



Comet Resources Limited

ABN 88 060 628 202

and its

Controlled Entities

Half-Year Financial Report

31 December 2021

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Directors

Mr Hamish Halliday – Non-Executive Chairman
Mr David Prentice – Non-Executive Director - Retired 17 December 2021
Mr Alexander Molyneux – Non-Executive Director
Mr Matthew O'Kane – Managing Director

Company Secretary

Mr Sonu Cheema

Registered Office & Principal Place of Business

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Subiaco WA 6008

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Email: comet@cometres.com.au

Share Registry

Automatic Registry Services
Level 5/191 St Georges Terrace
Perth, WA 6000

Auditor

Stantons
Level 2
40 Kings Park Road
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

Web Page

www.cometres.com.au

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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DIRECTORS' REPORT

Your Directors are happy to present the Comet Resources Limited's (**Comet** or the **Company**) (ASX:CRL) report for the half-year ended 31 December 2020.

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.

Hamish Halliday

Mr Halliday founded Adamus Resources Limited and grew that Company to a multi-million-ounce emerging gold producer. Mr Halliday also co-founded Gryphon Minerals Limited and Venture Minerals Ltd, both highly successful junior explorers. Mr Halliday is a Director of Blackstone Minerals Ltd, McTavish Industries Pty Ltd and Venture Minerals Ltd.

He previously resigned from Renaissance Minerals Limited on 26 September 2016 and Alicanto Minerals Ltd on 7 August 2020. He has held no other Directorships in listed companies in the last three years.

Director since 16 December 2014, appointed Chairman in October 2018.

Alexander Molyneux

Mr Molyneux is an experienced mining industry executive and financier. He currently serves as Non-Executive Chairman of Argosy Minerals Ltd (ASX: AGY) (2016 – present) and as a Director of: Galena Mining Ltd (ASX: G1A) (2018 – present); Metalla Royalty & Streaming Ltd (TSXV: MTA / NYSE: MTA); and Tempus Resources Ltd (ASX: TMR / TSXV: TMRR) (2018 – present). Mr Molyneux was Managing Director and CEO of Galena Mining Ltd (2018 – 2021) where he led various transactions for the injection of A\$115 million of new equity capital and US\$110 million in project financing debt to finance the Abra Base Metals Project (now in construction). He was also CEO of Paladin Energy Ltd (ASX: PDN) (2015 – 2018) where he led an operational turnaround and US\$700 million recapitalisation and re-listing on the ASX. Prior to Paladin, Mr Molyneux was CEO of SouthGobi Resources Limited (Ivanhoe Mines Group) (TSX:SGQ / HKEX:1878) (2009 – 2012). Prior to SouthGobi, Mr Molyneux was Managing Director, Head of Metals and Mining Investment Banking, Asia Pacific, with Citigroup. In his position as a specialist resources investment banker he spent approximately 10 years providing advice and investment banking services to natural resources corporations.

Director since 15 February 2019.

Matthew O'Kane

Mr. O'Kane is an experienced mineral industry executive and company director with over 25 years' experience in the mining, commodities and automotive sectors. He has held senior leadership roles in Australia, the USA and Asia, in both developed and emerging markets, from startup companies through to MNC's. He has served on the board of mining companies in Canada, Hong Kong and Australia. During his career he has worked with companies involved in exploration and development and with producing mining companies.

Mr O'Kane is currently a non-executive director of Reach Resources Limited (ASX:RR1). He resigned from the Board of Azarga Uranium Corporation following its recent sale to enCore Energy Corporation on 31 December 2021.

Director since 12 November 2019.

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David Prentice

Mr Prentice is a senior resources executive with 25 plus years domestic and international experience. Mr Prentice started his career working in commercial and business development roles within the resources sector working for some of Australia's most successful gold and nickel exploration and production companies. During the last 16 years, Mr Prentice has gained international oil and gas exploration and production sector experience (with a specific focus on the Mid-Continent region of the United States) working in both executive and non-executive director roles with Australian publicly traded companies.

Director since 11 October 2018 and retired on 17 December 2021.

RESULTS OF OPERATIONS

The net loss of the consolidated entity for the six months to 31 December 2021 is \$2,682,754 (31 December 2020: \$2,353,254 loss). The net loss was comprised mainly of impairment on investment, share-based payment, expenditure on mineral exploration together with administration costs.

