

## Quarterly Activities Report - March 2020

Comet Resources Ltd (Comet or the Company) (ASX:CRL) is pleased to announce the Quarterly Activities Report and Appendix 5B for the quarter ending 31 March 2020 (Quarter).

### Highlights

- Announcement of proposed acquisition of the Barraba Copper Project NSW as part of a strategy to obtain further positive exposure to the forecast growth in battery commodities required to support the de-carbonisation of the global transport network (ASX 23 Jan 2020).
- Metallurgical test work on diamond drill continuing. Results expected Q2.
- Receipt of R&D Grant payment of \$480k.

### Post Quarter End

- Closure of Capital Raising of \$650,000 and completion of Barraba Project Acquisition (ASX 16 Apr 2020).

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

*"Early in the Quarter we announced the Barraba Copper Project acquisition in Northern NSW. This is an exciting opportunity for Comet as Barraba is located in a prospective area and hosts a number of drill-ready targets located proximate to the historical Gulf Creek Mine where high-grade copper was mined around the turn of the 19<sup>th</sup> century. As Covid-19 arrived, we reacted quickly to restructure the transaction to fit with the changed market conditions, and ultimately closed the deal with a re-sized capital raise in April. We are now preparing and planning for the physical exploration program, which will commence once logistical conditions permit."*

*"Copper, like graphite, is a commodity that is forecast to benefit from the growth in Battery Electric Vehicle (BEV) production over the coming decade. We also see opportunities for Copper coming from fiscal stimulus programs that are widely expected to be implemented as we come out of Covid-19."*

*"The metallurgical test work for Springdale was temporarily deferred in Q1 as we dealt with the changed market conditions and the Barraba transaction. Work has recommenced and we look forward to sharing those results as they become available."*

## Work Program and Outlook

| Program                            | Aim & Details   | Status  |
|------------------------------------|---|---|
| Barraba Project acquisition        | Completion of acquisition and commence initial physical exploration program.  | Acquisition completed and drilling program to commence once logistical conditions permit.       |
| Springdale metallurgical test work | Australian test work programs to characterise the graphite and establish recoveries.  | Underway. Results expected Q2 2020.   |
|                                    | Using samples produced in Australian test work for International test work programs to assess spectrum of off-take markets and the value-add potential of Springdale's high-grade graphite. | Test work will commence after completion of the Australian test work. Now estimated Q2/Q3 2020. |
| R&D grant funding                  | R&D grant funding submission and preparation  | Underway and expecting to complete in Q3 2020.  |

## Barraba Copper Project

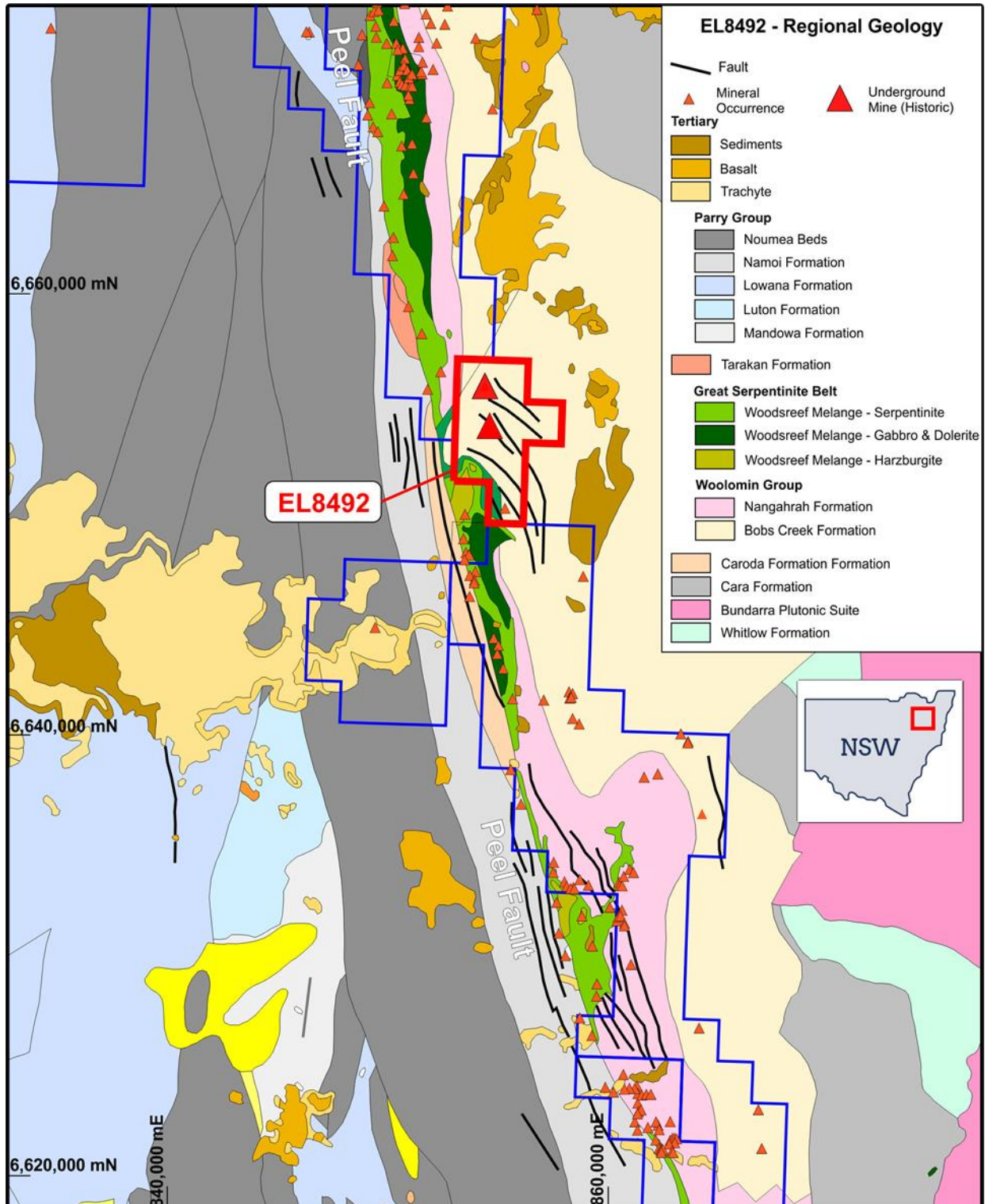
Comet announced the acquisition of the Barraba Copper Project on 23 January 2020, which completed subsequent to the Quarter-end.

