

Quarterly Activities Report – March 2022

Post Quarter End Highlights:

- Comet to acquire 100% of Mt Margaret Copper Project from Glencore.
- The Mt Margaret Copper Project successfully produced from open pit mining from 2012 until 2014, when operations were suspended due to the copper price environment and outlook at that time.
- JORC open-pit Resources of 13.0Mt at 0.78% copper and 0.24g/t gold with >95% in the Measured and Indicated categories.
- International Graphite (IG) IPO completed in early April 2022. Comet now a major shareholder in IG.
- International Graphite's technology has been recognised by and received strong support from the WA Government, with a recent award of a \$2M grant to contribute to the development of the Collie facility.
- National Native Title Tribunal (NNTT) action initiated by the Company to obtain access to Native Title areas of Barraba Copper Project has been determined in favour of Comet.
- Access has been granted to the Barraba Copper Project with no further conditions by the NNTT paving the way for Comet to now move to final permits for exploration activities at the historic Gulf Creek Mine at the Barraba project.

Comet Resources Limited (**Comet** or the **Company**) (**ASX:CRL**), is pleased provide the Quarterly Activities Report and Appendix 5B for the quarter ending 31 March 2022 (the **Quarter**).

Matthew O'Kane, Managing Director of Comet Resources, commented *“On 4 April 2022, Comet announced the Acquisition of the Mt Margaret Copper Project which represents a truly transformational event for the Company. Mt Margaret is a substantial past-producing copper mine that we've been able to acquire due to portfolio rationalisation of a global tier one mining company. We are looking forward to the completion of this transaction and the development of this very attractive copper project. Subsequent to this we had the completion of the transaction with IG with their IPO on the ASX on 7 April. We look forward to working with IG as they develop their business into a successful producer of battery anode material for the rapidly growing Li-ion battery market.”*

Mt Margaret Copper Project:

Comet has entered into a share sale agreement (**MTM Acquisition Agreement**) with Minerals Mining and Metallurgy Limited (ACN 645 972 309) (**MMM**), Mount Isa Mines Limited (ACN 009 661 447) (**MIM**) and Mount Margaret Mining Pty Ltd (ACN 150 366 224) (**MTM**) pursuant to which MIM has agreed to sell, and MMM has agreed to buy, 100% of the issued capital in MTM (**MTM Shares**). MTM is the owner of the Project. Neither MMM, MIM or MTM are related parties of the Company.

The consideration for the acquisition of the MTM Shares is:

- (i) a non-refundable payment by MMM of \$5,000,000 to MIM; and
- (ii) on completion, the issue by Comet (such issue to be procured by MMM) of 25,000,000 fully paid ordinary shares in the capital of Comet (**Shares**) to MIM (or its nominee) (at an aggregate deemed issue price for those Shares of \$0.20 per Share, equal to an amount of \$5,000,000.

In addition, the Company has entered into a share sale agreement (**MMM Acquisition Agreement**) with MMM and the current shareholders of MMM (**MMM Vendors**) pursuant to which the MMM Vendors have agreed to sell, and the Company has agreed to buy, 100% of the issued capital in MMM. The consideration for the acquisition of the MMM Shares is 73,550,000 Shares (**Consideration Shares**) and 36,775,000 options to acquire Shares (**Consideration Options**), to be issued to the MMM Vendors and new shareholders of MMM since execution of the MMM Acquisition Agreement (ASX Release 4 April 2022):

Mt Margaret is located 7km from key infrastructure at the Ernest Henry Copper-Gold Mine which was recently sold to Evolution Mining Ltd (ASX: EVN) for \$1 billion.¹ Comet will acquire 100% of MMM and MTM (the owner of the Project) in exchange for the issuance of 98,550,000 Shares at a deemed issue price of \$0.20 per Shares (on a post-Consolidation basis), resulting in an acquisition value of \$19.71 million. Please refer to the ASX Release of 4 April 2022 for full details.

Mt Margaret represents both potential near-term copper production and regional exploration upside. It comprises nine (9) mining, infrastructure and regional exploration tenements hosting known iron oxide copper gold (**IOCG**) style deposits including JORC Measured, Indicated and Inferred Mineral Resources of 13.0Mt at 0.78% copper and 0.24g/t gold. Over 95% of the Resource is within the Measured and Indicated categories. Open-pit mining took place at the Project for approximately two years until production was suspended in 2014 due to copper market conditions and outlook at the time. At the time of suspension, two additional open-pits had been pre-stripped covering the majority of the currently defined Resource. Mt Margaret has great potential for optimisation of its open-pit mining plans for prevailing market prices for consideration of a low capital expenditure restart of mining. Extensive geological and geophysical data sets also come with the Project and the Company intends on utilising these to generate drilling targets for resource extension and regional exploration.