Highlights

- Comet to gain participation in high-technology, vertically integrated battery anode and industrial graphite product company, International Graphite (IG) via the vend-in of its Springdale Graphite Project for \$8M of shares in IG at its IPO
- International Graphite has commenced work on Stage 1 of its advanced downstream graphite product manufacturing and R&D facility in Collie, WA
- International Graphite's technology has been recognised by and received strong support from the WA Government, with a recent award of a \$2M grant to contribute to the development of the Collie facility
- Comet successfully completed optimisation test work on the production of spherical graphite at test facilities in Germany
- Assays from the diamond drilling program completed at Santa Teresa Gold Project delivered multiple high-grade intersections
- Comet has commenced disclosing Environmental, Social, and Governance (ESG) metrics. Disclosures are made using World Economic Forum ESG universal framework

Post 31 December 2021:

- The Company has entered a trading halt pending an announcement of a material transaction.

The Company announced that it would participate in the creation of a vertically integrated high-technology battery anode and industrial graphite product business located in Western Australia via a transaction with International Graphite Limited (International Graphite or IG). Under the proposed transaction Comet will vend its Springdale Graphite Project into International Graphite in return for shares initially valued at \$8M upon completion of an initial public offering and subsequent listing on the ASX by International Graphite. The transaction will see Comet now participate in both the value created by the graphite resource itself, as well as the substantial value created by downstream processing into end user products.

Springdale Graphite Project:

Comet announced on 27 October 2021 that it had reached an agreement with International Graphite Ltd (**International Graphite** or **IG**) to form a vertically integrated high-technology graphite business located in Western Australia to focus on the production of micronised, battery anode material and other products for lithium-ion batteries. Comet will gain its stake in the venture via the vend-in of its Springdale Graphite Project into International Graphite (the **Transaction**). Springdale is uniquely suited as a feedstock source for International Graphite's facility in Collie, Western Australia, not only due to its location but also due to the amenability of its graphite to be processed into high value products, such as battery anode material, based on the test work conducted by Pro-Graphite at its facility in Germany. International

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Graphite plans to complete an IPO and seek admission to the ASX to join the relatively limited group of publicly listed lithium-ion battery anode material graphite companies.

The Transaction has been approved by Comet shareholders, and is now only conditional upon approval from the ASX for the initial public offering (IPO) and subsequent admission of International Graphite to the ASX.

Santa Teresa Gold Project:

On 2 November 2021, Comet announced assay results from the Diamond Drill Program at the Santa Teresa Gold Project (**Santa Teresa** or the **Project**) located in Baja California, Mexico.

Eight holes were drilled during the program, totaling 2,250 meters, varying in completion depth from 212.5 to 392.4 meters. Figure 1 (below) shows the locations, depth, azimuth, dip and the zone of the Project where the holes were drilled.

HOLE ID	NAD27_UTM_EAST	NAD27_UTM_NORTH	ELEVATION (m)	AZIMUTH	DIP	LENGTH (m)	ZONE
STDDH-21-001	590189	3494334	1151	220	-50	251	SE extension
STDDH-21-002	590235	3494309	1156	220	-50	251.85	SE extension
STDDH-21-003	589772	3494515	1134	220	-60	212.45	Magnetic anomaly
STDDH-21-004	590274	3494412	1150	220	-60	250	SE extension
STDDH-21-005	590381	3494341	1163	220	-60	335.4	SE extension
STDDH-21-006	589936	3494710	1115	220	-70	274.5	La Princesa - Aurora extension
STDDH-21-007	589870	3494832	1109	220	-70	282.5	La Princesa - Aurora extension
STDDH-21-008	590028	3494666	1121	220	-60	392.4	La Princesa - Aurora extension

Figure 1: Drill-hole location, depth, azimuth and dip data

2021 Diamond Drilling Program:

490 drill core samples were collected from the eight holes drilled. Logging, sampling, packaging and transportation to the laboratory followed standard industry protocols.

Core samples were assayed at ALS Global, a worldwide certified analytical services company. Samples were prepared in the ALS Global branch in Hermosillo, Sonora, Mexico and pulps were sent to Vancouver, Canada. Samples were analyzed by standard fire assay and re-assayed by the gravimetric method for the samples that assayed higher than 10g/t from the initial assaying. Pulps were also analyzed by 35-elements (ICP).

