b>	<b>(4,455,110)</b>	<b>606,493</b>	<b>1,947,575</b>

The consolidated statement of changes in equity are to be read in conjunction with the notes to the financial statements set out on pages 16 to 42.

**COMET RESOURCES LTD  
and its Controlled Entities  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2013**

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**1. CORPORATE INFORMATION**

The financial report of Comet Resources Limited ("Comet") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 21<sup>st</sup> August 2013.

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.

These accounting policies have been consistently applied and, except where as noted below there is a change in accounting policy, are consistent with those of the previous year.

The financial report is presented in Australian dollars.

**(b) New and amended standards adopted by the Group**

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, amendments made to AASB 101 *Presentation of Financial Statements effective* 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

**(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.

**COMET RESOURCES LTD  
and its Controlled Entities  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
for the year ended 30 June 2013**

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**(c) Principles of consolidation (cont'd)**

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

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**(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 three 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.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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

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

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:

	<b><i>Patents and Licences</i></b>	<b><i>Development Costs</i></b>
<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 on the statement of comprehensive income 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.

**COMET RESOURCES LTD  
and its Controlled Entities  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
for the year ended 30 June 2013**

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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.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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**(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 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.

**COMET RESOURCES LTD  
and its Controlled Entities  
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
for the year ended 30 June 2013**

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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.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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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 comprehensive income and statement of financial position.



**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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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. Dependent on the successful commercialisation of the EOS products being developed by its subsidiary, the loan may be recoverable in which case the provision would be written back.

*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 2013 no provision for deferred tax has been recognised in relation to the unused tax losses as it is not considered probable that taxable profits will be available.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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**(x) New accounting standards and interpretations for application in future periods**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future accounting periods, some of which are relevant to the Group.

At the date of the authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', and AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2015	30 June 2016
AASB 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'	1 January 2013	30 June 2014
AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	1 January 2013	30 June 2014
AASB 127 'Separate Financial Statements (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 128 'Investments in Associates and Joint Ventures' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'	1 July 2013	30 June 2014
AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'	1 January 2013	30 June 2014
AASB 2012-2 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7)	1 January 2013	30 June 2014
AASB 2012-3 'Amendments to Australian Accounting Standards-Disclosures-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132)	1 January 2014	30 June 2015
AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'	1 January 2013	30 June 2014
AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'	1 January 2013	30 June 2014
Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.	1 January 2013	30 June 2014

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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**(x) New accounting standards and interpretations for application in future periods (cont'd)**

The Group has decided not to early adopt any of the new and amended pronouncements. Of the above new and amended Standards and Interpretations the Group's assessment of those new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

- AASB 9: Financial Instruments (December 2010) and AASB 2010-7 and AASB 2012-6: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010). These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation - Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will only affect disclosures and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group

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**(x) New accounting standards and interpretations for application in future periods (cont'd)**

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurements.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value.

These Standards are not expected to significantly impact the Group.

- AASB 2011-4: Amendments to Australian Accounting Standards to remove the individual key management Personnel Disclosure Requirements ((applicable for annual reporting periods commencing on or after 1 January 2013).

This standard makes amendments to AASB 124; Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus 29.1 to Aus 29.9.3). These amendments serve a number of purposes, including furthering the trans-Tasman conversion, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This standard is not expected to significantly impact the Group's financial report as a whole.

AASB 119 (September 2011) includes changes to the accounting for termination benefits.

The standard is not expected to significantly affect the Group.

AASB 2012-2 'Amendments to Australian Accounting Standards-Offsetting Financial Assets and Liabilities' (Amendments to AASB 7); AASB 2012-3 'Amendments to Australian Accounting Standards-Offsetting Financial Assets and Liabilities' (Amendments to AASB 132); AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements cycle'; AASB 2012-6 'Amendments to Australian Accounting Standards-Mandatory Effective date of AASB 9 and Transition Disclosures'; and Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' and AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20'.

These standards are not expected to impact the Group.

