



Comet Resources Limited

ABN 88 060 628 202

and its

Controlled Entities

Half-Year Financial Report

31 December 2022

For personal use only

COMET RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

ABN 88 060 628 202

DIRECTORS' REPORT

Directors

Mr Hamish Halliday – Non-Executive Chairman
Mr Sonu Cheema – Non-Executive Director since 24 November 2022
Mr Alexander Molyneux – Non-Executive Director
Mr Matthew O'Kane – Managing Director

Company Secretary

Mr Sonu Cheema

Registered Office & Principal Place of Business

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

Telephone: (08) 6489 1600

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

ABN 88 060 628 202

DIRECTORS' REPORT

Your Directors are happy to present the Comet Resources Limited's (**Comet** or the **Group**) (ASX:CRL) and its controlled entities report for the half-year ended 31 December 2022.

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, and McTavish Industries Pty Ltd.

He previously resigned from Renaissance Minerals Limited on 26 September 2016 and Alicanto Minerals Ltd on 7 August 2020 and Venture Minerals Ltd on 26 November 2021. 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 a non-executive director of 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 International Graphite Limited (ASX:IG6) and Reach Resources Limited (ASX:RR1). He resigned as a non-executive director Azarga Uranium Corporation (TSX:AZZ) on 31 December 2021 and as a non-executive director of Roto-Gro International Limited (ASX:RGI) on 19 October 2021.

Director since 12 November 2019.

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DIRECTORS' REPORT

Sonu Cheema

Mr Sonu Cheema is a director at Cicero Group Pty Ltd with over 10 years' experience working with public and private companies in Australia and abroad. Mr Cheema has implemented and overseen the completion and preparation of statutory financial reports, investor relations, initial public offers, reverse takeovers, management of capital raising activities and auditor liaison. He is currently a non-executive director and company secretary for Avira Resources Limited (ASX:AVW) & Austin Metals Limited (ASX:AYT) and serves as company secretary for eMetals Limited (ASX:EMT), Yojee Limited (ASX:YOJ), Technology Metals Australia Limited (ASX:TMT), Prominence Energy Ltd (ASX:PRM) and Comet Resources Limited (ASX:CRL).

Director since 24 November 2022

RESULTS OF OPERATIONS

The net loss of the consolidated entity for the six months to 31 December 2022 is \$1,149,623 (31 December 2021: \$2,682,754). The net loss was comprised mainly of share of loss of associate, expenditure on mineral exploration together with administration costs.

Mount Margaret Copper Project:

Comet announced on 5 January 2023 that as the conditions precedent to settlement of the agreement between the Company and Glencore for the acquisition of the Mount Margaret Project were not capable of being satisfied by the original end date of 2 December 2022, the Company and Glencore agreed an extension to the condition precedent end date to 31 March 2023.

On 20 January 2023, a Second Supplementary Prospectus was lodged with ASIC. The effect of the Second Supplementary Prospectus was to withdraw the offers the subject of the Company's prospectus dated 19 October 2022 as the Corporations Act timeframe for issue and quotation of the shares the subject of the prospectus had expired.

On 21 February 2023 a press release was issued announcing the terms of the revised deal structure for the acquisition of the Mount Margaret Project, and on 24 February 2023 both a new Prospectus and the Notice of General Meeting (**NOM**) for shareholders to vote on approval of the Mount Margaret acquisition were both lodged. The General Meeting will be held on Monday 27 March 2023 at 9:00am. For full details please refer to the press release regarding the NOM and the lodgement of the new Prospectus.

Barraba Copper Project:

On 6 September 2022 the Company announcement it had received final approval to commence drilling at the Barraba Copper Project (**Barraba**). Funds are allocated in the Mount Margaret acquisition to commence drilling at Barraba as soon as the acquisition is completed.

Northern Territory Copper Projects:

During the period the Company continued with desktop reviews of the licenses to assess and plan field visits. Field visits are funded in the Mount Margaret acquisition and are planned to commence shortly after the acquisition is completed. During the period the Company surrendered license EL32664 due to assessed low prospectively and also high carrying cost.

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DIRECTORS' REPORT

Tenement List

Project	Location	Tenement	Interest
Barraba	NSW	EL8492	80%
Bells Find	NSW	M74/1055	25%
Northern Territory Assets ¹	NT	EL32279	100%
		EL32190	100%
		EL32241	100%

1. EL32664 was surrendered on 14 Oct 2022

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 2022 and to date, the Company has relied on the following ASX announcements.

