

## 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 31 December 2019.

## Highlights

- Diamond drilling program assays completed with multiple broad zones of shallow, high-grade graphite results released over the December quarter incl. **57m @ 22.38% Total Graphitic Carbon (TGC)** (ASX 17 Oct 2019), **17m @ 16.55% TGC** (ASX 24 Oct 2019) **10.9m @ 10.61% TGC** (ASX 25 Nov 2019) and **42.5m @ 17.02% TGC including 3.23m @ 51.02% TGC** (ASX 28 Nov 2019)
- Appointment of Matthew O’Kane as Managing Director (ASX 12 Nov 2019)
- Capital raise of \$562,500 before costs completed (ASX 19 Nov 2019)
- Highly experienced specialist teams engaged to conduct Aerial Electromagnetic (EM) survey, diamond drilling and metallurgical testwork (ASX 10 Oct 2019)
- EM completed, providing strong dataset to optimise graphite exploration efficiency by targeting shallow, high-grade, graphite (ASX 15 Oct 2019). Survey identified priority graphite targets in close proximity to Resources and 18 kilometres of strike length
- Metallurgical test work on diamond drill core underway in Perth. Initial results expected in Q1 2020.
- R&D Grant funding submission completed and submitted to Australian Government.

## Post Quarter End

- Announcement of proposed acquisition of the Barraba Copper Project in Northern NSW as part of a strategy to obtain further assets that share graphite’s exposure to the forecast growth in battery commodities required to support the de-carbonisation of the global transport network (ASX 23 Jan 2020)
- Receipt of R&D Grant payment of \$480k

### Comet Resources Managing Director, Matthew O’Kane, commented:

*“During the quarter we had the outstanding results of the diamond drilling program undertaken at Springdale in Q3, with assays of the core material showing multiple areas of thick, near surface, high grade mineralisation, with the highest grade intercept to date of 3.23m @ 51.02% TGC one of the many highlights of the pleasing results from the drilling campaign. These results combined with the positive results from the aerial electromagnetic survey that highlighted many additional as yet untested drill targets proximate to our existing resource, demonstrates the highly prospective nature of the Springdale Graphite Project.*

*“In January we also announced the proposed acquisition of the Barraba Copper Project in Northern NSW. This is an exciting opportunity for Comet as the project is located in a prospective area and hosts a number of drill ready targets, and copper, like graphite, is a commodity that is forecast to*

see large increases in demand from the growth in Battery Electric Vehicle (BEV) production over the coming decade. For that reason, we believe this acquisition complements our existing project at Springdale. We will be working hard to be in a position to commence drilling as soon as possible after completion.

“Our focus now for Springdale is the metallurgical test work currently underway in Perth and the subsequent work that will follow with a specialist graphite company in Germany. We look forward to sharing those results as they become available.”

## Work Program and Outlook

Program	Aim & Details	Status
Barraba Project Acquisition	Completion of due diligence and satisfaction of conditions precedent	Underway. Expected completion in Q1 2020
Electromagnetic survey (EM)	Geophysical survey to identify priority targets of shallow, high-grade graphite mineralisation.	Complete.
Diamond drilling	Designed to provide material for metallurgical testwork, improve geological understanding and working towards upgrading the high-grade component of the resource.	Complete.
Metallurgical Test work	Australian testwork programs to characterise the graphite and establish recoveries.	Underway. Results due into March 2020 quarter.
	Using samples produced in Australian testwork for International testwork programs to assess spectrum of off-take markets and the value-add potential of Springdale’s high-grade graphite.	Test work will commence during Q1 2020. Results expected Q2 2020.
R&D Grant Funding	R&D grant funding.	Complete and received in January 2020.

## Operations Report:

A total of 12 pre-collared diamond drill holes were completed for 1005.7 metres between late August and mid-September at Springdale. The drilling was designed to primarily provide bulk sample material for detailed metallurgical test work as well as infill geological, and structural information on the graphite mineralisation at the Northern and Western Resource areas.

All PQ and HQ diamond infill and twin metallurgical holes completed in the North Zone resource area successfully intersected multiple high grade graphite intersections (Figure 1).

