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SPRINGDALE GRAPHITE TO BE INVESTIGATED AS A LITHIUM ION BATTERY FEEDSTOCK

Comet Resources Limited (**ASX: CRL**) ("**Comet**" or the "**Company**") is pleased to announce that it has entered into a scope of work with IMO Project Services Pty Ltd ("**IMO**"), Comet's metallurgical consultants to assist the Company in determining the amenability of its high grade beneficiated graphite concentrate as lithium ion battery feedstock.

Having successfully produced graphene from diamond core (refer announcement dated 4 April 2017, titled "*Springdale Graphite Project Produces High Quality Graphene*"), Comet is also looking at other products that could be commercialised from ore at Springdale.

Highlights of the Springdale Graphite Project include:

- **Located in Western Australia with access to existing roads, grid power and port facilities.**
- **Multiple zones of graphite mineralization have been identified from surface and extend over at least 4km of strike.**
- **Exploration drilling has confirmed excellent grade and widths including HD001 15.8 metres at 10% TGC and HD003 17.5 metres at 11 % TGC.**
- **Early stage metallurgy has recovered graphene by exfoliation, a very rare property in graphite deposits worldwide.**



Figure 1: Comets Concentrated Graphite

Highlights of the Graphite Battery Market

- There is 11 times more graphite than Lithium in a typical Li-ion battery.
- High growth in the Li-ion Battery Industry
- High growth in the Electric Vehicle Market

IMO will use approximately 0.5 kg (TGC) from Comet's batch testwork product and spheroidise this concentrate using a Planetary Mill.

The spheroidised concentrate will be split with one sample to undergo a two stage acid leaching process. Both the spheroidised only and leached spheroidised material will then be used to form individual lithium ion battery anodes. Under an inert environment the graphite anode will be pressed with a lithium metal cathode and lithium solution working electrode into a coin cell. This coin cell will then be subjected to a known electrical charge to determine:

- First Charge Capacity;
- First Discharge Capacity; and
- Charge Capacity after 100 Cycles.

This data will be compared against known industry values to benchmark Comet's beneficiated concentrate with and without hydrometallurgical refining as a lithium ion battery feedstock.

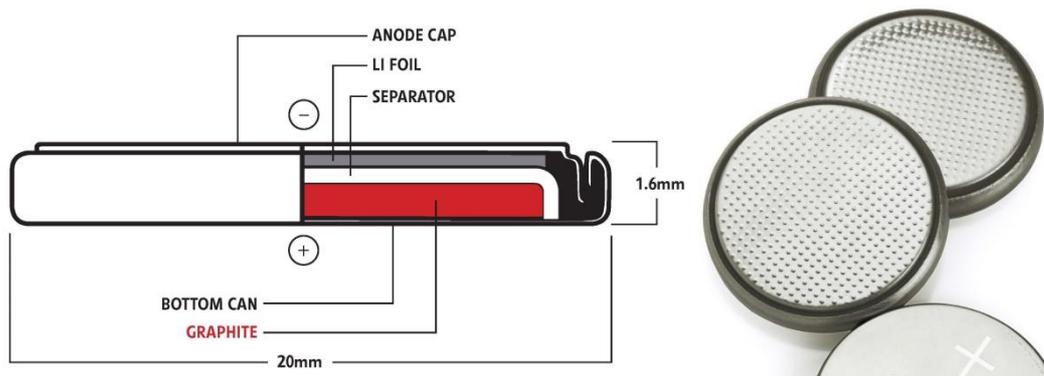


Figure 2: Cross Section of CR2016 Coin Cell

Comparison of Synthetic Graphite and Natural Graphite

Synthetic Graphite Facts

- Graphitizing an Oil by-product
- Devolatilization: Vacuum Gas Oil 480°C
- Needle Coke (Green Coke Un-Calcined)
- Calcined: Remove traces of oil 1,350°C
- Micronized & Coated
- Graphitization @ 2,800°C for weeks
- Oil-Based Feedstock & Energy Intensive

Natural Graphite Facts

- Performs better than Synthetic
- Mining Graphite Ore Sprigdale
- Typical processing (crush, grind, flotation)
- Micronized & Spheronized (one step)
- Purification at low heat.
- Minimal to nil carbon footprint

Synthetic Graphite Conclusion

- Larger Carbon Footprint
- Higher Production Costs
- Energy Intensive
- Time Consuming
- Not aligned with Green Energy applications

Why Graphene

- It is the thinnest and toughest 2D material. 200 times stronger than steel.
- Graphene is flexible and transparent, has the largest surface area of all materials, and is the most stretchable crystal. The material is also extremely impermeable, even helium atoms cannot go through it.
- Graphene is currently the best electricity conductor known to man and is the perfect thermal conductor.
- Graphene is light - it weighs just 0.77 milligrams per square meter. Because it is a single 2D sheet, it has the highest surface area of all materials.

