

31<sup>th</sup> July 2018

## JUNE QUARTER REPORT

### Highlights:

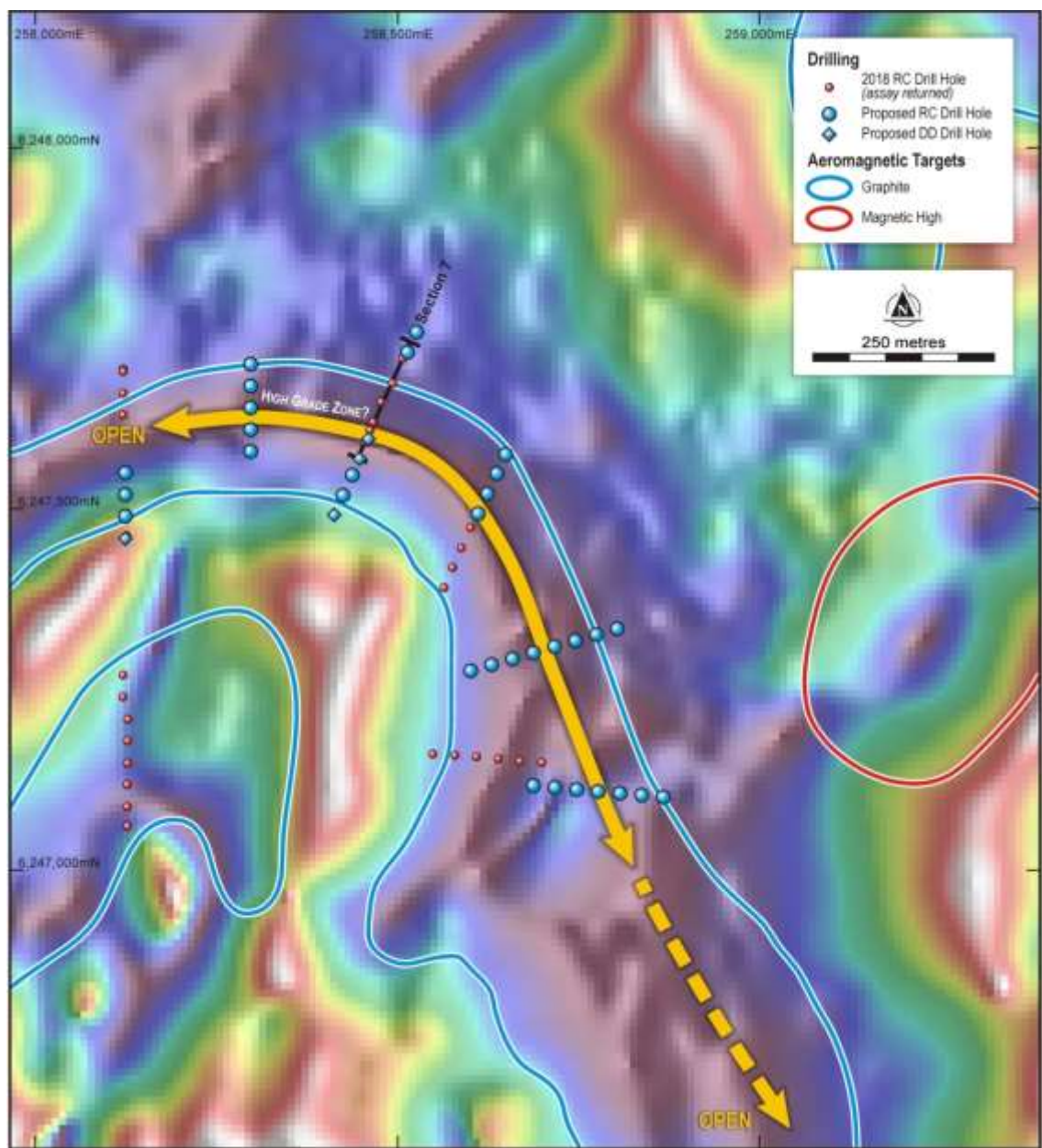
- Highest one metre assay result to date of 47.7% TGC
- Best intersection to date HR0060 - 20m @ 19.3% TGC from 30m, including 13m @ 25.8% TGC (mineralised to end of hole)
- 2,500 metre RC and diamond drilling program has commenced to test new Northern Zone high grade graphite target
- The Northern Zone ticks all the boxes for a great new discovery including, high grade, shallow dip, near surface, close to infrastructure, low sovereign risk
- Comet has been awarded \$150,000 EIS co-funding grant to assist with drilling costs
- Eastern Zone graphitic horizon confirmed for at least 800m strike with high grade graphite defined for 500m
- Western Zone graphitic horizon confirmed for at least 2.5km strike
- Springdale has three highly prospective drill-tested graphite target zones and greater than 20km of untested priority aeromagnetic targets
- Graphene and Battery metallurgical testwork continues.
- Placement to raise \$940,000 completed.



Sample farm at the Springdale Project

**SPRINGDALE PROJECT WESTERN AUSTRALIA (100% Comet)**

Comet Resources Limited (ASX: **CRL**) ("**Comet**" or the "**Company**"), has commenced a 2,500 metre (m) reverse circulation (RC) and diamond drilling program at the Springdale Graphite Project. This program will test a 2 Kilometre (km) zone of the 4 km interpreted strike and depth extensions to the Northern Zone.



**Figure 1: Map showing target prospective for graphite mineralisation**

Comet received funding approval for up to \$150,000 from the Western Australian Government's Exploration Incentive Scheme (EIS) for planned drilling and was the only graphite project to receive this grant. Comet would like to acknowledge the ongoing support provided by the WA Government through its EIS program. The EIS co-funded drilling program preferentially funds high quality, technical and economically based projects that promote new exploration concepts and are assessed by a panel on the basis of geoscientific and exploration targeting merit.

