

Quarterly Activities Report - June 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 30 June 2020.

Highlights

- Announcement of the proposed acquisition of the **Santa Teresa High Grade Gold Project** in Baja California, Mexico and Stream Financing (ASX 4 Jun 2020).
- Announcement of the completion of the **Barraba Copper Project** in Northern NSW and closure of capital raising of \$650,000 (ASX 16 Apr 2020).

Post Quarter End

- Excellent graphite grades from initial metallurgical testwork on the Springdale Graphite Project (ASX 15 Jul 2020).

Comet Resources Managing Director, Matthew O’Kane, commented:

“Q2 has been a transformative period for Comet. Early in the quarter we announced the completion of the acquisition of the Barraba Copper Project in Northern NSW and a six hundred and fifty thousand dollar capital raise. This project is an exciting opportunity for Comet as it encompasses the historical mine at Gulf Creek, where high grade copper was mined around the turn of the 19th century at an average copper grade of 5%. Zinc was also noted in historical records but not assayed. A recent site visit by our consulting geologist has enabled the final planning of the drill holes for the initial field exploration program, which will commence as soon as permitting is complete.”

“In early June we also announced the proposed acquisition of the Santa Teresa High Grade Gold Project. The project hosts a very high grade mesothermal lode gold quartz vein system, with historical drilling intersecting grades up to 958 g/t Au. There is a lot of opportunity for resource growth through further exploration work, and with the streaming facility available as part of the transaction, there is also access to non-dilutive financing for development of the project. Due diligence work is advancing, and we are aiming to close the transaction during Q3 and thereafter moving into field activities as soon as possible.”

Work Program and Outlook

Program	Aim & Details	Status
Santa Teresa High Grade Gold Project	Completion of due diligence and finalisation of the acquisition	Due diligence work progressing. Aiming to complete transaction during Q3
Barraba Copper Project	Commencement of initial drilling program	Initial field exploration program to commence once final permits are

Program	Aim & Details	Status
		issued. Expected to commence late Q3 or early Q4.
Metallurgical Test work	Australian test work programs to characterise the graphite and establish recoveries.	Completed in Q3
	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 production of bulk sample of float concentrate
R&D Grant Funding	R&D grant funding preparation and submission	Underway and expecting to complete in Q3 2020.

About the Santa Teresa Gold Project:

The Santa Teresa High Grade Gold Project is comprised of two mineral claims totalling 202 hectares located in the gold rich El Alamo district, immediately to the south of the town of El Alamo, 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, with an existing Inferred Resource of 64,000oz¹ Au at an average grade of 8.7g/t, reported at a cut-off grade of 4g/t and capped at 20g/t.** In addition to the two claims of the Project, two additional claims totalling a further 378 hectares in the surrounding El Alamo district are proposed to be acquired from El Alamo Resources Limited ("EARL").

Placer gold deposits of the El Alamo district were discovered in 1888. High grade ore-shoots were subsequently discovered on the Aurora-Princess 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. The reported gold production of the El Alamo district has been estimated between 100,000 to 200,000 ounces of gold.

Gold, which is currently sitting at decade highs (~US\$1,950/oz) may still have further upside to price due to the current economic uncertainty caused by the COVID-19 pandemic and the related unrelenting money printing of many central banks, as well as rising geopolitical tensions.

Historical drilling programs at the Santa Teresa Gold Project have generated multiple high grade intercepts, highlighting the potential exploration upside to the current resource, which is open at depth and along strike.

1 Please note this resource estimate is prepared to a foreign resource standard. It is not a JORC resource. Please refer to ASX release titled "Acquisition - Santa Teresa Gold Project and Stream Financing" as released on 9/6/2020.

Hole	From (m)	To (m)	Interval (m)	Au (g/t)
ST_0001	127.4	128.6	1.2	24.6
ST_0001	217.0	218.0	1.0	11.5
ST_0003	19.0	21.0	2.0	32.4
ST_0005	239.0	240.0	1.0	958.4

ST_0006	173.8	176.3	2.5	38.3
ST_0007	88.8	90.0	1.2	15.7
ST_0007	163.0	164.0	1.0	17.1
ST_0008	55.0	56.0	1.0	33.9
ST_0008	121.1	125.0	3.9	39.4
ST_0010	214.0	217.0	3.0	19.9
ST_0012	201.5	202.5	1.0	29.1
ST_0013	83.1	84.1	1.0	125.9
ST_0013	112.7	113.7	1.0	16.1
ST_0022	59.4	62.5	3.1	14.4
ST_0030	101.4	104.5	3.1	16.7
ST_0032	152.7	154	1.4	21.1

Figure 1: Prior drilling intercepts. All Au grades > 20g/t are capped at 20g/t for the purpose of resource estimation. Please see the Company's announcement of June 4, 2020, for full details of historical drilling

Copper Project Acquisition

The 2,375ha exploration license that covers the Barraba Copper 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.

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.

