

Acquisition of Santa Teresa Gold Project and Stream Financing up to US\$20M

Highlights:

- Binding Heads of Agreement for the acquisition of the high-grade Santa Teresa Gold Project in Baja California, Mexico
- Concurrently negotiated non-binding terms for up to a US\$20M financing to fund development activities on the Project via a gold streaming and royalty arrangement to be provided by Raptor Capital International
- 32 diamond holes have been drilled into the project¹ delivering numerous high grade 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
- Santa Teresa has an existing non-JORC² Inferred Mineral Resource estimate of 64,000oz Au Inferred grading at 8.7g/t, reported at a 4g/t cut-off. However, individual assay grades were capped to 20g/t
- Historical production in the surrounding El Alamo district estimated between 100,000 to 200,000oz Au
- Exploration upside and opportunity to expand current mineralisation due to the under-explored nature of the tenements and the gold rich nature of the district

Comet Resources Ltd (Comet or the Company) (ASX:CRL) is pleased to announce that it has executed a binding heads of agreement (HOA) with privately owned El Alamo Resources Limited (EARL) for the proposed 100% acquisition (Acquisition) of the Santa Teresa Gold Project (Project), and concurrently executed a non-binding term sheet with Raptor Capital International Limited (Raptor) for a gold streaming and royalty financing (Financing) to fund activities at the Project for up to US\$20 million (initial minimum of US\$6 million).






Comet Managing Director, Matthew O’Kane, commented, ***“Santa Teresa contains attractive near-surface high-grade gold mineralisation that is open along strike and at depth. Along with the non-dilutive development funding from Raptor, I believe subject to completion of due diligence, the Project has potential to add significant value to***

¹ Refer to Appendix 4 for results of all 32 drill holes.

² Refer to Appendix 1 for further details.

Comet Resources Limited
ABN 88 060 628 202

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 **ASX:CRL**

Comet. Whilst we work through the detail on Santa Teresa, we continue preparations for the initial field exploration program at Barraba, likely to commence in Q3."

The Acquisition will be completed on a staged basis, with Comet acquiring a 50% interest upon satisfaction of due diligence and the initial US\$6 million Financing being made available to the Company, with the remaining 50% interest to be acquired upon a decision to mine being made in respect of the Project. Summaries of the material terms and conditions of the Acquisition and Financing are set out in Appendices 1 & 2 respectively.

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 Inferred 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 proposed to be acquired from EARL.

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.

The acquisition is further enhanced by anticipated funding from Raptor of \$US6M (up to US\$20M) via a gold stream and royalty facility for which non-binding terms have been concurrently negotiated by Comet management. 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. Comet has made it a condition of the acquisition of the Project that the stream and royalty financing is concluded to its satisfaction.

Following conclusion of the Project acquisition, Comet proposes to focus physical works at Santa Teresa on 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.

Comet is developing a portfolio of base/precious metal projects, with the acquisition complimenting and building on Comet's recent acquisition (refer ASX Announcement 23 January 2020 and 16 April 2020) of the Barraba Copper Project located in NSW, Australia.

Gold, which is currently sitting at decade highs (~US\$1,700/oz) may have further upside to price due to the current economic uncertainty caused by the COVID-19 pandemic and the related unrelenting money printing of many central banks.

The Company notes that the acquisition of the Santa Teresa Gold Project and Raptor stream financing are highly conditional and require satisfactory completion of ongoing due diligence on the Project and the provision of financing via the proposed stream and royalty agreement. We encourage investors to exercise caution when making investment decisions. Please also refer to Appendix 1 and Appendix 2 for full details of the terms and conditions pertaining to the proposed transactions.

About the Santa Teresa Gold Project:

The Santa Teresa Gold Project lies immediately to the south of the town of El Alamo. Access to El Alamo is gained via Mexico Federal Highway 3 southeast from Ensenada to Ojos Negros then, west to El Alamo, a distance of about 75 kilometres. (see Figure 1)

The Project lies between 1,100 metres and 1,200 metres above sea level characterized by gently rolling hills. The climate is dry seasonal arid to semi-arid, with long, warm summers and cool winters. Annual rainfall averages 30 centimetres.

Electrical power lines are available approximately 10 kilometres from the Project.

The Project is located within the Central Zone of the Peninsular Ranges Batholith of Baja California. The Central Zone comprises back-arc and slope basin sedimentary rocks that have been intruded by Cretaceous granitoids. Intrusion was accompanied by regional metamorphism, deformation and pervasive foliation development, which records southwest-northeast convergence. Emplacement of a mafic and felsic dyke swarm along the foliation is constrained between 120 and 100 Ma.

The Project is underlain by quartz diorite intrusive cut by older gabbro and hornblende porphyry, and younger diabase dykes. The dykes in part define the trace of the Alamo fault zone, which is host to economically significant, northwest-trending, southwest dipping to near vertical mesothermal lode-gold quartz vein systems. The quartz veins range in width from a few centimetres to 3 metres (m) and commonly occur in sets of 2 or 3 parallel veins that may pinch, swell, bend or split into stringers. The principal surface veins of the Santa Teresa Gold Project from northeast to southwest are the: Princessa, Aurora, Cruda, Borracha, North and South Spider, Quinota, Camion, La Americana, Alamo and Polvorin veins.

Modern exploration at Santa Teresa Gold Project includes the 2008 diamond drilling program of 32 holes totalling 7,025 metres by Premier Gold Mines Limited; 1992 trenching by Dakota Mining Corporation; and various prospecting visits, which define 12 gold-bearing quartz vein lodes over a total strike length of 500 m and to a maximum vertical depth of 230 m. Given the limited extent of the drilling, and the complex, multiple narrow vein nature of the deposit, there is necessarily uncertainty associated with the geological model. Quartz veins of the Project are interpreted to range in estimated true-width from 0.7 to 2.0 metres. They occur in sets of two or three sub-parallel veins typically spaced between 3 and 10 metres apart, one of which may be significantly higher grade. Lower grade veins pairs exhibit somewhat greater lateral continuity. Higher grade values may occur where veins are oriented at low acute angles to the majority or where veins intersect. It is unclear whether a shallow south easterly plunge of high grade gold values is a result of shear zone kinematics or geometric "paneling" of the deposit due to post-mineral diabase dykes. There is insufficient structural data available currently to predict the orientation of ore shoots within the host shear zone.

The Santa Teresa Gold Project Inferred Mineral Resource estimate was estimated within three dimensional solids that were created from cross-sectional lode interpretation. The Borracha, Cruda and Aurora veins were cut off between 20 to 40 m below surface due to post-mineral dykes and the presence of historic underground workings. The upper contact of the remaining veins has been cut by the topographic surface. Grade was estimated into a block model with parent block size of 5 m (X) by 5 m (Y) by 5 m (Z) and sub-blocked down to 1 m (X) by 1 m (Y) by 1 m (Z).

No density measurements have been collected to date on this property, and as such a nominal density of 2.79 kg/m³ was assigned to the mineralization. Grade estimation of gold was performed using the Inverse Distance squared (ID2) methodology.

Due to the uncertainty of the position and extent of the post un mineralised dykes within the Santa Teresa deposit a 30% dilution to the resource has been applied.

The Inferred Mineral Resource estimate has been reported at a range of gold cut-offs. No portion of the current Inferred Mineral Resource has been assigned to the 'Indicated' or "Measured" category. The Santa Teresa uses a cut-off grade of 4.0g/t Au, which is considered suitable to demonstrate reasonable prospects for economic extraction. The Santa Teresa Gold Project Inferred Mineral Resource has been calculated at 230,000 tonnes at 8.7g/t Au for 64,000 ounces of gold using a 4g/t lower block cut off.

Historical drilling programs at the Project have generated multiple high grade intercepts, highlighting the potential exploration upside to the current resource, which is open at depth and along strike.

Hole	From (m)	To (m)	Interval (m)	Au (g/t)
ST_0001	127.4	128.6	1.2	24.6
ST_0001	217.0	218.0	1.0	11.5
ST_0003	19.0	21.0	2.0	32.4
ST_0005	239.0	240.0	1.0	958.4
ST_0006	173.8	176.3	2.5	38.3
ST_0007	88.8	90.0	1.2	15.7
ST_0007	163.0	164.0	1.0	17.1
ST_0008	55.0	56.0	1.0	33.9
ST_0008	121.1	125.0	3.9	39.4
ST_0010	214.0	217.0	3.0	19.9
ST_0012	201.5	202.5	1.0	29.1
ST_0013	83.1	84.1	1.0	125.9
ST_0013	112.7	113.7	1.0	16.1
ST_0022	59.4	62.5	3.1	14.4
ST_0030	101.4	104.5	3.1	16.7
ST_0032	152.7	154	1.4	21.1

Figure 1: Prior drilling intercepts. All Au grades > 20g/t are capped at 20g/t for the purpose of resource estimation. Results of all drilling intercepts are set out in Appendix 4.