ASX Announcement	24/02/2023	Prospectus
ASX Announcement	24/02/2023	Notice of General Meeting/Proxy Form
ASX Announcement	21/02/2023	CRL Acquisition – Strategic Qld Copper Project from Glencore
ASX Announcement	20/01/2023	Second Supplementary Prospectus
ASX Announcement	05/01/2023	UPDATE ON MOUNT MARGARET COPPER PROJECT ACQUISITION
ASX Announcement	25/11/2022	SUPPLEMENTARY PROSPECTUS
ASX Announcement	20/10/2022	PROSPECTUS
ASX Announcement	12/10/2022	Notice of General Meeting/Proxy Form
ASX Announcement	16/09/2022	Comet Acquires Strategic Qld Copper Project from Glencore
ASX Announcement	06/09/2022	Barraba Copper Project now permitted for drilling

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DIRECTORS' REPORT

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 19.

Signed in accordance with a resolution of the Directors.



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Hamish Halliday
Chairman

Perth, 16 March 2023

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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 2022

		Consolidated	
		Half-year ended 31 Dec 22	Half-year ended 31 Dec 21
	Note	\$	\$
Administration expenses		(559,429)	(431,875)
Exploration expenses		(208,613)	(334,607)
Share based payments	11	-	35,046
Share of loss of joint venture	12	-	(396,650)
Share of loss of associate	13	(228,742)	-
Impairment	12	-	(1,554,938)
Derecognition of foreign exchange reserve		(280,116)	-
Operating result		(1,276,900)	(2,683,024)
Loss before interest and taxes and depreciation		(1,276,900)	(2,683,024)
Depreciation		-	-
Loss before interest and taxes		(1,276,900)	(2,683,024)
Other income	2(a)	127,277	270
Loss before taxes		(1,149,623)	(2,682,754)
Net loss for the period		(1,149,623)	(2,682,754)
Other comprehensive income			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	(273,237)
Total comprehensive loss for the period		(1,149,623)	(2,955,991)
Net loss attributable to the parent entity		(1,149,623)	(2,955,991)
Total comprehensive loss attributable to the members of the parent entity		(1,149,623)	(2,955,991)
Basic loss per share (cents)	4	(1.66)	(0.39)
Diluted loss per share (cents)	4	(1.66)	(0.39)

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 2022

			Consolidated	
	Note	As at 31 Dec 22 \$	As at 30 June 22 \$	
CURRENT ASSETS				
Cash and cash equivalents		2,073,982	658,026	
Trade and other receivables		45,768	329	
TOTAL CURRENT ASSETS		<u>2,119,750</u>	<u>658,355</u>	
NON-CURRENT ASSETS				
Other financial assets		2,000	2,000	
Investment in Joint Venture	12	-	-	
Investment in Associate	13	3,563,391	3,792,133	
Capitalised Exploration and Evaluation Expenditure		1,107,728	1,107,728	
TOTAL NON-CURRENT ASSETS		<u>4,673,119</u>	<u>4,901,861</u>	
TOTAL ASSETS		<u>6,792,869</u>	<u>5,560,216</u>	
CURRENT LIABILITIES				
Trade and other payables		813,799	824,844	
Borrowings from Related Party	7	100,000	-	
Provision for Employee Benefits		63,459	50,254	
Other financial liabilities		2,000,000	-	
TOTAL CURRENT LIABILITIES		<u>2,977,258</u>	<u>875,098</u>	
TOTAL LIABILITIES		<u>2,977,258</u>	<u>875,098</u>	
NET ASSETS		<u>3,815,611</u>	<u>4,685,118</u>	
EQUITY				
Issued capital	8	18,254,430	18,271,677	
Reserves	9	1,862,426	1,565,063	
Accumulated losses		(16,301,245)	(15,151,622)	
TOTAL EQUITY		<u>3,815,611</u>	<u>4,685,118</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 2022

		Consolidated	
		Half-year ended 31 Dec 22 \$	Half-year ended 31 Dec 21 \$
	Note		
Cash flows from operating activities			
Payments to suppliers and employees		(811,321)	(673,331)
Interest and grant received	2(a)	127,277	270
Net cash flows (used in) operating activities		(684,044)	(673,061)
Cash flows from investing activities			
Exploration and Evaluation Expenditure		-	-
Investment in Joint Venture		-	(750,143)
Funds received in advance		2,000,000	-
Net cash flows provided by (used in) investing activities		2,000,000	(750,143)
Cash flows from financing activities			
Issue of share capital, net of issue costs		-	-
Proceeds from loan borrowings from Related Party		100,000	-
Net cash flows from financing activities		100,000	-
Net increase/(decrease) in cash and cash equivalents		1,415,956	(1,423,204)
Cash and cash equivalents at beginning of period		658,026	2,351,083
Cash and cash equivalents at end of period		2,073,982	927,879