HD024, the first hole targeting identified high-grade graphite mineralisation in the Northern Zone, intersected 57 metres of high-grade graphite of 22.38% TGC (Figure 2), from just 35.5 metres downhole and confirming previous RC drill intersections (ASX 17 Oct 2019).

A highest grade graphite result to date of **3.23m @ 51.02% TGC from 35.27m** was returned from a wider interval of **42.5m @ 17.02% TGC from 20m** in hole HD024A. This hole was drilled as a twin of HD024 and showed stronger oxidation and veining but again confirmed the continuity of the high grade graphite mineralisation on the eastern side of the north zone.

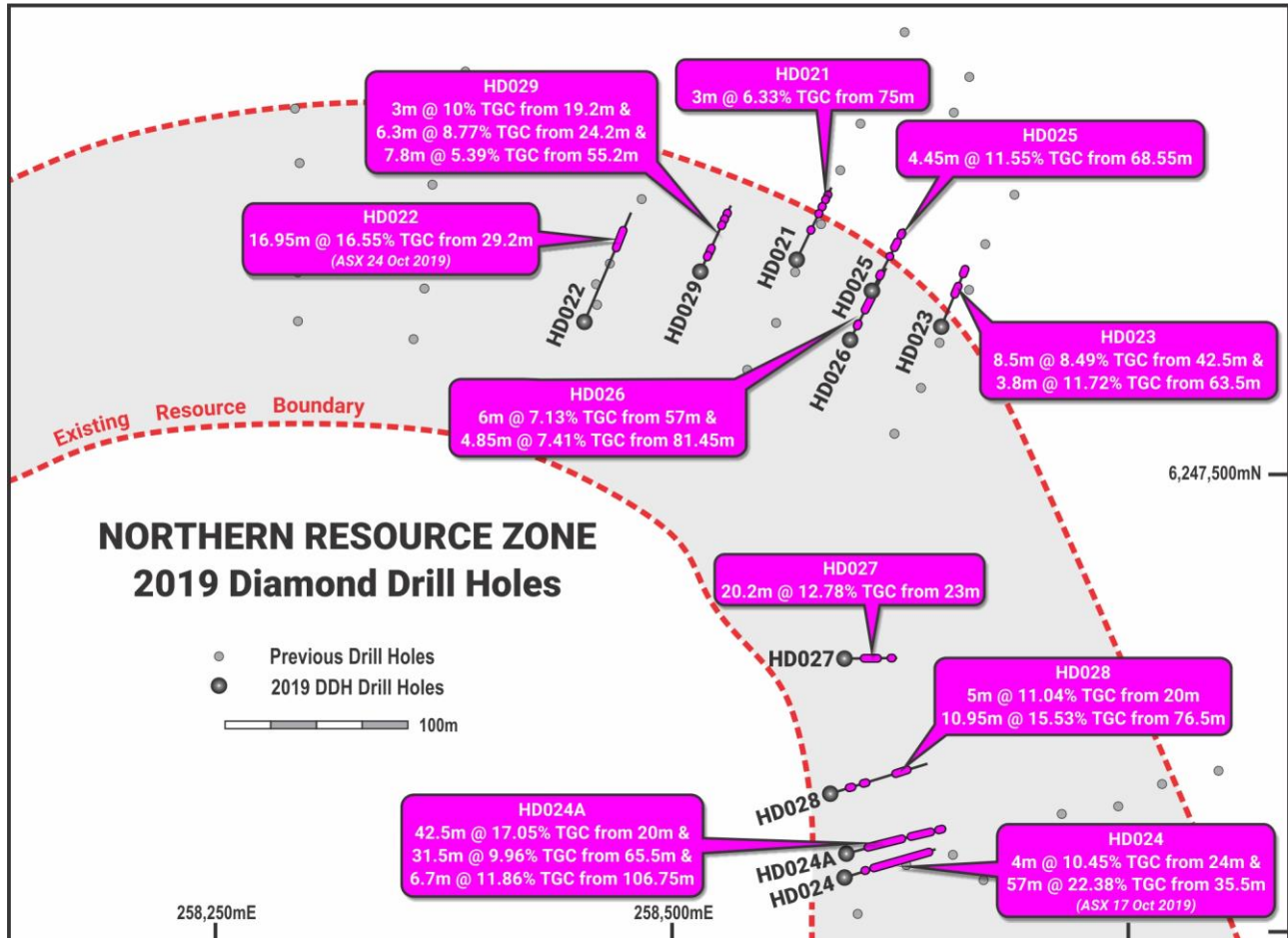


Figure 1. North Zone drill location plan graphite intersections

A single PQ hole HD031 designed to test interpreted high-grade graphite Resource wireframes was drilled targeting the West Zone Resource area. This infill hole was drilled north of previous high grade intersections such as in HD003 (**17.5m at 11 % TGC from 27m**, including **6m at 22% TGC from 37m**; ASX 15 Nov 2016) and HD008 (**15.02m at 7.13% TGC from 13.1m**, including **7.37m at 12.09% TGC from 19.5m**; ASX 15 Sept 2017).

Hole HD031 successfully confirmed the resource interpretation with high grade graphite mineralisation up to **10.9m at 10.61% TGC from 25m** including **6m at 17.57% CGT from 26m** intersected 40m north of previous intersections.

