

Quarterly Activities Report

Comet Resources Ltd (Comet or the Company) (ASX:CRL) is pleased announce the Quarterly Activities Report and Appendix 5B for the quarter ending 30 June 2019.

Highlights

- Appointed mineral industry executive **Philippa Leggat as its new Chief Executive Officer** (1 May 2019)
- Identified **two new high-grade graphite zones** extending over a combined interpreted strike length of 8.5 kilometres, **outside existing resource** (ASX 7 May 2019)
- Confirmed ability to optimise exploration efficiency by using **electromagnetic surveys** (EM) to **target high-grade graphite near surface** (ASX 18 Jun 2019)
- **Clarified strategy** to undertake three key work programs required for a Pre-Feasibility study:
 - **Upgrade shallow, high-grade component of existing maiden Inferred Resource (2.6Mt at 17.5% TGC** ASX 6 Dec 2018)
 - **Advance metallurgical testwork** to provide samples to potential offtake partners
 - **Build relationships with potential offtake partners**
- **Secured funding of \$1,125,000** to advance work programs (ASX 25 Jun 2019)

Comet Resources CEO, Philippa Leggat, commented:

“It’s been a productive quarter – with a clear focus on the strategy to upgrade the shallow, high-grade graphite resource at Springdale – we raised capital and began building a strong team to getting the targeted work programs underway. Preparations for the programs are well underway, and the drill holes have been pegged. We look forward to sharing drilling results, EM survey and metallurgical testwork over the coming months, as we engage with off-take partners.”

Work Program and Outlook

Program	Aim & Details
Electromagnetic survey (EM)	Geophysical survey to highlight the shallow, high-grade graphite mineralisation. Scheduled to commence in August.
Diamond drilling	Targeted upgrade of the shallow, high-grade component of the existing resource. Using EM survey to . Scheduled to commence in August.
Metallurgical testwork	Consulting metallurgist engaged to design targeted program to characterise the graphite and suite of products which can be produced. Preparation of >95% TGC concentrate from composite samples, for off-take partners to undertake testwork and battery-grade testwork.
Off-take	Strategy and approach defined and underway to engage off-take partners.
Grant and subsidy funding	R&D grant application in preparation. Additional Australian grant funding opportunities under assessment.

During the quarter the company announced the discovery of two high-grade discoveries outside the existing areas of the resource. The same drilling program confirmed the ability to use EM as a targeting tool for shallow, high-grade graphite, which is expected aid the capital efficiency of the exploration program.