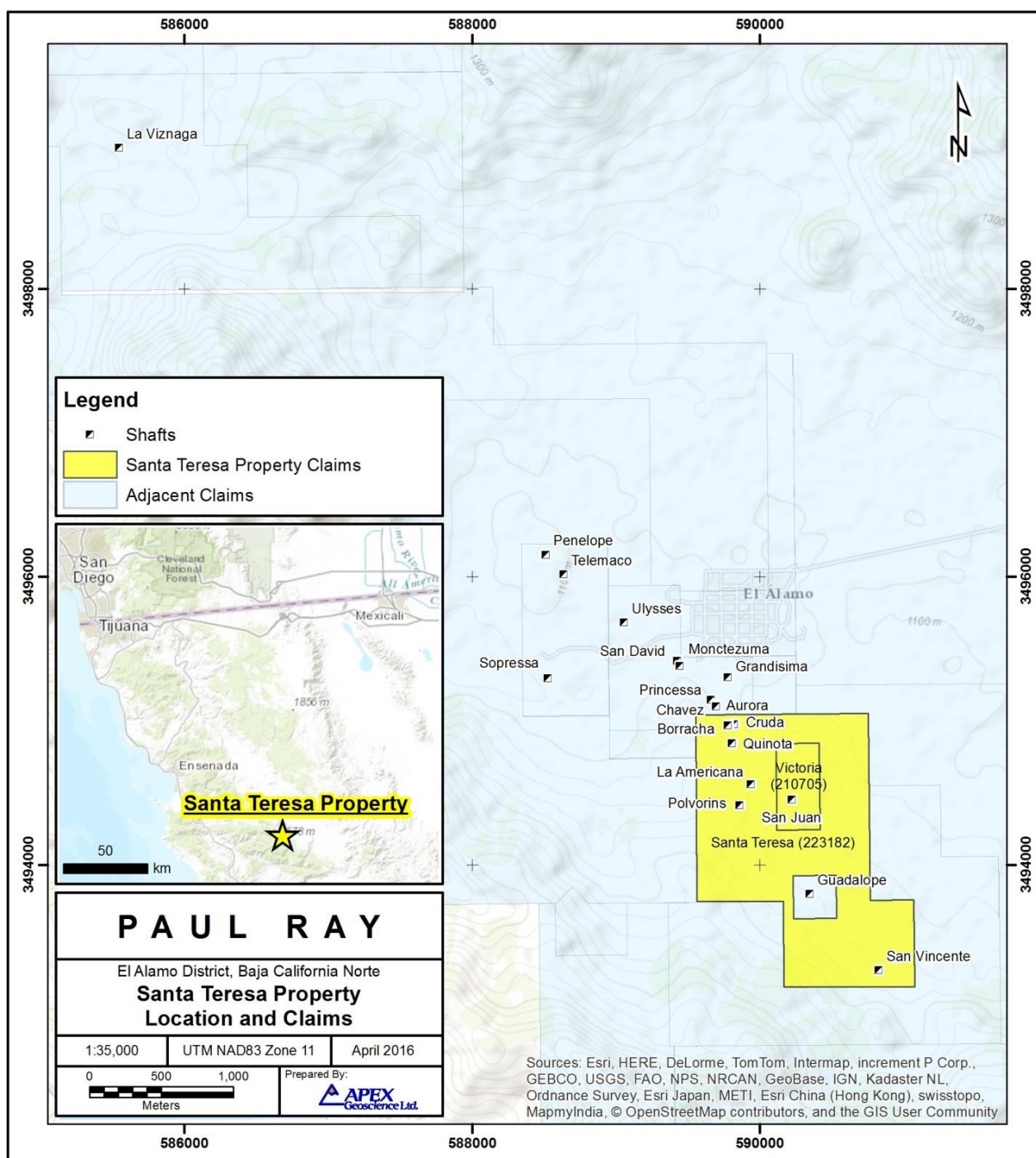







Figure 2 – Santa Teresa Project location

Comet Resources Limited
ABN 88 060 628 202

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 **ASX:CRL**

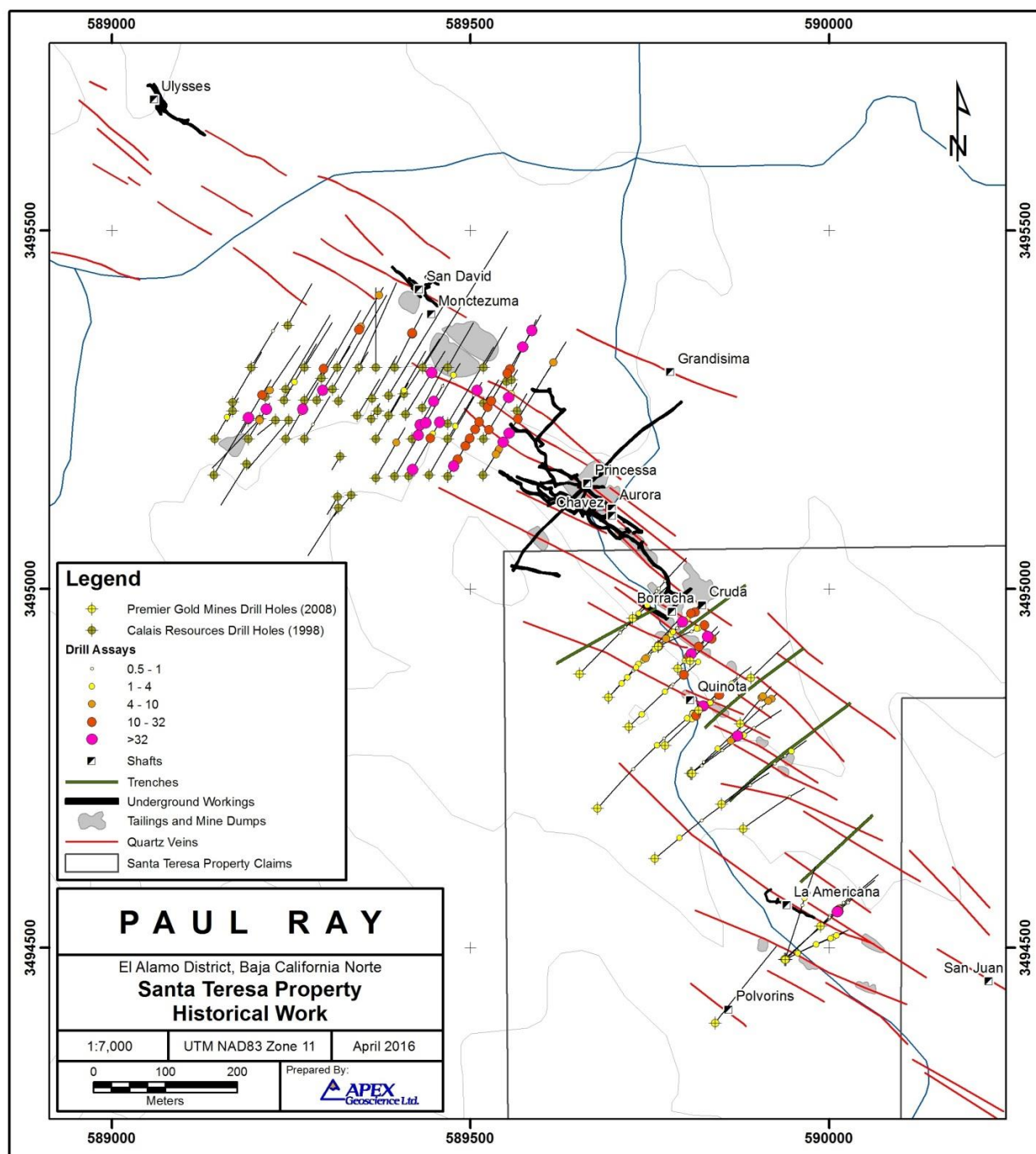


Figure 3: Historical drilling at Santa Teresa and surrounding tenements

Comet Resources Limited
ABN 88 060 628 202

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

☎ AU +61 (8) 6489 1600
✉ comet@cometres.com.au
✉ PO Box 866 Subiaco WA 6904
🌐 cometres.com.au
📡 ASX:CRL



Figure 4: Visible gold in drill core from prior exploration at Santa Teresa

Summary of Key Terms for Acquisition of the Santa Teresa Gold Project:

(Note – Detailed Terms are available in Appendix 1)

The proposed transaction allows for an acquisition of 100% of the Project from current registered holding entity Grupo Alamo S.A de C.V (Grupo) (a wholly owned subsidiary of EARL), which owns the Santa Teresa Gold Project. The key terms are summarised below and presented in more detail in Appendix 1.

Consideration payable by Comet to EARL under the acquisition comprises:

- A\$25,000 payable upon execution of the HOA (amount now paid);
- A\$275,000 upon Comet signing an unconditional gold streaming agreement with Raptor Capital International, with a value for at least US\$6,000,000 and up to US\$20,000,000;
- The lesser of A\$1,000,000 worth (@20 Day VWAP) of Comet fully paid ordinary shares (FPO) or 19.9% of the then issued capital of Comet in FPO shares and A\$200,000 cash payment upon Comet receiving a 50% interest in the Project; and
- The lesser of AUD\$1,000,000 worth of Comet fully paid ordinary shares (parties to agree share price value) or additional shares such that the shareholding of EARL does not exceed 19.9% of the then issued capital of Comet; and
- A\$1,000,000 cash payment upon a decision to mine in respect of the Project and the transfer of the final 50% ownership of the Project to Comet.

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 AU +61 (8) 6489 1600

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 cometres.com.au

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Issue of securities detailed above will be conditional on shareholder approval. Pricing of the securities is to be finalised in full form documentation for the transaction, however the Company expects a market based reference such as VWAP will be utilised.

