

13 September 2016

The Manager
Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

CLEANSING NOTICE UNDER SECTION 708A THE CORPORATIONS ACT 2001 (CTH)

Comet Resources Limited ("Comet" or the "Company") advises that it has issued the following securities.

- 24,758,625 fully paid ordinary shares pursuant to the ratification of Resolutions 3, 5, 6, 7 & 8 at the General Meeting of Shareholders held on 26 August 2016.
- 12,000,000 Unlisted Options exercisable at \$0.04 on or before 31 December 2019 pursuant to the ratification of Resolutions 4 & 5 at the General Meeting of Shareholders held on 26 August 2016.
- 12,000,000 Unlisted Options exercisable at \$0.10 on or before 31 December 2019 pursuant to the ratification of Resolutions 4 & 5 at the General Meeting of Shareholders held on 26 August 2016.
- 12,000,000 Incentive Options subject to vesting conditions exercisable at \$0.001 on or before 30 July 2021 pursuant to the ratification of Resolutions 9, 10, 11, 12 & 13 at the General Meeting of Shareholders held on 26 August 2016.

An Appendix 3B is attached with respect to the new securities issued.

The Company gives this Notice under section 708A(5)(e) of the Corporations Act 2001 (Cth) (the "Corporations Act").

The shares of the Placement were issued without disclosure to investors under Part 6D.2 of the Corporations Act.

As at the date of this Notice, the Company has complied with:

- the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
- section 674 of the Corporations Act.

As at the date of this Notice, there is no excluded information for the purposes of section 708A(7) of the Corporations Act that is reasonable for investors and their professional advisers to expect to find in a disclosure document.

For further information please contact:

Mr Tony Cooper
Comet Resources Limited
Tel (08) 9466 7770
Email tony.cooper@cometres.com.au
Web Page www.cometres.com.au

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

COMET RESOURCES LIMITED

ABN

88 060 628 202

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued | <ul style="list-style-type: none"> (a) Fully Paid Ordinary Shares ("FPO") (b) Options exercisable at \$0.04 each on or before 31 December 2019 ("Unquoted Options") (c) Options exercisable at \$0.10 each on or before 31 December 2019 ("Unquoted Options") (d) Incentive Options exercisable at \$0.001 each on or before 30 July 2021 ("Unquoted Incentive Options") |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | <ul style="list-style-type: none"> (a) 24,758,625 FPO (b) 12,000,000 Unquoted Options (c) 12,000,000 Unquoted Options (d) 12,000,000 Unquoted Incentive Options |

+ See chapter 19 for defined terms.

<p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>(a) FPO. (b) Options exercisable at \$0.04 each on or before 31 December 2019 ("Unquoted Options") (c) Options exercisable at \$0.10 each on or before 31 December 2019 ("Unquoted Options") (d) Are options exercisable at \$0.001 each on or before 30 June 2021, subject to the following vesting conditions:</p> <ul style="list-style-type: none"> - Tranche 1 50% of the Incentive Options shall vest on 1 July 2017 subject to the Related Party remaining an officer, employee or consultant to the Company at the time of vesting (failing which, any unvested Incentive Options will lapse); - Tranche 2 the remaining 50% of the Incentive Options shall vest upon the Company achieving one of the following milestones: - All Incentive Options will vest immediately upon a change of control or takeover.
<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>(a) Yes, rank equally with existing quoted shares (b) No, but options may convert into FPO (c) No, but options may convert into FPO (d) No, but options may convert into FPO</p>
<p>5 Issue price or consideration</p>	<p>(a) \$0.02 per FPO (b) \$0.0001 per Unquoted Option (c) \$0.0001 per Unquoted Option (d) \$0.0001 per Unquoted Incentive Options</p>

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issue of securities was approved by Shareholders pursuant to resolutions 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 & 13 at the General Meeting of the Company held on 26 August 2016.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	At the Company's Annual General Meeting held on 12 November 2015
6c	Number of +securities issued without security holder approval under rule 7.1	Not applicable
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable
6f	Number of +securities issued under an exception in rule 7.2	Not applicable
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable

+ See chapter 19 for defined terms.

6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable											
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<u>Remaining Issue Capacity under Rule 7.1</u> 19,950,000 Shares <u>Remaining Issue Capacity under Rule 7.1A</u> 13,300,000 Shares											
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	13 September 2016											
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>133,000,000</td><td>Fully Paid Ordinary Shares</td></tr></table>	Number	+Class	133,000,000	Fully Paid Ordinary Shares							
Number	+Class												
133,000,000	Fully Paid Ordinary Shares												
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>6,000,000</td><td>Incentive Shares lapsing 24/11/2018</td></tr><tr><td>12,000,000</td><td>Options exercisable at \$0.04 or before 31 December 2019</td></tr><tr><td>12,000,000</td><td>Options exercisable at \$0.04 or before 31 December 2019</td></tr><tr><td>12,000,000</td><td>Unquoted Incentive Options exercisable at \$0.001 each or before 30 June 2021</td></tr></table>	Number	+Class	6,000,000	Incentive Shares lapsing 24/11/2018	12,000,000	Options exercisable at \$0.04 or before 31 December 2019	12,000,000	Options exercisable at \$0.04 or before 31 December 2019	12,000,000	Unquoted Incentive Options exercisable at \$0.001 each or before 30 June 2021	
Number	+Class												
6,000,000	Incentive Shares lapsing 24/11/2018												
12,000,000	Options exercisable at \$0.04 or before 31 December 2019												
12,000,000	Options exercisable at \$0.04 or before 31 December 2019												
12,000,000	Unquoted Incentive Options exercisable at \$0.001 each or before 30 June 2021												
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable											

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
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12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A

+ See chapter 19 for defined terms.

25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid,

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of +securities for which +quotation is sought N/A
- 39 +Class of +securities for which quotation is sought N/A
- 40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? N/A
- If the additional +securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

+ See chapter 19 for defined terms.

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another ⁺ security, clearly identify that other ⁺ security)	N/A	
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in clause 38)	Number	⁺ Class
		N/A	

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: Date: ...13/09/16.....
(Company secretary)

Print name:Edmund Czechowski.....

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the	108,241,375

+ See chapter 19 for defined terms.

+issue date or date of agreement to issue	
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	24,758,625 (Issued pursuant to resolutions in general meeting of shareholders held on 26 August 2016)
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	133,000,000

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	19,950,000
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued: <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 Note: <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Nil
“C”	Nil
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	19,950,000
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.15] – “C”	19,950,000 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	133,000,000
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	13,300,000
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	Nil
“E”	Nil

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	13,300,000
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	13,300,000 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.