31th October 2018

SEPTEMBER QUARTER REPORT

Assay highlights include:

- **HR0101 - 31m @ 10.7% TGC from 14m including 8m @ 24.5% TGC.**
- **HR0114 - 27m @ 11.9% TGC from 27m including 14m @ 17.8% TGC and 1m @ 16.5% TGC.**
- **HR0126 - 46m @ 12.2% TGC from 38m including 7m @ 17.1% TGC and 17m @ 19.2% TGC.**
- **HR0127 - 25m @ 14% TGC from 30m including 12m @ 26.6% TGC.**
- **HR0128 - 19m @ 9% TGC from 47m including 8m @ 15.2% TGC.**

The Northern Zone continues to tick all the boxes:

- **High grade.**
- **Shallow dip.**
- **Near surface.**
- **Good location.**
- **Low sovereign risk.**

Approximately 50% of assays returned.

Awarded $150,000 EIS co-funding grant to assist with drilling costs.

Logged graphitic horizons suggest further positive results to come.

Springdale has three highly prospective graphite target zones and greater than 20km of untested targets.

Bench scale graphene plant commissioned.

Graphene Nano-Platelets (GNP) yield rates (particles of GNPs in an observed area) of up to 85%.

Large thin GNP flakes identified.

Significant improvement in exfoliation process.

Graphene metallurgical testwork continues.

Successful lodgement of $342k R&D Claim during the September quarter with the rebate monies received in October.

SPRINGDALE PROJECT WESTERN AUSTRALIA (100% Comet)

Comet Resources Limited (ASX: **CRL**) ("**Comet"** or the **"Company"**), has to date announced interim results for approximately 50% of the reverse circulation (**RC**) drilling undertaken during the quarter. **Result for the remaining drilling is expected during the December quarter. Comet plans to release a maiden resource for the Springdale Project after all results have been received and the interpretation has been completed.**

To date drilling has only tested 20% of the prospective graphite horizons identified from the aeromagnetic survey. Where mineralisation has been drilled it remains open along strike and at depth.

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Using aeromagnetic data to follow stratigraphy prospective for graphite mineralisation, combined with drilling results from the 2017/2018 Northern Zone campaign, an RC drill program was conducted to test the orientation and strike continuity of this high-grade graphite mineralisation. This drilling was completed in August 2018 and included 47 shallow, reconnaissance style, RC holes drilled for a total of 2,537 metres (**m**). To date results confirm the extension of high-grade graphite mineralisation in the Northern Zone for at least 700 m. Assay highlights for the results returned include (Figure 1):

