

27th July 2016

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Highlights

JUNE 2016 QUARTER ACTIVITIES REPORT

Highlights

- **\$853,000 Capital Raising with \$358,645 completed.**
- **Springdale Graphite Project.**
 - **All holes intersected graphite mineralisation over 500 metre's of strike, zone open at depth and along strike.**
 - **Large to Jumbo flakes (>180µm) are common at Springdale Graphite Project.**
 - **Tenement lies on Freehold land.**
 - **Sealed road 20 km away, access to port facilities within 150km and 100% owned by Comet.**
- **Exploration drilling at the Springdale Project and detailed sampling at the Gilmore Project is planned this quarter.**

Dear Sir/Madam

CORPORATE

Comet Resources Limited (ASX: **CRL**)(**Comet**) entered into a corporate advisory and capital raising mandate to raise \$853,000 with Cicero Advisory Services Pty Ltd ("Cicero"). The \$853,000 will be used for the exploration of Comet's new graphite discovery in the South West of Western Australia (Springdale Project), ongoing working capital and the assessment of new project opportunities. A total of \$358,645 has been raised so far and a general meeting seeking approval for the rest of the capital raising will be held on the 26th of August 2016.

Cicero is a highly successful boutique Australian based advisory firm headed by experienced market participants, Mathew Walker and James Robinson. Further details regarding Cicero can be found at www.ciceroadvisory.com.au

Comet continues to review new projects and technology opportunities, as well as evaluate its 100% owned projects. Comet is continually evaluating opportunities to acquire prospective ground.

SPRINGDALE GRAPHITE PROJECT (100% CRL)

Comet is the 100% owner of the 36 Graticule block Springdale exploration licence E74/562, located approximately 30 km east of Hopetoun, Western Australia. The tenement lies within the deformed southern margin of the Yilgarn Craton and constitutes part of the Albany-Frazer Orogen, which hosts the historic Halberts Graphite mine near Munglinup (50km away). The Munglinup area has produced the bulk of Western Australia's recorded graphite production. The tenement is over freehold land with sealed road access within 20km and is located approximately 150km from the port of Esperance.

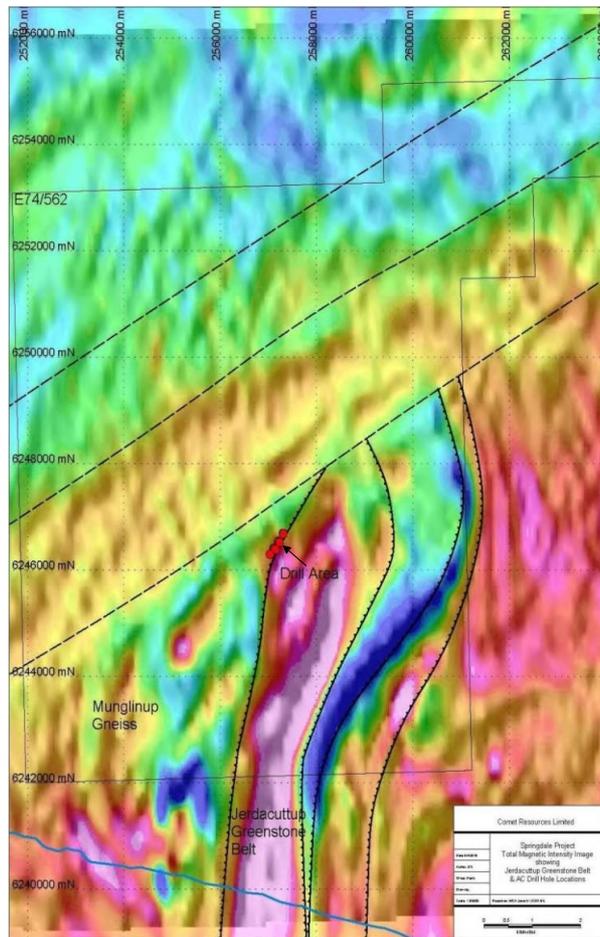


During February Comet conducted a first pass aircore drilling program comprising 11 holes for 324 metres. This program tested for the presence of graphite in a prospective zone/horizon detected from unpublished and verbal reports of graphite mineralisation encountered in historical shallow calcrete/limestone drilling and extractive industry operations at the project. All 11 holes intersected graphite mineralisation over approximately 500 metres of strike with a shallow dip to the east. Significant intersections from this drilling are:

- H01A: 7 metres at 12.6% TGC from 26 metres to end of hole (EOH);
- H03: 2 metres at 11.5% TGC from 28 metres to EOH;
- H06: 8 metres at 12.4% TGC from 16 metres;
- H08: 1 metre at 24% TGC from 18 metres; and
- H10: 25m at 4% TGC from 6 metres.