The Northern Zone is located within an interpreted fold closure from Comet's aeromagnetic survey (Figure 1 and 2). This is a high priority structural target with good potential for thick, high grade graphite horizons. The early 2018 drilling at this target was successful in locating a new broad high-grade graphite horizon (Figures 2 and 3), with the potential of this area is just starting to be understood. **The shallow dip and high grade (more tonnes per vertical metre containing high grade graphite) makes the Northern Zone a high priority target that is now being tested.**

**RC Drilling**

A **RC** drill program completed in the first quarter of 2018 was designed to test selected aeromagnetic targets (ASX release 10<sup>th</sup> November 2017). This survey delineated **26 kilometres of stratigraphy deemed to be prospective for graphite mineralisation (currently less than 20% of which is drill-tested)** figure 6. The newly discovered Northern Zone, along with the Western Zone (discovered in 2016) and the Eastern Zone (discovered in 2017) demonstrates the prospectivity for high grade graphite mineralisation at the Springdale Project. 93 shallow, reconnaissance style, RC holes were drilled for a total of 5320 m. **While this program had many successes, the standout result has been the discovery of the Northern Zone (Figures, 2 and 3) with its near-surface, shallow dipping and high-grade graphite mineralisation.** A full list of significant drill intersections are provided in Table 1.

**Northern Zone**

The Northern Zone (Figure 6) is located within an interpreted fold closure (Figure 2). The aeromagnetic survey identified this as a high priority structural target with the potential for thicker and higher grade graphite horizons. RC holes were drilled 30m apart to a nominal depth of 50m. Five irregular, 200-300m spaced lines, utilising existing tracks, tested different sections of the prospective stratigraphy (Figure 2). This was a previously untested target and the objective was to locate any graphitic horizons for further drill testing. This drilling has been successful in locating a new high-grade graphite zone (Figure 2 and 3).



Figure 2 – Location of recent RC drilling covering the Northern Zone. Significant intersections for assays returned. Reduced to the pole (RTP) aeromagnetic image underlay.

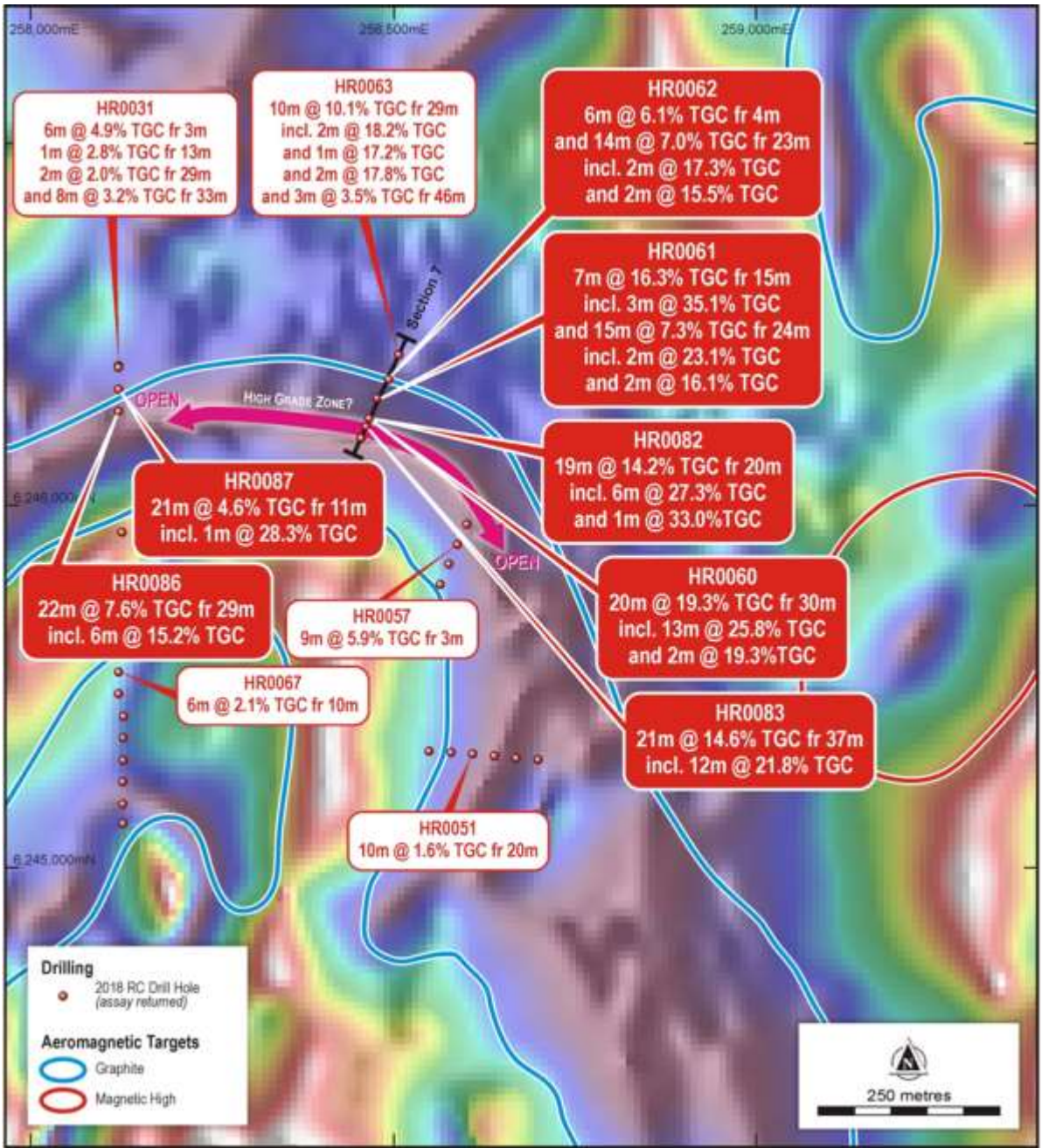
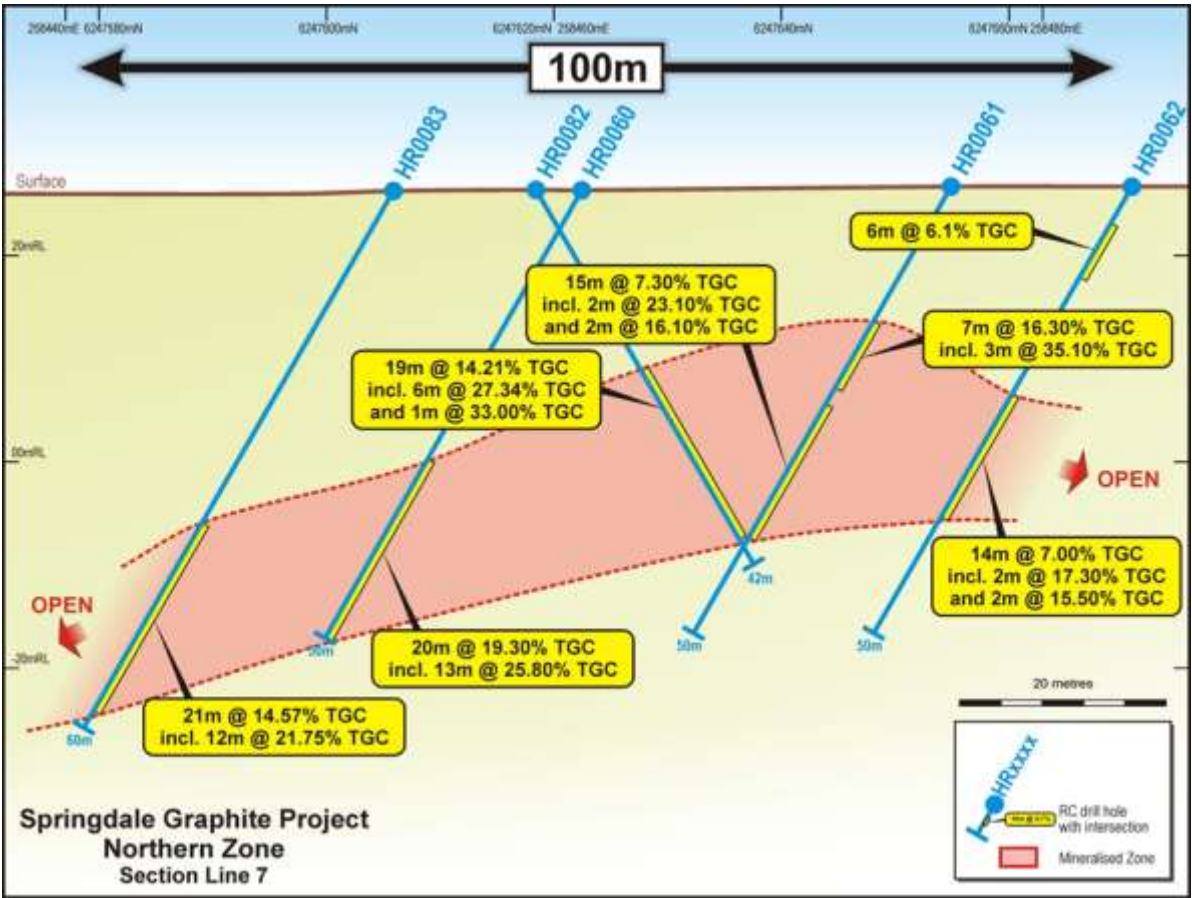


