

## 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 September 2019. Company activities centred on utilising capital raised in June 2019 to advance the strategy to supply high-grade graphite from the Springdale Graphite Project, in southern West Australia, to global niche markets.

## Highlights

- Highly experienced specialist teams engaged to conduct Aerial Electromagnetic (EM) survey, diamond drilling and metallurgical testwork
- EM completed, providing strong dataset to optimise exploration efficiency by targeting shallow, high-grade, graphite (ASX 15 Oct 2019)
- EM survey identified priority graphite targets in close proximity to Resources and 18 kilometres of strike length
- Diamond drilling program completed with broad zones of shallow, high-grade graphite results released in Dec quarter incl. **57m @ 22.38% TGC** (ASX 17 Oct 2019)
- Focussed strategy to supply high grade graphite into global niche markets
- Delivering on three key work programs required for a Pre-Feasibility study:
  - Completed component of drilling to upgrade shallow, high-grade component of existing maiden Inferred Resource (2.6Mt at 17.5% TGC ASX 6 Dec 2018)
  - Metallurgical testwork underway
  - Strategy to engage off-take partners defined and underway
- R&D Grant funding submission nearing completion with funds expected in December quarter

### Comet Resources CEO, Philippa Leggat, commented:

*"We completed the work programs we undertook to deliver, with spectacular results beginning to flow in the December quarter."*

*"Our focus on supplying high-grade graphite into global niche markets is clear and we've carefully selected our team of highly experienced people who understand graphite, so that they can assist us to achieve the best value proposition at the Springdale Graphite Project."*






*"We look forward to the continued flow of assay and metallurgical results, as we begin the process of engaging with potential off-take partners."*

## Work Program and Outlook

Program	Aim & Details	Status
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	Complete.

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 ASX:CRL

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

Program	Aim & Details	Status
	working towards upgrading the high-grade component of the resource.	Results due in Dec quarter.
Metallurgical testwork	Highly experienced, specialist metallurgical team engaged (ASX 10 Oct 2019): <ul style="list-style-type: none"> <li>Consulting metallurgist – Dr. Evan Kirby</li> <li>Laboratory – Nagrom team led by Rain Lewis</li> </ul>	Complete.
	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.	Overlap with Australian program with results flowing into March 2020 quarter.
Off-take	Strategy and approach defined and underway to engage off-take partners.	Strategy complete and execution underway.
Grant and subsidy funding	R&D grant application.	Submission nearing completion with funds anticipated in Dec quarter.
	Additional Australian grant funding opportunities.	Registration underway.

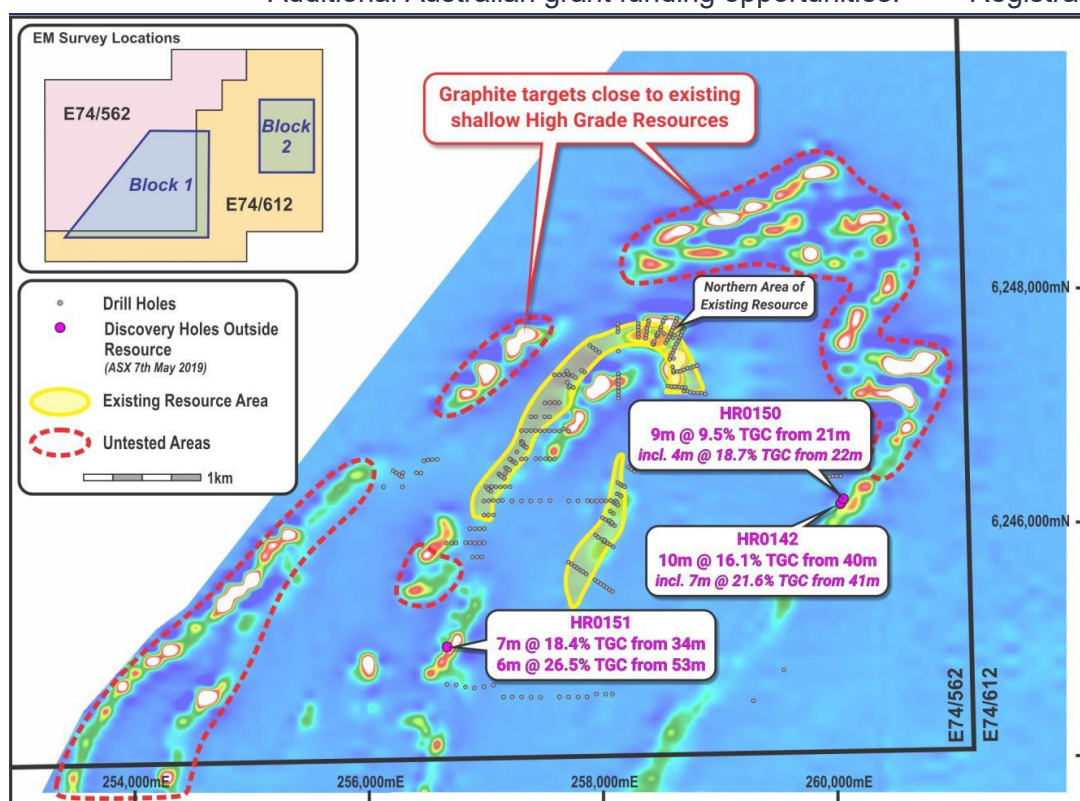


Figure 1 – EM Channel 24 (Z Component) image of Springdale Block 1. **Showing high priority graphite targets in close proximity to existing resource areas, additional graphite stratigraphic targets and recent discovery holes outside the existing resource** (ASX 15 Oct 2019).