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	<b>CONSOLIDATED</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>3. REVENUES AND EXPENSES</b>		
<b>(a) Revenue</b>		
Interest – other parties	95,495	115,786
Other income	6,250	-
	<u>101,745</u>	<u>115,786</u>
<b>(b) Other income</b>		
Transfer from fair value reserve	-	(12,233)
Total	<u>-</u>	<u>(12,233)</u>
<b>(c) Expenses</b>		
Depreciation		
- plant & equipment	<u>4,722</u>	<u>3,959</u>
<b>(d) Lease payments, included in statement of comprehensive income</b>		
Operating leases	<u>43,183</u>	<u>43,420</u>
<b>(e) Employee/consultants benefits expense, included in statement of comprehensive income</b>		
Consulting fees	390,500	365,300
Superannuation costs	2,700	2,700
	<u>393,200</u>	<u>368,000</u>

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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.

**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 2013 and 30 June 2012.

	<i>Exploration</i> \$	<i>R&amp;D</i> \$	<i>Total</i> \$
<b>Year ended 30 June 2013</b>			
<b>Revenue</b>			
Management fee	120,000	-	120,000
Total segment revenue	120,000	-	120,000
Interest and rent revenue			101,745
Inter segment elimination			(120,000)
Total consolidated revenue			101,745
<b>Result</b>			
Segment result	(836,649)	(162,695)	(999,344)
Intersegment elimination			95,650
Unallocated income			101,745
Loss before tax			(801,949)
Income tax benefit		175,124	175,124
Net loss for the year			(626,825)
<b>Assets and liabilities</b>			
Segment assets	40,588	14,404	54,992
Unallocated assets			1,920,932
Total assets			1,975,924
Segment liabilities	(28,349)	-	(28,349)
Total liabilities			(28,349)
<b>Other segment information</b>			
Depreciation	4,722	-	4,722

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

	<i>Exploration</i> \$	<i>R&amp;D</i> \$	<i>Total</i> \$
<b>Year ended 30 June 2012</b>			
<b>Revenue</b>			
Management fee	120,000	-	120,000
Total segment revenue	<u>120,000</u>	-	120,000
Interest revenue			115,786
Inter segment elimination			<u>(120,000)</u>
Total consolidated revenue			<u>115,786</u>
<b>Result</b>			
Segment result	(657,217)	(275,705)	(932,922)
Intersegment elimination			291,985
Unallocated income			<u>115,786</u>
Loss before tax			(525,151)
Income tax benefit		-	-
Net loss for the year			<u>(525,151)</u>
<b>Assets and liabilities</b>			
Segment assets	96,674	25,272	121,946
Unallocated assets			<u>2,446,319</u>
Total assets			<u>2,568,265</u>
Segment liabilities	<u>(53,648)</u>	<u>(226)</u>	<u>(53,874)</u>
Total liabilities			<u>(53,874)</u>
<b>Other segment information</b>			
Depreciation	<u>3,959</u>	-	<u>3,959</u>

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**5. TAXATION**

**CONSOLIDATED**  
**2013                      2012**  
**\$                              \$**

**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 2013 is as follows:

Accounting loss before income tax	(801,949)	(525,151)
<b>Prima facie income tax benefit on loss from ordinary activities at 30% (2012: 30%)</b>	(240,585)	(157,545)
Tax effect of amounts which are not deductible in calculating taxable income:	460,866	377
	220,281	(157,168)
Movement in unrecognised temporary differences	(318,044)	(876)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	97,763	158,044
Australian Taxation Office R & D tax rebate (gross)	(175,124)	-
Income tax refund	(175,124)	-

**Unrecognised temporary differences**  
**Deferred Tax Assets (at 30%)**

Investment	31,106	28,659
Prepaid expenses	6,255	-
Provision for expenses	3,300	3,000
Capital raising costs	16,991	20,927
Carry forward revenue tax losses	3,066,647	2,968,884
Carry forward capital tax losses	165,515	165,515
	3,289,814	3,186,985

**Deferred Tax Liabilities**

Unearned Revenue	2,971	3,776
	2,971	3,776

The Group has revenue losses arising in Australia of \$10,222,158 (2012: \$9,896,280) and capital losses of \$551,718 (2012: \$551,718) that are available indefinitely for offset against future taxable profits of the companies in which the loss arose.