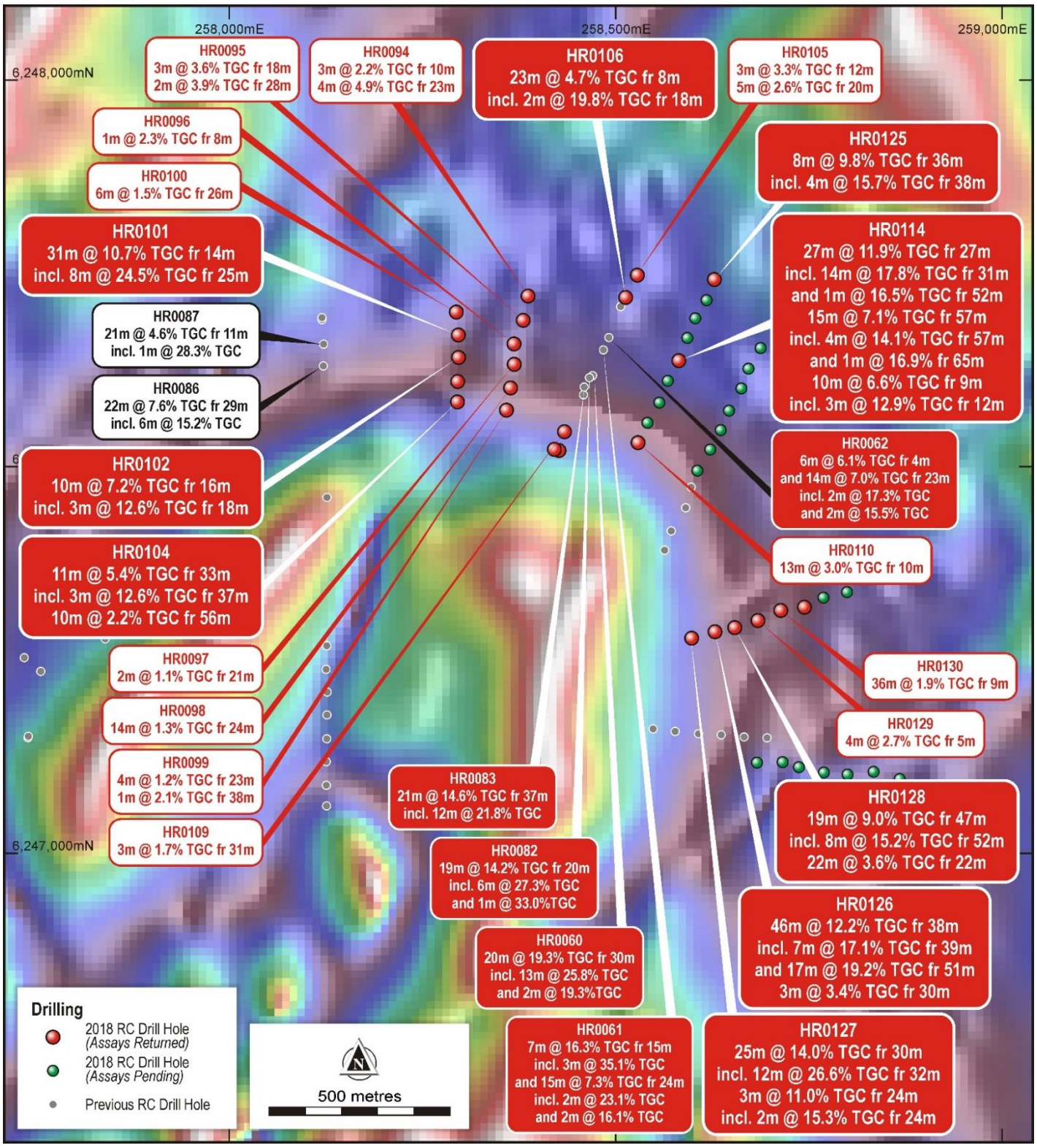

Figure 1. Location of recent and existing RC drilling covering the Northern Zone. Significant intersections for recent assays returned. Reduced to the pole (RTP) aeromagnetic image underlay.

- **HR0101**
  - **31m @ 10.7% TGC from 14m including 8m @ 24.5% TGC**
- **HR0102**
  - **10m @ 7.2% TGC from 16m including 3m @ 12.6% TGC**
- **HR0104**
  - **11m @ 5.4% TGC from 33m including 2m @ 11.3% TGC**
- **HR0106**
  - **23m @ 4.7% TGC from 8m including 2m @ 19.8% TGC**
- **HR0114**
  - **10m @ 6.6% TGC from 9m including 3m @ 12.9% TGC**
  - **27m @ 11.9% TGC from 27m including 14m @ 17.8% TGC and 1m @ 16.5% TGC**
  - **15m @ 7.1% TGC from 57m including 4m @ 14.1% TGC and 1m @ 16.9% TGC**
- **HR0125**
  - **8m @ 9.8% TGC from 36m including 4m @ 15.7% TGC**
- **HR0126**
  - **46m @ 12.2% TGC from 38m including 7m @ 17.1% TGC and 17m @ 19.2% TGC**

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- **HR0127**
  - **3m @ 11% TGC from 24m including 2m @ 15.3% TGC**
  - **25m @ 14% TGC from 30m including 12m @ 26.6% TGC**
- **HR0128**
  - **22m @ 3.6% TGC from 22m**
  - **19m @ 9% TGC from 47m including 8m @ 15.2% TGC**

The Northern Zone is located within an interpreted fold closure. This is a high priority structural target with strong potential for thick, high grade graphite horizons. Drilling in early 2018 successfully identified a new broad, high-grade graphite horizon. **The shallow dip and high grade (more tonnes per vertical metre containing high grade graphite) confirms the Northern Zone as a high priority target.**

Comet's metallurgical consultants, Independent Metallurgical Operations (**IMO**) are managing large bench scale graphene test work at Metallurgy Pty Ltd, laboratory in Western Australia.