Graphene Production

There are two approaches to produce graphene and graphene-related materials. The first one is top-down, which means you begin with graphite and produce graphene. The second one is bottom-up: start with carbon in some form and synthesize graphene sheets or flakes. Both of these production methods to date have been expensive, however electrical exfoliation (which is only possible on an extremely small number of deposits including Springdale) drastically reduces these costs.

Graphene Uses

Graphene's properties make it a wonder material that can be incorporated into a huge number of applications such as coatings and paints, composite materials, conductive inks, displays, graphene thermal applications, energy containers, membranes, 3D printings, sensors, electronics, energy generation, photonics/optics, medicine and biology, lubricants and spintronics to list a few. Over 13,000 graphene related patents have been filed and this number grows weekly.

Springdale Background

Comet's Springdale project is located approximately 30 km east of Hopetoun, Western Australia. The tenements lie within the deformed southern margin of the Yilgarn Craton and constitute 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.

Comet has three tenement's E74/562, E74/583 and ELA74/612 at the Springdale Graphite project. The total land holding at Springdale is approximately 220 square kilometres.

Comet completed a successful first pass aircore drilling program in February 2016. This program confirmed that graphite was present in a prospective zone/horizon. Following a second round program in September 2016, Comet has now drilled 113 aircore holes for 2,901 metres and 4 diamond holes for 282 metres at it 100% owned Springdale Graphite Project.

Comet has recently discovered that Graphene can be produced from Springdale ore by electrical exfoliation.

Comet is continuing to conduct metallurgical tests on diamond core from the Springdale Graphite Project and plans to conduct further drilling during Q2 2017.

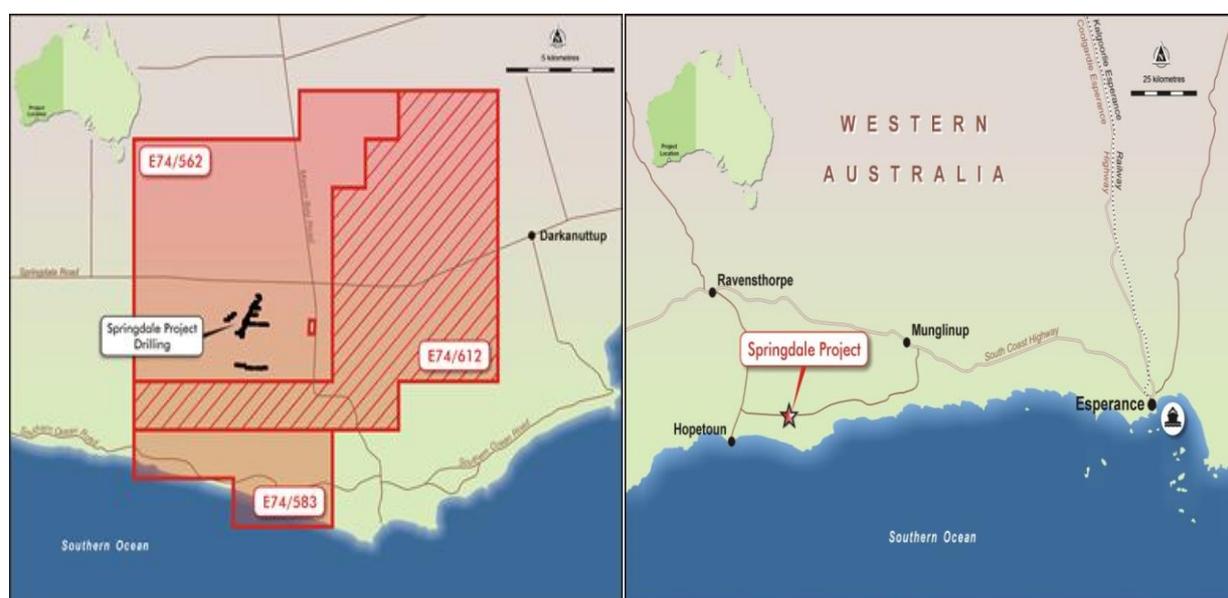


Figure 3: Plan Showing Location, Tenements and Area Drilled.

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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 \$1.1 million and has approximately 133 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.