Figure 3: Section Line 7 (Northern Zone)



The Northern zone is open at depth and along strike.

Assay highlights include:

- **HR0082**
  - **19m @ 14.21% TGC (Total Graphitic Carbon) from 20m including 6m @ 27.34% TGC and 1m @ 33% TGC**
- **HR0083**
  - **21m @ 14.57% TGC from 37m including 12m @ 21.75% TGC**
- **HR0086**
  - **22m @ 7.63% TGC from 29m including 6m @ 15.23% TGC**
- **HR0087**
  - **21m @ 4.57% TGC from 11m including 1m @ 28.3% TGC**
- **HR0060**
  - **20m @ 19.3% TGC from 30m including 13m @ 25.8% TGC mineralised to end of hole.**
- **HR0061**
  - **7m @ 16.3% TGC from 15m including 3m @ 35.1% TGC**
  - **15m @ 7.3% TGC from 24m including 2m @ 23.1% TGC and 2m @ 16.1% TGC**
- **HR0062**
  - **14m @ 7% TGC from 23m including 2m @ 17.3% TGC and 2m @ 15.5% TGC**
- **HR0063**
  - **10m @ 10.1% TGC from 29m including 2m @ 18.2% TGC, 1m @ 17.2% TGC and 2m @ 17.8% TGC**

This discovery further demonstrates the potential for near surface high grade graphite mineralisation at the Springdale project.

### Eastern Zone

The Eastern Zone (Figure 6) was discovered in 2017 by the high-grade diamond drill hole HD018. This hole recorded several high grade intersections the most spectacular being **11m @ 25.6% from 49.4m including 9m @ 30.2% TGC**.