Comet is currently treating a few kilograms of graphite core and plans to increase the amount of core being treated to recover a more significant sample of graphene. The Company is also recycling the conductive solution. Additional steps will be conducted on the graphene product before it will be analysed at Curtin University, Western Australia.

This bench scale operation will produce product that can be supplied to end users for testing and utilised in new graphene inventions/technologies.

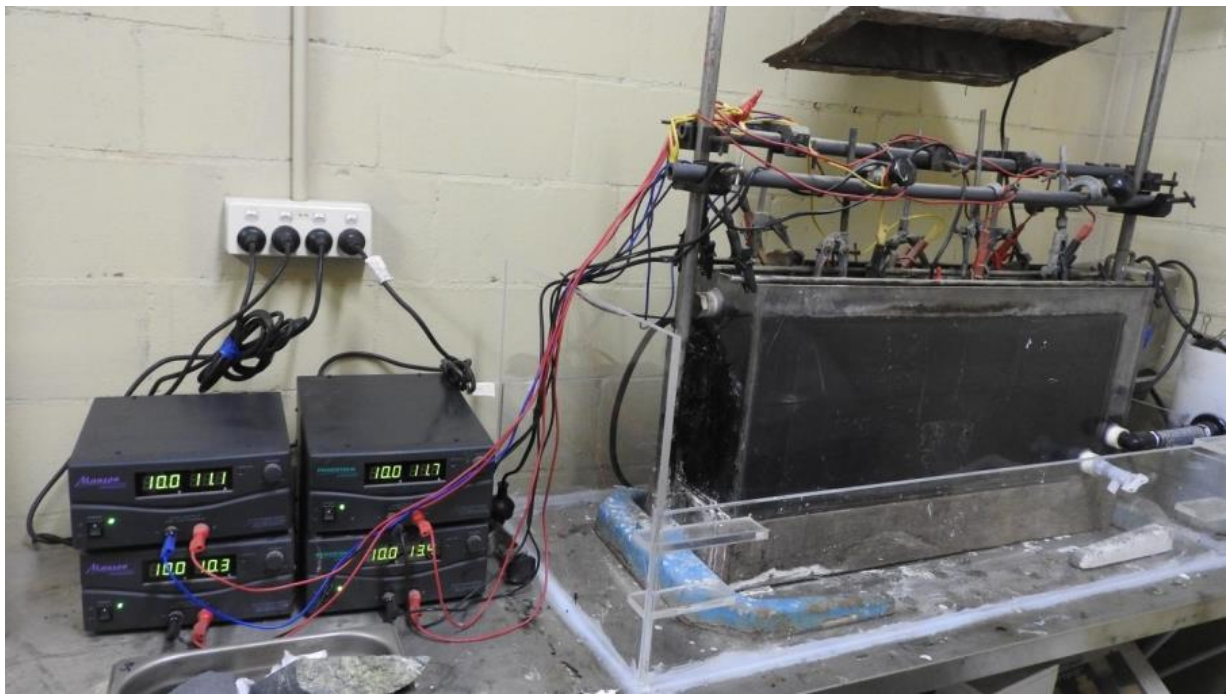

Figure 2. Bench scale plant treating graphite core

A series of tests were conducted prior to the bench scale unit construction and commissioning. The first step was to trial conductive solution in order to select the solution that yielded the greatest number of GNP particles and the best GNP product. When the conductive solution was selected a series of tests were conducted to confirm the original work. Samples were scanned with an Atomic force microscope and confocal Raman microscopy.

This new solution has allowed graphene yield rates (particles of graphene in an observed area) to reach up to 85% with an average yield rate of 66%. Results confirm that large thin graphene nano platelets are present.

