



# **Comet Resources Limited**

**ABN 88 060 628 202**

**and its**

**Controlled Entities**

**Half-Year Financial Report**

**31 December 2013**

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**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**ABN 88 060 628 202**

**DIRECTORS' REPORT**

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**Directors**

Mr RO Jones - Chairman

Mr AR Cooper

Mr NJ Featherby

Mr E Czechowski

**Company Secretary**

Mr E Czechowski

**Registered Office &  
Principal Place of Business**

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BELMONT WA 6104

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**Share Registry**

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

**Auditor**

Stantons International  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

**Stock Exchange Listing**

The Company is listed on the Australian Securities Exchange Limited

Home Exchange: Perth, Western Australia

ASX Codes: CRL & CRLO

**Web Page**

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

## **COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**ABN 88 060 628 202**

### **DIRECTORS' REPORT**

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Your Directors submit their report for the half-year ended 31 December 2013.

#### **Directors**

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

#### **Robert (Roj) Oswald Jones (Chairman)**

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

Director since 15 July 1993, appointed Chairman in 1999.

#### **Anthony Roy Cooper**

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

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

Director since 12 March 2001.

#### **Nathan Featherby**

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.

Director since 12 April 2012.

#### **Edmund Czechowski**

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

Director since 30 May 2013.

#### **RESULTS OF OPERATIONS**

The net loss of the consolidated entity for the six months to 31 December 2013 is \$348,412 (31 December 2012:\$385,002 loss). The net loss was largely due to expenditure on mineral exploration and research and development.

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**ABN 88 060 628 202**

**DIRECTORS' REPORT**

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**REVIEW OF OPERATIONS**

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

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

It is recommended that this half-yearly report be read in conjunction with the 30 June 2013 Annual Report and any public announcements made by the Group during the half year.

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

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

**EVENTS SUBSEQUENT TO BALANCE DATE**

There have been no matters or circumstances that have arisen since 31 December 2013 that has significantly affected or may significantly affect:

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

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 16.

Signed in accordance with a resolution of the Directors.

  
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**AR Cooper**  
Director

Perth, 10 February 2014

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**ABN 88 060 628 202**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

		<b>Consolidated</b>	
		<b>Half-year ended 31 Dec 13 \$</b>	<b>Half-year ended 31 Dec 12 \$</b>
Administration expenses	Note	(221,693)	(213,235)
Exploration expenses		(165,669)	(285,465)
<b>Operating result</b>		<b><u>(387,362)</u></b>	<b><u>(498,700)</u></b>
<b>Earnings before interest and taxes and depreciation</b>		<b>(387,362)</b>	<b>(498,700)</b>
Depreciation		<u>(826)</u>	<u>(2,390)</u>
<b>Earnings before interest and taxes</b>		<b>(388,188)</b>	<b>(501,090)</b>
Net other income	2(a)	<u>39,776</u>	<u>51,801</u>
<b>Loss before taxes</b>		<b>(348,412)</b>	<b>(449,289)</b>
Income tax (R & D tax refund)		<u>-</u>	<u>64,287</u>
<b>Net (loss) for the period</b>		<b>(348,412)</b>	<b>(385,002)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or Loss</b>		-	-
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net unrealised fair value loss on available-for-sale financial assets		(1,165)	(9,902)
Transfer to profit or loss		1,165	9,902
<b>Total comprehensive (loss) for the period</b>		<b><u>(348,412)</u></b>	<b><u>(385,002)</u></b>
<b>Net (loss) attributable to the parent entity</b>		<b><u>(348,412)</u></b>	<b><u>(385,002)</u></b>
<b>Total comprehensive (loss) attributable to the members of the parent entity</b>		<b><u>(348,412)</u></b>	<b><u>(385,002)</u></b>
Basic loss per share (cents)		(0.42)	(0.47)
Diluted loss per share (cents)		(0.42)	(0.47)

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

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES****ABN 88 060 628 202****CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2013**