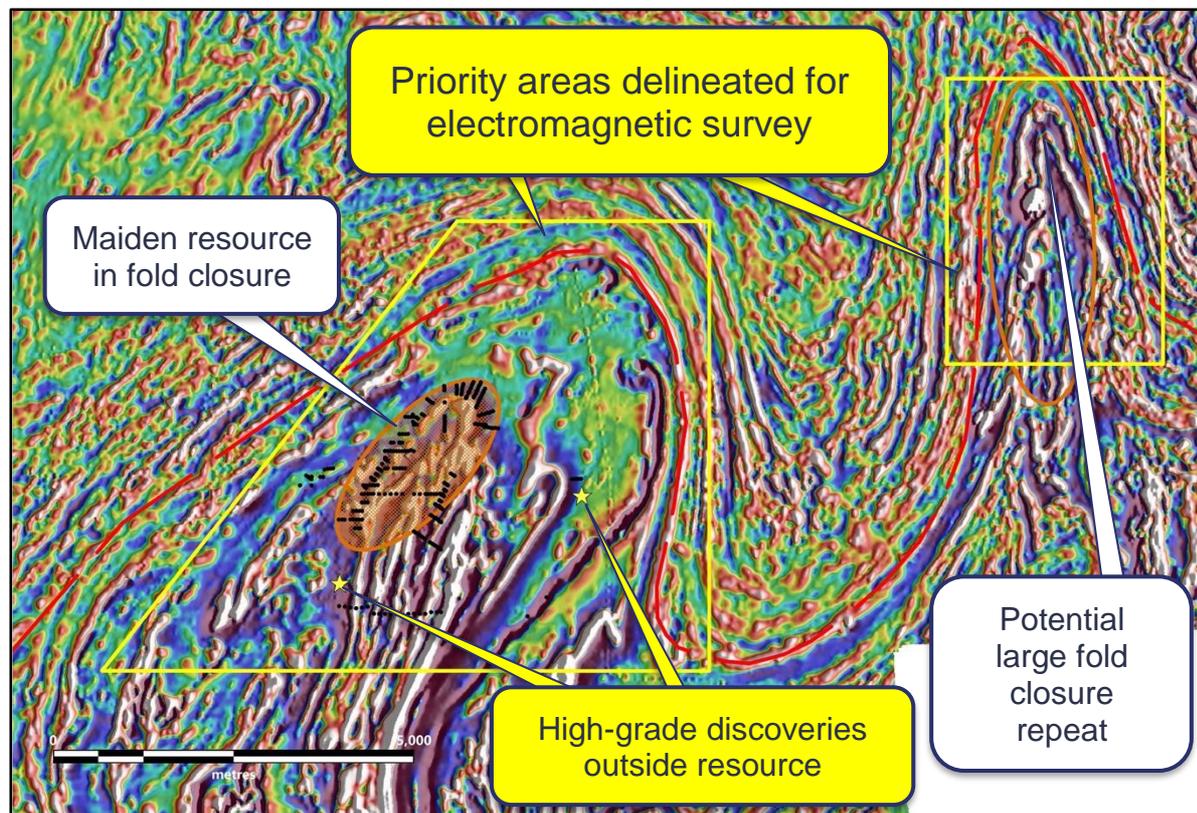


Figure 1 – Aeromagnetic image of Springdale showing existing resource area in fold closure, potential fold repeat, new high-grade discoveries and boundary lines for aerial EM survey to target shallow, high-grade graphite mineralisation.

Corporate Activities

Comet Appoints New CEO

On 1 May 2019, Comet announced the appointment of mineral industry executive Philippa Leggat as its new Chief Executive Officer. The Board is delighted to have access to Philippa’s strong corporate skills and experience, particularly with respect to capital markets, negotiation, strategy and delivering corporate objectives within the mining and metals sector. The CEO appointment is integral to the Company as it transitions to the next phase of development of its 100% owned Springdale Graphite Project in Western Australia.

Completion of Funding Initiatives

On 1 July 2019 and subsequent to the announcement on 25 June 2019, the Company advised that it had issued a total of 37,500,000 fully paid ordinary shares and 18,750,000 one-for-two free attaching options at a price of \$0.03 per share to raise \$1,125,000 before costs. The one-for-two free attaching options are exercisable at \$0.06, expiring 30 June 2021.

The shares were issued under the Company's capacity pursuant to ASX Listing Rule 7.1 (14,950,000 shares and 18,750,000 options) and 7.1A (22,550,000 shares). Comet will use the funds for a diamond drilling program to infill and extend the high-grade component of the existing resource and recently announced discoveries. The diamond core will be used to conduct metallurgical test work to optimise the processing circuit to produce a high-grade graphite concentrate.

Capital Structure

Shares	Total ('000)
Ordinary shares on issue	277,500

Options	Details	Total ('000)
Options on issue	4c exp 31/12/19	12,000
	10c exp 31/12/19	57,000
	10c exp 31/12/20	5,000
	15c exp 31/12/20	10,000
	6c exp 30/06/21	18,750

For further information please contact:

PHILIPPA LEGGAT

Chief Executive Officer

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About the Springdale Graphite Project in Western Australia

The 100% owned Springdale graphite project is located approximately 30 kilometres east of Hopetoun in south Western Australia. The project is situated on free hold land, with good access to infrastructure being within 150 kilometres of the port at Esperance via sealed roads.

The tenements lie within the deformed southern margin of the Yilgarn Craton and constitute part of the Albany-Fraser Orogen. Comet owns 100% of the three tenement's (E74/562, E74/583 and E74/612) that make up the Springdale project, with a total land holding of approximately 220 square kilometres.