The mineralisation at this tested zone/horizon is open at depth and along strike with other prospective zone/horizon located from unpublished and verbal reports of graphite mineralisation yet to be tested. A full report for this drilling can be found in Comet's release

dated 6 April 2016 - “Springdale Project delivers new graphite discovery in Western Australia”.



Intersections:

Hole Number	From (m)	To (m)	Intersection (m)	Grade TGC	%
H01	3	13*	10	5.5	
H01A	23	33*	10	9.7	
Including	26	33*	7	12.6	
H02	3	30	27	3.0	
H03	22	30*	8	4.9	
Including	28	30*	2	11.5	
H04	2	10	8	4.6	
H05	4	17	13	4.1	
H06	7	25	18	6.7	
Including	16	24	8	12.4	
H07	5	17	12	2.2	
H08	17	21	4	7.6	
Including	18	19	1	24.0	
H09	1	22	21	3.2	
H10	6	31	25	4.0	
* End of hole					

Petrographic Examination

Eight graphite-bearing core samples from the February drilling program were submitted to Townend Mineralogy Laboratory petrographic examination with associated XRD analyses. This work was conducted to give an understanding of graphite flake size and distribution. Graphite flake sizes have a range of prices with larger flake sizes commanding higher prices.

Graphite Product	Mesh Size	Flake Size in Microns (μm)
Jumbo Flake	48	> 300
Large Flake	+80 to 48	180 to 300
Medium Flake	+100 to 80	150 to 180
Small Flake	+200 to 100	75 to 150
Amorphous	< 200	< 75

Selected Samples

Hole Number	From (m)	To (m)	Grade (TGC)
H02	12	13	6.1%
H04	5	6	5.1%
H05	10	11	6.1%
H06	17	18	16.6%
H06	21	22	9.2%
H10	8	9	10.7%
H10	25	26	12.0%
H10	29	30	12.0%

Samples contained a variation of graphite flake sizes from Jumbo to Small Flakes. Some flakes were up to 500 μm in size. Large to Jumbo flakes (>180 μm) are common in most samples and these flakes tend to be elongate in nature. Flakes with a blocky habit are more typically in the small to medium flake size range (75-180 μm).

Further drilling to test this new zone/horizon at depth and along strike will be conducted this quarter. The other prospective zone/horizon located from unpublished and verbal reports of graphite mineralisation will also be drill tested.

GILMORE PROJECT EL8282 (100% CRL)

The Gilmore Project is a 75 unit exploration licence located 80km west of Canberra in New South Wales. The Project constitutes an attractive target for gold and base metal mineralisation due to the presence of a Silurian volcano-sedimentary sequence, located close to a major regional thrust fault zone (the Gilmore Suture). The Gilmore Suture is a controlling focus for major gold deposits including Sovereign Gold Ltd.'s Mount Adrah (located approximately 30kms away along the Gilmore Suture), Adelong, Temora, Gidginbung, West Wyalong, Lake Cowal, and Mineral Hill. Widespread gold and base metal geochemical responses within the Project area also contribute to the potential of this Project.

Deposit type modelling and detailed sampling over the North Main Ridge Prospect will be conducted this quarter.

EXPLORATION EXPENDITURE INCURRED

Exploration expenditure incurred by Comet during the quarter ending 30 June 2016 on projects is set out below.

Project	Expenditure Incurred
Gilmore Project	\$28,000
Springdale Project	\$44,000

MINING TENEMENTS STATUS

Mining tenements held at the end of quarter

Project and location	Interest		Tenement
Gilmore Project, Tumut NSW	100%		EL 8282
Springdale Project, Hopetown WA	100%		E74/562
Bells Find, 10km west Southern Cross	25%		M74/1055

For further information please contact.

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Comet listed on the Australian Stock Exchange in 1994. The Company discovered and studied the Ravensthorpe Nickel Project. In 2001 Comet successfully sold its final equity to BHP Billiton and returned to Comet shareholders \$32 million. Comet has a number of exciting projects that it is currently exploring and advancing. Comet has cash assets of approximately \$1.3 million and has approximately 108 million shares on issue.

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr. A Cooper, who is a Consultant and director to Comet is also a Member of The Australian Institute of Mining and Metallurgy, with over 30 years experience in the mining industry. Mr. Cooper has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking 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 Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.