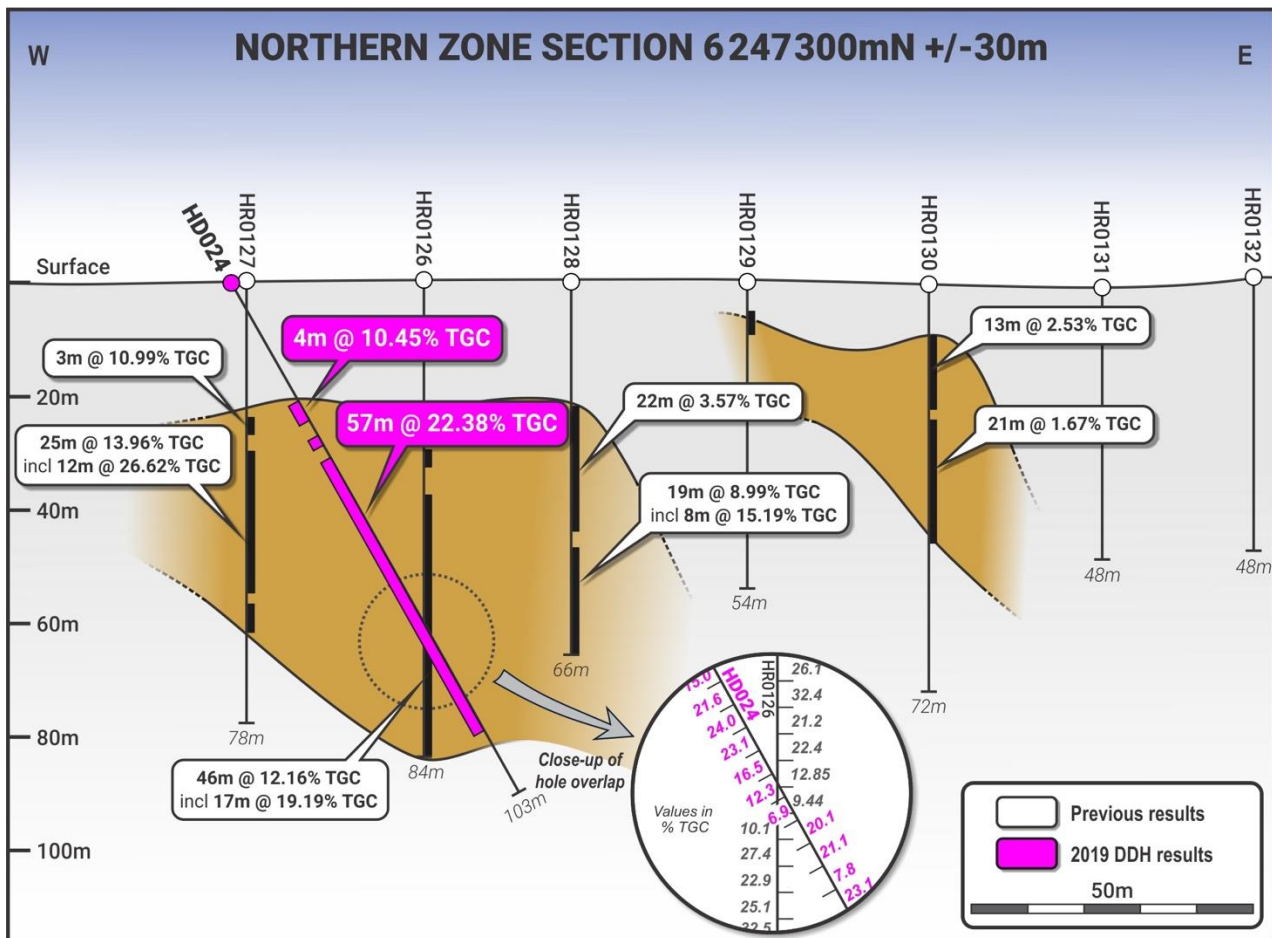


Figure 2. Drilling Cross section looking north-northwest

## Corporate Activities

The Company appointed Matthew O’Kane as Managing Director during the quarter (ASX 12 Nov 2019). Mr O’Kane is an experienced Executive and Company Director with a career spanning 25 years, strongly focussed on the mining and commodities sector. He has held senior executive roles across a range of private and public-companies in Australia, the USA and Asia.

The Company subsequently successfully completed a capital raise of \$562,500 before costs (ASX 19 Nov 2019).

The application submitted for an R&D grant in December of 2019 was approved by the Australian Government and funds of \$480K were received during January of 2020.

The proposed acquisition of the Barraba Copper Project in Northern NSW was announced on January 23, 2020. The 2,375ha exploration license that covers the project area, EL8492, is located near the town of Barraba, approximately 550km north of Sydney. It sits along the Peel Fault line and encompasses the historic Gulf Creek and Murchison copper mines. The region is known to host volcanogenic massive sulphide (VMS) style mineralisation containing copper, zinc, lead and precious metals. Historical workings at Gulf Creek



produced high-grade copper and zinc for a short period around the turn of the 19<sup>th</sup> century, and this area will form a key part of the initial exploration focus.

Comet believes that copper is set to see an increase in demand due to the global efforts to reduce emissions from the transport network and also from generation of electricity. Copper is not only an important part the batteries used in BEV's but is also used extensively in the electric motors that drive the wheels of BEV's and is also used intensively in the generation of electricity from renewables, such as solar and wind. The Company believes that the Barraba copper project complements its existing Springdale graphite project due to their shared end uses in batteries for BEV's, and better utilises available board and management resources with the aim of driving shareholder value.

For further information please contact:

**MATTHEW O'KANE**

**MANAGING DIRECTOR**

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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 198 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 220km<sup>2</sup> 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.
- 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*).

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Tenement List

Project	Location	Tenement	Interest
Springdale	WA	E74/562	100%