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 2022

	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	TOTAL \$
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	<u>18,288,642</u>	<u>(18,247,048)</u>	<u>1,548,098</u>	<u>1,589,692</u>
As at 1 July 2022	18,271,677	(15,151,622)	1,565,063	4,685,118
Net loss for the period	-	(1,149,623)	-	(1,149,623)
Other comprehensive loss	-	-	-	-
Total comprehensive (loss) for the period	-	(1,149,623)	-	(1,149,623)
Derecognition of foreign exchange reserve	-	-	280,116	280,116
Shares issued (net of costs)	(17,247)	-	-	(17,247)
Options issued	-	-	17,247	17,247
As at 31 December 2022	<u>18,254,430</u>	<u>(16,301,245)</u>	<u>1,862,426</u>	<u>3,815,611</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

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022 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 2022, together with any public announcements made during the following half-year.

These interim financial statements were authorized for issue on 16 March 2023.

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 2022 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 a going concern basis. At 31 December 2022, the Group had cash and cash equivalents of \$2,073,982 (including \$2,000,000 held on trust for subscriptions to the prior offer that is refundable if the subscribers do not subscribe to the current offer) and incurred a loss after income tax of \$1,149,623.

The Group's ability to continue as a going concern and pay its debts as and when they fall due, given the Group's intended operational plans, assumes active management of the current level of discretionary expenditure in line with the funds available to the Group. The Company will undertake a \$27 million capital raise to fund the acquisition of the Mt Margaret copper project, in Queensland, from diversified miner Glencore. The Company had amended its agreements with third-party company Minerals Mining and Metallurgy (MMM) and Glencore subsidiary Mount Isa Mines (MIM) to reduce the raising requirement to A\$27-million.

The directors have reviewed the business outlook and cash flow forecasts and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Group will continue to be successful in securing additional funds through the debt and/or equity issues as and when the need to raise working capital arises. Should the Group be unable to continue as a going concern, it may be required to monetise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the consolidated financial statements. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Group be unable to continue as a going concern.

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.

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 unrealised losses are eliminated, the underlying asset is also tested for impairment.

e. Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

f. 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.

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 2022

	Consolidated	
	31 Dec 22	31 Dec 21
	\$	\$
Note 2: Loss from Ordinary Activities		
(a) Net Other Income		
Interest received – other entities	4,967	270
R&D Refund	122,310	-
Total net other income	<u>127,277</u>	<u>270</u>

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. Mineral exploration in Australia relates to the exploration activities and work programs for exploration assets held in Australia.

Note 4: Earnings per share

	2022 Number	2021 Number
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>69,159,244</u>	<u>691,590,087</u>
	2022 Number	2021 Number
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	<u>69,159,244</u>	<u>691,590,087</u>

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 release on 16 April 2020 and subsequently amended to extend the time to meet the minimum exploration expenditure requirement (see below) 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 by 31 March 2024. If the minimum exploration expenditure and minimum drilling requirement are not satisfied by this date, the interest in the assets will revert to zero. If the option is exercised and the payment made in the first 36 months, Comet will not be obliged to satisfy the above minimum exploration expenditure and minimum drilling requirement.

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: Borrowings from Related Party

	Consolidated	
	31 Dec 22	31 Dec 21
	\$	\$
Borrowings from related party	100,000	-

As of December 31, 2022, the Company had outstanding borrowings from a related party in the amount of \$100,000. The terms of the borrowing arrangement include an annual interest rate of 10%, with a maturity date 6 months from execution.

The related party is Matthew O'Kane, the managing director of Comet Resources Limited. The borrowings from the related party are unsecured and do not include any guarantees or collateral.

The Company believes that the terms of the borrowing arrangement with the related party are consistent or better than arm's length transactions that could be obtained with unrelated third parties. The Company will make interest and principal payments in accordance with the terms of the agreement.

The Company will continue to monitor and evaluate the terms of the borrowing arrangement with the related party and will make adjustments as necessary to ensure that they remain fair and reasonable.

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CONDENSED CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 8: Issued Capital

	31 Dec 22	30 Jun 22	31 Dec 22	30 Jun 22
	No.	No.	\$	\$
(a) Share Capital	69,159,009	691,590,087	18,254,430	18,271,677
Issued Capital				
(b) Share movement during the period				
Balance at the beginning of the financial year	691,590,087	691,590,087	18,271,677	18,305,888
Consolidation of shares Oct 22	(622,431,078)	-	-	-
Capital raising costs	-	-	(17,247)	(34,211)
At the end of the period	69,159,009	691,590,087	18,254,430	18,271,677