The Share Purchase and Joint Venture Agreement (SPA) agreement executed by the Company with the shareholders of El Alamo Resources Limited (EARL) for the 100% acquisition of the Santa Teresa Gold Project provided for an initial acquisition of a 50% interest in the project following payment of the Stage 1 consideration (now paid).

The final 50% interest in the project was to be acquired after the Company made a decision to mine, at which time the Company would also pay the Stage 2 consideration. The decision to mine under the SPA must be made by Comet by 24 August 2022. Based on the information available to the Board, including the results of the 2021 diamond drilling program at Santa Teresa, The Board have recently determined that the Company will be unable to make a decision to mine by the required date. As a result of this decision the Company must under the terms of the SPA return its 50% interest in the Santa Teresa Gold Project to EARL and elect to convert it into either a minority equity interest based on a formula provided for in the SPA, or a Net Smelter Royalty (NSR) of 1.5% over the tenements of the Santa Teresa Gold Project. The Board has determined that it will opt for the NSR and is working with EARL to execute agreements to have that effect.

The investment in the Santa Teresa Project has been as a result been fully impaired as at 31 December 2021.

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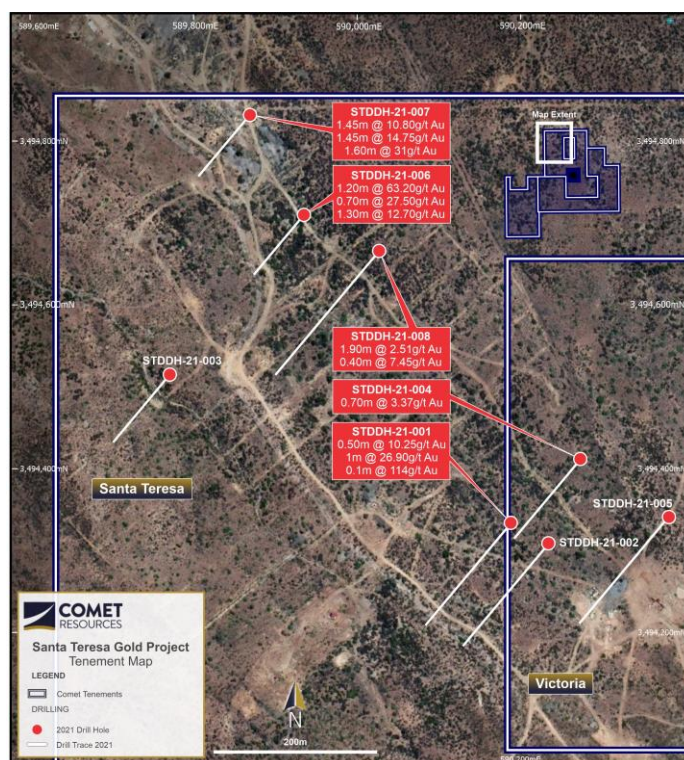


Figure 2: Plan view of drill collar locations and drill hole traces with key assay results indicated

Barraba Copper Project:

Work is ongoing regarding permitting of drilling activities at Barraba around the Gulf Creek Mine. This is the priority area for commencement of drilling activity at Barraba. The land around the Gulf Creek Mine is covered by a native title claim, and the Company has been working with the claimant's, the NSW Government and other stakeholders for more than 12 months to reach a resolution. Being unable to do so in a time frame acceptable to the Company entered into a determination process with the National Native Title Tribunal (NNTT) to bring the matter to a conclusion. During the quarter this process was ongoing, and submissions to the NNTT were completed in mid-January, 2022. A result from the NNTT is expected prior to the end of Q1, 2022.

ESG:

On 6 October 2021 the Company announced it had adopted an Environmental, Social, and Governance (ESG) framework with 21 core metrics and disclosures created by the World Economic Forum (WEF)¹ which we will use to disclose our status and progress towards meeting our ESG goals on a regular basis in our quarterly and annual reports. Our ESG status is reported in Appendix 1.

Tenement List

Project	Location	Tenement	Interest
Springdale	WA	E74/562	100%
		E74/612	100%
Bell's find	NSW	M74/1055	25%
Barraba	NSW	EL8492	80%
Northern Territory Assets	NT	EL32279	100%
		ELA32664	100%
		ELA32190	100%
		ELA32241	100%

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Santa Teresa	Mexico	223182	50%
		210705	50%
		230380	50%
		237573	50%

Forward-Looking Statement

This announcement includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Comet Resources Limited's planned exploration programs, corporate activities and any, and all, statements that are not historical facts. When used in this document, words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should" and similar expressions are forward-looking statements. Comet Resources Limited believes that its forward-looking statements are reasonable; however, forward looking statements involve risks and uncertainties and no assurance can be given that actual future results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.

