

24th APRIL 2019

MARCH QUARTER REPORT

Highlights

- ▀ RC drilling to test new graphite targets
- ▀ Less than 20% of the identified graphite targets drill tested to date
- ▀ Mr Alex Molyneux joins Comet's Board

SPRINGDALE GRAPHITE PROJECT WESTERN AUSTRALIA (100% CRL)

Comet Resources Limited (ASX: **CRL**) ("**Comet**" or the "**Company**") completed an 11hole RC drilling program at the Springdale Graphite Project during the March Quarter. The program tested a number of new targets and the potential strike extension of the Northern Zone.

The tested targets were identified from Comet's Aeromagnetic interpretation and a ground electromagnetic (EM), survey conducted by Southern Geoscience Pty Ltd. The interpretation covers less than 10% of Comet's 220 sq.km land holding and has delineated 26km of stratigraphy, deemed to be prospective for graphite mineralisation. Less than 20% of the prospective stratigraphy has been drill tested to date. Historically drill testing of interpreted prospective stratigraphy has been successful in discovering graphite mineralisation.

Comet converted the area that has been drill tested into its maiden **Graphite resource of 15.6Mt @ 6% Graphite (Total Graphitic Carbon (TGC)) including 2.6Mt @ 17.5% Graphite (TGC)** late last year (ASX release 6th December 2018).

Funding has been granted from the Western Australian Government's Exploration Incentive Scheme (EIS) for planned drilling. 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.

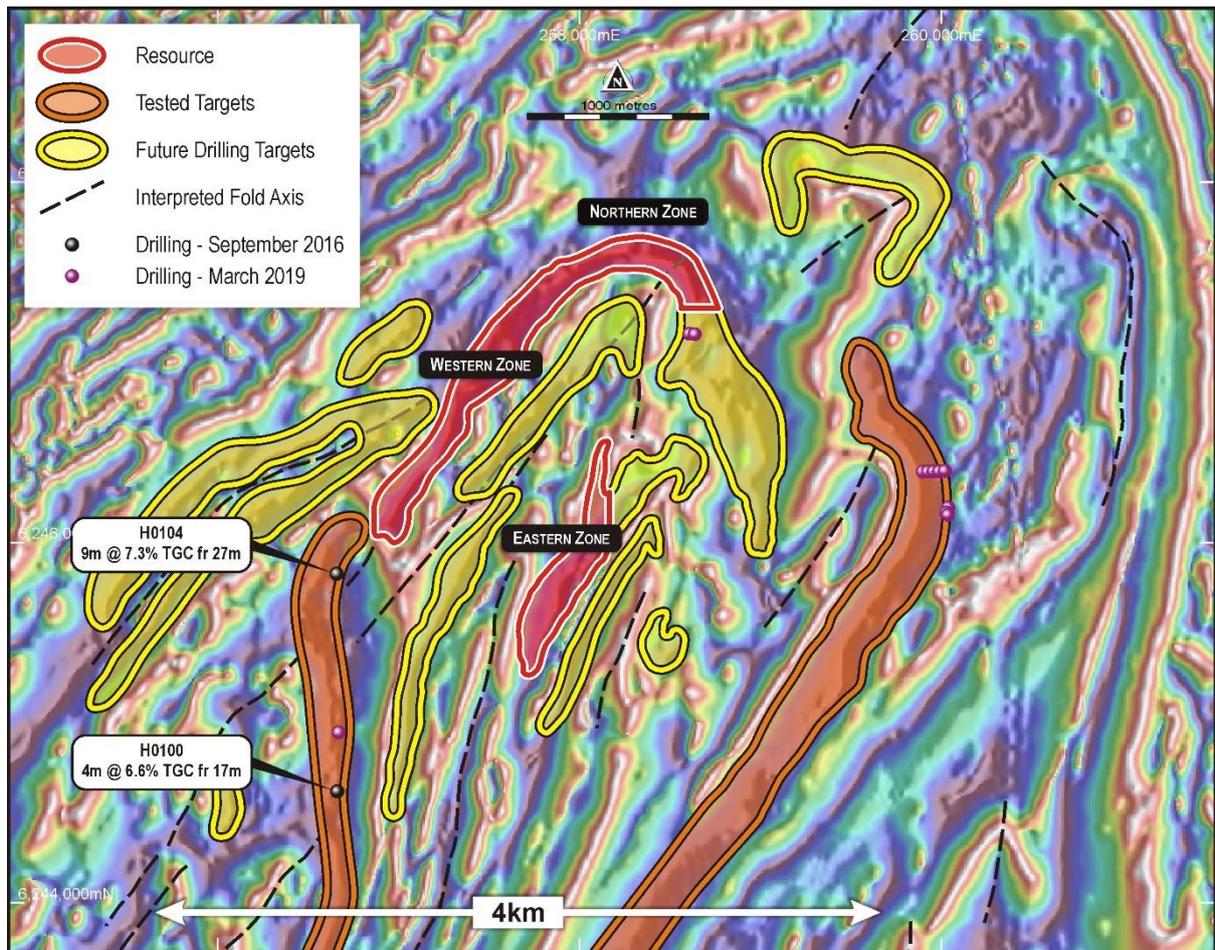


Figure 1: Map showing resource, drilling and targets prospective for graphite mineralisation

Moving Forward

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

Drilling – A diamond drill program has been planned to follow up on previous high grade intersections. This work will provide sample for metallurgical testwork and high quality information to move the geological understanding and resource modelling forward, with the aim to convert high-grade areas to Indicated Resources. Further RC drilling is being planned to test new zones for graphite mineralisation.