In addition, Comet will pay A\$1,000,000 in additional consideration to EARL on production of the first 50,000 ounces of gold from the Project.

EARL will be entitled to a 1% NSR royalty of all gold extracted from the Project over the concessions currently held by Grupo.

Empire Capital Partners Pty Ltd have been engaged as advisor to the proposed acquisition and arranger of the Raptor stream financing. They will receive A\$60,000 in shares based on a 20 day VWAP upon execution of the Heads of Agreement, plus fees to the value of 3% of the value of the consideration payable for the Acquisition transaction in cash or shares at Empire's election, in two tranches based on the staged acquisition. They will also receive 6% of the total value of the Financing Transaction in shares (at the 20-day VWAP of the Company on the day prior to the execution of the documents), and 6% in options (Options priced at 30% premium to 20-Day VWAP with expiry June 30, 2023). The Financing Transaction shall be payable on the minimum commitment of US\$6M on signing of a binding agreement for the Financing, with the balance of fees to be paid upon drawdown by the Company at the 20-day VWAP of the shares on the day prior to the drawdown and options at a 30% premium to the 20-day VWAP and expiry 2 years from date of issue. A table summarising the fees payable to Empire Capital Partners Pty Ltd, together with a valuation of those fees, is set out in Appendix 5.

Summary of Key Terms of the proposed Raptor stream financing:

(Note – Detailed Terms are available in Appendix 2)

- \$US6M (up to \$US20M) in funding available
- Requires delivery of 15,000 oz of gold for \$US6M advance. Deliveries increase linearly with additional draw-downs beyond \$US6M.
- Once gold delivery is complete Raptor to receive a 2.5% net smelter royalty from production from the Santa Teresa Gold Project
- 1% NSR over all future licenses acquired in the area of influence (the San Marcos Dyke swarm)
- Senior security over the Project, plus liens over licenses acquired in the area of influence
- Subject to due diligence by Raptor to their satisfaction and execution of binding agreements

Proposed issue of Options to Management and Board:

The Board has approved the issue of 21 million options to management and the Board. The options will be issued in two classes, with 50% issued at 1.8c and 50% issued at 2.2c. 12 million options will be issued to the Managing Director (which will replace and cancel formerly approved options to the Managing Director), and 3 million to each non-executive director and the Chairman.

The proposed issue of the options will be subject to regulatory and shareholder approvals.

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

Managing Director

(08) 6489 1600

comet@cometres.com.au

cometres.com.au

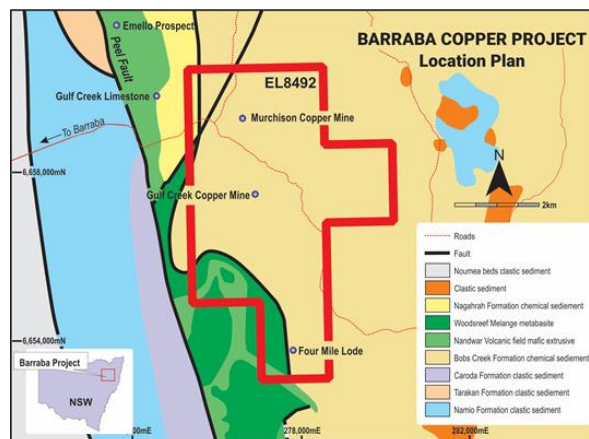
Suite 9, 330 Churchill Avenue Subiaco WA 6008

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.



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ABN 88 060 628 202

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

☎ AU +61 (8) 6489 1600

✉ comet@cometres.com.au

📍 PO Box 866 Subiaco WA 6904

🌐 cometres.com.au

📈 ASX:CRL

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.

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.

Comet Resources Limited
ABN 88 060 628 202

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

 AU +61 (8) 6489 1600
 comet@cometres.com.au
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 cometres.com.au
 **ASX:CRL**

Appendix 1: Information required under ASX Listing Rule 5.12:

The following information is provided in respect of the above foreign estimate as required by ASX Listing Rule 5.12: 5.12.1.

The source and date of the historical estimates or foreign estimates

The source of the foreign estimate is a technical report dated 16 April 2016 prepared by Kristopher J. Raffle and Steven J. Nicholls of APEX Geoscience Limited in accordance with the reporting requirements of Canadian National Instrument 43-101 (NI 43-101). A copy of the report can be accessed here: <https://www.cometres.com.au>

Whether the historical estimates or foreign estimates use categories of mineralisation other than those defined in Appendix 5A (JORC Code) and if so, an explanation of the differences.

The foreign estimate used one category of mineralisation, namely Inferred. The Inferred category under NI 43-101 is generally similar to the Inferred category under the 2012 edition of the Joint Ore Reserves Committee's Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).

The relevance and materiality of the historical estimates or foreign estimates to the entity.

The foreign estimates are relevant and material to the Company as they demonstrate that the Project has the potential to be economically viable in the future.

The reliability of the historical estimates or foreign estimates, including by reference to any criteria in Table 1 of Appendix 5A (JORC Code) which are relevant to understanding the reliability of the historical estimates or foreign estimates

A professional independent resource estimation was completed under NI 43-101 guidelines by qualified persons (see above). A detailed breakdown of the resource estimate input parameters can be found in the Title Report and the JORC Table 1 set out in Appendix 4.

To the extent known, a summary of the work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical estimates or foreign estimates.

The Technical Report includes key assumptions, mining and processing parameters. The Technical Report in its current form is considered to be a comprehensive compilation of all available data applicable to the estimation of mineral resources. A summary of key assumptions and methods used to prepare the foreign resource estimate can be found in the JORC Table 1 set out in Appendix 4.

Any more recent estimates or data relevant to the reported mineralisation available to the entity.

There are no more recent estimates or data available.

The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as mineral resources or ore reserves in accordance with Appendix 5A (JORC Code).

The Company's initial focus for physical works at the Project will be assessing near term production opportunities within the Project 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. During the due diligence process in respect of the acquisition, the Company will investigate what work programs are required for the Project in order to verify the foreign estimates under the JORC Code.

The proposed timing of any evaluation and/or exploration work that the entity intends to undertake and a comment on how the entity intends to fund that work.

The Company will commence planning for physical works at the Project during the process of undertaking due diligence in respect of the Acquisition, with the timing for commencement of physical works remaining uncertain as a result of restrictions associated with the COVID-19 pandemic and the requirement for the Company to complete due diligence and enter into binding agreements for the Raptor Financing, which the Company intends to utilise to fund initial development activities at the Project.

Cautionary statement

The foreign resource estimate has been reported under NI 43-101 standards and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimates as mineral resources in accordance with the JORC Code. It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources in accordance with the JORC Code.

Competent Person Statement

The information in this report that relates to Mineral Resources (under Listing Rule 5.12.2 to 5.12.7) is an accurate representation of the available data and studies for the Santa Teresa Project, based on information compiled by Mr Kristopher J. Raffle, B.Sc., P. Geo, who is a Professional Geologist registered with APEGBC (Association of Professional Engineers and Geoscientists of British Columbia) and is a principal of APEX Geosciences Limited.

Appendix 2 - Acquisition Agreement

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

Exclusivity Fee and Financing Payment

Comet will pay:

- a non-refundable exclusivity fee of A\$25,000 to EARL (Exclusivity Fee) on the date of execution of the HOA; and
- A\$275,000 to EARL on the date that US\$6,000,000 under the 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 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 a price per CRL Share to be agreed between the Company and EARL); and
 - that number of CRL Shares equal to 19.9% of the issued capital of the Company.
 - A\$200,000 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 the Project to the Company:
 - the lesser of:
 - A\$1,000,000 worth of CRL Shares (at a price per CRL Share to be agreed between the Company and EARL); 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 the Project has not been put into production 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 (Production Milestone).

Conditions Precedent

The conditions precedent to completion of the transfer of an initial 50% interest in the Project to the Company (Completion) will include:

- payment of the Exclusivity Fee;
- completion by the Company to its satisfaction of all necessary due diligence investigations in respect of EARL and the Project;
- execution of the Financing Agreement between the Company and Raptor and the Financing Agreement becoming unconditional;
- execution of formal agreements between the Company and EARL to set out the formal terms of the Proposed Acquisition, including a joint venture agreement that will remain in place until such time as the Company has acquired 100% of the Project; and
- each of the parties obtaining all necessary regulatory and governmental approvals and third-party approvals, consents and/or waivers to give effect to Proposed Acquisition including any necessary shareholder approvals (including Comet shareholder approval for the issue of the CRL Shares to EARL under ASX Listing Rule 7.1).

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).

Joint Venture

Until such time as the final 50% interest in the Project is transferred to the Company, the Company and EARL will conduct operations at the Project by way of a joint venture arrangement, the form and structure of which will be determined during the due diligence period (Joint Venture).

Appendix 3: Financing

The indicative material terms of the Financing are as follows:

Facility

Subject to grant of the Security (defined below) and payment of the Transaction Fee (defined below), Raptor make a facility for an aggregate sum of US\$6,000,000 available to the Joint Venture to finance development of the Project on an as needed basis (Facility), with potential to increase the aggregate sum of the Facility to a maximum of US\$20,000,000. It is the Company's current intention to only seek an aggregate of US\$6,000,000 under the Facility at this stage.