Competent Person Statement

The information in this report that relates to the results of re-assay of diamond drill core from the 2008 drilling program at the Santa Teresa Gold Project as well as the assay of diamond drill core from the 2021 drilling program at the Santa Teresa Gold Project is based on information compiled by Mr Francisco Carranza Heredia, a Certified Professional Geologist (CPG 11933) with the American Institute of Professional Geologists. Mr Carranza has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Carranza consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to Mineral Resources at the Springdale Project is based on information compiled by Matthew Jones, who is a Competent Persons and Member of The Australasian Institute of Mining and Metallurgy. Matthew Jones is a consultant and was previously Exploration Manager of the Company. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Matthew Jones consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to metallurgical test work results from the Springdale Project is based on information reviewed by Mr David Pass, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Pass is an employee of Battery Limits. Mr Pass has sufficient experience relevant to the mineralogy and type of deposit under consideration and the typical beneficiation thereof to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition). Mr Pass consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

ASX Listing Rules Compliance Statement

In preparing the half year report for the period ended 31 December 2021 and to date, the Company has relied on the following ASX announcements.

ASX Announcement	30/11/2021	Successful Springdale Graphite Optimisation Test Results
ASX Announcement	10/11/2021	Springdale Spherical Graphite ICP Assay Results
ASX Announcement	02/11/2021	Santa Teresa Drilling Results
ASX Announcement	27/10/2021	CRL and International Graphite to create integrated business
ASX Announcement	06/10/2021	Comet adopts ESG Reporting
ASX Announcement	21/09/2021	Exceptional performance from Graphite Battery Anode Testing
ASX Announcement	1/09/2021	Historical assays up to 132 g/t at Santa Teresa
ASX Announcement	19/07/2021	Graphite Metallurgical Test Work Progress Update
ASX Announcement	09/06/2021	Drilling Commences at Santa Teresa Gold Project
ASX Announcement	19/05/2021	HOA signed for Highly Prospective Santa Teresa Gold Project
ASX Announcement	11/05/2021	Acquisition Completion of NT Copper Projects
ASX Announcement	10/05/2021	Drilling Permit for Santa Teresa Gold Project Received
ASX Announcement	14/04/2021	Graphite Metallurgical Test Work Update
ASX Announcement	19/03/2021	Acquisition of Highly Prospective Copper-Gold Project in NT
ASX Announcement	02/03/2021	Aeromagnetic Survey to Commence at Barraba Copper Project
ASX Announcement	08/02/2021	COMET RAISES \$1M IN STRATEGIC INVESTOR PLACEMENT
ASX Announcement	03/02/2021	Santa Teresa Gold Project Update
ASX Announcement	13/01/2021	High Grade Copper and Zinc Mineralisation Confirmed
ASX Announcement	16/12/2020	Santa Teresa Gold Project Drilling to Commence Q1 2021
ASX Announcement	26/11/2020	Extensive Surface Copper Mineralisation at Barraba Project
ASX Announcement	29/10/2020	Quarterly Activities Report and Appendix 5B Sep 2020
ASX Announcement	22/10/2020	Comet Gains Access to Explore Barraba Copper Project
ASX Announcement	15/10/2020	Appointment of Project Manager - Santa Teresa Gold Project
ASX Announcement	13/10/2020	Initial JORC Resource - Santa Teresa Gold Project
ASX Announcement	25/08/2020	Santa Teresa Gold Project Acquisition Completion
ASX Announcement	21/08/2020	Excellent Graphite Grades - Initial Metallurgical Test Work
ASX Announcement	23/07/2020	Barraba Copper Project Update