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**CONSOLIDATED**

**2013**                      **2012**  
**\$**                              **\$**

**6. CASH AND CASH EQUIVALENTS**

Cash	49,287	30,089
Bank bills and short term deposits, maturing within 90 days and paying interest at a weighted average interest rate of 4.80% (2012: 5.76%)	1,880,649	2,434,452
	<u>1,929,936</u>	<u>2,464,541</u>

**7. TRADE AND OTHER RECEIVABLES**

**Current**

Trade debtors	11,035	13,212
Accrued interest	9,903	12,585
	<u>20,938</u>	<u>25,797</u>

As of 30 June 2013 trade and other receivables do not contain impaired assets and are not past due. It is expected that these amounts will be received when due. The Group does not have any collateral in relation to these receivables.

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

**8. PLANT AND EQUIPMENT**

**Non-current**

At cost	103,627	103,627
Accumulated depreciation	(102,332)	(97,610)
Total plant and equipment net book value	<u>1,295</u>	<u>6,017</u>

**Reconciliation**

Reconciliation of the carrying amount for plant and equipment is set out below:

Carrying amount at beginning of year	6,017	7,952
Additions	-	2,024
Depreciation	(4,722)	(3,959)
Carrying amount at end of year	<u>1,295</u>	<u>6,017</u>

**9. AVAILABLE- FOR- SALE FINANCIAL ASSETS**

**Current**

Securities in listed companies (at market value 30 June)	<u>12,815</u>	<u>20,970</u>
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*Listed securities*

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 Ferrowest Limited have a fair value of \$12,815 at 30 June 2013 (2012:\$20,970).

**10. OTHER FINANCIAL ASSETS**

**Non-current**

Security bonds	<u>10,940</u>	<u>50,940</u>
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**CONSOLIDATED**  
**2013      2012**  
**\$            \$**

**11. TRADE AND OTHER PAYABLES**

**Current**

Trade creditors and accruals	28,349	53,874
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**12. ISSUED CAPITAL**

	<b>2013 No.</b>	<b>2012 No.</b>	<b>2013 \$</b>	<b>2012 \$</b>
<b>Issued and paid-up capital</b>	83,003,370	81,406,319	5,796,192	5,736,183
<b>Movements in ordinary share capital</b>				
Balance at the beginning of the financial year	81,406,319	73,055,187	5,736,183	4,988,265
Shares issued during the year net of capital raising costs	1,597,051	8,351,132	60,009	747,918
Balance at the end of the financial year	83,003,370	81,406,319	5,796,192	5,736,183

During the year the Company issued 1,597,051 fully paid ordinary shares at 4.07 cents per share to directors in lieu of consulting and Director's fees as approved by the shareholders on 3 October 2012.

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 on issue 8,351,132 listed options expiring on 31 March 2015 exercisable at \$0.20. There are no incentive options outstanding or on issue.

**Incentive Shares**

There are no incentive shares outstanding or on issue.

The market price of the Company's fully paid ordinary shares at 30 June 2013 was 2.6 cents (2012: 4.4 cents) per share.

**CONSOLIDATED**  
**2013      2012**  
**\$            \$**

**13. RESERVES**

Option premium reserve	294,707	294,707
Share-based payments reserve	311,786	311,786
	606,493	606,493

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**13. RESERVES (cont'd)**

	<b>CONSOLIDATED</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Movement in reserves</b>		
Balance at beginning of year	606,493	618,726
Net unrealised gains on available-for-sale financial assets	-	(12,233)
Balance at end of year	<u>606,493</u>	<u>606,493</u>

**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 2013 the balance of the net unrealised gain reserve is \$nil (2012: \$nil)

	<b>CONSOLIDATED</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>14. ACCUMULATED LOSSES</b>		
Accumulated losses at beginning of year	(3,828,285)	(3,303,134)
Net loss attributable to members of the parent entity	(626,825)	(525,151)
Accumulated losses at the end of the year	<u>(4,455,110)</u>	<u>(3,828,285)</u>

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**15. EARNINGS PER SHARE**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
(a) Basic earnings (loss) per share (cents per share)	(0.76)	(0.70)
(b) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to ordinary entity	(626,825)	(525,151)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	82,584,471	74,493,092
(c) As the options outstanding during the year would reduce the loss per share from continuing ordinary operations on conversion, the potential ordinary shares are not dilutive.		