International Graphite:

Subsequent to the end of the Quarter, the Company completed its participation in the creation of a vertically integrated high-technology battery anode product business located in Western Australia via a transaction with International Graphite Limited (International Graphite or IG) which completed its Initial Public Offering (IPO) on the ASX on 7 April 2022. Comet vended its Springdale Graphite Project into International Graphite in return for shares initially valued at \$8M upon completion of the IPO. The transaction will see Comet now participate in both the value created by the graphite resource itself, as well as the substantial value created by downstream processing into end user products.

IG will form a vertically integrated high-technology graphite business located in Western Australia to focus on the production of micronised, battery anode material and other products for lithium-ion batteries. Springdale is uniquely suited as a feedstock source for International Graphite's facility in Collie, Western Australia, not only due to its location but also due to the amenability of its graphite to be processed into high value products, such as battery anode material, based on the test work conducted in Germany at a specialised facility.

Barraba Copper Project:

Subsequent to the end of the March Quarter, CRL received favourable ruling from the NNTT following action bought by the Company in an effort to obtain access for exploration works to the

¹ Refer to announcement of Evolution Mining Ltd (ASX:EVN) dated 17 November 2021.

area surrounding the historic Gulf Creek Mine at the Barraba Copper Project in NSW. After being unable to successfully negotiate access to this area of land for more than 12 months the Company was left with no option but to initiate an action at the NNTT to find a resolution.

The Tribunal has found in favour of the Company in the matter and has imposed no further conditions for access, which paves the way for the Company to now complete permitting for exploration activities in the area with the NSW government, and to subsequently begin exploration on the ground.

Our team in NSW is now working with providers of exploration drilling services to secure rig availability with drilling scheduled to commence in Q3 targeting the historic Gulf Creek Mine.

Further, the Company has agreed an amendment with the vendors to a key term of the agreement for the acquisition of the Barraba Copper Project relating to the requirement to meet a minimum expenditure condition on exploration within 18 months of the date of the initial transaction.

The key term of the acquisition for the Barraba Copper Project which was announced to the market in the Company's press releases on 23 January 2020 and 16 April 2020 has been varied as follows:

- the Purchaser shall satisfy the Minimum Expenditure Condition on Approved Exploration Expenditure, including the Minimum Drilling Requirement, within 12 months after the date of the favourable ruling by the National Native Title Tribunal, being 31 March 2022, therefore allowing the Purchaser until 31 March 2023 satisfy its obligations under clause 8 of the Agreement.

The Minimum Expenditure Condition requires that the Company expend a total amount of not less than \$600,000 (excluding GST) on direct, 'in-ground' exploration activities on the Tenements which shall include a minimum of 1,250m of Diamond or Reverse Circulation drilling.

Corporate Activities:

Pursuant to Section 6 of the Appendix 5B, the Company paid \$112,156 in executive and non-executive director fees, superannuation and wages to the board of Comet Resources Limited. Expenditure incurred from operating and investing activities during the Quarter relates to legal and technical due diligence in regard to project acquisitions, exploration costs and for general working capital purposes (the **MAR Q** Expenditure). A further breakdown is included below.

Mar Q Exploration Expenditure Summary

Project	Description	Amount (\$'000)
General exploration and Evaluation	<ul style="list-style-type: none"> • Tenement access, administration and management • Tenement Legal • Due diligence programs for project specific activities • Technical consulting fees • Geological consultants 	129
Total		129

Mar Q Administration and Staff Expenditure Summary

Description	Amount (\$'000)

• Accounting, Office Administration & rent, Audit and Secretarial	30
• ASX Fees	1
• Non-executive Director Fees	43
• Managing Director Fees	69
• Marketing, subscriptions, Investor relations, Printing and postage	26
• Other legal, admin and corporate	85
Total	254

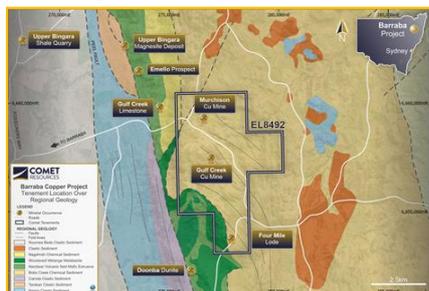
This announcement has been authorised by the Board of Comet Resources Limited.