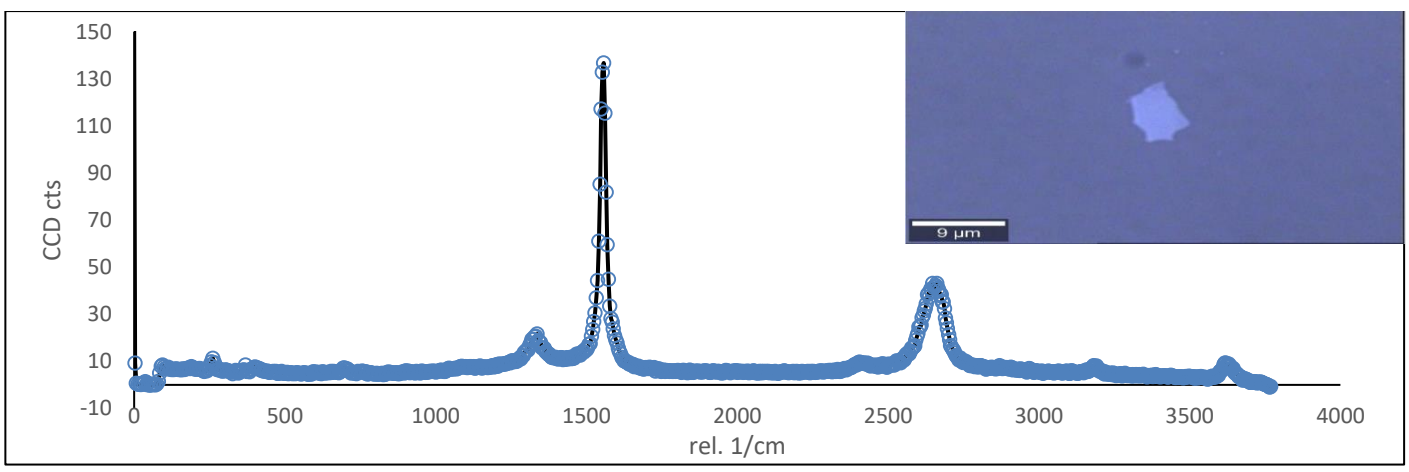

Figure 3. Raman plot for selected platelet

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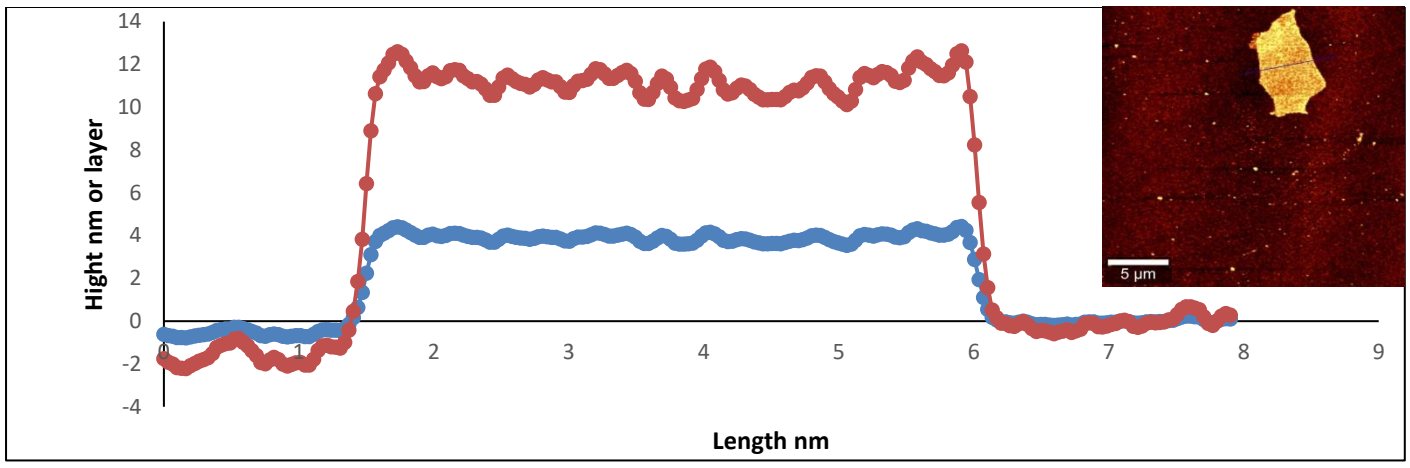


Figure 4. Cross section plot (line on particle) average height 3.9 nm, average graphene layers 11.2

Samples were analysed at Curtin University, located in Perth Western Australia. Atomic-Force Microscopy (**AFM**) and confocal Raman analysis were used to identify the presence of few layered graphene using a WITec Alpha 300SAR with 2ω NdYAG laser (λ = 532nm) instrument. This method is used to identify the number of layers of Graphene within a particle and to confirm the particle being analysed conforms to the structure of few layered graphene.