**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:

	<b>CONSOLIDATED</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Cash	49,287	30,089
Bank bills and short term deposits, maturing within 90 days and paying interest at a weighted average interest rate of 4.80% (2012:5.76%)	1,880,649	2,434,452
	1,929,936	2,464,541

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

Operating loss after income tax	(626,825)	(525,151)
Add non-cash items:		
Depreciation and impairment	4,722	3,959
Diminution in value of available for sale assets	8,155	19,805
Add items classified as financing activities:		
Issue of shares in lieu of director's and consulting fees	65,000	-
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables and prepayments	4,860	1,932
Increase/(decrease) in trade and other payables	(25,525)	26,197
Net cash flow used in operating activities	(569,613)	(473,258)

Non-cash financing and investing activities

During the year the Company issued 1,597,051 fully paid shares at 4.07 cents per share to directors in lieu of consulting and director's fees.

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**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 - Chief Executive Officer  
Mr RN Hill - Non-executive Director (ceased 23 May 2013)  
Mr E Czechowski – Executive Director (appointed 30 May 2013) and Company Secretary  
Mr NJ Featherby – Non-executive Director

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

	<b>CONSOLIDATED</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Short-term	398,690	397,385
Post employment	2,700	2,700
	<u>401,390</u>	<u>400,085</u>

During the year no shares, incentive shares or options were issued to key management personnel, directors or executives except as disclosed below.

**Equity instruments disclosures relating to directors and key management personnel**

**Share holdings**

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.

**30 June 2013**

<b>Name</b>	<b>Balance at the start of the year</b>	<b>Acquired during the year</b>	<b>Disposed of during the year</b>	<b>Balance at the end of the year</b>
RO Jones*	13,284,452	1,228,501	(53,000)	14,459,953
AR Cooper	8,506,312	-	-	8,506,312
RN Hill*	5,155,638	368,550	-	5,524,188
E Czechowski**	90,000	-	-	90,000
NJ Featherby	-	-	-	-

**30 June 2012**

<b>Name</b>	<b>Balance at the start of the year</b>	<b>Acquired during the year</b>	<b>Balance at the end of the year</b>
RO Jones	11,584,452	1,700,000	13,284,452
AR Cooper	7,486,312	1,020,000	8,506,312
RN Hill	5,095,638	60,000	5,155,638
NJ Featherby	-	-	-

\*The shares acquired during the year ended 30 June 2013 were in lieu of fees as disclosed in Note 12.

\*\* Mr Czechowski was appointed a Director on 30 May 2013.

The shares acquired during the year ended 30 June 2012 were acquired on market and pursuant to the Prospectus dated 1 February 2012.

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**17. DIRECTOR AND KEY MANAGEMENT PERSONNEL DISCLOSURES (cont'd)**

***Option holdings and Incentive shares***

No incentive shares were held by directors or key management personnel at reporting date (2012:Nil). Options held by directors and key management personnel are as follows:

**30 June 2013**

<b>Name</b>	<b>Balance at the start of the year</b>	<b>Acquired during the year</b>	<b>Balance at the end of the year</b>
RO Jones	1,500,000	-	1,500,000
AR Cooper	1,020,000	-	1,020,000
RN Hill*	60,000	-	60,000
E Czechowski**	-	-	-
NJ Featherby	-	-	-

**30 June 2012**

<b>Name</b>	<b>Balance at the start of the year</b>	<b>Acquired during the year</b>	<b>Balance at the end of the year</b>
RO Jones	-	1,500,000	1,500,000
AR Cooper	-	1,020,000	1,020,000
RN Hill	-	60,000	60,000
NJ Featherby*	-	-	-

The options acquired during the year ended 30 June 2012 were acquired pursuant to the Prospectus dated 1 February 2012.

