

Quarterly Activities Report – September 2023

Comet Resources Limited (**Comet** or the **Company**) (**ASX:CRL**), is pleased provide the Quarterly Activities Report and Appendix 5B for the quarter ended 30 September 2023 (the **Quarter**).

Following the decision to discontinue the Mount Margaret acquisition in the June quarter 2023, the Company submitted an application to the ASX to seek re-instatement of its shares to trading based upon the Company's current assets.

During the Quarter the Company continued work on achieving reinstatement and raising funds via the issue of secured convertible loans. Funds raised will be used to support Comet advancing permitting and exploration at its existing projects, settle existing creditor debts and for general working capital purposes. As of the date of this release \$830K in secured convertible loans have been issued.

Over the Quarter Comet provided two updates to shareholders on the progress towards reinstatement and on the receipt of the conditions for reinstatement from the ASX. A further update was provided post Quarter-end on progress towards meeting the conditions for reinstatement and also announced a webinar with the Managing Director, which was held on October 24th. A summary of those announcements is provided below. Post Quarter-end on 18 October 2023, the Company issued a notice of meeting for our Annual General Meeting being held on 17 November 2023. This meeting also includes the resolutions requiring approval to effect the capital raisings as required in the reinstatement conditions received from the ASX.

As discussed in the webinar with the Managing Director Comet is continuing to advance the process for permitting of drilling activities at both the Barraba Copper Project and the Company's Northern Territory Projects, in addition to other potential paths to reinstatement. As advised during the webinar the Company is in discussions with the ASX on amending the conditions to reinstatement as due to delays in permitting for the Barraba Copper Project it will now not be able to meet the condition to commence drilling at the Barraba Copper Project by the required date of 25 November 2023. The Company will provide updates to shareholders as further information becomes available.

26 July 2023 the Company Update.

Key points of the update:

- The Company is seeking to raise up to \$1.5m in secured convertible loans to support reinstatement of its shares to trading on the ASX. A shareholder meeting would be announced in the future to seek relevant approvals;
- An entitlement issue, which will give all eligible shareholders the right to participate, will also be launched at a future date to raise additional funds to meet the financial conditions for reinstatement should the Company receive approval from the ASX for reinstatement;
- International Graphite Limited (ASX:IG6) will subscribe for \$250K in the convertible loans and may also underwrite a portion of the entitlements issue as part of a plan to further increase ties with Comet;
- To maximise the amount of cash available for future exploration, Management and the Board plan to convert existing debts of up to \$400K into equity by partially underwriting the entitlements issue; and
- The Managing Director will forgive \$50K in salary and work on half salary until the Company is reinstated.

Full details of the terms of the convertible loans are provided in the Company's ASX release of 26 July 2023.

4 September 2023 Company Update – Reinstatement Conditions:

Key conditions for reinstatement included:

- Commencement of drilling at the Barraba Copper Project
- Raising \$1m in convertible loans, completing a 1 for 3 entitlement issue, and obtaining required shareholder approvals for same;
- Settling creditor debts from the proceeds of the funds raised;
- Shareholder approval of resolutions required to effect the relevant capital raisings; and
- A number of administrative and disclosure obligations

All the above conditions are required to be met by 25 November 2023. As noted in the 4 September 2023 announcement, the Company must be reinstated to trading on the official list of the ASX by 30 January 2024 to avoid being removed from the official list.

Since receipt of the reinstatement conditions the Company has also worked on addressing the requirement to commence drilling at Barraba Copper Project (**Barraba**) and raising \$1m in convertible loans. Once both of those were complete, we were then planning to move forward with the 1 for 3 entitlement issue and addressing all other conditions for reinstatement.

Preparations for the drilling program at Barraba have been ongoing as previously announced on 6 September 2022, the Company was issued with a permit to conduct drilling at Barraba. However, that permit had a relatively limited time period and has since expired. As a result, Comet submitted a new application for a drilling permit in 2023, with the expectation that as the proposed program of works was unchanged a replacement permit would be issued in a timely manner.

However, we were recently advised by the NSW Resources Regulator that since our permit was issued in 2022, new information was provided to the department indicating that our license now sits within an area of potential impact on a critically endangered bird species and a threatened species of gum tree. As a result, both the NSW government and the Commonwealth Government require Comet to undertake several assessments to determine the significance of our proposed activities on the bird and gum tree species prior to making a determination on the issue of the replacement drilling permit.