These results demonstrate that Comet's consultants are successfully optimising the process and are producing graphene products from the graphite material from the Springdale Project.

More results from the bench scale tests are expected next quarter.

It is very rare for a graphite deposit to be able to produce graphene using the exfoliation method. Graphene production is normally expensive to scale up, however the exfoliation method is believed to be a superior, lower cost and scalable process.

CORPORATE

Mr Edmund Czechowski and Mr Roj Jones both stepped down as directors of Comet, having served as long-standing directors and have significantly contributed to the growth and development of the Company throughout their tenure. Mr Jones was a founding director of Comet.

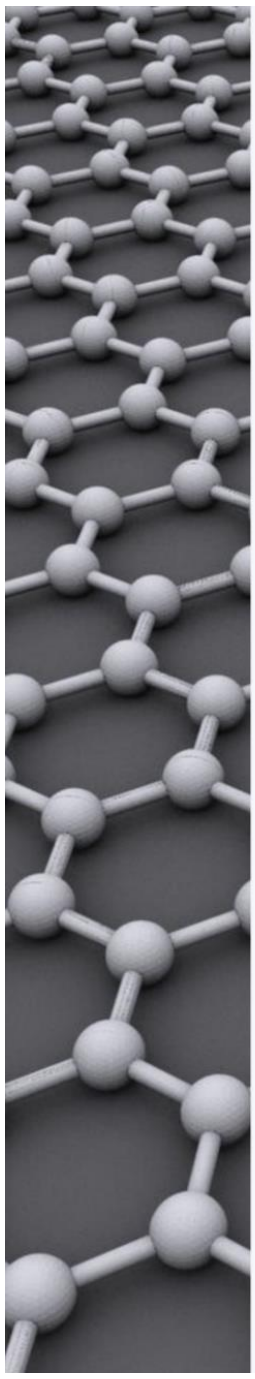
Joining the Board as Non-executive Director is Mr David Prentice, who brings more than 25 years' experience in commercial management and business development within the natural resources sector, working for some of Australia's leading resource companies. Mr Hamish Halliday has assumed the role as Non-executive Chairman of Comet.

Comet attended and presented at the International Graphene Innovation Conference in Xi'an, China. This conference has been running for 5 years and last year attracted more than 700 companies and 3,000 delegates from 30 countries.

Comet has withdrawn from a Controlled Placement Agreement (CPA) with Acuity Capital.

Figure 5. Picture from the International Graphene Innovation Conference

ABOUT GRAPHENE



COMET LTD.
RESOURCES

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 then 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.

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-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 140 RC holes for a total of 7857m, 113 aircore holes for 2,901 metres and 20 diamond holes for 1,193 metres. Significant intersections from drilling include:

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

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- 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
- 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

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
- 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

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.