Note 9: Reserves

	Options Premium	Share Based Payments	Foreign Exchange Reserve	Total
	\$	\$		\$
As at 1 July 2022	297,472	1,547,707	(280,116)	1,565,063
Options issued	-	-	-	-
Derecognition of foreign exchange reserve	-	-	280,116	280,116
Share based payment	17,247	-	-	17,247
As at 31 December 2022	314,719	1,547,707	-	1,862,426
As at 1 July 2021	298,307	1,547,707	(6,879)	1,839,135
Options issued for consideration				
Share based payments	(835)	-	-	(835)
Foreign currency translation reserve - JV	-	-	(273,237)	(273,237)
As at 30 June 2022	297,472	1,547,707	(280,116)	1,565,063

Note 10: Subsidiaries

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

	31 Dec 22	30 Jun 22
	%	%
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 associate : International Graphite Limited	24.22	24.22
Investment in JV: El Alamo Resources Limited	-	50

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 2022****Note 11: 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 22	31 Dec 21
	\$	\$
Share based payments to suppliers and directors (note 10(b))	-	(35,046)
Share based payments expense	-	(35,046)
Share based payments – capital raising costs (note 10(c))	17,247	17,246
	<u>17,247</u>	<u>(17,800)</u>

(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 2022. As at the 31 December 2021, 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 half-year ended 31 December 2021.

(c) Share based payments – capital raising costs

During the half year ended 31 December 2022, 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 in prior year. 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 half-year ended 31 December 2022 and 2021.

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%
Peloton Capital	6,125,873	12/02/21	12/02/23	0.07	1,637	0.025	80%	0.85%

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 2022****Note 12: 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 30 June 2022.

	31 Dec 2022	30 June 2022
	\$	\$
Opening Balance – 1 July	-	1,669,609
Impairment	-	(1,554,938)
Cash calls	-	555,216
Share of (loss)/profit – JV	-	(396,650)
Share of post-acquisition movement in reserve	-	(273,237)
	<u>-</u>	<u>-</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 Company was unable to make a decision to mine by the required date. The Company has no interest in the Santa Teresa Gold Project and is yet to complete a Net Smelter Royalty (NSR) and is working with EARL to execute agreements to have that effect as at 31 December 2022.

Summarised statement of financial position

	2022
	\$
Current assets	5,085,915
Non-current assets	13,820,978
Total assets	<u>18,906,893</u>
Current liabilities	1,958,632
Non-current liabilities	72,421
Total liabilities	<u>2,031,053</u>
Net assets	<u>16,875,840</u>

Summarised statement of profit or loss and other comprehensive income*

Revenue	38,009
Expenses	(982,474)
Loss for the period	<u>(944,465)</u>

The investment in the Santa Teresa Project has been as a result been fully impaired as at 31 December 2022.

Note 13: Investment in Associate

The Company acquired 24.22% of the International Graphite Limited (IG6) in April 2022. IG6 was equity accounted for as Investment in Associate by the Company as at 31 Dec 2022.

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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 2022

	2022	2021
	\$	\$
Opening Balance – 1 July	3,792,133	-
Sale of tenement projects	-	4,000,000
Share of (loss)/profit - associates	(228,742)	(207,867)
	<u>3,563,391</u>	<u>3,792,133</u>

Note 14: Events Subsequent to Reporting Date

On 21 February 2023 and further to its ASX announcement of 5 January 2023, and withdrawal of its prospectus dated 19 October 2022 by way of a second supplementary prospectus (announced on 20 January 2023), Comet announced that it had executed an amended binding agreement to acquire 100% interest of the Mt Margaret Copper Project and associated regional tenements near Cloncurry, Queensland (Project or Mt Margaret) from Mount Isa Mines Limited, a wholly-owned subsidiary of Glencore Plc (Acquisition). The prospectus document was subsequently lodged with ASX on 24 February 2023.

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 15: 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 10 to 17 are in accordance with the Corporations Act 2001:
- give a true and fair view of the financial position as at 31 December 2022 and of the performance for the half-year ended 31 December 2022 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.



.....
Hamish Halliday
Chairman

Perth, 16 March 2023

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16 March 2023

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 consolidated financial statements of Comet Resources Limited for the half-year ended 31 December 2022, 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

Martin Michalik
Director



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**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 and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, 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 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 the Group's financial position as at 31 December 2022 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 Company on 16 March 2023.

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.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) to the financial report, which indicates that the Group had cash and cash equivalents of \$2,073,982. Included within this stated cash balance is \$2,000,000 held on trust for subscriptions to the prior offer that is refundable if the subscribers do not subscribe to the current offer. The company incurred a loss after income tax of \$1,149,623 and had cash outflows from operating activities of \$684,044 for the period ended 31 December 2022.

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 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 the book values.

These events or conditions, along with other matters as outlined in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our conclusion is not modified in respect of this matter.

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 2022 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

A handwritten signature in blue ink that reads "Martin Michalik".

Martin Michalik
Director

West Perth, Western Australia
16 March 2023

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