Term

The term of the Financing Agreement will continue until the Stream Ounces (defined below) are delivered to Raptor (Term).

Stream Ounces

Repayment of the Facility will be made through delivery to Raptor of gold from the Project (Stream Ounces). The Stream Ounces are to be settled via delivery to Raptor of every third ounce of gold produced from the Project mine (Mine) as soon as the Mine has exceeded an initial production floor of 833 ounces of gold per month (Production Floor). The Stream Ounces are to be delivered to Raptor in fine gold at any London Bullion Market Association (LBMA) accredited refinery. A total of 15,000 Ounces of gold are required to be delivered under the initial US\$6,000,000 facility, with any increases in the facility increasing the deliveries required linearly.

Royalty

A 2.5% net smelter return royalty will be payable to Raptor on all minerals produced from the existing concessions held by Grupo and comprising the Project and a 1% net smelter return will be payable to Raptor on all minerals produced from other concessions acquired in the Area of Influence.

Transaction Fee

2.5% of each amount advanced to the Joint Venture under the Facility is to be retained by Raptor upon advances being made.

Due Diligence

Raptor will undertake legal, technical and financial due diligence on the Company, EARL, the Joint Venture and the Project as condition to making the Facility available to the Joint Venture.

Security

Raptor to receive senior security for the Facility, including:

- a general security over the assets of the Joint Venture;
- a lien or other form of security over the concessions within the Area of Influence; and
- a step-in arrangement which gives Raptor the right to take over control of the operations at the Project in the event of default by the parties during the Term, (together the Security).

Appendix 4: JORC Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Some sample data and results referred to in this report are historic, dating from the late 1980s to the mid-2000s, and include underground bulk sampling, underground rock chip sampling, and surface trench wall chip sampling. The historic data has been judged to be reliable based on a literature review, site visit and replicate trench sampling completed by the author. Samples from the 2008 Premier Gold Mines Ltd. ("Premier") drilling campaign were collected from HQ diameter diamond drill core. Drill core was placed in labelled core boxes with core marker blocks placed at the end of each drilled run (nominally 3.05 m). Core was aligned and measured by tape, comparing to the depths listed on the marker blocks. Drill core sample intervals were defined by geologists during logging based on visually observed geology and mineralization. Mineralized core was sampled at a nominal 1 m interval, with a limited number ranging in length from 0.5 m to 4.9 m. A total of 2,297 core samples were collected and sent for laboratory analysis.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Diamond drilling was completed using standard HQ size tooling (nominal 63.5 mm core diameter). No core orientation measurements were collected.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Each drill core run (nominally 3.05 m) was measured and compared to marker blocks placed in the core boxes by the drillers. Expected and measured values were recorded, and recovery percentages were calculated for each run. Sample recovery was generally very good (>90%), with losses typically occurring near the top of the hole. No relationship was observed in the data between sample recovery

Comet Resources Limited

ABN 88 060 628 202

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

☎ AU +61 (8) 6489 1600

✉ comet@cometres.com.au

✉ PO Box 866 Subiaco WA 6904

🌐 cometres.com.au

📡 ASX:CRL

Criteria	JORC Code explanation	Commentary
		and grade of the samples.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Diamond drill holes were logged for recovery, RQD, geology (lithology, description where necessary), alteration (type, intensity, description where necessary), and structure (type, angle to core axis, shear intensity, description where necessary). Recovery and RQD logs are quantitative based on core length measurements. Geology and alteration logs are qualitative based on visual observations. Structure logs are a mix of quantitative (angle to core axis) and qualitative (shear intensity, description). Core photos were taken while wet after washing and re-assembly and meterage mark-up was completed. The entire length of all drill holes was logged for geology. Alteration and structures were logged for all drill holes when observed. Recovery was logged for the entire length of all drill holes with the exception of hole ST-0016, totaling 96% of all drilling. RQD was logged for the entire length of all drill holes with the exception of hole ST-0014, totaling 96% of all drilling.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> For each drill core sample, the sample intervals were marked out by the logging geologist. A cut line was drawn down the centre of the core to produce two halves with equal proportion of mineralization. Core samples were sawn in half using industry standard gasoline powered diamond bladed saws equipped with fresh water cooled blades and core cradles to ensure straight cuts. One half of each drill core sample was bagged and sent for laboratory analysis, and the other half was retained in the core box. All core samples were sent to American Assay Laboratories ("AAL"), located in Sparks, Nevada, USA. AAL is an ISO-17025 accredited, independent, full-service geochemical analytical testing laboratory. Samples were dried prior to preparation and then crushed to 90% passing 2 mm using a jaw crusher. A rotary splitter was used to obtain a 500 gram sample for pulverizing and analysis by lead

Criteria	JORC Code explanation	Commentary
		<p>collection fire assay fusion with gravimetric finish. Samples submitted for screen metallic assay were screened at 106 microns, and the weight of both coarse and fine fractions were recorded.</p> <ul style="list-style-type: none"> For each sample, a separate 60 to 100 gram rotary split was made and pulverized with a closed bowl-type grinder, placed in an envelope, and shipped directly back to the Premier geologist in Ensenada. The splits were panned and used for comparison to lab results; gold particle size and counts were recorded. The sample sizes are considered to be appropriate for the style, thickness and consistency of mineralization encountered during the 2008 drilling campaign.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> <i>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> 	<ul style="list-style-type: none"> All core samples were sent to American Assay Laboratories ("AAL"), located in Sparks, Nevada, USA. AAL is an ISO-17025 accredited, independent, full-service geochemical analytical testing laboratory. Samples of core containing visible gold, visible galena, fault-bound ribboned or banded vein quartz, or sulphidized phyllonite were selected to be analyzed by screen metallic fire assay. All other pyritic dyke rock and altered rock were analyzed by 30 gram fire assay. For the 30 gram fire assay, 30 g sample splits were analyzed by lead collection fire assay fusion with gravimetric finish. The detection limits for the 30 gram fire assay method were 0.003 oz/t (0.103 g/t) gold. Samples submitted for screen metallic assay were screened to 150 mesh (106 microns). Separate 30 gram fire assays were conducted on both the +150 and -150 mesh fractions to determine a (weighted average) gold grade for the sample. The detection limit for the screen metallic method was 0.001 oz/t (0.034 g/t) gold. The assay method is designed to measure total gold in the sample. The laboratory procedures are appropriate for this type of deposit and current level of exploration. AAL's internal QA/QC procedures included 3 standard, 2 blank and 7 duplicate samples per batch of 72 assays. Premier's external QA/QC procedures comprised inserting standard, blank and (coarse reject)

Criteria	JORC Code explanation	Commentary
		<p>duplicate samples into the sample stream. A total of 141 standards and 260 blanks were inserted. A total of 590 coarse reject duplicate analyses were performed on 453 drill core intervals.</p> <ul style="list-style-type: none"> The QA/QC procedures are reasonable for this type of deposit and the current level of exploration. Based on a review of the QA/QC data, the analytical data is considered to be accurate, the analytical sampling is considered to be representative of the drill samples, and the analytical data is considered to be free from contamination.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> The author of this report conducted a reconnaissance of the Property on February 12th and 13th, 2016 to verify the reported exploration results. The author completed a traverse of the historically trench and drilled zones, and GPS verified the location of several drill hole collars from the 2008 drill program. Two samples were collected from outcrop within Dakota Trench C, which had returned previous high-grade assays. Additionally, the complete drill core library was made available and the author reviewed mineralized intercepts in drill core from a series of holes. The author personally collected half drill core samples as 'replicate' samples from select reported mineralized intercepts. Based on the results of the traverses, drill core review, and 'replicate' sampling the author has no reason to doubt the reported exploration results. Slight variation in assays is expected due to variable distribution of ore minerals within a core section but the analytical data is considered to be representative of the drill samples and suitable for inclusion in the resource estimate. Primary laboratory assay datafiles and certificates were provided to APEX in Microsoft Excel and PDF formats, respectively. APEX conducted an independent audit of the Premier drill hole database. The audit included systematic checks of database values for drill collar coordinate, downhole surveys, and sample assays against the original field survey files and laboratory certificates. Digital copies of the assay datafiles and certificates are securely

Criteria	JORC Code explanation	Commentary
		<p>stored with the drill database in APEX's server, with regular backup.</p> <ul style="list-style-type: none"> No twinned holes have been completed to date. No adjustments were made to the assay data.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Drill collars were located using a handheld GPS (accuracy \pm ~3 m). Azimuths and dips were determined using a compass and inclinometer. Each collar location is marked with a small cement monument inscribed with the hole number. The drill holes were surveyed using Reflex EZ-Shot instrument at 50 metre intervals. Most holes were also surveyed at or near the end-of-hole depth. A total of 139 drill hole orientation measurements (excluding the 32 collar surveys) were collected. Holes ST-0022 and ST-0023 were not surveyed down-hole, and are assumed to maintain the orientation provided by the collar survey. Coordinates are projected in the Universal Transverse Mercator (UTM) system relative to Zone 11 of the North American Datum 1983 (NAD 83). Topographic control is currently provided by a Digital Elevation Model (DEM) derived from topographic contours in vector format (.SHP) from the 1:50,000 scale Mexican Topographic Map sheet H11B23 (El Zacaton).
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> The average drill hole spacing was around 50 m spaced lines with dips ranging from -42° to -80°. The drilling data, along with supporting vein orientations observed in both the underground development and the surface trench/outcrop mapping demonstrate sufficient continuity for the JORC Inferred Mineral Resource category. Assay intervals were composited to 1.0 m for the Mineral Resource estimation. Of the 128 un-composited samples (including three inserted gap dummy samples) 83.6 % of the samples were less than 1.0 m in size. Due to the limited number of assays available for the estimation and to better reflect the input assay grade it was decided