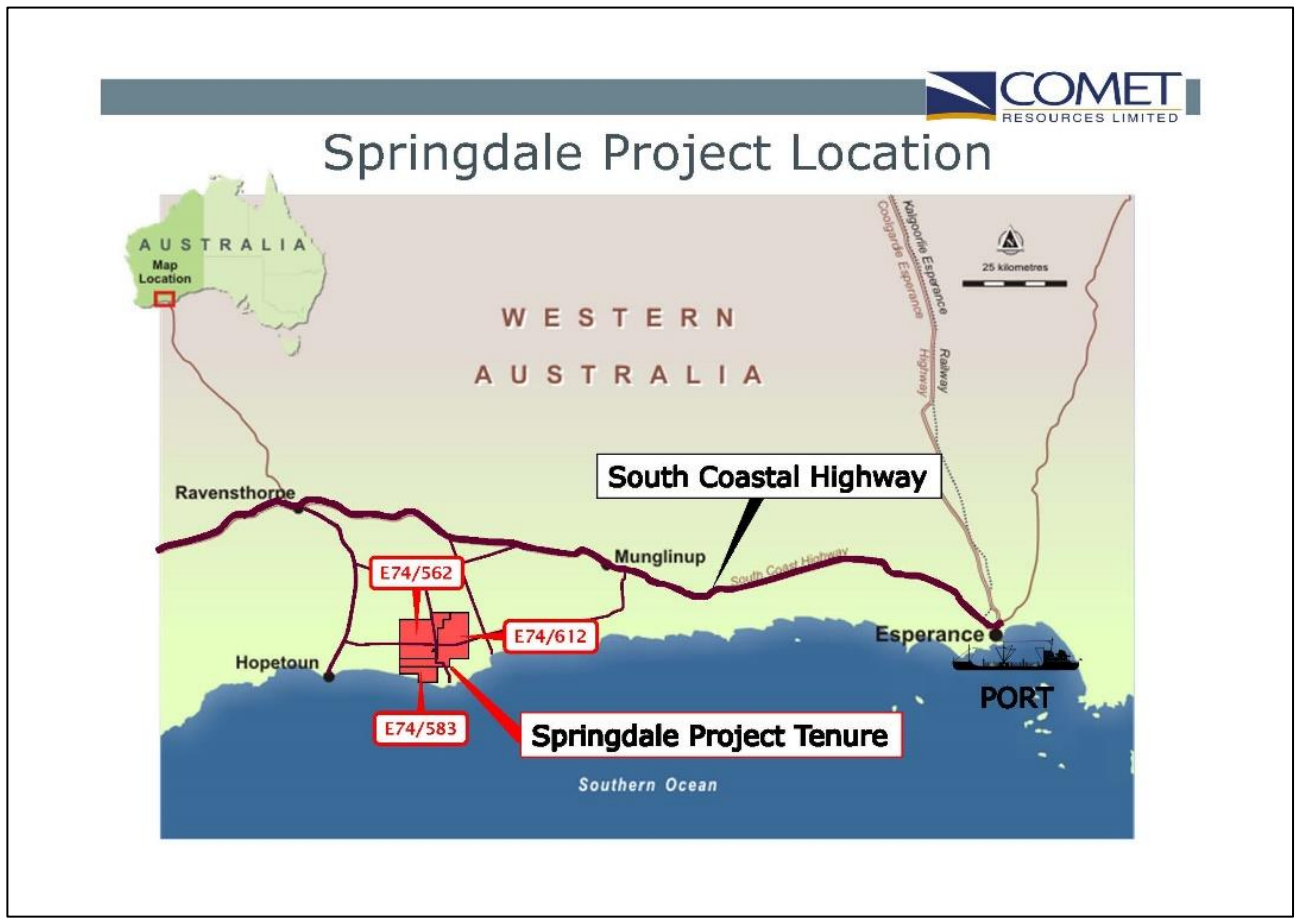

Figure 6. Plan showing location and tenements

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 $0.4 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 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.

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+Rule 5.5

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	**Quarter ended ("current quarter")**
88 060 628 202	**30 September 2018**

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date 3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(586)	(586)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(76)	(76)
	(e) administration and corporate costs	(182)	(182)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	GST refunded/(paid)	17	17
1.7	Research and development refunds	-	-
1.8	Other – DMP Grant and rebates[1]	104	104
1.9	**Net cash from / (used in) operating activities**	**(724)**	**(724)**

[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	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date 3 months) $A'000
	(d) other non-current assets	-	-
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	176	176
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**	**176**	**176**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	820	820
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(724)	(724)
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)	176	176

Consolidated statement of cash flows		Current quarter $A'000	Year to date 3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period[1]**	**272**	**272**

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

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	116	590
5.2	Call deposits	-	
5.3	Bank overdrafts	-	
5.4	Other – term deposits	156	230
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)[1]**	**272**	**820**

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

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	185
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	

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
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	

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**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	120
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	120
9.6	Other – R & D Refund	-
9.7	**Total estimated cash outflows**	**240**

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: 31 October 2018

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.