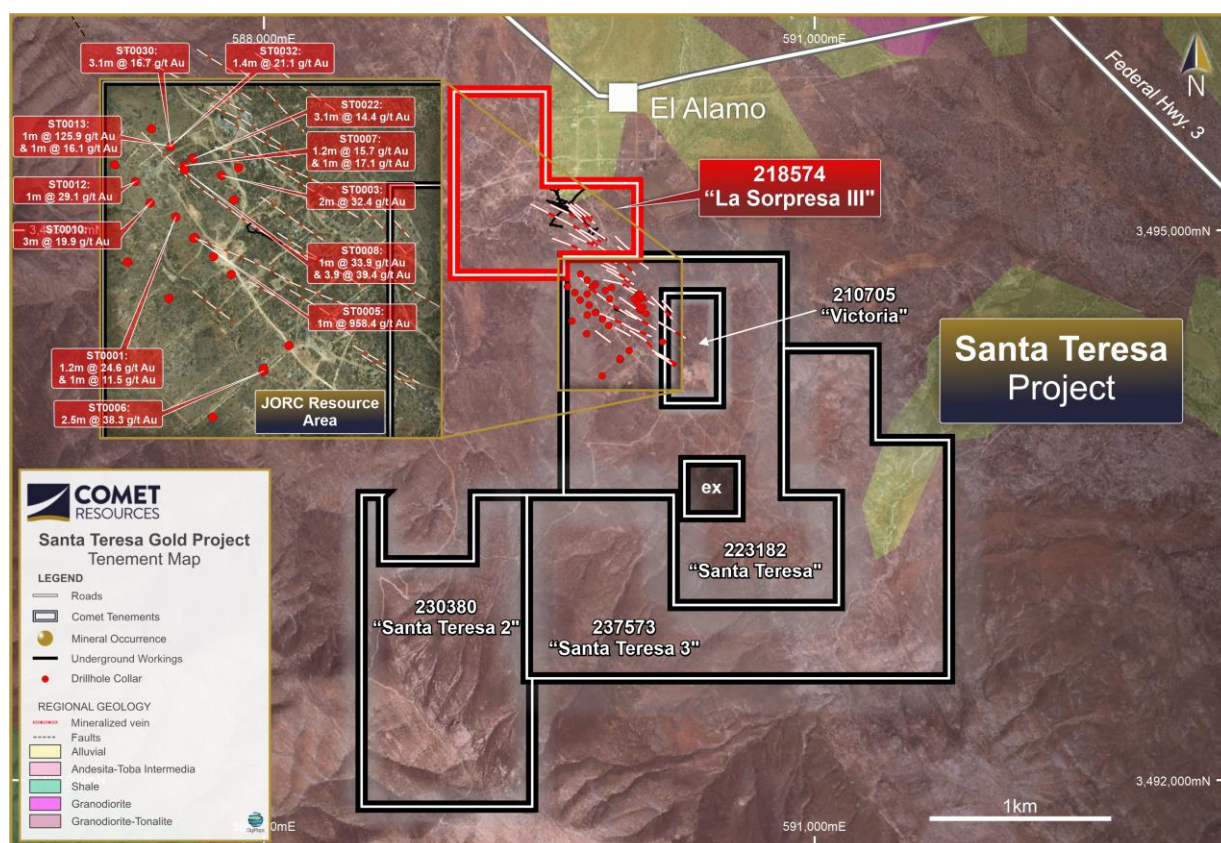


## Agreement to Acquire Highly Prospective Extension to Santa Teresa Gold Project

### Highlights

- Binding HOA to acquire the La Sorpresa III tenement to extend the Santa Teresa Gold Project in Baja California, Mexico
- La Sorpresa III was historically mined at recovered grades of up to 280g/t gold and produced between 100,000 and 200,000 ounces<sup>1</sup>
- The La Sorpresa III tenement is contiguous to the northwest license boundary of Comet's main Santa Teresa Gold Project tenement
- Mineralisation within the La Sorpresa III tenement is interpreted to be an extension of the system that hosts the Company's existing JORC Resource at Santa Teresa providing scope for a potential resource upgrade