Criteria	JORC Code explanation	Commentary
		to leave the 0.5 m to 1.0 m orphans in the composite file and remove all <0.5 m orphans only. The composited samples were used for all sample statistics, capping, estimation input file and validation comparisons.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Most of the drilling is oriented to the northeast, perpendicular to the mineralized zones. No orientation sample bias has been observed in the data.
<i>Sample security</i>	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> No information regarding sample security has been made available to the author.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> The author is not aware of any audits or review of sampling techniques. APEX conducted an independent audit of the Premier drill hole database. The audit included systematic checks of database values for drill collar coordinate, downhole surveys, and sample assays against the original field survey files and laboratory certificates. The QA/QC section of the database was found to be incomplete.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Santa Teresa Property comprises two mineral claims covering a combined area of 202 hectares within the Ensenada municipality of Baja California Norte, Mexico. The two mineral claims, Santa Teresa (223182) and Victoria (210705), are registered to Grupo Alamo, S.A. DE C.V. (Grupo Alamo), and Eduardo Boullosa Rocha respectively. The Santa Teresa claim was granted to Grupo Alamo in 2004 for a






Criteria	JORC Code explanation	Commentary
		<p>term of 50 years. In 2006, Sutter Gold Mining Inc. ("Sutter") entered into an option agreement with Grupo Alamo to acquire 100% interest in the Santa Teresa claim. Subsequently in 2007, Sutter announced the forming of a joint venture agreement with Premier, whereby Premier could earn a 50% interest in the Santa Teresa Property by completing USD\$1.5 million in exploration and property acquisitions within 2 years, and making property payments to the original vendor of USD\$225,000 over a 4 year period. Premier had the right to acquire an additional 15% by making a USD\$500,000 to Sutter and completing an additional USD\$4 million in exploration.</p> <ul style="list-style-type: none"> In 2008, Premier acquired the Victoria claim from Compania Minera Qausaro S.A. de C.V. for a cash payment of USD\$200,000, 150,000 shares of Premier and a 2% NSR royalty. At this time, the claims are believed to be active and in good standing. The author is not aware of any environmental liabilities or other significant risk factors that may affect access, title, right or ability to perform work on the Property.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> The Santa Teresa Project occurs with the historic El Alamo gold district. Placer gold deposits of the El Alamo district were discovered in 1888. High grade ore-shoots were subsequently discovered on the Aurora-Princessa 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. Of the historic mines at El Alamo, only the Cruda, Borracha, La Americana and Victoria veins and related underground workings occur within the present-day Santa Teresa and Victoria claims. Modern exploration commenced in the area in the late 1980s. Grupo Recursos acquired the Santa Teresa claims during the early 1990s and commenced exploration activities including: rehabilitation of the La Americana workings, underground bulk and chip sampling, geological mapping, and VLF-EM and magnetometer surveys. In 1994 Dakota Mining Corporation excavated 5 trenches on the

Criteria	JORC Code explanation	Commentary																																				
		Property ranging in length from 120 to 220 m over a 430 m strike length of historic pits and shafts, and collected 205 composite trench wall chip samples.																																				
Geology	<ul style="list-style-type: none">Deposit type, geological setting and style of mineralisation.	<ul style="list-style-type: none">The principal deposit type of interest on the Santa Teresa Property is mesothermal lode-goldThe Property is located within the Central Zone of the Peninsular Ranges Batholith of Baja California. The Central Zone comprises back-arc and slope basin sedimentary rocks that have been intruded by Cretaceous granitoids. Intrusion was accompanied by regional metamorphism, deformation, and pervasive foliation development, which records southwest-northeast convergence. Emplacement of a mafic and felsic dyke swarm along the foliation is constrained between 120 and 100 Ma.The Property is underlain by quartz diorite intrusive cut by older gabbro and hornblende porphyry, and younger diabase dykes. The dykes in part define the trace of the Alamo fault zone, which is host to economically significant, northwest-trending, southwest dipping to near vertical mesothermal lode-gold quartz vein systems. The quartz veins range in width from a few centimetres to 3 metres (m) and commonly occur in sets of 2 or 3 parallel veins that may pinch, swell, bend or split into stringers. The principal surface veins of the Santa Teresa Project from northeast to southwest are the:Princessa, Aurora, Cruda, Borracha, North and South Spider, Quinota, Camion, La Americana, Alamo and Polvorin veins.																																				
Drill hole Information	<ul style="list-style-type: none">A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<ul style="list-style-type: none">easting and northing of the drill hole collarelevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collardip and azimuth of the hole	<table><tr><th>Hole</th><th>From (m)</th><th>To (m)</th><th>Interval (m)</th><th>Au (g/t)</th><th>Vein Intersected</th></tr><tr><td>ST_0028</td><td>162</td><td>164</td><td>2</td><td>1.2</td><td>Americana A</td></tr><tr><td>ST_0029</td><td>181</td><td>182.1</td><td>1.1</td><td>1.8</td><td>Americana A</td></tr><tr><td>ST_0026</td><td>131</td><td>132</td><td>1</td><td>1.4</td><td>Americana B</td></tr><tr><td>ST_0006</td><td>173.8</td><td>176.3</td><td>2.5</td><td>38.3</td><td>Americana C</td></tr><tr><td>ST_0026</td><td>142</td><td>143</td><td>1</td><td>9</td><td>Americana C</td></tr></table>	Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Vein Intersected	ST_0028	162	164	2	1.2	Americana A	ST_0029	181	182.1	1.1	1.8	Americana A	ST_0026	131	132	1	1.4	Americana B	ST_0006	173.8	176.3	2.5	38.3	Americana C	ST_0026	142	143	1	9	Americana C
Hole	From (m)	To (m)	Interval (m)	Au (g/t)	Vein Intersected																																	
ST_0028	162	164	2	1.2	Americana A																																	
ST_0029	181	182.1	1.1	1.8	Americana A																																	
ST_0026	131	132	1	1.4	Americana B																																	
ST_0006	173.8	176.3	2.5	38.3	Americana C																																	
ST_0026	142	143	1	9	Americana C																																	

Criteria	JORC Code explanation	Commentary					
	<ul style="list-style-type: none">○ down hole length and interception depth○ hole length.● If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	ST_0027	50	51	1	7.2	Americana C
		ST_0001	112	113	1	2.4	Quinota A
		ST_0003	14	15	1	1	Quinota A
		ST_0009	149.4	150.4	1	1.1	Quinota A
		ST_0012	76	77	1	2.7	Quinota A
		ST_0001	127.4	128.6	1.2	24.6	Quinota B
		ST_0003	19	21	2	32.4	Quinota B
		ST_0001	133.5	136.5	3	1.9	Quinota C
		ST_0003	29	30.2	1.2	4	Quinota C
		ST_0005	206.7	207.7	1	5.9	Quinota C
		ST_0010	142.1	143	0.9	2.3	Quinota C
		ST_0011	83	84	1	1.6	Quinota C
		ST_0012	112.5	113.5	1	1.2	Quinota C
		ST_0017	161	162.2	1.2	3.2	Quinota C
		ST_0007	56.5	57.5	1	3.1	S Spider A
		ST_0012	141.5	142.5	1	3.3	S Spider A
		ST_0013	25	26.4	1.4	6.5	S Spider A
		ST_0014	128	129	1	1	S Spider A
		ST_0001	183	187.4	4.4	2.4	S Spider B
		ST_0005	239	240	1	958.4	S Spider B
		ST_0007	63.5	64.5	1	1	S Spider B
		ST_0012	149.5	150.5	1	4.4	S Spider B
		ST_0013	42	43	1	2.1	S Spider B
		ST_0018	219	220	1	2.3	S Spider B
		ST_0030	41	42	1	1.8	S Spider B

Criteria	JORC Code explanation	Commentary					
		ST_0001	217	218	1	11.5	N Spider
		ST_0002	366	368	2	1.3	N Spider
		ST_0007	88.8	90	1.2	15.7	N Spider
		ST_0008	55	56	1	33.9	N Spider
		ST_0010	214	217	3	19.9	N Spider
		ST_0012	201.5	202.5	1	29.1	N Spider
		ST_0012	203	204	1	3.6	N Spider
		ST_0021	133.1	135.2	2.1	1.7	N Spider
		ST_0021	140	141	1	5.7	N Spider
		ST_0024	205.3	206.3	1	4.5	N Spider
		ST_0024	212.3	213.4	1.1	5.5	N Spider
		ST_0012	213.1	214.1	1	1	Borracha Final
		ST_0013	83.1	84.1	1	125.9	Borracha Final
		ST_0014	183	185	2	2.1	Borracha Final
		ST_0022	59.4	62.5	3.1	14.4	Borracha Final
		ST_0030	81.2	82.2	1	2.6	Borracha Final
		ST_0031	101.7	102.8	1.1	1.6	Borracha Final
		ST_0008	128.5	129.5	1	2.7	Aurora Final
		ST_0010	269	270	1	1.1	Aurora Final
		ST_0012	258.5	259.5	1	2.7	Aurora Final
		ST_0032	131	133	2	1	Aurora Final
		ST_0007	163	164	1	17.1	Cruda Final
		ST_0008	121.1	125	3.9	39.4	Cruda Final
		ST_0012	249	250	1	2	Cruda Final
		ST_0013	109.5	113.7	4.2	4.8	Cruda Final