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

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

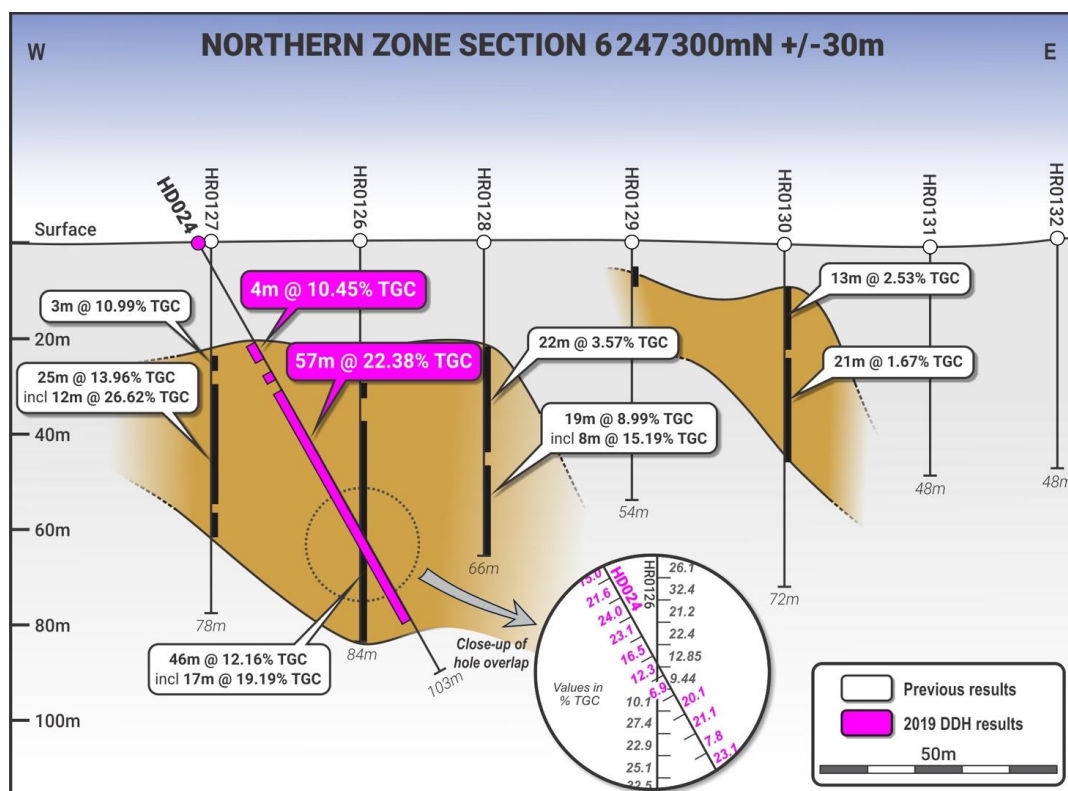


Figure 1. Drilling Cross section looking north-northwest (Historic results, ASX 2 Oct 2018)





**Figure 2. Hole HD024: Core photo of very high-grade intersection 76-77m at 28.6% TGC**

## Corporate Activities

All efforts were directed towards the successful execution of the work programs at the Springdale Graphite Project in August and September.

The Annual Report was released on 30 September 2019. The Annual General Meeting is scheduled for 19 November 2019.

A number of marketing activities are scheduled for the December quarter in conjunction with the results of the drilling and metallurgical work programs.

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 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*).

**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%

A review of the company tenements was undertaken post quarter the with the following decisions approved by the board subsequent to the end of the quarter:

\* Springdale tenement EL74/583 was relinquished. No prospective areas were identified on the licence which covered coastal swampland and sand dunes and deemed would unsuitable for exploration.

\*\* Gilmore tenement EL8282 was allowed to expire as the ground was not considered sufficiently prospective to warrant ongoing exploration.

## 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.

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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

## 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 September 2019**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(240)	(240)
(b) development	-	-
(c) production	-	-
(d) staff costs	(28)	(28)
(e) administration and corporate costs	(167)	(167)
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 <sup>1</sup>	-	-
1.8 Other	(29)	(29)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(464)</b>	<b>(463)</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 3 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	20 <sup>1</sup>	20 <sup>1</sup>
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	(102)	(102)
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>(82)<sup>1</sup></b>	<b>(82)<sup>1</sup></b>

<sup>1</sup>The proceeds from the Placement as announced on 25 June 2019 and completed on 1 July 2019. Total proceeds received \$1,125,000 (before costs).

<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	1,292	1,292
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(464)	(464)
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)	(82)	(82)

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	<b>Cash and cash equivalents at end of period</b>	<b>746</b>	<b>746</b>

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	74	23
5.2	Call deposits	664	-
5.3	Bank overdrafts	-	-
5.4	Other – term deposits	8	1,269
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>746</b>	<b>1,292</b>

**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**

32

-

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

<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.		

-

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	359
9.2 Development	-
9.3 Production	-
9.4 Staff costs	67
9.5 Administration and corporate costs	131
9.6 Other – R & D Refund	-
<b>9.7 Total estimated cash outflows</b>	<b>557</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 October 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.