\*Mr RN Hill ceased as a Director on 23 May 2013.

\*\* Mr E Czechowski was appointed a Director on 30 May 2013.

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

(i) Consultancy fees of \$162,000 were paid at normal commercial rates to Rojex Mining Services Pty Ltd, a company controlled by Mr RO Jones, for the provision of management, administrative and technical services.

(ii) Consultancy fees of \$162,000 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.

(iii) Consultancy fees of \$36,000 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.

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**Other transactions with directors and key management personnel (cont'd)**

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

	<b>CONSOLIDATED</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Current payables		
Trade creditors	14,850	14,850

**18. AUDITORS' REMUNERATION**

Audit services:		
Auditors of the Company – Stantons International	18,855	15,553

**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

260,000	464,000
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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 2013 are as follows:

Not longer than one year	44,796	42,722
Longer than one year but not longer than two years	44,796	21,360
Longer than two years	18,665	-
	108,257	64,082

**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.

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

*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 4.80% per annum. The Group's operating accounts do not attract interest. The Group's cash reserves are only placed with major Australian banks. The Group is not materially exposed to changes in market interest rates.

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

*Sensitivity Analysis*

The following tables summarise the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax loss and equity would have been affected as shown. The analysis has been performed on the same basis for 2013 and 2012.

Consolidated Entity 30 June 2013	Interest Rate Risk			Interest Rate Risk	
	Carrying Amount \$	-1%		+1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$
<i>Financial assets</i>					
Cash & cash equivalents	1,929,936	(18,806)	(18,806)	18,806	18,806

None of the Group's financial liabilities are interest bearing.

Consolidated Entity 30 June 2012	Carrying Amount \$	Interest Rate Risk		Interest Rate Risk	
		-1%		+1%	
		Net Loss \$	Equity \$	Net Loss \$	Equity \$
<i>Financial assets</i>					
Cash & cash equivalents	2,464,541	(24,345)	(24,345)	24,345	24,345

None of the Group's financial liabilities are 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 statement of financial position as available-for-sale assets or at fair value through profit or loss. At 30 June 2013 the fair value of equity securities is \$12,815 (2012:\$20,970). A 10% movement would increase/decrease profit or loss for the year by \$1,281 (2012:\$2,097). The Group and the parent entity are exposed to minimal commodity price risk.



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**for the year ended 30 June 2013**

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

*Credit risk*

The Group trades only with recognised, creditworthy third parties.

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

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

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

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

*Liquidity risk*

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

**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			
<b>CONSOLIDATED</b>		\$	\$	\$	\$	\$	
<b>2013</b>							
Financial assets							
Cash and cash equivalents	6	1,880,649	-	-	49,287	1,929,936	4.80%
Trade and other receivables	7	-	-	-	20,938	20,938	0%
Listed securities	9	-	-	-	12,815	12,815	0%
Bonds	10	-	-	-	10,940	10,940	0%
		<u>1,880,649</u>	<u>-</u>	<u>-</u>	<u>93,980</u>	<u>1,974,629</u>	
Financial liabilities							
Trade and other payables	11	-	-	-	28,349	28,349	0%
		<u>-</u>	<u>-</u>	<u>-</u>	<u>28,349</u>	<u>28,349</u>	
Net financial assets		<u>1,880,649</u>	<u>-</u>	<u>-</u>	<u>65,631</u>	<u>1,946,280</u>	

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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