Comet Resources Limited (Comet or the Company) (ASX: CRL) is pleased to announce that it has executed a binding heads of agreement (HOA) with American International Ventures Inc (AIVN) for the proposed 100% acquisition (Acquisition) of the La Sorpresa III tenement (Tenement). The Tenement lies to the northwest of Comet's Santa Teresa Gold Project tenement 223182 – "Santa Teresa", sharing a tenement boundary proximate to the area of historical drilling at the Santa Teresa Gold Project (Project).



**Figure 1:** Santa Teresa Gold Project showing the historical drilling and JORC resource locations, as well as the location of the La Sorpresa III Tenement and the location of historical underground workings on that Tenement.

1: Raffle, Nicholls (2016) - Technical Report on the Santa Teresa Property, Baja California, Mexico

Comet Managing Director, Matthew O'Kane, commented, ***"The addition of La Sorpresa III to the Santa Teresa Project is potentially transformational. Our existing JORC Resource is in the northwestern corner of our existing tenement package and its open at the boundary with La Sorpresa III. With La Sorpresa III we will have the opportunity to test the interpreted northwestern extension of mineralisation for inclusion into future resource updates."***

Placer gold deposits of the El Alamo district were discovered in 1888. High grade ore-shoots were subsequently discovered on the Aurora-Princessa vein within a year. Lode mining continued until 1907, after which leases were worked until 1912 when mining ceased as a result of the Mexican Revolution, not through the lack of economic mineralisation. The reported gold production of the El Alamo district has been estimated between 100,000 to 200,000 ounces of gold. The Aurora and Princessa veins are both located on the La Sorpresa III Tenement and make the addition of this Tenement to the Project very exciting.

The mineralised system of quartz veins upon which Comet's existing JORC Mineral Resource estimate for the Project is based is interpreted to extend onto the Tenement being acquired, providing a clear opportunity for resource upside in the future.

The drilling permit for the Santa Teresa Gold Project has recently been issued by the Environmental Impact and Risk department of the Baja California Sub-Delegation for Environmental Protection and Natural Resources. This significant milestone paves the way for the commencement of diamond drilling at the Project. Comet is now finalising the details of its proposed Santa Teresa drilling program and engaging a drilling contractor to perform the works, with the aim that the program commences as soon as possible.

Comet has a 90-day exclusivity period under the HOA to conduct due diligence in return for payment of a non-refundable exclusivity fee of US\$25,000.

Upon completion of the transaction, the La Sorpresa III tenement will be transferred from AIVN's Mexican subsidiary into a newly established Mexican Company (NewCo).

#### **Comet Acquisition Terms:**

- (a) Pursuant to the HOA Comet has the right to acquire a 51% interest in the Tenement through acquiring 51% of the shares in Newco (First Option Shares), free from encumbrances, in consideration for Comet paying AIVN a total of AUD\$600,000 to be satisfied as follows:
  - i. \$400,000 in Comet Shares at an issue price equal to the 20-day VWAP prior to First Completion; and
  - ii. \$200,000 in cash, at First Completion.
- (b) The Comet Shares issued in accordance with clause (a) will be subject to a voluntary holding lock and may only be traded as follows:
  - i. one third – freely trading from First Completion;
  - ii. one third – escrowed for 6 months from First Completion; and
  - iii. one third – escrowed for 12 months from First Completion.
- (c) Pursuant to the HOA Comet will have the right to acquire the remaining 49% interest in the Tenement, at any time after First Completion, through acquiring the remaining 49% of the shares in Newco (Second Option Shares), free from encumbrances, in consideration for Comet paying AIVN a total of AUD\$500,000 to be satisfied as follows:
  - i. \$300,000 in Comet Shares at an issue price equal to the 20 day VWAP prior to Second Completion; and
  - ii. \$200,000 in cash, at Second Completion and, in addition to the above, Newco granting to AIVN a 1.5% net smelter return royalty.