Comet Resources Limited
ABN 88 060 628 202

 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 ASX:CRL

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

Criteria	JORC Code explanation	Commentary					
		Including	112.7	113.7	1	16.1	Cruda Final
		ST_0014	209	211	2	1.1	Cruda Final
		ST_0030	101.4	104.5	3.1	16.7	Cruda Final
		ST_0032	127.2	128.2	1	3.1	Cruda Final
		ST_0032	152.7	154	1.4	21.1	Princessa

Comet Resources Limited
ABN 88 060 628 202

 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 ASX:CRL

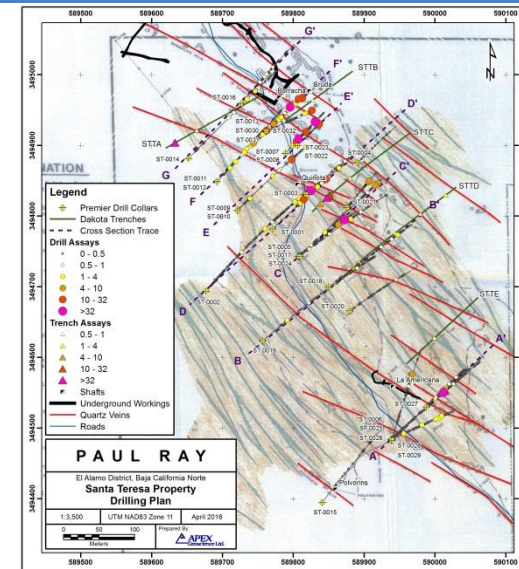
Suite 9, 330 Churchill Avenue
Subiaco WA 6008

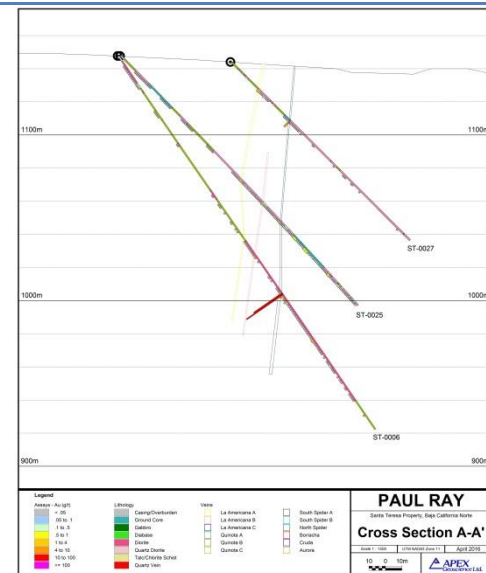
Criteria	JORC Code explanation	Commentary																																																																																																		
		<table><tr><td>ST_0019</td><td>589757</td><td>3494624</td><td>1138</td><td>45</td><td>-60</td><td>400.81</td></tr><tr><td>ST_0020</td><td>589880</td><td>3494666</td><td>1140</td><td>45</td><td>-70</td><td>306.2</td></tr><tr><td>ST_0021</td><td>589876</td><td>3494812</td><td>1124</td><td>45</td><td>-69</td><td>192.7</td></tr><tr><td>ST_0022</td><td>589806</td><td>3494900</td><td>1124</td><td>45</td><td>-45</td><td>62.48</td></tr><tr><td>ST_0023</td><td>589806</td><td>3494900</td><td>1124</td><td>45</td><td>-45</td><td>81.5</td></tr><tr><td>ST_0024</td><td>589809</td><td>3494743</td><td>1130</td><td>45</td><td>-45</td><td>228</td></tr><tr><td>ST_0025</td><td>589940</td><td>3494484</td><td>1148</td><td>45</td><td>-45</td><td>207.8</td></tr><tr><td>ST_0026</td><td>589939</td><td>3494484</td><td>1148</td><td>17</td><td>-45</td><td>199.8</td></tr><tr><td>ST_0027</td><td>589988</td><td>3494530</td><td>1144</td><td>45</td><td>-45</td><td>152.5</td></tr><tr><td>ST_0028</td><td>589939</td><td>3494483</td><td>1148</td><td>59</td><td>-69</td><td>198.6</td></tr><tr><td>ST_0029</td><td>589939</td><td>3494483</td><td>1148</td><td>59</td><td>-65</td><td>221.45</td></tr><tr><td>ST_0030</td><td>589762</td><td>3494920</td><td>1125</td><td>45</td><td>-45</td><td>131.9</td></tr><tr><td>ST_0031</td><td>589762</td><td>3494920</td><td>1125</td><td>45</td><td>-64</td><td>151.2</td></tr><tr><td>ST_0032</td><td>589762</td><td>3494920</td><td>1125</td><td>64</td><td>-59</td><td>160.3</td></tr></table> <p>*Easting/Northing in UTM NAD83 Z11</p>	ST_0019	589757	3494624	1138	45	-60	400.81	ST_0020	589880	3494666	1140	45	-70	306.2	ST_0021	589876	3494812	1124	45	-69	192.7	ST_0022	589806	3494900	1124	45	-45	62.48	ST_0023	589806	3494900	1124	45	-45	81.5	ST_0024	589809	3494743	1130	45	-45	228	ST_0025	589940	3494484	1148	45	-45	207.8	ST_0026	589939	3494484	1148	17	-45	199.8	ST_0027	589988	3494530	1144	45	-45	152.5	ST_0028	589939	3494483	1148	59	-69	198.6	ST_0029	589939	3494483	1148	59	-65	221.45	ST_0030	589762	3494920	1125	45	-45	131.9	ST_0031	589762	3494920	1125	45	-64	151.2	ST_0032	589762	3494920	1125	64	-59	160.3
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Data aggregation methods	<ul style="list-style-type: none"><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	<ul style="list-style-type: none">Intercepts are calculated as length-weighted average grades.No high-grade cut off has been applied to the assay results.Intercepts are reported if the interval composite grade is at least 1 g/t Au over a minimum width of 0.9 m.No metal equivalent reporting is used or applied.																																																																																																		
Relationship between mineralisation	<ul style="list-style-type: none"><i>These relationships are particularly important in the reporting of Exploration Results.</i><i>If the geometry of the mineralisation with respect to the drill hole</i>	<ul style="list-style-type: none">Most of the drilling is oriented to the northeast, perpendicular to the mineralized zones.																																																																																																		

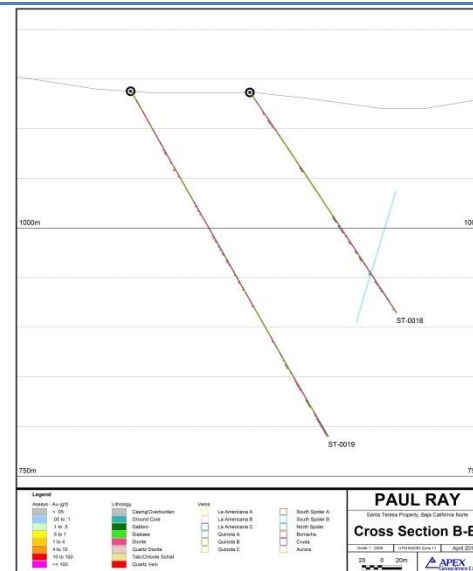
Criteria	JORC Code explanation	Commentary
widths and intercept lengths	<p>angle is known, its nature should be reported.</p> <ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> The interpreted La Americana A, B and C veins strike approximately 120° and dip 85° southwest. The estimated true widths of the intercepts range from 0.6 m to 1.6 m. The interpreted Quinota vein set strikes approximately 120° and dip between 75° and 80° SW. The estimated true widths of the intercepts range from 0.4 m to 1.9 m. South Spider A and B are interpreted to be two closely spaced parallel veins, striking approximately 125° and dipping between 65° and 75° southwest. The estimated true widths of the intercepts range from 0.7 m to 3.1 m. North Spider strikes approximately 120° and displays a dip of 75° to 85°. The estimated true widths of the intercepts range from 0.6 m to 2.1 m. The Borracha, Cruda and Aurora veins form a sub-parallel set. The interpreted veins strike approximately 125° with dips ranging from 70° to 80°. The estimated true widths ranging from 0.6 m to 4.2 m.