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<b>Consolidated</b>			
	<b>Note</b>	<b>As at 31 Dec 13 \$</b>	<b>As at 30 June 13 \$</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,565,813	1,929,936
Trade and other receivables		24,061	20,938
Available-for-sale financial assets	11	11,650	12,815
<b>TOTAL CURRENT ASSETS</b>		<u>1,601,524</u>	<u>1,963,689</u>
<b>NON-CURRENT ASSETS</b>			
Other financial assets		10,940	10,940
Plant and equipment		469	1,295
<b>TOTAL NON-CURRENT ASSETS</b>		<u>11,409</u>	<u>12,235</u>
<b>TOTAL ASSETS</b>		<u>1,612,933</u>	<u>1,975,924</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		13,770	28,349
<b>TOTAL CURRENT LIABILITIES</b>		<u>13,770</u>	<u>28,349</u>
<b>TOTAL LIABILITIES</b>		<u>13,770</u>	<u>28,349</u>
<b>NET ASSETS</b>		<u>1,599,163</u>	<u>1,947,575</u>
<b>EQUITY</b>			
Issued capital	8	5,796,192	5,796,192
Reserves	9	606,493	606,493
Accumulated losses		(4,803,522)	(4,455,110)
<b>TOTAL EQUITY</b>		<u>1,599,163</u>	<u>1,947,575</u>

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

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES****ABN 88 060 628 202****CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

		<b>Consolidated</b>	
		<b>Half-year ended 31 Dec 13 \$</b>	<b>Half-year ended 31 Dec 12 \$</b>
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(389,808)	(517,364)
Receipt of R & D tax refund		-	64,287
Interest received		25,685	54,760
<b>Net cash flows (used in) operating activities</b>		<b>(364,123)</b>	<b>(398,317)</b>
<b>Cash flows from financing activities</b>			
Capital raising costs		-	(4,991)
<b>Net cash flows (used in) financing activities</b>		<b>-</b>	<b>(4,991)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(364,123)</b>	<b>(403,308)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>1,929,936</b>	<b>2,464,541</b>
<b>Cash and cash equivalents at end of period</b>	<b>3</b>	<b>1,565,813</b>	<b>2,061,233</b>

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

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES****ABN 88 060 628 202****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	<b>Issued Capital \$</b>	<b>Accumulated Losses \$</b>	<b>Other Reserves \$</b>	<b>TOTAL \$</b>
<b>As at 1 July 2012</b>	<u>5,736,183</u>	<u>(3,828,285)</u>	<u>606,493</u>	<u>2,514,391</u>
Net loss for the period	-	(385,002)	-	(385,002)
Total comprehensive (loss) for the period	<u>-</u>	<u>(385,002)</u>	<u>-</u>	<u>(385,002)</u>
Shares Issued	65,000	-	-	65,000
Capital Raising Costs	<u>(4,991)</u>	<u>-</u>	<u>-</u>	<u>(4,991)</u>
<b>As at 31 December 2012</b>	<u>5,796,192</u>	<u>(4,213,287)</u>	<u>606,493</u>	<u>2,189,398</u>
 <b>As at 1 July 2013</b>	 <u>5,796,192</u>	 <u>(4,455,110)</u>	 <u>606,493</u>	 <u>1,947,575</u>
Net loss for the period	-	(348,412)	-	(348,412)
Total comprehensive (loss) for the period	<u>-</u>	<u>(348,412)</u>	<u>-</u>	<u>(348,412)</u>
<b>As at 31 December 2013</b>	<u>5,796,192</u>	<u>(4,803,522)</u>	<u>606,493</u>	<u>1,599,163</u>

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



**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**ABN 88 060 628 202**

**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**Note 1: Summary of Significant Accounting Policies**

**a. Basis of Preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Comet Resources Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the following half-year.