For further information please contact:
MATTHEW O'KANE

Managing Director

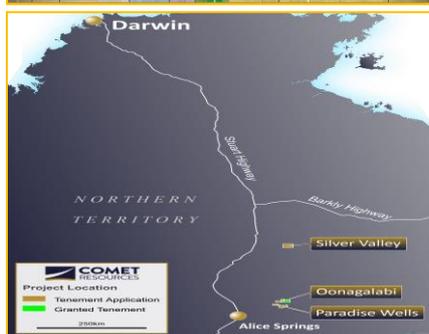
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About Comet Resources



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 840km². 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.

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.

Appendices

Tenement List

Project	Location	Tenement	Interest
Barraba	NSW	EL8492	80%
	NT	EL32279	100%
Northern Territory Assets		ELA32664	100%
		ELA32190	100%
		ELA32241	100%

Competent Person Statement

The information in this report that relates to Exploration Results and Mineral Resources Estimates is based on information compiled or reviewed by Ms Elizabeth Laursen (B. ESc (Hons), GradDipAppFin, MAIG, MSEG). Ms Laursen is a member of the Australian Institute of Geoscientists. Ms Laursen has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mrs Laursen consents to the inclusion in this report of the matters based on their information in the form and context in which they appear.

ASX Listing Rules Compliance Statement

In preparing the Quarterly Report for the period ended 31 March 2022 and to date, the Company has relied on the following ASX announcements. This report contains information extracted from ASX releases and reports cited herein. These are available to view on the website. In relying on the above ASX announcements and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the abovementioned announcements or this Quarterly Report for the period ended 31 March 2022 and to date.

ASX Announcement	11/04/2022	Comet Gains Access to Barraba Copper Project
ASX Announcement	04/04/2022	Comet Acquires Strategic Qld Copper Project from Glencore
ASX Announcement	27/10/2021	CRL and International Graphite to create integrated business
ASX Announcement	06/10/2021	Comet adopts ESG Reporting
ASX Announcement	11/05/2021	Acquisition Completion of NT Copper Projects
ASX Announcement	19/03/2021	Acquisition of Highly Prospective Copper-Gold Project in NT
ASX Announcement	02/03/2021	Aeromagnetic Survey to Commence at Barraba Copper Project
ASX Announcement	13/01/2021	High Grade Copper and Zinc Mineralisation Confirmed
ASX Announcement	16/12/2020	Santa Teresa Gold Project Drilling to Commence Q1 2021
ASX Announcement	26/11/2020	Extensive Surface Copper Mineralisation at Barraba Project
ASX Announcement	21/08/2020	Excellent Graphite Grades - Initial Metallurgical Test Work
ASX Announcement	23/07/2020	Barraba Copper Project Update
ASX Announcement	16/04/2020	Capital Raising Closed and Project Acquisition Completed
ASX Announcement	23/01/2020	Copper Project Acquisition

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Comet Resources Limited

ABN

88 060 628 202

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(129)	(1,041)
(b) development	-	-
(c) production	-	-
(d) staff costs	(78)	(203)
(e) administration and corporate costs	(160)	(536)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(16)	(15)
1.9 Net cash from / (used in) operating activities	(383)	(1,794)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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 equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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 (Raptor Financing)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	928	2,351
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(383)	(1,794)
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)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	(12)
4.6	Cash and cash equivalents at end of period	545	545

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	525	908
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	545	928

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	112
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(383)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(383)
8.4 Cash and cash equivalents at quarter end (item 4.6)	545
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	545
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.42
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: As per ASX release on 4 April 2022, CRL will seek to acquire 100% of the MT Margaret Copper Project from Glencore. This will require ASX re-compliance under chapter 1 and 2 of the ASX Listing Rules. This will increase operating cash flows post completion however they will be funded by the capital raise that will be completed to fund the transaction.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Please refer above section 8.8.1.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, in the near term and following re-compliance as detailed in section 8.8.1

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date:29/4/2022.....

Authorised by:By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.