	Note	Floating Interest	Fixed interest maturing in:		Non Interest bearing	Total	Weighted average interest rate
			1 year or less	1-5 years			
CONSOLIDATED		\$	\$	\$	\$	\$	
<b>2012</b>							
Financial assets							
Cash and cash equivalents	6	2,434,452	-	-	30,089	2,464,541	5.76%
Trade and other receivables	7	-	-	-	25,797	25,797	0%
Listed securities	9	-	-	-	20,970	20,970	0%
Bonds	10	-	-	-	50,940	50,940	0%
		<u>2,434,452</u>	<u>-</u>	<u>-</u>	<u>127,796</u>	<u>2,562,248</u>	
Financial liabilities							
Trade and other payables	11	-	-	-	53,874	53,874	0%
		<u>-</u>	<u>-</u>	<u>-</u>	<u>53,874</u>	<u>53,874</u>	
Net financial assets		<u>2,434,452</u>	<u>-</u>	<u>-</u>	<u>73,922</u>	<u>2,508,374</u>	

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

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

	<b>CONSOLIDATED</b>	
	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
<b>Level 1</b>		
Available-for-sale financial assets		
- listed investments	<u>12,815</u>	<u>20,970</u>

Included within level 1 are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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**22. PARENT ENTITY DISCLOSURES**

**(a) Financial Position**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,920,932	2,446,319
Trade and other receivables	15,538	18,747
Available-for-sale financial assets	12,815	20,970
<b>Total current assets</b>	<u>1,949,285</u>	<u>2,486,036</u>
<b>Non-current assets</b>		
Plant and equipment	1,295	6,017
Other financial assets (i)	10,940	50,940
<b>Total non-current assets</b>	<u>12,235</u>	<u>56,957</u>
<b>TOTAL ASSETS</b>	<u>1,961,520</u>	<u>2,542,993</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	28,349	53,648
<b>Total current liabilities</b>	<u>28,349</u>	<u>53,648</u>
<b>TOTAL LIABILITIES</b>	<u>28,349</u>	<u>53,648</u>
<b>NET ASSETS</b>	<u><u>1,933,171</u></u>	<u><u>2,489,345</u></u>
<b>EQUITY</b>		
Issued capital	5,796,192	5,736,183
Reserves	606,493	606,493
Accumulated losses	(4,469,514)	(3,853,331)
<b>TOTAL EQUITY</b>	<u><u>1,933,171</u></u>	<u><u>2,489,345</u></u>

**(b) Financial Performance**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(616,183)	(541,341)
Other comprehensive loss	-	(12,233)
<b>TOTAL COMPREHENSIVE LOSS</b>	<u><u>(616,183)</u></u>	<u><u>(553,574)</u></u>

**(i) Other financial assets**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Investments in controlled entities	1	1
Loans to controlled entities	1,932,843	1,837,193
Provision for diminution	(1,932,844)	(1,837,194)
Security bonds	10,940	50,940
	<u>10,940</u>	<u>50,940</u>

The loan to the controlled entity, Environmental Oil Solutions Pty Ltd, is unsecured, interest free and of no fixed term. Refer to Note 23 for detail regarding transactions within the controlled entity in the current year.

**COMET RESOURCES LTD**  
**and its Controlled Entities**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**for the year ended 30 June 2013**

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**23. RELATED PARTY DISCLOSURES**

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

	<b>2013</b>	<b>2012</b>
	<b>%</b>	<b>%</b>
Comet Resources Limited – controlled entities		
Ravensthorpe Management Pty Ltd*^	100	100
Environmental Oil Solutions Pty Ltd*	100	100

\* incorporated in Australia

^ dormant

Comet Resources Limited is the ultimate parent entity.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year:

Related party		<b>Management fee</b>	<b>Amount owed by related parties</b>	<b>Amounts owed to related parties</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
Subsidiary:				
Environmental Oil Solutions	2013	120,000	1,932,843	-
	2012	120,000	1,837,193	-

Transactions with key management personnel are disclosed in Note 17.

**24. EVENTS SUBSEQUENT TO REPORTING DATE**

On the 1<sup>st</sup> August 2013 the Company withdrew from the Kyrgyz Option Agreement.

Other than the above, 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.

**25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

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

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The Directors of Comet Resources Limited declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards;
- (c) in the Directors' opinion, the attached financial statements and notes thereto set out in pages 12 to 42 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**  
**Executive Director**

Dated at Perth this 21st day of August 2013

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

### **Report on the Financial Report**

We have audited the accompanying financial report of Comet Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2013, 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, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility 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 note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 company'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 company's 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.