**b. Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the matters discussed at Note 1(c) below.

**c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period**

The following new and revised Australian Accounting Standards together with consequential amendments to other Standards became mandatorily applicable from 1 January 2013:

- AASB 10: *Consolidated Financial Statements*;
- AASB 127: *Separate Financial Statements* (August 2011);
- AASB 11: *Joint Arrangements*;
- AASB 128: *Investments in Associates and Joint Ventures* (August 2011);
- AASB 12: *Disclosure of Interests in Other Entities*;
- AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*; and
- AASB 2012-10: *Amendments to Australian Accounting Standards — Transition Guidance and Other Amendments*.
- AASB 13: *Fair Value Measurement and AASB2011-8 Amendments to Australian Accounting Standards arising from AASB 13*.
- AASB 119: *Employee Benefits* (September 2011) and AASB 2011-10: *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*.

AASB 10: Consolidated Financial Statements became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied this Accounting Standard retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10. The effects of initial application of this Standard in the current half-year reporting period is as follows:

**- Consolidated financial statements:**

AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. Revised AASB 127 facilitates the application of AASB 10 and prescribes requirements for separate financial statements of the parent entity. On adoption of AASB 10, the assets, liabilities and non-controlling interests related to investments in businesses that are now assessed as being controlled by the Group, and were therefore not previously consolidated, are

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**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**c. New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period (cont'd)**

measured as if the investee had been consolidated (and therefore applied acquisition accounting in accordance with AASB 3: *Business Combinations*) from the date when the Group obtained control of that investee on the basis of the requirements in AASB 10.

Upon the initial application of AASB 10, retrospective restatement of financial statement amounts of the year that immediately precedes the date of initial application (ie 2012-2013) is necessary. When control is considered to have been obtained earlier than the beginning of the immediately preceding year (ie pre-1 July 2012), any difference between the amount of assets, liabilities and non-controlling interests recognised and the previous carrying amount of the investment in that investee is recognised as an adjustment to equity as at 1 July 2012.

Although the first-time application of AASB 10 (together with the associated Standards) caused certain changes to the Group's accounting policy for consolidation and determining control, it did not result in any changes to the amounts reported in the Group's financial statements as the "controlled" status of the existing subsidiary did not change, nor did it result in any new subsidiaries being included in the Group as a consequence of the revised definition. However, the revised wording of accounting policy for consolidation is set out in Note 1(d).

*Fair value measurements and disclosures*

The Group has adopted AASB 13: *Fair Value Measurement* and AASB 2011-8: *Amendments to Australian Accounting Standards arising from AASB 13* from 1 July 2013 together with consequential amendments to other Standards. These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. AASB 13 sets out a comprehensive framework for measuring the fair value of assets and liabilities and prescribes enhanced disclosures regarding all assets and liabilities measured at fair value. New disclosures prescribed by AASB 13 that are material to this interim financial report have been provided in Note 1(e) and Note 11. Although these Standards do not significantly impact the fair value amounts reported in the Group's financial statements, the directors have determined that additional accounting policies providing a general description of fair value measurement and each level of the fair value hierarchy, as set out in Note 1(e), should be incorporated in these financial statements.

*- Other*

The other Standards referred to above did not affect the Group's accounting policies or the amounts reported in the financial statements, mainly because the Group does not have joint arrangements, investment in associates, or defined benefit plan assets or obligations.

**d. Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Comet Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 10.

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

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**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**d. Principles of Consolidation (cont'd)**

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

**e. Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

**Valuation techniques**

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability. The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

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**Valuation techniques (cont'd)**

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- (i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- (ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (ie transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

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**CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	<b>Consolidated</b>	
	<b>31 Dec 13</b>	<b>31 Dec 12</b>
	<b>\$</b>	<b>\$</b>

**Note 2: Loss from Ordinary Activities**

**(a) Net Other Income**

Interest received – other entities	32,044	51,801
Other income - rent	7,732	-
<b>Total Revenue</b>	<b>39,776</b>	<b>51,801</b>

	<b>Consolidated</b>	
	<b>31 Dec 13</b>	<b>30 Jun 13</b>
	<b>\$</b>	<b>\$</b>
Cash	31,754	49,287
Bank bills and short term deposits maturing within 60 days	1,534,059	1,880,649
	<b>1,565,813</b>	<b>1,929,936</b>