HD018 is located within a distinct magnetic low that strikes NE-SW for approximately 1.5km (Figure 4). RC drilling was carried out on 160m spaced drill lines with holes nominally 30m apart. **The graphitic horizon was intersected on every drill line confirming its continuity for at least 800m. High grade graphite mineralisation was defined for a strike of 500m.** The Eastern Zone is open at depth and along strike. Assay highlights include:

- **HR0036**
  - **12m @ 12.2% TGC from 26m including 5m @ 23.1% TGC (160m north of HD018)**
- **HR0069**
  - **6m @ 9.5% TGC from 38m including 2m @ 16.2% TGC**
  - **6m @ 18.3% TGC from 47m including 5m @ 21.7% TGC (320m south of HD018)**
- **HR0064**
  - **5m @ 11.3% TGC from 24m including 4m @ 13.7% TGC**
  - **16m @ 10.8% TGC from 42m including 7m @ 17.5% TGC**
- **HR0065**
  - **18m @ 5.4% TGC from 1m including 1m @ 15.5% TGC**
  - **5m @ 13.6% TGC from 69m including 3m @ 20% TGC**
  - **3m @ 19.8%TGC from 82m**
- **HR0072**
  - **4m @ 2.6% TGC from 21m**
  - **10m @ 20.4% TGC from 33m including 5m @ 31.4% TGC**
- **HR0080**
  - **9m @ 17.6% TGC from 25m including 4m @ 35.5% TGC**
  - **42m @ 7.6% TGC from 70m including 10m @ 14.3% TGC and 4m @ 12.4% TGC**
  - **14m @ 4.4% TGC from 118m**
- **HR0065**
  - **18m @ 5.4% TGC from 1m including 1m @ 15.5% TGC**
  - **5m @ 13.6% TGC from 69m including 3m @ 20% TGC**
  - **3m @ 19.8%TGC from 82m**
  - **2m @ 6.1% TGC from 89m**

### Western Zone

The Western Zone was the first zone discovered in 2016 (Figures 5 and 6). Graphite mineralisation is located within a distinct magnetic low that strikes NE-SW for approximately 2.5km (Figure 5). Limited RC drilling was carried out on the northern part of this zone on 320m spaced drill lines with holes nominally 30m apart. A few infill holes were also added. The Western Zone is open at depth and along strike. Assay highlights include:

- **HR0074**
  - **15m @ 12.9% TGC from 7m including 5m @ 32.62% TGC**
- **HR0091**
  - **43m @ 6.45% TGC from 7m including 1m@ 32.9% TGC and 3m@ 21.58% TGC**



Figure 4 – Location of recent RC drilling covering the Eastern Zone. Significant intersections for assays returned. Reduced to the pole (RTP) aeromagnetic image underlay

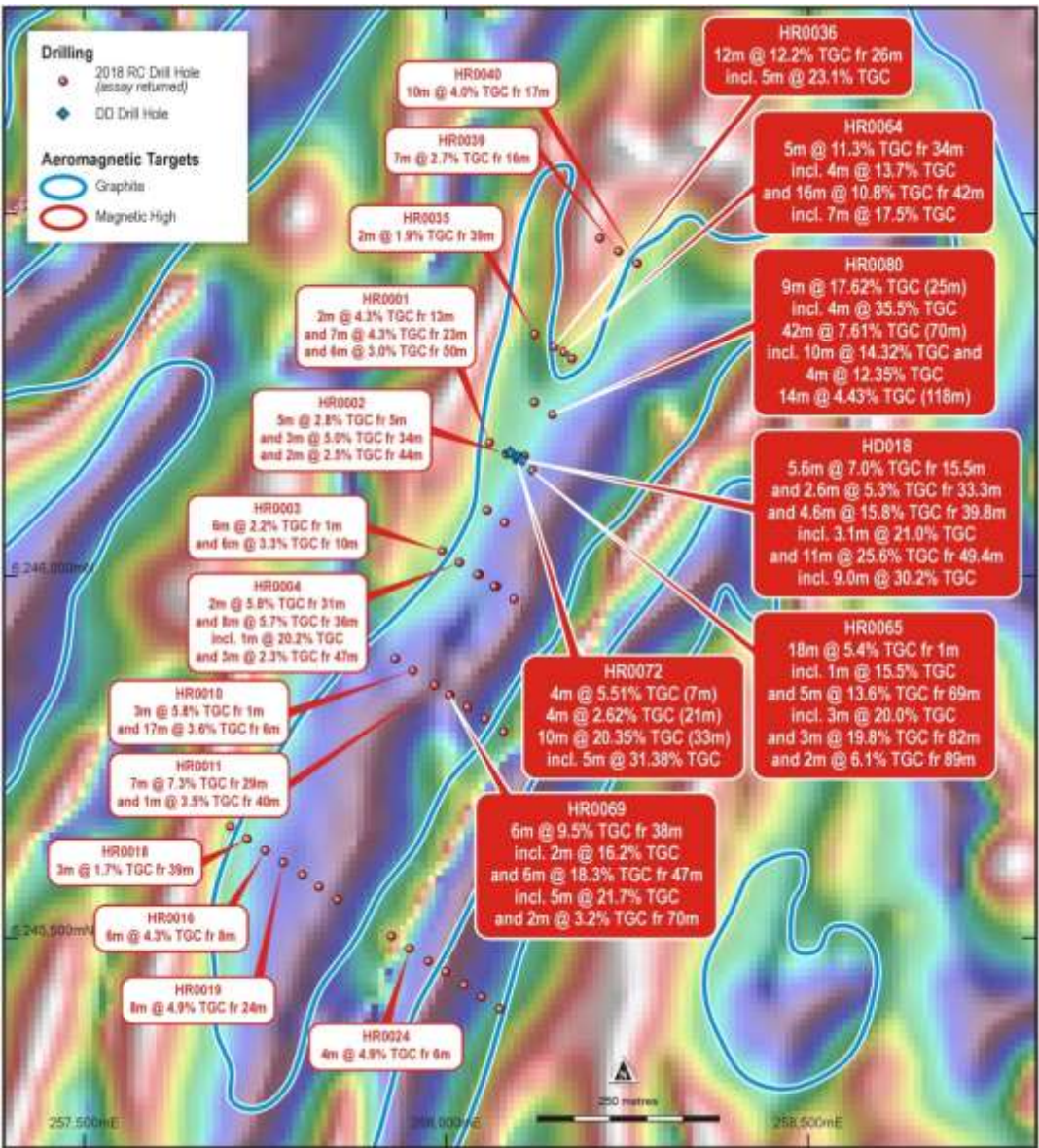


Figure 5 – Location of recent RC drilling and historic drilling covering the Western Zone. Significant intersections for assays returned. Reduced to the pole (RTP) aeromagnetic image underlay