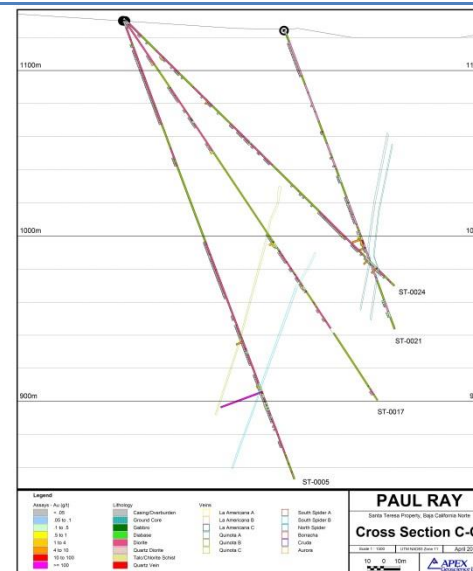
Diagrams

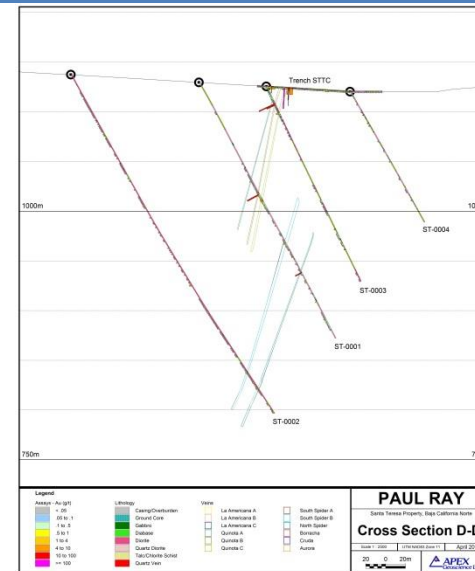
- Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.

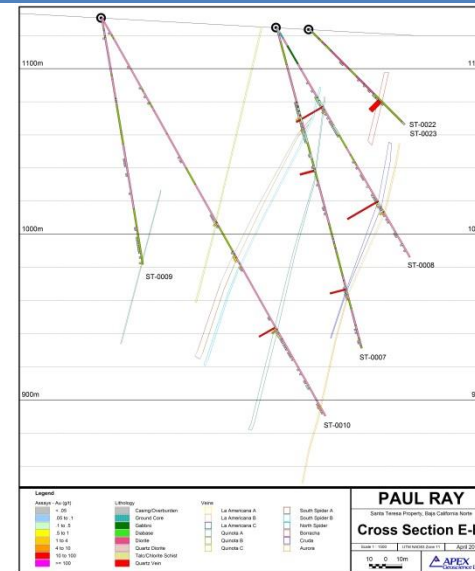


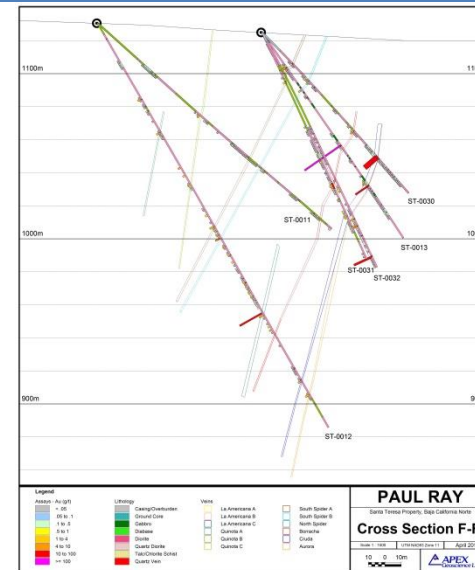


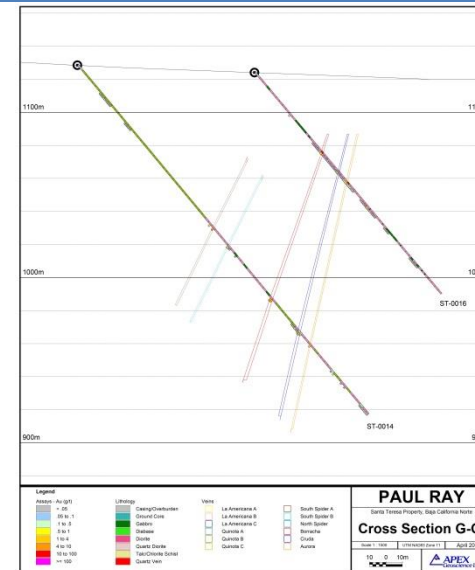

















Criteria	JORC Code explanation	Commentary																								
Balanced reporting	<ul style="list-style-type: none">Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	<ul style="list-style-type: none">All material drill intercepts are reported herein																								
Other substantive exploration data	<ul style="list-style-type: none">Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	<ul style="list-style-type: none">During 1992 Grupo Recursos completed rehabilitation of the La Americana workings, and sampling of the La Americana vein. An initial series of 27 rock chip, and 16 to 32 kg bulk samples were collected from the sill and back of the drift over a 35 m distance along the vein. The samples comprised 12 chip samples collected across the back, 8 bulk samples from the back, and 7 bulk samples from the sill of the drift. Sample widths ranged from 0.10 to 0.70 m in width (averaging 0.50 m) and returned assay results from below detection (0.07 g/t Au) to 41.42 g/t Au (averaging 7.78 g/t Au). Based on the initial sample results, a further 12 rock chip samples were collected from a select 11 m long higher grade part of the vein from the sill of the drift. Assay results for the second group of samples range from 329.14 g/t Au to 44.54 g/t Au (averaging 160.80 g/t Au) (Croff, 1992c). The results obtained from the second round of sampling are significantly higher grade (approximately 20x) and are difficult to reconcile with the initial phase of sampling. A complete list of sample results is provided in Table 2 below. Significantly, it was noted that a cave occurred in the southeast drift 43 m from the shaft at the intersection of a northeast (030°) trending fault structure (Edwards, 1991). <p><i>Grupo Recursos – 1992 La Americana Chip Sample Assay Results</i></p> <table><tr><th>Sample</th><th>Au (g/t)</th><th>Sample Width (m)</th><th>Sample Type</th></tr><tr><td>1</td><td>11.59</td><td>0.70</td><td>back chip sample</td></tr><tr><td>2</td><td>0.96</td><td>0.30</td><td>back chip sample</td></tr><tr><td>3</td><td>20.23</td><td>0.20</td><td>back chip sample</td></tr><tr><td>4</td><td>0.21</td><td>0.38</td><td>back chip sample</td></tr><tr><td>5</td><td>1.89</td><td>0.65</td><td>back chip sample</td></tr></table>	Sample	Au (g/t)	Sample Width (m)	Sample Type	1	11.59	0.70	back chip sample	2	0.96	0.30	back chip sample	3	20.23	0.20	back chip sample	4	0.21	0.38	back chip sample	5	1.89	0.65	back chip sample
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Criteria	JORC Code explanation	Commentary			
		6	<0.07	0.350	back chip sample
		7	<0.07	0.250	back chip sample
		8	5.42	0.70	back chip sample
		9	14.71	0.70	back chip sample
		10	30.45	0.10	back chip sample
		11	1.20	0.70	back chip sample
		12	<0.07	0.70	sill bulk sample
		13	7.44	0.40	back bulk sample
		14	17.35	0.70	back bulk sample
		15	0.62	0.70	back bulk sample
		16	0.10	0.60	back bulk sample
		17	0.62	0.70	sill bulk sample
		18	1.34	0.70	back bulk sample
		19	4.32	0.70	back bulk sample
		20	1.65	0.70	back bulk sample
		21	2.74	0.65	back bulk sample
		22	14.57	0.38	back chip sample
		23	41.42	0.47	sill bulk sample
		24	18.55	0.25	sill bulk sample
		25	10.87	0.50	sill bulk sample
		26	1.58	0.30	sill bulk sample
		27	<0.07	0.15	sill bulk sample
		STP1	274.29	0.58 average	sill chip sample
		STP2	329.14		sill chip sample
		STP3	260.57		sill chip sample