		E74/612	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 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 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 Exploration Results and Exploration Targets is based on information compiled by Bianca Manzi, who is a Member of The Australian Institute of Geoscientists and a part time consultant to Comet Resources Ltd. Ms Manzi 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". Ms Manzi 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.

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

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

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")**

**31 December 2019**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(616)	(856)
(b) development	-	-
(c) production	-	-
(d) staff costs	(45)	(72)
(e) administration and corporate costs	(107)	(274)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 GST refunded/(paid)	-	-
1.7 Research and development refunds	-	-
1.8 Other – (ATO Payments/Receivables)	56	26
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(712)</b>	<b>(1,176)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date 6 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	463	483
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	(69)	(171)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>394</b>	<b>312</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	746	1,292
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(712)	(1,176)
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)	394	312
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>428</b>	<b>428</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	65	74
5.2 Call deposits	363	664
5.3 Bank overdrafts	-	-
5.4 Other – term deposits	-	8
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>428</b>	<b>746</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	105
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	

Amount as stipulated in Section 6.1 is Director fees paid to the Board during the Quarter and CEO fees paid. Please note, this is apportioned in Section 1.2 for time spent on corporate and exploration activities.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
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	

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	171
9.2 Development	
9.3 Production	
9.4 Staff costs	67
9.5 Administration and corporate costs	127
9.6 Other – R & D Refund received in January 2020	(480)
<b>9.7 Total estimated cash outflows</b>	<b>(115)</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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 January 2020

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.