Corporate Activities

On 24 April 2020, CRL announced the completion the placement of 56,500,000 fully paid ordinary shares (Placement) at a price of \$0.01 per share to raise \$565,000 before costs. A Notice of General Meeting will be lodged in due course, seeking shareholder approval for the issue of 8,500,000 placement shares in excess of the Company's current 7.1 and 7.1A capacity, as well as for the 65,000,000 free attaching 1 for 1 placement options expiring 30 June 2021 and exercisable at \$0.02.

Pursuant to Section 6 of the Appendix 5B, the Company paid \$78,723 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:

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MANAGING DIRECTOR

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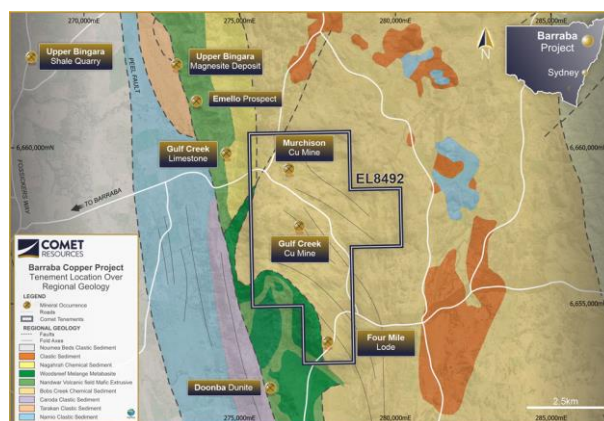
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About Comet Resources

- 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.



- 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.



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Tenement List

Project	Location	Tenement	Interest
Springdale	WA	E74/562	100%
		E74/612	100%
Bell's find	NSW	M77/1055	25%
Barraba	NSW	EL8492	80%

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 and the Company's announcement dated 4th and 9th June 2020 relates to exploration results in respect of the Santa Teresa Gold Project is based on information compiled by Mr Kristopher J Raffle, a Competent Person who is registered with the Association of Professional Engineers and Geoscientists of British Columbia (a Recognised Professional Organisation recognised by ASX), and is a principal of APEX Geoscientists Limited. Mr Raffle 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Mr Raffle has consented to the inclusion in the Company's announcement dated 4 June 2020 and 9 June 2020 of the matters based on his information in the form and context in which it appears.

ASX Listing Rules Compliance Statement

In preparing the Quarterly Report for the period ended 30 June 2020 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 30 June 2020 and to date.

ASX Announcement	23/07/2020	Barraba Copper Project Update
ASX Announcement	15/07/2020	Excellent Graphite Grades - Initial Metallurgical Test Work
ASX Announcement	09/06/2020	Acquisition - Santa Teresa Gold Project and Stream Financing
ASX Announcement	04/06/2020	Acquisition - Santa Teresa Gold Project and Stream Financing

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ASX Announcement	16/04/2020	Capital Raising Closed and Project Acquisition Completed
ASX Announcement	23/01/2020	Copper Project Acquisition
ASX Announcement	28/11/2019	Highest Grade Graphite Intercept to date from North Zone
ASX Announcement	25/11/2019	West Zone Hole Confirms High Grade Graphite Continuity
ASX Announcement	15/10/2019	More High Grade Results From Latest Diamond Drilling
ASX Announcement	09/07/2019	EM Survey Targets Extensions to High-Grade Graphite Resource
ASX Announcement	18/06/2019	Large Priority Graphite Exploration Target Identified
ASX Announcement	07/05/2019	Comet Discovers Two New High Grade Graphite Zones

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 ³)	Graphite (TGC%)	JORC Classification
High grade	2.6	2.1	17.5	Inferred
Low grade	13.0	2.2	3.7	Inferred
Total Resources	15.6	2.2	6.0	Inferred

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.

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 June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(106)	(1,035)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(37)	(155)
	(e) administration and corporate costs	(286)	(730)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(1)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	44	537
1.8	Other (provide details if material)	-	26
1.9	Net cash from / (used in) operating activities	(386)	(1,359)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(55)	(110)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(55)	(110)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	565	1,047
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	(65)	(257) ¹
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 (place monies on trust)	60	60
3.10	Net cash from / (used in) financing activities	560	850

¹ Inclusive of capital raising costs from June 2019 raise that were paid after 30 June 2019 year end.

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	554	1,292
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(386)	(1,359)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(55)	(110)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	560	850

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	673	673

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	673	554
5.2	Call deposits	-	-
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)	673	554

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 1¹
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

80

-

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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(386)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(55)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(441)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	673
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	673
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.52
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: No, exploration and acquisition activities during the June quarter have resulted in greater operating costs. This is expected to decrease in the September quarter which will focus on predominately exploration activities.	
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: Yes, the Company will seek to hold a general meeting of shareholders in order to seek approval for prior capital raise and refresh its capacity to raise further funds. The Company has demonstrated a track record of securing funding and progressing its R&D claim.	
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, as per the response in question 2, the Company will initiate appropriate measures to secure funding by way of capital raisings and submission of its R&D claim.	

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:30/07/20.....

Authorised by:The board as per Note 4.....
(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

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

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.