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

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

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

*Opinion*

In our opinion:

- (a) the financial report of Comet Resources Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 9 to 10 of the directors' report for the year ended 30 June 2013. 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*

In our opinion the remuneration report of Comet Resources Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

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

*Stantons International Audit & Consulting Pty Ltd*

  
**Martin Michalik**  
Director

West Perth, Western Australia  
21 August 2013

21 August 2013

Board of 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 audit of the financial statements of Comet Resources Limited for the year ended 30 June 2013, 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)**



**Martin Michalik**  
**Director**



**COMET RESOURCES LTD**  
and its Controlled Entities

**ASX ADDITIONAL INFORMATION**

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

The information is made as at 15<sup>th</sup> August 2013.

<b>Twenty largest shareholders</b>		
	<b>Number</b>	<b>%</b>
Rojex Mining Services Pty Ltd	12,400,264	14.94
Mr A & Mrs M Poli	4,810,000	5.79
Pillage Investments Pty Ltd	4,620,465	5.57
Alberta Resources Pty Ltd	4,282,000	5.16
Broomehill Pty Ltd	3,653,503	4.40
Alberta Resources Pty Ltd	3,059,689	3.70
Zero Nominees Pty Ltd	3,015,000	3.63
Piat Corp Pty Ltd	2,500,000	3.01
Rojex Mining Services Pty Ltd	2,059,689	2.48
Clodene Pty Ltd	2,014,854	2.43
Dunmohr Capital Pty Ltd	2,000,000	2.41
Alberta Resources Pty Ltd	1,788,774	2.15
Yandal Investments Pty Ltd	1,600,000	1.93
Alford Bay Pty Ltd	1,476,000	1.78
Mr J Tobias	1,405,393	1.69
Mr P Holmewood	1,235,937	1.49
HSBC Custody Nominees	1,228,000	1.48
Mr HG Dawson	1,188,206	1.43
Mr I Semerdziev	1,109,000	1.34
Mr A Negus	1,017,000	1.22
<b>TOTAL</b>	<b>56,463,774</b>	<b>68.03</b>

**Number of shareholders**

83,003,370 fully paid ordinary shares are held by 583 shareholders.

There are on issue 8,351,132 options exercisable at \$0.20 expiring on 31 March 2015.

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

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

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**Distribution of shareholders**

	<b>Fully Paid</b>
1-1,000	26
1,001-5,000	87
5,001-10,000	142
10,001-100,000	248
100,001 & over	80
<b>TOTAL</b>	<b>583</b>

**Holders of non-marketable parcels**

There are 408 shareholders that hold less than a marketable parcel totalling 4,363,843 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 Robert (Roj) Jones & Rojex Mining Services Pty Ltd – 14,459,953 fully paid shares – 17.42%

Mr Anthony Cooper & Alberta Resources Pty Ltd – 10,006,312 fully paid shares – 12.05%

Mr Roger Hill, Alford Bay Pty Ltd & Broomehill Pty Ltd – 5,524,188 fully paid shares – 6.65%

Mr A & Mrs M Poli – 4,810,000 fully paid shares – 5.79%

Mr G Kirke – 4,500,000 fully paid ordinary shares – 5.42%

**Stock Exchange listing**

The Company's fully paid shares (CRL) and Options exercisable at \$0.20 expiring 31 March 2015 (CRLO) 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

**COMET RESOURCES LTD**  
and its Controlled Entities

**CORPORATE GOVERNANCE STATEMENT**

**Corporate Governance Statement**

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring achievement of these goals.

Subject to the exceptions outlined below the Company will adopt the ASX Corporate Governance Council's 2<sup>nd</sup> edition of the *Principles and Recommendations with 2010 Amendments* to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

As the Company's activities develop in size, nature and scope the implementation of additional corporate governance structures will be given further consideration.