- (d) The Comet Shares issued in accordance with clause (c) will be subject to a voluntary holding lock and may only be traded as follows:
- one third – freely trading from Second Completion;
  - one third – escrowed for 6 months from Second Completion; and
  - one third – escrowed for 12 months from Second Completion.
- (e) Subject to First Completion occurring, Comet agrees to free carry AIVN in relation to all company expenditure incurred by Newco for three (3) years following First Completion. Thereafter, the dilution formula in the Formal Agreements will apply (see (f) below).
- (f) A standard form shareholders agreement or joint venture agreement will be entered into as part of the Formal Agreements, which will cover, amongst other things, Comet being appointed manager of the Tenement throughout the term of the Formal Agreements, board or management committee representatives, rights of pre-emption, funding calls to shareholders from the manager, dilution for non-participating shareholders at a rate of 1% for each AUD\$12,000 and matters requiring unanimous consent etc. The agreement will also provide that, if a shareholder reduces its interest to 10% or less in Newco through dilution, that shareholder will immediately transfer its remaining shares to the other shareholder and will be granted a 1.5% net smelter return royalty.


This announcement has been authorised by the Board of Comet Resources Limited.


**For further information please contact:**

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**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 Mineral Resources in respect of the Santa Teresa Gold Project is based on information compiled by Mr Michael Job who is a Fellow of the Australasian Institute of Mining and Metallurgy. At the time that the Mineral Resources were compiled, Mr Job was a full-time employee of Cube Consulting Pty Ltd, an independent mining consultancy. Mr Job 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 Job consents to the inclusion in the report of the matters based on his 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. This report contains information extracted from reports cited herein. These are available to view on the website, [www.cometres.com.au](http://www.cometres.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

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	09/06/2020	Acquisition - Santa Teresa Gold Project and Stream Financing


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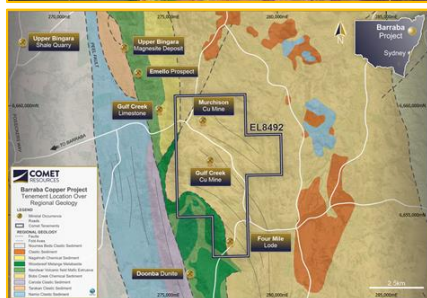


## About Comet Resources



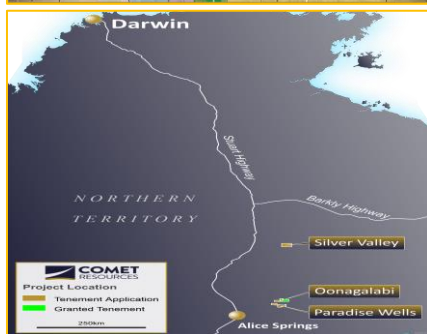
### Santa Teresa Gold Project (Mexico)

The Santa Teresa Gold Project is comprised of two mineral claims totalling 202 hectares located in the gold rich El Alamo district, approximately 100 km southeast of Ensenada, Baja California, Mexico; and 250 km southeast of San Diego, California, USA. The Project is prospective for high grade gold. In addition to the two claims of the Project, two additional claims totalling a further 378 hectares in the surrounding El Alamo district are being acquired from EARL.



### Barraba Copper Project (NSW)

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 19th century, and this area will form a key part of the initial exploration focus.



### Northern Territory Projects (NT)

The portfolio of Northern Territory exploration licenses and exploration license applications covers an area of approximately 840km<sup>2</sup>. Although historical exploration results were indicative of near surface gold and copper mineralisation, very limited modern exploration has occurred. Comet plans to utilise modern exploration techniques to rapidly advance the scale of known mineralisation, especially where known geophysical and geochemical anomalies exist that have not been comprehensively drill tested.



### Springdale Graphite Project (WA)

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 and E74/612) that make up the Springdale project, with a total land holding of approximately 198 square kilometres.