Metallurgical Testwork – Metallurgical testwork continues. 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

Mr Alex Molyneux joined Comet as a Non-Executive Director of the Company. Mr Molyneux is an experienced metals and mining industry executive and financier. He is currently CEO of Galena Mining Limited (ASX: G1A), which announced this quarter a \$90 million project equity investment from Toho Zinc of Japan, for a 40% ownership interest in its Abra Base Metals Project.

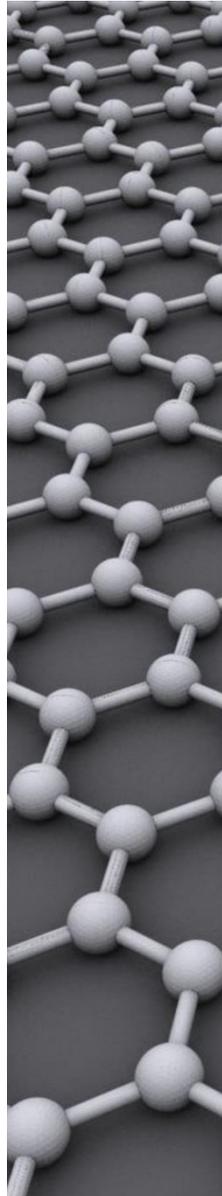
Prior to Galena, Mr Molyneux completed three-years as CEO of Paladin Energy Ltd. (ASX: PDN), one of the world's largest uranium companies, where he completed a US\$700M successful recapitalisation including raising US\$115m in new capital and a re-listing of the company on the ASX. Prior to Paladin Energy, Mr Molyneux spent approximately five-years with Ivanhoe Mines Group and Ivanhoe Energy in various leadership capacities.

Incoming Director, Alex Molyneux commented:

"I believe strongly in high quality mineral projects where the relevant commodities are in shortage or are likely to benefit from technological change. In the case of Comet, I believe its Springdale Graphite Project is a high-quality graphite project but with the unique benefit that it supports electrochemical exfoliation of graphene. In my view, graphene is something we will hear a lot more about in the coming years because of its ideal properties for next-generation electronics."

Background

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.

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.

Comet released a maiden graphite resource at the Springdale Project late 2018. (ASX release 6th December 2018)

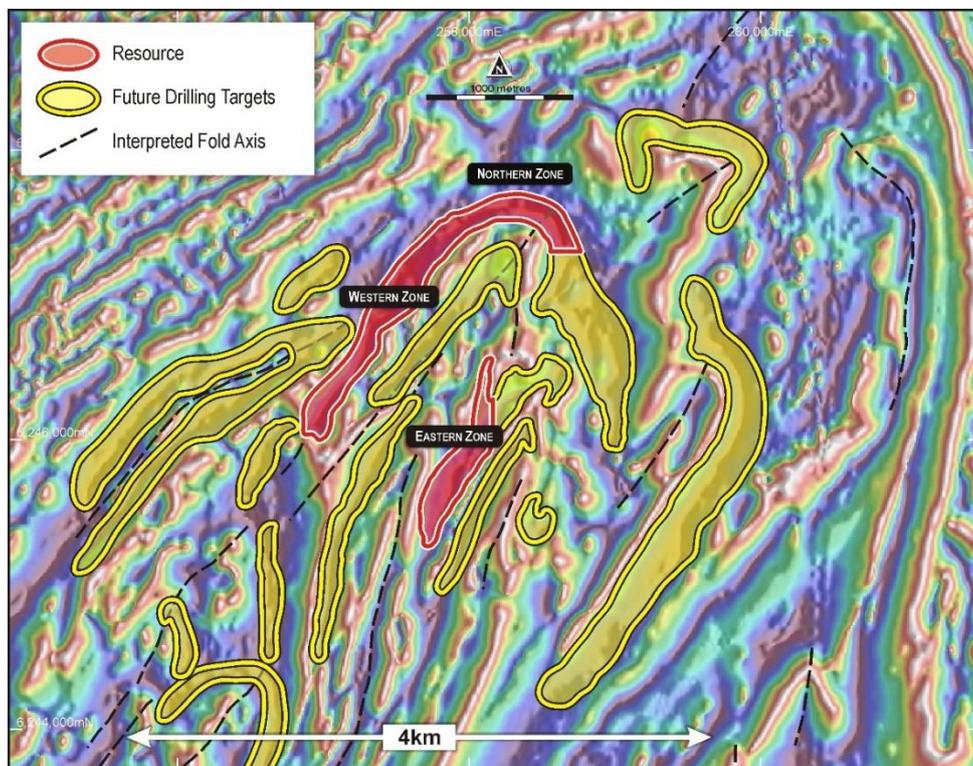
Table 1 – Springdale Project Resource Estimate reported at a $\geq 2\%$ TGC cut-off grade.

