

Santa Teresa Gold Project Acquisition Completion

Highlights:

- Final agreement now executed with shareholders of El Alamo Resources
- First stage of acquisition completed – Comet is now 50% owner of the Santa Teresa Gold Project¹
- Comet has the option to increase ownership to 100% within 2 years
- 32 diamond holes have been drilled² delivering numerous high-grade gold intersections including:
 - 2m @ 32.4g/t gold from 19m
 - 1m @ 958.4g/t gold from 239m
 - 2.5m @ 38g/t gold from 174m
 - 3.9m @ 39g/t gold from 121m
 - 3m @ 19.9g/t gold from 214m
 - 1m @ 125.9 g/t gold from 83m
 - 3.1 @ 14.4g/t gold from 59m
 - 3.1m @ 16g/t gold from 101m
- Work to commence on re-assaying of historic drill core and preparation of a JORC compliant Mineral Resource estimate
- Historical production in the surrounding El Alamo district estimated between 100,000 to 200,000oz gold
- Exploration upside and opportunity to extend current mineralisation due to the under-explored nature of the tenements
- Stream Financing agreement with Raptor Capital International Limited in advanced stage of documentation and expected to complete in the near-term

Comet Resources Ltd (Comet or the Company) (ASX:CRL) is pleased to announce that it has executed a Share Purchase and Joint Venture Agreement (SPA) with the shareholders of El Alamo Resources Limited (EARL) for the 100% acquisition (Acquisition) of the Santa Teresa Gold Project (Project). Documentation of the binding gold streaming and royalty financing (Financing) with Raptor Capital International Limited (Raptor) to fund activities at the Project for up to US\$20 million (initial minimum of US\$6 million) is advanced and is expected to complete in the near-term.

Comet Managing Director, Matthew O’Kane, commented, ***“From the initial announcement of this transaction to closing, the gold price has increased over US\$200 per ounce. This has increased the potential value of Santa Teresa for Comet and we are now looking forward to commencing work on the historical drill core and a maiden JORC resource. In parallel, we will plan our initial field activities. The relatively under explored nature of the Project and the richness of the district provides a lot of scope to extend mineralisation.”***

¹ Subject to shareholder approval for the issue of the consideration shares. Comet has negotiated an accelerated acquisition of its initial 50% interest in the Santa Teresa Gold Project by agreeing that the certain conditions precedent to the acquisition be treated as conditions subsequent. Refer to Annexure A for further details.

² Refer to the Company’s release of 9 June 2020 for results of all 32 drill holes.

Paul Ray, Director of El Alamo Resources Ltd and CEO of Raptor Capital International Ltd stated “**The closing of the SPA represents an important first step in developing the Santa Teresa Gold Project into a high-grade operating gold mine. The acquisition by Comet adds a well credentialed Board and Management team that have over 50 years of combined exploration, development and mining expertise. The pending gold stream financing by Raptor, which is subject to definitive documents being finalised, is expected to fully fund the Project into production. We are looking forward to working together with the Comet team on this exciting Project.**”

The Santa Teresa Gold Project is comprised of two mineral claims totalling 202 hectares located in the gold rich El Alamo district, approximately 100 km southeast of Ensenada, Baja California, Mexico; and 250 km southeast of San Diego, California, USA. **The Project is prospective for high grade gold, with an existing Non-JORC Inferred Mineral Resource of 64,000oz Au at an average grade of 8.7g/t, reported at a cut-off grade of 4g/t.** In addition to the two claims of the Project, two additional claims totalling a further 378 hectares in the surrounding El Alamo district are being acquired from EARL.

Existing Inferred Resource was reported under NI43-101 and has not been reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the Inferred Resource as a mineral resource under the JORC Code. It is uncertain that following evaluation and/or further exploration work that the Inferred Resource will be able to be reported as a mineral resource in accordance with the JORC Code. Refer to the Company’s announcement of 9 June 2020 for further details. The Company is not in possession of any new information or data relating to the Inferred Resource that materially impacts on the reliability of the Inferred Resource. The supporting information provided in the Company’s announcement of 9 June 2020 continues to apply.