**Disclosure of Corporate Governance Practices**

**Summary Statement**

	ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>		ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
Recommendation 1.1	✓		Recommendation 4.3		✓
Recommendation 1.2	✓		Recommendation 4.4	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 2.1		✓	Recommendation 5.2	✓	
Recommendation 2.2		✓	Recommendation 6.1	✓	
Recommendation 2.3	✓		Recommendation 6.2	✓	
Recommendation 2.4		✓	Recommendation 7.1	✓	
Recommendation 2.5	✓		Recommendation 7.2		✓
Recommendation 2.6	✓		Recommendation 7.3	✓	
Recommendation 3.1		✓	Recommendation 7.4		✓
Recommendation 3.2		✓	Recommendation 8.1		✓
Recommendation 3.3		✓	Recommendation 8.2		✓
Recommendation 4.1		✓	Recommendation 8.3	✓	
Recommendation 4.2		✓			

<sup>1</sup> Indicates where the Company has followed the Principles & Recommendations.

<sup>2</sup> Indicates where the Company has provided a "if not, why not" disclosure.

The Board sets out below its "if not, why not" report in relation to those matters of corporate governance where the Company's practices depart from the recommendations.

Best Practice Recommendation	Notification of departure	Explanation of departure
2.1	Majority of Board not independent	<p>The Board considers the Company is not currently of a size, nor are its affairs of such complexity to justify the appointment of a majority of independent non-executive directors.</p> <p>The Board believes that the individuals can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues. Directors having a conflict of interest in relation to a particular item must absent themselves from the Board meeting before commencement of discussion on the topic.</p>
2.2	Chairman is not independent	The Company's Executive Chairman, Mr RO Jones, is considered by the Board not to be independent in terms of the ASX Corporate Governance Council's definition of independent

**COMET RESOURCES LTD  
and its Controlled Entities**

**CORPORATE GOVERNANCE STATEMENT**

		director. However, the Board believes that the Chairman is able and does bring quality and independent judgement to all relevant issues falling within the scope of the role of Chairman.
2.4	A separate Nomination Committee has not been formed	The Board considers that the Company is not currently of a size to justify the formation of a Nomination Committee. The Board as a whole undertakes the process of reviewing the skill base and experience of existing Directors to enable identification of attributes required in new Directors. Where appropriate, independent consultants will be engaged to identify possible new candidates for the Board.
3.1, 3.2 & 3.3	Diversity	The Board considers that the Company is currently not of a size to justify implementing a Diversity Policy.
4.1, 4.2 & 4.3	A separate Audit Committee has not been formed and there is no Charter	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of an Audit Committee. The Board as a whole undertakes the selection and application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems.
7.2	Not all management risk internal control systems are in place	Whilst the Company does consider risk management (refer to Annual Report, Note 20) not all of the recommendations regarding internal control systems are in place.
7.4	No report from management	No report received from management regarding Recommendation 7.2.
8.1 & 8.2	A separate Remuneration Committee has not been formed	The Board considers that the Company is not of a size, nor are its financial affairs of such complexity to justify the formation of a Remuneration Committee. The Board as a whole is responsible for remuneration arrangements for Directors and Executives of the Company and considers it more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee.

Details of each Director's qualifications and experience are set out in the Directors' Report.

Details of remuneration are contained in the "Remuneration Report" which forms part of the Directors' Report.

**The responsibilities of the Board include:**

- Protection and enhancement of Shareholder value;
- Formulation, review and approval of the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- The identification of significant business risks and ensuring that such risks are adequately managed;
- The review of performance and remuneration of executive directors and key management personnel;
- The establishment and maintenance of appropriate ethical standards; and
- Evaluating, and where appropriate, adopting with or without modification, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

**COMET RESOURCES LTD**  
and its Controlled Entities

**TENEMENT SCHEDULE**

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Tenement Listing		
Project	Interest	Tenement
Utopia	100% 100% 100%	EL 28/1412 EL 28/1495 EL 28/1657
Browns Reef	100%	EL 6321
Canning Basin Project	100% 100%	E45/3893 E45/3894