We have commenced work on these assessments but it is unclear what the results of the assessments will be and how that will impact the issue of the drilling permit. Consequently we have determined it that it is unlikely the Company will be able to complete the assessments and receive a permit to drill at Barraba in the time frame required by the ASX in its reinstatement conditions. As noted earlier in this quarterly report, the Company is in discussions with the ASX on amending the conditions to reinstatement as due to delays in permitting for the Barraba Copper Project it will now not be able to meet the condition to commence drilling at the Barraba Copper Project by the required date of 25 November 2023. The Company will provide updates to shareholders as further information becomes available.

Corporate Activities:

Pursuant to Section 6 of the Appendix 5B, to preserve cash, the Company paid \$54k in director fees, or superannuation and wages to the board of Comet Resources Limited during the quarter. 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 **SEP Q** Expenditure). A further breakdown is included below.

SEP 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 	40
Total		40

SEP Q Administration and Staff Expenditure Summary

Description	Amount (\$'000)
<ul style="list-style-type: none"> Accounting, Office Administration & rent, Audit and Secretarial 	93
<ul style="list-style-type: none"> ASX Fees 	28
<ul style="list-style-type: none"> Non-executive Director Fees 	21
<ul style="list-style-type: none"> Managing Director Fees 	33
<ul style="list-style-type: none"> Marketing, subscriptions, Investor relations, Insurance, Printing and postage, ATO 	32
<ul style="list-style-type: none"> Other legal, admin and corporate 	61
Total	268

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

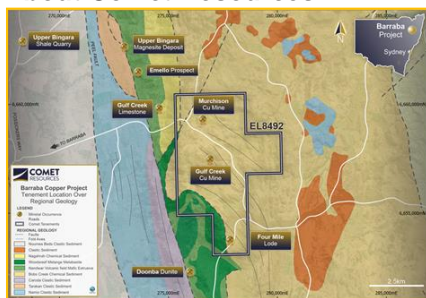
For further information please contact:

MATTHEW O'KANE

Managing Director

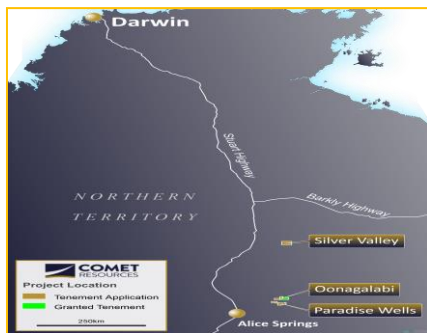
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About Comet Resources



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%
Northern Territory Assets	NT	EL32279	100%
		EL32190	100%
		EL32241	100%

ASX Listing Rules Compliance Statement

In preparing the Quarterly Report for the period ended 30 Sep 2023 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 following 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 following announcements or this quarterly report for the period ended 30 Sep 2023 and to date.

Oct-23	
20th	Company Update and Webinar
18th	Notice of Annual General Meeting/Proxy Form
Sep-23	
29th	Appendix 4G and Corporate Governance Statement
29th	Annual Report to shareholders
4th	Comet Receives ASX Reinstatement Conditions
Jul-23	
31st	Quarterly Activities Report and Appendix 5B Jun 2023
27th	IG6: International Graphite to support Comet financing
26th	Proposed issue of securities - CRL
26th	Company Update
7th	Notification of cessation of securities - CRL

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")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(54)	(54)
(e) administration and corporate costs	(220)	(220)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	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 (IG6 GST Paid)	4	4
1.9 Net cash from / (used in) operating activities	(268)	(268)

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	(40)	(40)
(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 (3 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	(40)	(40)

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	565	565
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	565	565

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	17	17
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(268)	(268)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40)	(40)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	565	565

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	275	275

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	270	270
5.2	Call deposits	5	5
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)	275	275

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	54
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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	830	790
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	830	790
7.5 Unused financing facilities available at quarter end		40
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.		
Refer ASX Release 27 July 2023. \$225k in convertible loans issued during the quarter were issued to settle debts and did not result in cash inflows.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(268)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(40)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(308)
8.4 Cash and cash equivalents at quarter end (item 4.6)	275
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	275
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.89
<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: Yes, the Company expects similar outflows in future periods.	
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 ASX release on 27 July 2023 and 4 September 2023 which reference fund raising of up to \$1.5m in convertible loans and a rights issue for a minimum of \$2.3m.	
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: Please refer to 8.8.2	
<i>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.</i>	

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:31/10/2023.....

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.