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ASX Announcement	15/07/2020	Excellent Graphite Grades - Initial Metallurgical Test Work
ASX Announcement	09/06/2020	Acquisition - Santa Teresa Gold Project and Stream Financing
ASX Announcement	04/06/2020	Acquisition - Santa Teresa Gold Project and Stream Financing
ASX Announcement	16/04/2020	Capital Raising Closed and Project Acquisition Completed
ASX Announcement	23/01/2020	Copper Project Acquisition
ASX Announcement	28/11/2019	Highest Grade Graphite Intercept to date from North Zone
ASX Announcement	25/11/2019	West Zone Hole Confirms High Grade Graphite Continuity
ASX Announcement	15/10/2019	More High Grade Results From Latest Diamond Drilling
ASX Announcement	09/07/2019	EM Survey Targets Extensions to High-Grade Graphite Resource
ASX Announcement	18/06/2019	Large Priority Graphite Exploration Target Identified
ASX Announcement	07/05/2019	Comet Discovers Two New High Grade Graphite Zones

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EVENTS SUBSEQUENT TO BALANCE DATE

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 20.

Signed in accordance with a resolution of the Directors.



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Hamish Halliday
Chairman

Perth, 15 March 2022

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		Consolidated	
	Note	Half-year ended 31 Dec 21 \$	Half-year ended 31 Dec 20 \$
Administration expenses		(431,875)	(702,181)
Exploration expenses		(334,607)	(510,725)
Share based payments	10	35,046	(1,611,567)
Share of loss of joint venture	11	(396,650)	-
Impairment	11	(1,554,938)	-
Operating result		(2,683,024)	(2,824,473)
Loss before interest and taxes and depreciation		(2,683,024)	(2,824,473)
Depreciation		-	-
Loss before interest and taxes		(2,683,024)	(2,824,473)
Other income	2(a)	270	471,219
Loss before taxes		(2,682,754)	(2,353,254)
Net (loss) for the period		(2,682,754)	(2,353,254)
Other comprehensive income			
Items that will not be reclassified to profit or loss		(273,237)	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive (loss) for the period		(2,955,991)	(2,353,254)
Net (loss) attributable to the parent entity		(2,955,991)	(2,353,254)
Total comprehensive (loss) attributable to the members of the parent entity		(2,955,991)	(2,353,254)
Basic loss per share (cents)	4	(0.39)	(0.50)
Diluted loss per share (cents)	4	(0.39)	(0.50)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Consolidated	
	Note	As at 31 Dec 21 \$	As at 30 June 21 \$
CURRENT ASSETS			
Cash and cash equivalents		927,879	2,351,083
Trade and other receivables		13,118	30,635
TOTAL CURRENT ASSETS		<u>940,997</u>	<u>2,381,718</u>
NON-CURRENT ASSETS			
Other financial assets		2,000	2,000
Investment in Joint Venture	11	-	1,669,609
Capitalised Exploration and Evaluation Expenditure		1,107,728	1,107,728
TOTAL NON-CURRENT ASSETS		<u>1,109,728</u>	<u>2,779,337</u>
TOTAL ASSETS		<u>2,050,725</u>	<u>5,161,055</u>
CURRENT LIABILITIES			
Trade and other payables		414,084	543,471
Provision for Employee Benefits		46,949	36,855
TOTAL CURRENT LIABILITIES		<u>461,033</u>	<u>580,326</u>
TOTAL LIABILITIES		<u>461,033</u>	<u>580,326</u>
NET ASSETS		<u>1,589,692</u>	<u>4,580,729</u>
EQUITY			
Issued capital	7	18,288,642	18,305,888
Shares to be issued		-	-
Reserves	8	1,548,098	1,839,135
Accumulated losses		(18,247,048)	(15,564,294)
TOTAL EQUITY		<u>1,589,692</u>	<u>4,580,729</u>

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

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

		Consolidated	
		Half-year ended 31 Dec 21 \$	Half-year ended 31 Dec 20 \$
	Note		
Cash flows from operating activities			
Payments to suppliers and employees		(673,331)	(1,293,583)
Interest and grant received	2(a)	270	486,719
Net cash flows (used in) operating activities		<u>(673,061)</u>	<u>(806,864)</u>
Cash flows from investing activities			
Investment in Joint Venture		(750,143)	(252,500)
Exploration and Evaluation Expenditure		-	(60,001)
Net cash flows (used in) investing activities		<u>(750,143)</u>	<u>(312,501)</u>
Cash flows from financing activities			
Issue of share capital, net of issue costs		-	2,831,620
Net cash flows from financing activities		<u>-</u>	<u>2,831,620</u>
Net (decrease)/increase in cash and cash equivalents		(1,423,204)	1,712,255
Cash and cash equivalents at beginning of period		2,351,083	673,692
Cash and cash equivalents at end of period		<u>927,879</u>	<u>2,385,947</u>