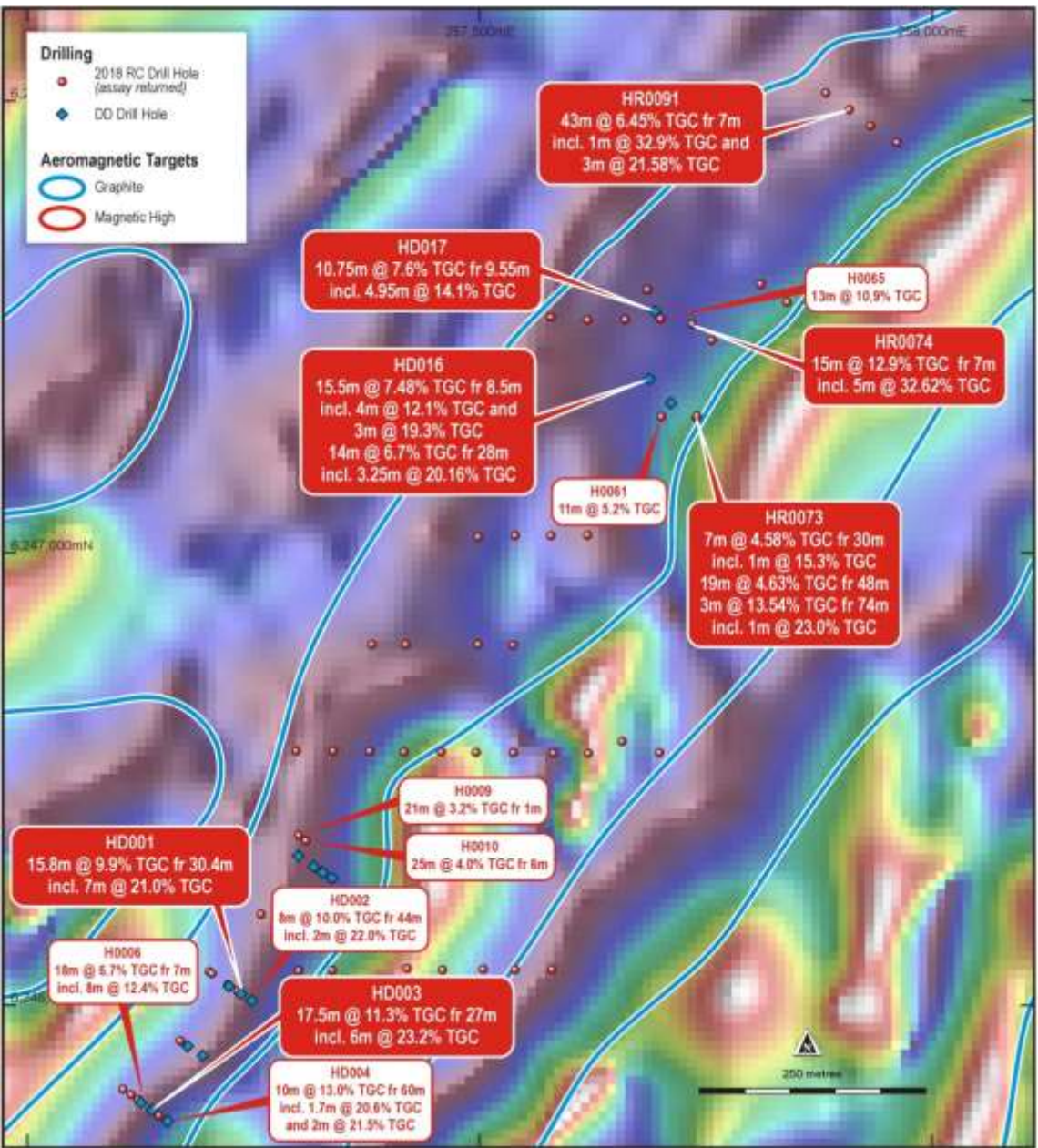




Figure 6 – Collar location plan December 2017 – February 2018 RC drilling

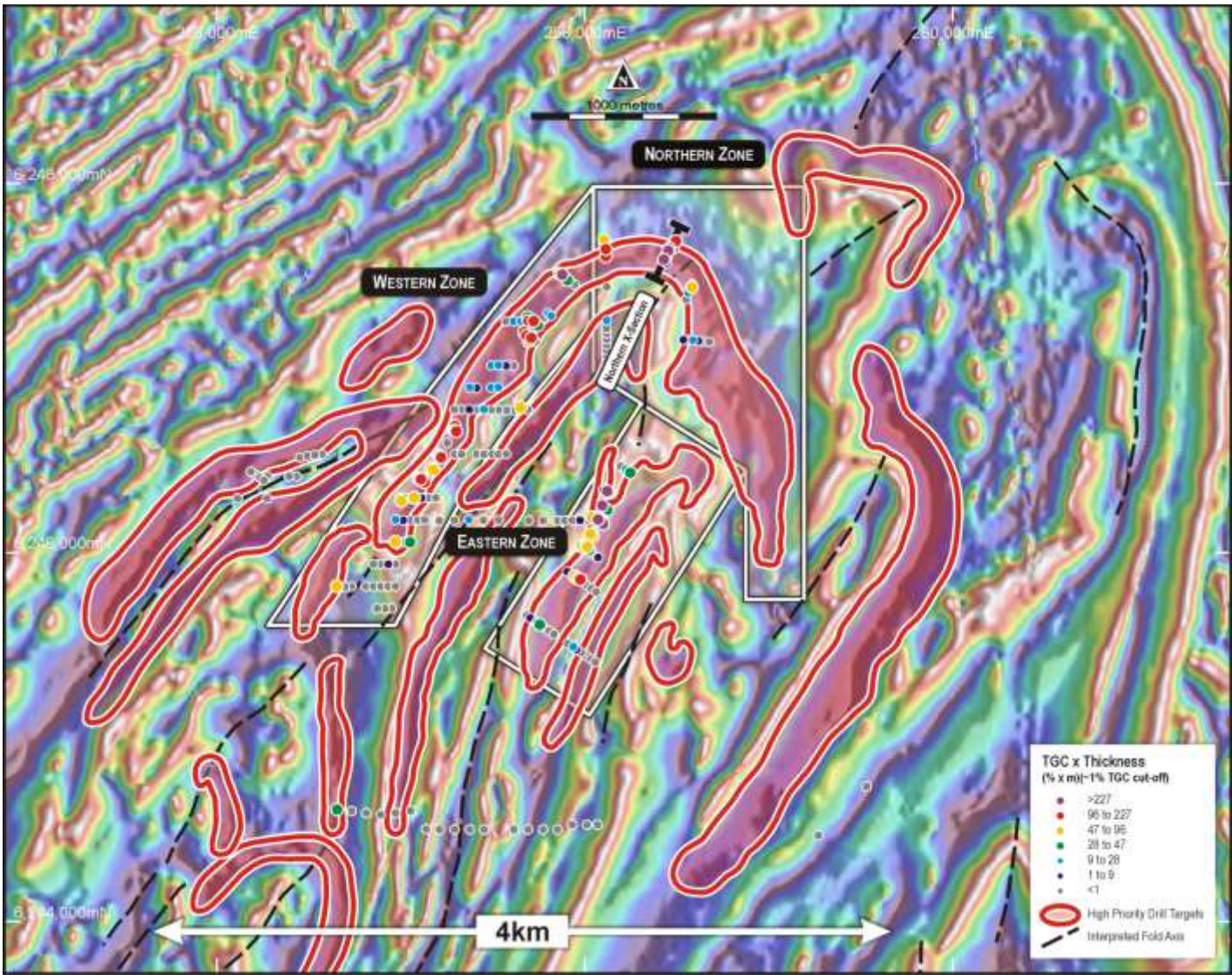


Table 1 – Significant intersections assays returned for holes drilled December 2017 to February 2018 over the Northern Zone (>=1% TGC, up to 1m of internal waste).

HOLEID	SIGNIFICANT GRAPHITE INTERSECTIONS	HIGH GRADE ZONE
HR0030	8m @ 5% TGC from 2m	Northern
and	3m @ 4.4% TGC from 33m	Northern
HR0031	6m @ 4.9% TGC from 3m	Northern
and	1m @ 2.8% TGC from 13m	Northern
and	2m @ 2% TGC from 29m	Northern
and	8m @ 3.2% TGC from 33m	Northern
HR0047	2m @ 1.8% TGC from 13m	Northern
HR0051	10m @ 1.6% TGC from 20m	Northern
HR0056	2m @ 4.8% TGC from 7m	Northern
HR0057	9m @ 5.9% TGC from 3m	Northern
HR0059	2m @ 2% TGC from 35m	Northern
HR0060	20m @ 19.3% TGC from 30m including 13m @ 25.8% TGC	Northern
HR0061	7m @ 16.3% TGC from 15m including 3m @ 35.1% TGC	Northern
and	15m @ 7.3% TGC from 24m including 2m @ 23.1% TGC and 2m @ 16.1% TGC	Northern
HR0062	6m @ 6.1% TGC from 4m	Northern
and	14m @ 7% TGC from 23m including 2m @ 17.3% TGC and 2m @ 15.5% TGC	Northern
HR0063	10m @ 10.1% TGC from 29m including 2m @ 18.2% TGC and 1m @ 17.2% TGC and 2m @ 17.8% TGC	Northern
and	3m @ 3.5% TGC from 46m	Northern
HR0067	6m @ 2.1% TGC from 10m	Northern
HR0082	19m @ 14.21% TGC from 20m including 6m @ 27.34% TGC and 1m @ 33% TGC	Northern
HR0083	21m @ 14.57% TGC from 37m including 12m @ 21.75% TGC	Northern
HR0086	22m @ 7.63% TGC from 29m including 6m @ 15.23% TGC	Northern
HR0087	2m @ 1.27% TGC from 0m	Northern
and	21m @ 4.57% TGC from 11m including 1m@ 28.3% TGC	Northern
HR0001	2m @ 4.3% TGC from 13m	Eastern