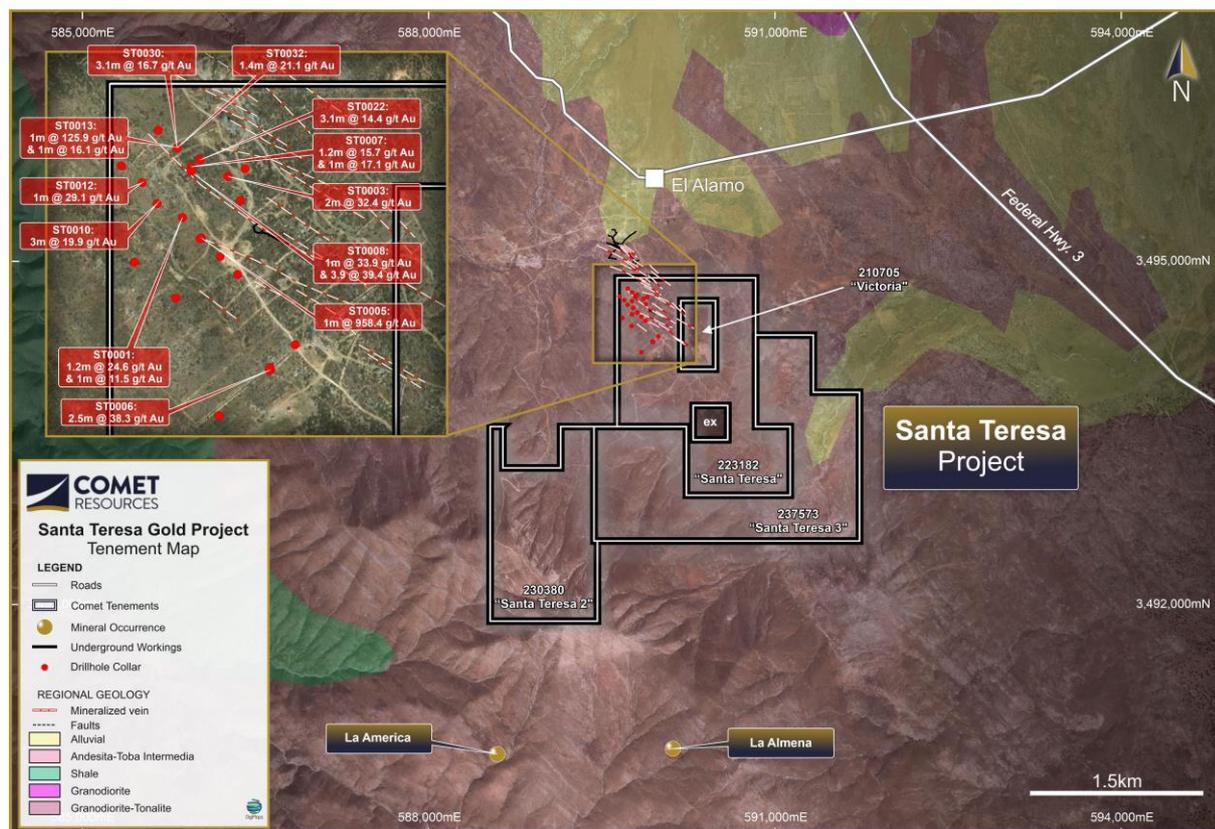


Figure 1: Santa Teresa Gold Project location and selected drill results

The Acquisition will be completed on a staged basis, with Comet acquiring an initial 50% interest by making a refundable \$100,000 cash payment to the shareholders of EARL. The balance of the consideration for the initial 50% interest to be paid upon satisfaction of the

conditions subsequent. The remaining 50% interest will be acquired upon a decision to mine being made in respect of the Project within a two year period. A summary of the material terms and conditions of the Acquisition are set out in Appendix 1.

Placer gold deposits of the El Alamo district were discovered in 1888. High grade ore-shoots were subsequently discovered on the Aurora-Princess vein within a year. Lode mining continued until 1907, after which leases were worked until 1912 when mining ceased as a result of the Mexican Revolution. The reported gold production of the El Alamo district has been estimated between 100,000 to 200,000 ounces of gold. For further details on the Santa Teresa Project please refer to the Company’s announcement of June 9, 2020.

The acquisition is further enhanced by funding from Raptor of \$US6M (up to US\$20M) via a gold stream and royalty facility which is currently in the process of final documentation and is expected to be completed in the near term. The use of proceeds is to fund development activities at Santa Teresa and the facility will be secured only against the Santa Teresa Gold Project itself and any further tenements acquired in the region.



Figure 2: Regional Geology of the Santa Teresa Gold Project

Initial site work at Santa Teresa will involve assessing near term production opportunities within the Santa Teresa license area itself and the other licenses proposed to be acquired in the El Alamo district, and if this work warrants, commencement of mining activities. All such activities may be financed by the Raptor stream financing. In addition, due to the recent increase in the gold price, work will also investigate options to increase the size and confidence of the resource at the Project prior to commencement of mine development activities.