Key information on the Springdale Graphite Project

- Comet completed a first pass aircore drilling program in February 2016, which confirmed that graphite was present (Western Zone).
- In September 2017 a 220km² detailed aeromagnetic survey was conducted (*ASX release 10 Nov 2017*). Interpretation delineated 26 kilometres of stratigraphy deemed to be prospective for graphite mineralisation. Less than 20% of the identified stratigraphy has been drill tested indicating the potential scale of the Project.
- The Northern Zone was defined as a high priority drill target. RC drilling completed between December 2017 and February 2018 was successful in identifying high grade graphite mineralisation in the Northern Zone.

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SPRINGDALE GRAPHITE PROJECT

Hamish Halliday CHAIRMAN
Philippa Leggat CHIEF EXECUTIVE OFFICER
Alex Molyneux NON-EXECUTIVE DIRECTOR
David Prentice NON-EXECUTIVE DIRECTOR
Sonu Cheema COMPANY SECRETARY AND CFO

- Comet released a Maiden Resource (*Table 1*) at the Springdale Graphite Project late 2018 that incorporated the Northern, Western and Eastern Zones (*ASX release 6 Dec 2018*).
- The high-grade portion of the resource is 2.6Mt at 17.5% Total Graphitic Carbon (TGC) (*Table 1*).
- Metallurgical test work in April 2017 proved that graphene can be produced from Springdale graphite by electrical exfoliation. It is very rare for a graphite deposit to be able to produce graphene using the exfoliation method on solid, untreated rock.
- The discovery of two new high-grade zones of graphite mineralisation was announced in May 2019. The results of the drilling program confirmed that electromagnetic surveys could be used as a targeting tool for shallow, high-grade graphite mineralisation (*ASX release 7 May 2019*).

Tenement List

Project	Location	Tenement	Interest
Springdale	WA	E74/562	100%
		E74/583	100%
		E74/612	100%
Gilmore	WA	EL8282	100%
Bell's find	NSW	M74/1055	25%

Appendices

Forward-Looking Statements

This document 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 Persons Statement

The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources 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 full-time 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.

No New Information

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Table 1

Springdale Project Resource Estimate reported at a $\geq 2\%$ TGC cut-off grade

Domain	Tonnes (Mt)	Density (t/m ³)	Graphite (TGC%)	JORC Classification
High grade	2.6	2.1	17.5	Inferred
Low grade	13.0	2.2	3.7	Inferred
Total Resources	15.6	2.2	6.0	Inferred

Note – Inferred Resources have only been reported from within mineralised wireframe domains defined by a nominal 2% TGC cut-off for low-grade and a nominal 15% TGC cut-off for high-grade to a nominal depth of 100m.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

COMET RESOURCES LIMITED

ABN

88 060 628 202

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(180)	(1,312)
(b) development	-	-
(c) production	-	-
(d) staff costs	(8)	(151)
(e) administration and corporate costs	(146)	(699)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	-	-
1.6 GST refunded/(paid)	19	88
1.7 Research and development refunds ¹	-	342
1.8 Other – DMP Grant and rebates	-	104
1.9 Net cash from / (used in) operating activities	(314)	(1,626)

¹ During the September Quarter, the Company lodged a Research and Development Rebate for \$342,030. These funds were received on 5 October 2018.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,200 ¹	2,098
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,200¹	2,098

¹The proceeds from share issues relate predominately to monies raised and held on trust from the Placement as announced on 25 June 2019. Completion of share placement occurred on 1 July 2019.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	406	820
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(314)	(1,626)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,200	2,098

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,292	1,292

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	23	28
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	1,269	378
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,292	406

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

106

-

Amount as stipulated in Section 6.1 is Director fees paid to the Board during the Quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	263
9.2 Development	-
9.3 Production	-
9.4 Staff costs	87
9.5 Administration and corporate costs	142
9.6 Other – R & D Refund	-
9.7 Total estimated cash outflows	492

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary)

Date: 31 July 2019

Print name: Sonu Cheema

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.