**Reconciliation of cash and cash equivalents**

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

Cash and cash equivalents	1,565,813	1,929,936
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**Note 4: Segment Reporting**

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

<b>31 December 2013</b>	<b>Bio-Tech</b>	<b>Exploration</b>	<b>Unallocated</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	39,776	39,776
Expenses	(81,441)	(165,669)	(141,078)	(388,188)
Segment results	(81,441)	(165,669)	(101,302)	(348,412)

<b>31 December 2012</b>	<b>Bio-Tech</b>	<b>Exploration</b>	<b>Unallocated</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	-	-	51,801	51,801
Expenses	(84,177)	(285,465)	(131,448)	(501,090)
Segment results	(84,177)	(285,465)	(79,647)	(449,289)



**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES****ABN 88 060 628 202****CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS****FOR THE HALF-YEAR ENDED 31 DECEMBER 2013****Note 4: Segment Reporting (cont'd)**

From 1 July 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information is provided using similar measures to those used in preparing the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position.

**Note 5: Earnings per share**

	<b>2013 Number</b>	<b>2012 Number</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	83,003,370	82,178,805
	<b>2013 Number</b>	<b>2012 Number</b>
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	83,003,370	82,178,805

**Note 6: Contingent Liabilities and Contingent Assets**

The economic entity does not have any contingent assets or liabilities outstanding at 31 December 2013.

**Note 7: Dividends**

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

**Note 8: Issued Capital**

	<b>31 Dec 13 No.</b>	<b>31 Dec 12 No.</b>	<b>31 Dec 13 \$</b>	<b>31 Dec 12 \$</b>
<b>(a) Share Capital</b>				
Issued share capital	83,003,370	83,003,370	5,796,192	5,796,192
<b>(b) Share movements during the period</b>				
Balance brought forward	83,003,370	81,406,319	5,796,192	5,736,183
Issued	-	1,597,051	-	60,009
<b>At the end of the period</b>	<b>83,003,370</b>	<b>83,003,370</b>	<b>5,796,192</b>	<b>5,796,192</b>

During the period the Group did not issue any shares.

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES****ABN 88 060 628 202****CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS****FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

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**Note 9: Reserves**

	<b>Fair Value</b>	<b>Share Based Payments</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 1 July 2012</b>	-	606,493	606,493
<b>As at 31 December 2012</b>	-	606,493	606,493

	<b>Fair Value</b>	<b>Share Based Payments</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 1 July 2013</b>	-	606,493	606,493
<b>As at 31 December 2013</b>	-	606,493	606,493

**Note 10: Subsidiaries**

Environmental Oil Solutions Pty Ltd – 100%

**Note 11: Available for sale financial assets**

The available for sale financial assets comprise 582,500 shares in a listed entity. In terms of AASB 13 "Fair Value Measurement", the listed shares are regarded as a Level 1 asset for measurement purposes and therefore the fair value is based on the quoted price at 31 December 2013.

**COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**ABN 88 060 628 202**


**DIRECTORS' DECLARATION**

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The Directors of Comet Resources Limited declare that:

- (a) the financial statements and notes, set out on pages 4 to 14 are in accordance with the Corporations Act 2001:
  - give a true and fair view of the financial position as at 31 December 2013 and of the performance for the half-year ended 31 December 2013 of the economic entity; and
  - comply with Accounting Standards and the Corporations Regulations 2001;
- (b) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

  
.....  
**AR Cooper**  
Director

Perth, 10 February 2014



10 February 2014

The Directors  
Comet Resources Limited  
Unit 2  
23 Belgravia Street  
Belmont WA 6104

Dear Sirs

**RE: COMET RESOURCES LIMITED**

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

As Audit Director for the review of the financial statements of Comet Resources Limited for the period ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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

  
**Martin Michalik**  
Director

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Comet Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Comet Resources Limited (the consolidated entity). The consolidated entity comprises both Comet Resources Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Comet Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Comet Resources Limited on 10 February 2014.

*Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
10 February 2014