Gold prices have continued to rise over the period between initial announcement of the Santa Teresa transaction and the transaction close and may still have further upside to price due to

ongoing economic uncertainty caused by the COVID-19 pandemic and in response to the related ongoing aggressive monetary policy easing by many major economy's central banks.

The Company notes that the acquisition of the Santa Teresa Gold Project, while complete and binding, has a range of conditions subsequent to be satisfied by the vendors before the full stage 1 consideration is paid (refer to Annexure A for further details). Many of these conditions subsequent relate to due diligence work that requires information from several Mexican government bodies, such information which is unavailable at present due to temporary closures of certain government departments as part of measures taken to combat Covid-19.

This announcement has been authorised by the Board of Comet Resources Limited.

**For further information please contact:
MATTHEW O'KANE**

Managing Director

 (08) 6489 1600

 comet@cometres.com.au

 cometres.com.au

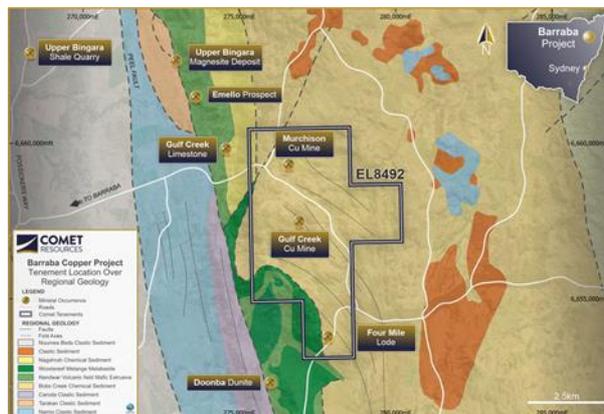
 Suite 9, 330 Churchill Avenue Subiaco WA 6008

 PO Box 866 Subiaco WA 6904

About Comet Resources

- Barraba Copper Project (NSW)

The 2,375ha exploration license that covers the project area, EL8492, is located near the town of Barraba, approximately 550km north of Sydney. It sits along the Peel Fault line and encompasses the historic Gulf Creek and Murchison copper mines. The region is known to host volcanogenic massive sulphide (VMS) style mineralisation containing copper, zinc, lead and precious metals. Historical workings at Gulf Creek produced high-grade copper and zinc for a short period around the turn of the 19th century, and this area will form a key part of the initial exploration focus.



- Springdale Graphite Project (WA)

The 100% owned Springdale graphite project is located approximately 30 kilometres east of Hopetoun in south Western Australia. The project is situated on free hold land with good access to infrastructure, being within 150 kilometres of the port at Esperance via sealed roads.

The tenements lie within the deformed southern margin of the Yilgarn Craton and constitute part of the Albany-Fraser Orogen. Comet owns 100% of the three tenement's (E74/562 and E74/612) that make up the Springdale project, with a total land holding of approximately 198 square kilometres.



Forward-Looking Statement

This announcement 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 this announcement relate to exploration results in respect of the Santa Teresa Gold Project is based on information compiled by Mr Kirstopher J Raffle, a Competent Person who is registered with the Association of Professional Engineers and Geoscientists of British Columbia (a Recognised Professional Organisation recognised by ASX), and is a principal of APEX Geoscientists Limited. Mr Raffle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Raffle has previously consented to the inclusion in the Company's announcement dated 4 June 2020 and 9 June 2020 of the matters based on his information in the form and context in which it appears.

No New Information

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Appendix 1 - Share Purchase Agreement and Joint Venture Agreement

The indicative material terms of the Proposed Acquisition are as follows:

Exclusivity Fee and Financing Payment

Comet:

- has paid a non-refundable exclusivity fee of A\$25,000 to EARL (Exclusivity Fee) on the date of execution of the HOA; and
- will pay A\$275,000 to EARL on the date that US\$6,000,000 under the Raptor Financing becomes available to the Company.