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 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.

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 renewable electricity. Copper is not only an important part of the batteries used in battery electric vehicles (BEV's), it is also used extensively in the electric motors that drive the wheels of BEVs. It is also used intensively in the generation of electricity from renewables, such as solar and wind. The Company believes that 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.



## Regional Geology of the Barraba Project



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## Corporate

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.

In conjunction with the Barraba Copper Project acquisition, Comet completed a capital raise of \$650,000 at \$0.01 per Share, reaffirming support for the Barraba Copper Project. The Company will also issue subscribers one unlisted option with a strike price of \$0.02 and an expiry of 30 June 2021 for each Share issued under the offer.

Pursuant to Section 6 of the Appendix 5B, the Company paid \$81,175 in director fees, superannuation and wages to the board of Comet Resources Limited.

## Covid-19

The outbreak of COVID-19 is impacting global financial and commodity markets. The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business, however the situation is continuing to change and evolve. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to any material impact of COVID-19 on its operations, work programs or any other material adverse impact on the Company.

This announcement is authorised by the board of Comet Resources Limited.

For further information please contact:

**MATTHEW O'KANE**

**MANAGING DIRECTOR**

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## About Comet

### Barraba Copper Project

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.



## Springdale Graphite Project

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%     |
|             |          | E74/612  | 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.

### 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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## 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 2020

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| <b>1.</b>                            | <b>Cash flows from operating activities</b>           |                            |                                       |
| 1.1                                  | Receipts from customers                               | -                          | -                                     |
| 1.2                                  | Payments for  |                            |                                       |
|                                      | (a) exploration & evaluation (if expensed)            | (128)                      | (985)                                 |
|                                      | (b) development                                       | -                          | -                                     |
|                                      | (c) production  | -                          | -                                     |
|                                      | (d) staff costs                                       | (47)                       | (120)                                 |
|                                      | (e) administration and corporate costs                | (168)                      | (442)                                 |
| 1.3                                  | Dividends received (see note 3)                       | -                          | -                                     |
| 1.4                                  | Interest received                                     | -                          | -                                     |
| 1.5                                  | Interest and other costs of finance paid              | -                          | -                                     |
| 1.6                                  | Income taxes paid                                     | -                          | -                                     |
| 1.7                                  | Government grants and tax incentives                  | 479                        | 479                                   |
| 1.8                                  | Other (provide details if material)                   | 13                         | 40                                    |
| <b>1.9</b>                           | <b>Net cash from / (used in) operating activities</b> | <b>149</b>                 | <b>(1,028)</b>                        |

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

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (9<br/>months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| 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)                   | -                                  | -  |
| <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 equity securities (excluding convertible debt securities)       | -           | 483        |
| 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 | (22)        | (193)      |
| 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>(22)</b> | <b>290</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                             | 427  | 1,292   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | 149  | (1,028) |
| 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)             | (22) | 290     |



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

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (9<br>months)<br>\$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>554</b>                 | <b>554</b>                            |

| 5.  | Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances  | 554                        | 427                         |
| 5.2 | Call deposits  | -                          | -                           |
| 5.3 | Bank overdrafts  | -                          | -                           |
| 5.4 | Other (provide details)  | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>554</b>                 | <b>427</b>                  |

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1<sup>1</sup>
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

81

-

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

| 7.  | Financing facilities<br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>   | Total facility<br>amount at quarter<br>end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|-----|---|---|---|
| 7.1 | Loan facilities   | -   | -   |
| 7.2 | Credit standby arrangements   | -   | -   |
| 7.3 | Other (please specify)  | -   | -   |
| 7.4 | <b>Total financing facilities</b>   | <b>-</b>  | <b>-</b>                                  |
| 7.5 | <b>Unused financing facilities available at quarter end</b>   |   | -   |
| 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. |   |   |
|     | -   |   |   |

| <b>8.</b> | <b>Estimated cash available for future operating activities</b>               | <b>\$A'000</b> |
|-----------|---|----------------|
| 8.1       | Net cash from / (used in) operating activities (Item 1.9)                     | 149            |
| 8.2       | Capitalised exploration & evaluation (Item 2.1(d))                            | -              |
| 8.3       | Total relevant outgoings (Item 8.1 + Item 8.2)                                | 149            |
| 8.4       | Cash and cash equivalents at quarter end (Item 4.6)                           | 554            |
| 8.5       | Unused finance facilities available at quarter end (Item 7.5)                 | -              |
| 8.6       | Total available funding (Item 8.4 + Item 8.5)                                 | 554            |
| 8.7       | <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b> | 3.72           |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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: NA

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: NA

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: NA

## Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: .....29/4/20.....

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

## Notes

- 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.
- 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.

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

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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.