DOMAIN	TONNES (MT)	DENSITY (t/m ³)	Graphite (TGC%)	CLASSIFICATION
HIGH GRADE	2.6	2.1	17.5	INFERRED
TOTAL RESOURCE	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.

Resource Potential

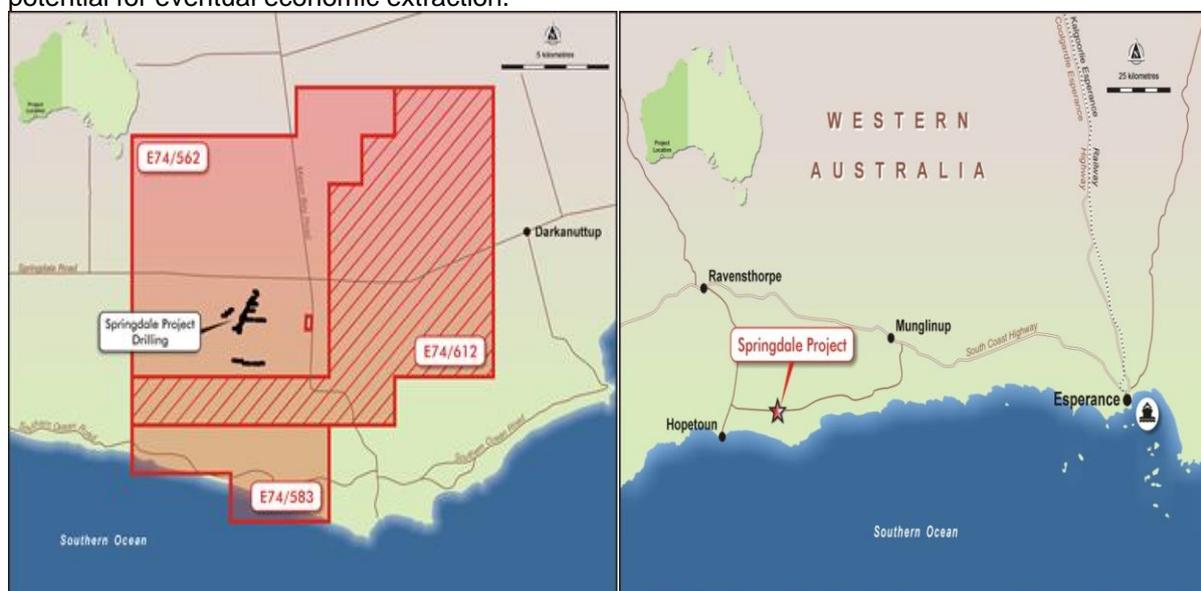
Comet conducted a 220 sq. km detailed aeromagnetic survey over the Springdale Project (ASX release 10th November 2017). Detailed Interpretation of less than 10% of Comet's total land holding delineated **26 kilometres of stratigraphy deemed to be prospective for graphite mineralisation; currently less than 20% of this has been drill-tested.** Drill testing of identified prospective stratigraphy has been successful in discovering graphite mineralisation.



Area of detailed interpretation.

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 on solid untreated rock.

The shallow, high-grade nature of the mineralisation together with positive indications from metallurgical test work completed for both graphene extraction through electrical exfoliation and battery applications supports the Company's opinion that the Springdale project deposit has the potential for eventual economic extraction.



Project Location: Tenements and Area Drilled to date

Tenement Listing		
Project	Interest	Tenement
Springdale Project	100%	E74/562
	100%	E74/583
	100%	E74/612
Gilmore Project	100%	EL8282
Bell's Find	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 \$0.8 million and has approximately 230 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 Person's Statement

The information contained in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr. Matthew Jones, a member of The Australasian Institute of Mining and Metallurgy. Mr. Jones is employed by Comet as the Exploration Manager and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking 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." Mr. Jones consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

Comet Resources Limited (ABN 88 060 628 202)

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

COMET RESOURCES LIMITED

ABN

88 060 628 202

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(264)	(1,132)
(b) development	-	-
(c) production	-	-
(d) staff costs	(30)	(142)
(e) administration and corporate costs	(140)	(553)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 GST refunded/(paid)	25	69
1.7 Research and development refunds ¹	-	342
1.8 Other – DMP Grant and rebates	-	104
1.9 Net cash from / (used in) operating activities	(408)	(1,311)

¹ During the September Quarter, the Company lodged a Research and Development Rebate for \$342,030. These funds were received on 5 October 2018.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date 9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1	897
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1	897

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	813	820
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(408)	(1,311)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1	897
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	406	406

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	28	41
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other – term deposits	378	772
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	406	813

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

133

-

Amount as stipulated in Section 6.1 is Director fees paid to the Board during the Quarter.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

-

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	184
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	159
9.6 Other – R & D Refund	-
9.7 Total estimated cash outflows	343

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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.

Sign here:



Company secretary)

Date: 24 April 2019

Print name: Sonu Cheema

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.