HOLEID	SIGNIFICANT GRAPHITE INTERSECTIONS	HIGH GRADE ZONE
and	7m @ 4.3% TGC from 23m	Eastern
and	6m @ 3% TGC from 50m	Eastern
HR0002	5m @ 2.8% TGC from 5m	Eastern
and	3m @ 5% TGC from 34m	Eastern
and	2m @ 2.5% TGC from 44m	Eastern
HR0003	6m @ 2.2% TGC from 1m	Eastern
and	6m @ 3.3% TGC from 10m	Eastern
HR0004	2m @ 5.8% TGC from 31m	Eastern
and	8m @ 5.7% TGC from 36m including 1m @ 20.2% TGC	Eastern
and	3m @ 2.3% TGC from 47m	Eastern
HR0010	3m @ 5.8% TGC from 1m	Eastern
and	17m @ 3.6% TGC from 6m	Eastern
HR0011	7m @ 7.3% TGC from 29m	Eastern
and	1m @ 3.5% TGC from 40m	Eastern
HR0012	3m @ 6.8% TGC from 37m including 1m @ 15.6% TGC	Eastern
HR0016	6m @ 4.3% TGC from 8m	Eastern
HR0018	3m @ 1.7% TGC from 39m	Eastern
HR0019	8m @ 4.9% TGC from 24m	Eastern
HR0024	4m @ 4.9% TGC from 6m	Eastern
HR0035	2m @ 1.9% TGC from 39m	Eastern
HR0036	<b>12m @ 12.2% TGC from 26m including 5m @ 23.1% TGC</b>	Eastern
HR0037	9m @ 2.1% TGC from 63m	Eastern
HR0039	7m @ 2.7% TGC from 16m	Eastern
HR0040	10m @ 4% TGC from 17m	Eastern
HR0064	<b>5m @ 11.3% TGC from 34m including 4m @ 13.7% TGC</b>	Eastern
and	<b>16m @ 10.8% TGC from 42m including 7m @ 17.5% TGC</b>	Eastern
HR0065	<b>18m @ 5.4% TGC from 1m including 1m @ 15.5% TGC</b>	Eastern
and	<b>5m @ 13.6% TGC from 69m including 3m @ 20% TGC</b>	Eastern
and	3m @ 19.8% TGC from 82m	Eastern
and	2m @ 6.1% TGC from 89m	Eastern
HR0069	<b>6m @ 9.5% TGC from 38m including 2m @ 16.2% TGC</b>	Eastern
and	<b>6m @ 18.3% TGC from 47m including 5m @ 21.7% TGC</b>	Eastern
and	2m @ 3.2% TGC from 70m	Eastern
HR0071	2m @ 1.61% TGC from 82m	Eastern
and	1m @ 1.77% TGC from 96m	Eastern
and	10m @ 2.71% TGC from 99m	Eastern
and	1m @ 1.05% TGC from 111m	Eastern
HR0072	4m @ 5.51% TGC from 7m	Eastern
and	4m @ 2.62% TGC from 21m	Eastern
and	1m @ 1.67% TGC from 28m	Eastern
and	<b>10m @ 20.35% TGC from 33m including 5m @ 31.38% TGC</b>	Eastern
HR0076	<b>8m @ 8.88% TGC from 71m including 2m@ 24.1% TGC</b>	Eastern
HR0077	3m @ 1.01% TGC from 48m	Eastern
and	3m @ 8.73% TGC from 53m	Eastern
and	7m @ 1.54% TGC from 69m	Eastern
and	2m @ 4.71% TGC from 82m	Eastern
HR0078	1m @ 1.76% TGC from 41m	Eastern
and	6m @ 9.04% TGC from 44m including 2m@ 19.88% TGC	Eastern
and	3m @ 1.82% TGC from 53m	Eastern
HR0080	<b>9m @ 17.62% TGC from 25m including 4m@ 35.5% TGC</b>	Eastern
and	<b>42m @ 7.61% TGC from 70m including 10m @ 14.32% TGC and 4m @ 12.35% TGC</b>	Eastern
and	14m @ 4.43% TGC from 118m	Eastern
HR0081	1m @ 2.37% TGC from 1m	Eastern
and	5m @ 5.09% TGC from 6m	Eastern
and	1m @ 3.92% TGC from 13m	Eastern
HR0073	1m @ 1.12% TGC from 25m	Western
and	<b>7m @ 4.58% TGC from 30m including 1m@ 15.3% TGC</b>	Western
and	<b>19m @ 4.63% TGC from 48m</b>	Western
and	1m @ 3.36% TGC from 70m	Western
and	3m @ 13.54% TGC from 74m including 1m@ 23% TGC	Western
HR0073	1m @ 2.7% TGC from 85m	Western



HOLEID	SIGNIFICANT GRAPHITE INTERSECTIONS	HIGH GRADE ZONE
HR0074	15m @ 12.9% TGC from 7m including 5m @ 32.62% TGC	Western
HR0075	5m @ 3.46% TGC from 7m	Western
and	3m @ 3.71% TGC from 15m	Western
HR0084	7m @ 3.35% TGC from 9m	Western
HR0085	12m @ 1.35% TGC from 30m	Western
HR0089	13m @ 2.56% TGC from 22m	Western
HR0090	12m @ 4.2% TGC from 27m	Western
HR0091	43m @ 6.45% TGC from 7m including 1m@ 32.9% TGC and 3m@ 21.58% TGC	Western
HR0092	11m @ 3.12% TGC from 37m	Western

Moving Forward

Comet plans to progress the assessment of the graphite and graphene at Springdale Project through the following work programs:

Geological/Structural Interpretation – Conduct further drilling to extend strike and depth of the Northern Zone and other targets.

Diamond Drilling – diamond drill to follow up high grade intersections. This will provide sample for metallurgical testwork and high quality information to move the geological understanding and resource modelling forward.

Resources Calculations – This are being undertaken in areas where it is considered that sufficient drill data is available.

Metallurgical Testwork – Metallurgical testwork will continue on existing and newly generated diamond core. Understanding the amenability of the graphite at Springdale to convert to graphene and/or to be used in battery anodes and other technologies is an integral part of understanding and realising its commercial value.

CORPORATE

Placement

Comet placed 23,500,000 fully paid ordinary shares (**Placement**) at a price of \$0.04 per share, with a one for two free attaching 10 cent Option, to raise \$940,000 before costs.

Comet plans to use the funds from the Placement for working capital and to progress the assessment of the graphite and graphene at Springdale Project through the following work programs:

- Conduct further drilling to extend strike and depth of the shallow dip, near surface, wide, high grade priority Northern Zone and other untested targets. Drilling will also be conducted on the Western and Eastern Zone to assist in resources calculations.
- A diamond drill program to follow up high grade intersections and test depth extension (deeper then 50m) to the Northern Zone and provide sample for metallurgical test work.
- Resources Calculations to be undertaken in areas where it is considered sufficient drill data is available.

Metallurgical testwork on existing and newly generated diamond core. Understanding the amenability of the graphite at Springdale to convert to graphene and/or to be used in batteries and other technologies is an integral part of understanding and realising its commercial value.

Directors are contributed approximately 20% to this placement

Controlled Placement Agreement

During the month of July 2018, the Comet entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides CRL with up to \$2 million of standby equity capital over the coming 29 month period. Importantly, CRL retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any). There are no requirements on CRL to utilise the CPA and CRL may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on CRL raising capital through other methods. If CRL does decide to utilise the CPA, CRL is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by CRL and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of CRL's choosing (again at the sole discretion of CRL).