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Issued Capital \$	Shares to be issued	Accumulated Losses \$	Other Reserves \$	TOTAL \$
As at 1 July 2020	12,202,828	85,000	(12,219,900)	926,092	994,020
Net loss for the period			(2,353,254)		(2,353,254)
Total comprehensive (loss) for the period			(2,353,254)		(2,353,254)
Options issued				907,258	907,258
Shares issued (net of costs)	4,496,993	(85,000)			4,411,993
As at 31 December 2020	16,699,821	-	(14,573,154)	1,833,350	3,960,017
As at 1 July 2021	18,305,888	-	(15,564,294)	1,839,135	4,580,729
Net loss for the period			(2,682,754)		(2,682,754)
Other comprehensive loss				(273,237)	(273,237)
Total comprehensive (loss) for the period			(2,682,754)	(273,237)	(2,955,991)
Shares issued (net of costs)	(17,246)				(17,246)
Options issued				(17,800)	(17,800)
As at 31 December 2021	18,288,642	-	(18,247,048)	1,548,098	1,589,692

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

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

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 2021 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 2021, together with any public announcements made during the following half-year.

These interim financial statements were authorized for issue on 15 March 2022.

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. The Group has considered the implications of new and amended Accounting Standards that became applicable on or after 1 January 2021 but determined that their application to the financial statements is either not relevant or not material.

c. Going Concern

As per the interim financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2021, the Group had cash and cash equivalents of \$927,879 and incurred a loss after income tax of \$2,682,754.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

d. Joint Venture

Joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

The joint venture is accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognised separately and is included in the amount recognised as investment.

The carrying amount of the investment in joint venture is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in those entities. Where unreleased losses are eliminated, the underlying asset is also tested for impairment.

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 2021****e. Exploration and evaluation**

Exploration and evaluation costs are written off in the year they are incurred. Costs of acquisition are capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated acquisition costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

Consolidated	
31 Dec 21	31 Dec 20
\$	\$

Note 2: Loss from Ordinary Activities**(a) Net Other Income**

Interest received – other entities	270	702
Government Grant received ¹	-	47,400
R&D Refund	-	423,117
Total net other income	270	471,219

Note 3: Segment Reporting

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 Company operates predominately in two geographical segments, being Australia & Mexico. Both of which are in mineral exploration. These activities in Mexico only relate to the investment in joint venture. Mineral exploration in Australia relates to the exploration activities and work programs for exploration assets held in Australia.

Note 4: Earnings per share

	2021 Number	2020 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	691,590,087	474,395,506
	2021 Number	2020 Number
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	691,590,087	474,395,506

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 2021****Note 5: Contingent Liabilities and Contingent Assets**

Post settlement obligations for the Barraba Copper Project acquisition as announced to the market in the Company's press release on 23 January 2020 and varied in the ASX release on 16 April 2020 are as follows:

- The Vendors are free-carried until a decision to mine has been reached at which point they contribute pro rata in a JV or dilute to a 2% NSR Royalty;
- Comet has the option to purchase the remaining 20% interest in the first 36 months for \$2.5 million; and
- A minimum exploration expenditure of \$600,000 with a minimum of 1,250m of RC or Diamond Drilling to be completed within a period of 18 months from the settlement date. If the minimum exploration expenditure and minimum drilling requirement are not satisfied within 18 months from the settlement date, the interest in the assets will revert to zero. If the option is exercised and the payment made before 18 months from the settlement date, Comet will not be obliged to satisfy the above minimum exploration expenditure and minimum drilling requirement.

In addition to the Consideration paid following execution of the Santa Teresa Gold Project (Project) Share Purchase and Joint Venture Agreement (SPA) with shareholders of El Alamo Resources Limited (EARL) for the 100% acquisition (Acquisition) of the Project the Company will grant a 1% net smelter royalty over all minerals produced from the existing concessions held by Grupo that comprise the Project to EARL on customary commercial terms.