Consideration

The consideration payable by the Company to EARL for the Acquisition will be comprised of:

- at Completion (defined below) and upon transfer of an initial 50% interest in EARL (and thereby the Project) to the Company:
 - A\$100,000 upon execution of the SPA and JV (amount now paid); and
 - Following satisfaction of the conditions subsequent:
 - the lesser of:
 - A\$1,000,000 worth of fully paid ordinary shares in the capital of the Company (CRL Shares) at the greater of \$0.025 and the price equal to the VWAP of Comet Shares calculated over the 20 trading days prior to the date of issue; and
 - that number of CRL Shares equal to 19.9% of the issued capital of the Company.
 - A\$100,000 payable in cash,(together, the Initial Consideration),
- upon a decision to mine being made by the Company and upon transfer of the final 50% interest in EARL (and thereby the Project) to the Company:
 - the lesser of:
 - A\$1,000,000 worth of fully paid ordinary shares in the capital of the Company (CRL Shares) at the greater of \$0.025 and the price equal to the VWAP of Comet Shares calculated over the 20 trading days prior to the date of issue; and
 - that number of additional CRL Shares so that the shareholding of EARL in the Company does not exceed 19.9% of the issued capital of the Company.

- A\$1,000,000 payable in cash,

(together, the Secondary Consideration); and
- upon production of the first 50,000 ounces of gold from the Project, A\$1,000,000 payable in cash or CRL Shares as agreed between the parties (at an issue price per CRL Share to be agreed between the Company and EARL) (the Deferred Consideration),

(together, the Consideration).

Royalty

In addition to the Consideration, the Company will grant a 1% net smelter royalty over all minerals produced from the existing concessions held by Grupo that comprise the Project to EARL on customary commercial terms.

Production Milestone

Subject to the Facility being made available to the Joint Venture, in the event that a decision to mine has not been made within 24 months of Completion (subject to the 24 month period being adjusted in the event of any delay in the Facility being made available or for any force majeure events that are outside of Comet's control), the Project will be transferred back to EARL (or its nominee/s) for nil consideration, subject to Comet being entitled to retain an interest in EARL commensurate with its expenditure during that period (refer below for further details below).

Conditions Subsequent:

The conditions subsequent to completion of the payment of the balance of the consideration for an initial 50% interest in EARL (and thereby the Project) to the Company (Completion) will include:

- Comet and Raptor entering into the Streaming Agreement and the Streaming Agreement becoming unconditional in accordance with its terms;
- Comet obtaining all legal, regulatory, shareholder and securities exchange approvals that are necessary for Comet to give effect to the Acquisition and to allow Comet to complete the matters set out in this Agreement (including, for the avoidance of doubt, shareholder approval for the issue of the Consideration Shares by Comet under the ASX Listing Rules);
- Comet completing due diligence investigations in respect of the Company Group and the El Alamo Gold Project, to its sole satisfaction (acting reasonably);
- Grupo becoming a wholly owned subsidiary of the Company;
- the Company Group obtaining, in a form satisfactory to Comet, all third-party approvals, consents and regulatory approvals that are necessary to give effect to the Acquisition and to allow the Company Group to complete the matters set out in this Agreement;
- the Company obtaining all applicable waivers of any applicable pre-emption or similar rights that have been obtained or have lapsed in respect of the transfer of any interests in the Sale Shares or the El Alamo Gold Project; and
- the Company Group completing the transfer of all debt owed by Grupo to El Alamo Mining Corp. (an entity incorporated in British Columbia, Canada) as at the Execution Date to the Company on terms acceptable to Comet (acting reasonably),

(together, the **Conditions Subsequent**). If the Conditions Subsequent are not satisfied or waived by Comet, the initial \$100,000 payment made to the vendors will be refunded to Comet.

Joint Venture

Until such time as a decision to mine has been made, the Project will be operated as an incorporated joint venture with Comet holding a 50% interest in EARL and being appointed manager of the Project. Comet will sole fund all expenditure on the Project during the period prior to it acquiring the remaining 50% interest in EARL (Sole Funding Period). In the event that a decision to mine is not made within the Sole Funding Period, Comet will transfer its interest in EARL back to the vendors for nil consideration, provided that Comet will be entitled to either:

- retain a shareholding in EARL commensurate with the expenditure incurred by Comet during the sold in the Project during the Sole Funding Period; or
- convert its interest to a 1.5% net smelter return royalty in respect of the Project.

Should a decision to mine not be made during the Sole Funding Period and Comet elects to retain an interest in EARL, the Project will be operated as a joint venture on customary terms. Should a decision to mine not be made within the Sole Funding Period, Comet will retain a 50% interest in any additional concessions acquired by EARL or its subsidiaries during the Sole Funding Period.

Area of Influence

The Joint Venture will apply for concessions mutually agreed between Comet and EARL within an area of influence covering the San Marcos Dyke Swarm (Area of Influence).