SPRINGDALE PROJECT

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-Fraser Orogen. The tenements cover freehold land with sealed road access within 20km and are located approximately 150km from the port of Esperance. Comet owns 100% of the three tenement's (E74/562, E74/583 and E74/612) that make up the Springdale 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 (Western Zone). Comet has now drilled 93 RC holes for a total of 5320m, 113 aircore holes for 2,901 metres and 20 diamond holes for 1,193 metres. Significant intersections from drilling included;

Northern Zone

- HR0060
- 20m @ 19.3% TGC from 30m including 13m @ 25.8% TGC and 2m @ 19.3% TGC



- HR0061
 
  - 7m @ 16.3% TGC from 15m including 3m @ 35.1% TGC
  - 15m @ 7.3% TGC from 24m including 2m @ 23.1% TGC and 2m @ 16.1% TGC
- HR0082
 
  - 19m @ 14.21% TGC from 20m including 6m @ 27.34% TGC and 1m @ 33% TGC
- HR0083
 
  - 21m @ 14.57% TGC from 37m including 12m @ 21.75% TGC.

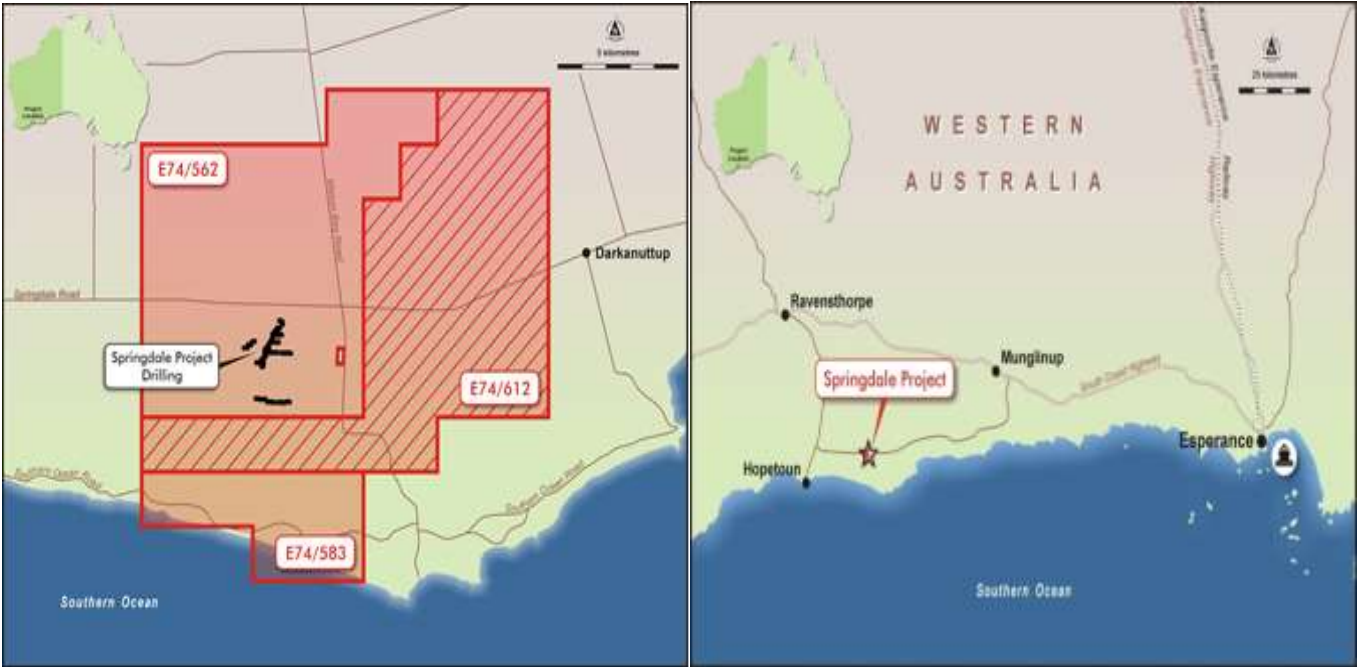
Western Zone

- HD001
 
  - 15.5m @ 9.9% TGC from 30.5m including 7m @ 20.8% TGC
- HD003
 
  - 17.5m @ 11.3% TGC from 27m including 6m @ 22.3% TGC
- HD016
 
  - 15.5m @ 7.5% TGC from 8.5m including 4m @ 12.1% TGC and 1.9m @ 19.3%TGC
  - 14m @ 6.7% TGC from 28m including 3.25m @ 20.2% TGC
- HD017
 
  - 10.5m @ 7.6% TGC from 9.5 m including 4.95m @ 14.1% TGC
  -

Eastern Zone

- HD018
 
  - 5.6m @ 7% TGC from 15.5m
  - 4.6m @ 15.8% TGC from 40m including 3.1m @ 21% TGC
  - 11m @ 25.6% TGC from 49m including 9 metres @ 30.2% TGC
- HR0036
 
  - 12m @ 12.2% TGC from 26m including 5m @ 23.1% TGC
- HR0069
 
  - 6m @ 9.5% TGC from 38m including 2m @ 16.2% TGC
  - 6m @ 18.3% TGC from 47m including 5m @ 21.7% TGC

Comet discovered in April 2017 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.



Project Location: Tenements and Area Drilled to date

## ABOUT GRAPHENE



### What is Graphene

Graphene is a natural material. Researchers theorised the existence of graphene in the 1940s; it was only in 2004 that a graphene sheet was isolated. In 2010 this achievement was awarded a Nobel Prize.

Graphite is stacked graphene sheets (a 1mm thick piece of graphite would be made from approximately 3 million sheets of graphene). Consider graphene as being a 2 dimensional (2D) material or sheet and graphite as 3 dimensional material, the challenge is to separate the 2D sheets from the 3 dimensional material.

### 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. These production methods to date have been expensive.

### 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, Spintronics to list a few.

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 \$0.8 million and has approximately 190 million shares on issue.

#### 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 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.