In prior year, Comet acquired a portfolio of highly prospective copper-gold exploration assets in the Northern Territory of Australia through a Binding Option Agreement with Bath Resources Limited. The Final Consideration is contingent, which requires the Company to issue CRL Shares to Bath Resources to the value of \$200,000 on the delineation of the maiden JORC resource of no less than 5 million tonnes at a Cu-equivalent of 1% or greater (as verified by an independent qualified competent person under the JORC Code) and based on an amount per share equal to the greater of \$0.025 or the 20-day VWAP of CRL Shares as traded on ASX at the time the resource is announced to ASX.

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

Note 6: Dividends

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

Note 7: Issued Capital

	31 Dec 21 No.	30 Jun 21 No.	31 Dec 21 \$	30 Jun 21 \$
(a) Share Capital				
Issued Capital		691,590,087		18,305,888
(b) Share movement during the period				
Balance at the beginning of the financial year	691,590,087	382,500,000	18,305,888	12,202,828
Placement shares issued Sep 20	-	8,500,000	-	85,000
Advisor shares issued Sep 20	-	3,000,000	-	45,000
Placement shares issued Sep 20	-	98,500,000	-	1,970,000
Share purchase plan Oct 20	-	50,000,000	-	1,000,000
Placement shares issued Oct 20	-	1,500,000	-	30,000
Consultant shares issued Oct 20	-	5,263,158	-	60,000
Acquisition shares issued Dec 20	-	40,000,000	-	1,000,000
Financing shares issued Dec 20	-	20,869,565	-	493,430
Marketing shares issues Dec 20	-	818,182	-	18,000
Advisor shares issued Dec 20	-	1,636,364	-	36,000
Placement shares Feb 21	-	50,000,000	-	1,000,000
Advisor shares issued Mar 21	-	2,151,394	-	53,785
Options exercise Mar 21	-	2,250,000	-	45,000

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 2021

Tenement acquisition shares	18,000,000	450,000
May 21	-	-
Advisor shares issued June 21	1,601,424	29,947
Options exercise Jun 21	5,000,000	100,000
Capital raising costs	-	(17,246)
At the end of the period	691,590,087	691,590,087
	18,288,642	18,305,888

Note 8: Reserves

	Options Premium \$	Share Based Payments \$	Foreign Exchange Reserve	Total \$
As at 1 July 2021	298,307	1,547,707	(6,879)	1,839,135
Options issued	-	(17,800)	-	(17,800)
Foreign currency translation reserve	-	-	(273,237)	(273,237)
As at 31 December 2021	298,307	1,529,907	(280,116)	1,548,098
As at 1 July 2020	298,307	627,785	-	926,092
Options issued for consideration	-	919,922	-	919,922
Share based payments	-	919,922	-	919,922
Foreign currency translation reserve - JV	-	-	(6,879)	(6,879)
As at 30 June 2021	298,307	1,547,707	(6,879)	1,839,135

Note 9: Subsidiaries

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

	31 Dec 21 %	30 Jun 21 %
Comet Resources Limited – controlled entities		
Ravensthorpe Management Pty Ltd*^	100	100
Environmental Oil Solutions Pty Ltd*^	100	100
Kalk Exploration Pty Ltd*^	100	100
* incorporated in Australia		
^ dormant		

Comet Resources Limited is the ultimate parent entity.

Investment in JV: El Alamo Resources Limited	50	50
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Note 10: Share Based Payments

(a) Recognised share-based payment transactions

Share based payment transactions recognised either as operational expenses in the statement of profit or loss and other comprehensive income or as capitalised project acquisition costs or capital raising costs in equity during the period were as follows:

	31 Dec 21 \$	31 Dec 20 \$
Consultant share based payments	-	766,930
Share based payments to suppliers and directors (note 10(b))	(35,046)	844,637

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 2021

Share based payments expense	(35,046)	1,611,567
Share based payments – capital raising costs (note 10(c))	17,246	62,621
Share based payments for JV acquisition	-	1,000,000
	(17,800)	2,674,188

(b) Share based payments to suppliers and directors

There were no unlisted options granted or issued to suppliers, directors or employees during the half-year ended 31 December 2021. As at the reporting date, the Board has reassessed the probability of achieving the vesting conditions in relation to the 3 million unlisted options granted to technical consultants in the prior year. The Board assessed the probability to be less than 50%, therefore the corresponding share-based payment expense recognised in the prior year amounted to \$35,046 was reversed in the current period.

(c) Share based payments – capital raising costs

During the half year ended 31 December 2021, the Company did not grant or issue any unlisted options to lead manager or consultant for capital raising related services.

18,377,619 unlisted options were granted to the lead manager during the year ended 30 June 2021. The options will vest once the Company's share price trades at 10 days VWAP equal to or above the strike price. The fair value of the options was determined at the grant date using the Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at the grant date, the expected price volatility of the underlying share and the risk-free interest rate for the term of the option. A total of \$17,246 was recorded as a share-based payment during the current period.

Options issued	Number of Options Issued	Grant Date	Expiry Date	Exercise Price	Total Value (\$)	Underlying Share Value	Expected Volatility	Risk Free rate
Peloton Capital	6,125,873	12/02/21	12/02/23	0.03	10,919	0.025	80%	0.85%
Peloton Capital	6,125,873	12/02/21	12/02/23	0.05	4,690	0.025	80%	0.85%
Empire Capital	6,125,873	12/02/21	12/02/23	0.07	1,637	0.025	80%	0.85%

Note 11: Investment in Joint Venture

The Company acquired 50% of the Santa Teresa Gold Project in August 2020 through a 50% investment in El Alamo Resources Limited (EARL). EARL was equity accounted for as Investment in Joint Venture by the Company as at 31 December 2021.

	31 Dec 2021	30 June 2021
	\$	\$
Opening Balance – 1 July	1,669,609	-
Payment for JV acquisition – Cash consideration	-	200,000
Consulting Payments for JV acquisition – Empire Capital Partners	-	52,500
Share based payments for JV acquisition	-	1,000,000
Impairment	(1,554,938)	-
Cash calls	555,216	742,355
Share of (loss)/profit – JV	(396,650)	(318,367)
Share of post-acquisition movement in reserve	(273,237)	(6,879)
	<u>-</u>	<u>1,669,609</u>

The final 50% interest in the project was to be acquired after the Company made a decision to mine, at which time the Company would also pay the Stage 2 consideration. The decision to mine under the SPA must be made by Comet by 24 August 2022. Based on the information available to the Board, including the results of the 2021 diamond drilling program at Santa Teresa, The Board have recently determined that the Company will be unable to make a decision to mine by the required date. As a result of this

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 2021

decision the Company must under the terms of the SPA return its 50% interest in the Santa Teresa Gold Project to EARL and elect to convert it into either a minority equity interest based on a formula provided for in the SPA, or a Net Smelter Royalty (NSR) of 1.5% over the tenements of the Santa Teresa Gold Project. The Board has determined that it will opt for the NSR and is working with EARL to execute agreements to have that effect.

The investment in the Santa Teresa Project has been as a result been fully impaired as at 31 December 2021.

Note 12: Events Subsequent to Reporting Date

On 31 January 2022, the Company requested a voluntary suspension of its securities pursuant to ASX Listing Rule 17.2. The voluntary suspension was requested in connection with a material acquisition. The voluntary suspension has been extended and continues until such time the Company releases the ASX announcement with respect to the material acquisition.

There has not been any other matter or circumstance occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the Group in future financial years.

Note 13: Commitments

There were no material commitments or contingencies at the reporting date for the parent company except for those disclosed in Note 5.

The Directors of Comet Resources Limited declare that:

- (a) the financial statements and notes, set out on pages 8 to 18 are in accordance with the Corporations Act 2001:
 - give a true and fair view of the financial position as at 31 December 2021 and of the performance for the half-year ended 31 December 2021 of the Group; 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.



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Hamish Halliday
Chairman

Perth, 15 March 2022



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15 March 2022

Board of Directors
Comet Resources Limited
Suite 9, 330 Churchill Avenue
Subiaco WA 6008

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 half-year ended 31 December 2021, 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 LTD
(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**Conclusion**

We have reviewed the half-year financial report of Comet Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, 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.

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

- (a) giving a true and fair view of Comet Resources Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Group on 15 March 2022.

Material Uncertainty Related to Going Concern

Without modifying our conclusion expressed above, attention is drawn to the following matter.

As referred to Note 1(c) of the Financial Report, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2021, the Group had cash and cash equivalents of \$927,879 and incurred a loss after income tax of \$2,682,754.



Stantons

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully exploiting its mineral assets. In the event that the Group is not successful in raising further equity or successfully exploiting its mineral assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book value.

Responsibility of the Directors for the 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 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Company's financial position as at 31 December 2021 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*.

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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD (An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
15 March 2022