Comet Resources Limited
ABN 88 060 628 202

 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 ASX:CRL

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

Criteria	JORC Code explanation	Commentary																											
		<table> <tr> <td>STP4</td><td>216.00</td><td>sill chip sample</td></tr> <tr> <td>STP5</td><td>123.43</td><td>sill chip sample</td></tr> <tr> <td>STP6</td><td>102.86</td><td>sill chip sample</td></tr> <tr> <td>STP7</td><td>102.86</td><td>sill chip sample</td></tr> <tr> <td>STP8</td><td>195.43</td><td>sill chip sample</td></tr> <tr> <td>STP9</td><td>133.71</td><td>sill chip sample</td></tr> <tr> <td>STP10</td><td>44.57</td><td>sill chip sample</td></tr> <tr> <td>STP11</td><td>68.57</td><td>sill chip sample</td></tr> <tr> <td>STP12</td><td>78.86</td><td>sill chip sample</td></tr> </table> <ul style="list-style-type: none"> <p>In 1994, Dakota Mining Corporation (Dakota) began evaluating the Santa Teresa claim of Grupo Recursos. A total of five (5) trenches ranging in length from 120 to 220 m (totaling 800 m) were excavated over a 430 m strike length of historic pits and shafts along the Camion, Quinota, North and South Spider, Borracha, and Cruda veins (Figure 4). Dakota personnel collected a total of 205 composite trench wall chip samples collected at 3 m sample width, followed by separate sampling of exposed quartz veins, and mapping of trench geology by Dakota and Grupo Recursos personnel.</p> <p>A zone of several closely spaced narrow veins ranging in width from 1 to 10 cm within Trench C returned the length weighted average grade of 5.57 g/t Au over 10 m. The interval includes a single 1 m sample (DA023) that returned 240.82 g/t Au that was capped at 20 g/t Au for averaging. The sampled zone comprised 10 samples ranging in width from 0.3 to 3.0 m (averaging 1 m). In addition to sample DA023, two adjacent</p> 	STP4	216.00	sill chip sample	STP5	123.43	sill chip sample	STP6	102.86	sill chip sample	STP7	102.86	sill chip sample	STP8	195.43	sill chip sample	STP9	133.71	sill chip sample	STP10	44.57	sill chip sample	STP11	68.57	sill chip sample	STP12	78.86	sill chip sample
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		<p>samples (DA027 and DA028) collected over a combined 0.8 m width returned assays of 10.84 g/t and 16.94 g/t Au, respectively (Table 3).</p> <p>At the west end of Trench A, a 10 to 30 cm wide quartz vein contained visible gold and returned assays of 50.06 g/t Au. The zone remains untested to the southwest beyond the trench. Within Trench D, an unnamed vein west of the Quinota and Camion veins returned 1.83 g/t Au over 3 m, from a zone containing 3 quartz veins of 2 to 6 cm width. Select grab samples from each of the veins returned 8.23 g/t, 32.57 g/t, and 9.94 g/t Au (Croff, 1994).</p> <p><i>Dakota Mining Corp. – 1994 Significant Trench Chip Sample Assay Results</i></p> <table><tr><th>Trench</th><th>Sample</th><th>From (m)</th><th>To (m)</th><th>Length (m)</th><th>Au (g/t)</th></tr><tr><td>A</td><td>DA033</td><td>13.5</td><td>14.3</td><td>0.8</td><td>50.06</td></tr><tr><td>A</td><td>DA034</td><td>48.0</td><td>51.0</td><td>3.0</td><td>0.62</td></tr><tr><td>B</td><td>DA032</td><td>45.0</td><td>45.3</td><td>0.3</td><td>0.72</td></tr><tr><td>C</td><td>DA015</td><td>9.0</td><td>12.0</td><td>3.0</td><td>0.55</td></tr><tr><td>C</td><td>DA016</td><td>12.0</td><td>14.0</td><td>2.0</td><td>0.69</td></tr><tr><td>C</td><td>DA017</td><td>14.0</td><td>14.3</td><td>0.3</td><td>0.82</td></tr><tr><td>C</td><td>DA018</td><td>14.3</td><td>15.0</td><td>0.7</td><td>5.04</td></tr><tr><td>C</td><td>DA019</td><td>15.0</td><td>18.0</td><td>3.0</td><td>1.10</td></tr><tr><td>C</td><td>DA021</td><td>26.0</td><td>26.3</td><td>0.3</td><td>1.30</td></tr><tr><td>C</td><td>DA022</td><td>26.3</td><td>27.0</td><td>0.7</td><td>1.03</td></tr><tr><td>C</td><td>DA023</td><td>27.0</td><td>28.0</td><td>1.0</td><td>240.82</td></tr><tr><td>C</td><td>DA025</td><td>30.0</td><td>31.0</td><td>1.0</td><td>5.42</td></tr></table>	Trench	Sample	From (m)	To (m)	Length (m)	Au (g/t)	A	DA033	13.5	14.3	0.8	50.06	A	DA034	48.0	51.0	3.0	0.62	B	DA032	45.0	45.3	0.3	0.72	C	DA015	9.0	12.0	3.0	0.55	C	DA016	12.0	14.0	2.0	0.69	C	DA017	14.0	14.3	0.3	0.82	C	DA018	14.3	15.0	0.7	5.04	C	DA019	15.0	18.0	3.0	1.10	C	DA021	26.0	26.3	0.3	1.30	C	DA022	26.3	27.0	0.7	1.03	C	DA023	27.0	28.0	1.0	240.82	C	DA025	30.0	31.0	1.0	5.42
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		C	DA026	31.0	31.5	0.5	1.20
		C	DA027	31.5	32.0	0.5	10.84
		C	DA028	32.0	32.3	0.3	16.94
		C	DA029	32.3	33.0	0.7	2.02
		C	DA030	33.0	36.0	3.0	5.42
		C	DA031	69.0	72.0	3.0	0.58
		D	DA002	31.0	32.0	1.0	1.71
		D	DA003	32.0	33.0	1.0	3.09
		D	DA004	33.0	34.0	1.0	0.69
		D	DA005	42.0	45.0	3.0	1.75
		D	DA007	108.0	111.0	3.0	0.58
		D	DA008	153.0	156.0	3.0	0.51
		D	DA012	198.0	201.0	3.0	1.17
		E	DA001	51.0	54.0	3.0	0.58
Further work	<ul style="list-style-type: none">The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	<ul style="list-style-type: none">Future exploration is planned and may involve oriented diamond core drilling, rock, chip and channel sampling, structural geological mapping, ground magnetometer surveys, and acquisition of high-resolution satellite ortho-imagery and elevation data.					

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection 	<ul style="list-style-type: none"> A digital database validation was performed in Micromine on the data to check for overlapping intervals, records beyond end of hole depth,

Comet Resources Limited
ABN 88 060 628 202

 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 ASX:CRL

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

Criteria	JORC Code explanation	Commentary
	<p>and its use for Mineral Resource estimation purposes.</p> <ul style="list-style-type: none"> Data validation procedures used. 	<p>missing collar meta data etc. No major concerns were identified.</p> <ul style="list-style-type: none"> APEX conducted an independent audit of the Premier drill hole database. The audit included systematic checks of database values for drill collar coordinate, downhole survey, and drill core, analytical standard, duplicate, and blank sample assays against the original field survey files and laboratory certificates. The QA/QC section of the database was found to be incomplete.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> The CP conducted a reconnaissance of the Property on February 12th and 13th, 2016 to verify the reported exploration results. The author completed a traverse of the historically trench and drilled zones, and GPS verified the location of several drill hole collars from the 2008 drill program. Two samples were collected from outcrop within Dakota Trench C, which had returned previous high grade assays. Additionally, complete drill core library was made available and the author reviewed mineralized intercepts in drill core from a series of holes. The author personally collected half drill core samples as 'replicate' samples from select reported mineralized intercepts.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> 3D wireframes for each quartz vein lode were constructed by creating a series of polygons (strings) snapped to quartz vein and/or shear zone drill intersects, representing the vein lode in cross section for each drill setup. The polygons were projected vertically up above the topographic surface from the upper drill intersect and down from the lower intersect in each section, maintaining a uniform width determined by the closest intersect. In drill sections with only one hole, the width remained uniform throughout, and the dip was estimated using the veins surface traces and surrounding drill sections. Using the strings as a skeleton, the wireframes were triangulated to generate 3D geological solids. The wireframes were subsequently clipped to the topographic surface (DTM) and a variable down dip distance on each section determined by the drill established vertical continuity.

Criteria	JORC Code explanation	Commentary
		<p>Individual lode interpretations were based on lateral quartz vein and grade continuity within (down dip) and between each drill section (along strike); and with reference to the trace of veins on surface as evidenced by numerous historic shallow surface pits and shafts (Croff, 1992c). In addition a 3D model of the historic Aurora-Princessa workings was constructed based on available mine plan and longitudinal section data in order to provide additional context with respect to demonstrated down dip and along strike vein continuity (Tolman, 1921). Mineralisation is due to the intersection of quartz veins by a series of post-mineral diabase dykes quartz vein lodes are interpreted to occur as a series shallowly to moderately southeast dipping panels spaced by individual dykes. Given the current level of drilling data it was not possible to accurately model postmineral dykes as 3D wireframes for incorporation into the geological model. Due to the uncertainty of the position and extent of the post un mineralised dykes within the Santa Teresa deposit a 30% dilution to the resource has been applied. This was considered reasonable based on 2,153.8 m (30.6%) of post-mineral diabase logged, out of a total 7,025 m drilled.</p> <ul style="list-style-type: none"> The lode interpretation and the resultant block model were cut to the topographic surface.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> The Santa Teresa deposit comprises a strike length of 340 m with a down dip extent of 360 m from surface. Mineralization extends to surface.
Estimation and modelling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes 	<ul style="list-style-type: none"> The Santa Teresa resource estimation of gold was calculated using inverse distance squared (ID2) for each of the fifteen lodes. Estimation was only calculated on parent blocks. All sub blocks within the parent block were assigned the parent block grade. A block discretization of 3 x 3 x 3 was applied to all blocks during estimation. Each lode was estimated as hard boundaries which means that only composites located within that lode was used to estimate the grade of the blocks

Criteria	JORC Code explanation	Commentary																									
	<p><i>appropriate account of such data.</i></p> <ul style="list-style-type: none"><i>The assumptions made regarding recovery of by-products.</i><i>Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).</i><i>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</i><i>Any assumptions behind modelling of selective mining units.</i><i>Any assumptions about correlation between variables.</i><i>Description of how the geological interpretation was used to control the resource estimates.</i><i>Discussion of basis for using or not using grade cutting or capping.</i><i>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</i>	<p>within that lode.</p> <ul style="list-style-type: none">There are no known bi products of interest.Gold was the only element estimated.There were four passes of estimation performed for each lode. The size of the anisotropic search ellipsoid was based on the drill hole spacing. The search ellipsoids used in the estimation of the blocks was incrementally increased with each run to a final search range. The criteria for the number of composites to be selected from the number of drill holes decreased with each run, as the search ellipsoid size increased. This was designed to ensure that the highest confidence blocks got estimated in the first couple of runs. The estimation criteria for each pass are provided in the table below. A block discretisation of 3 x 3 x 3 points was used. <table><tr><th>Run No.</th><th>Minimum No. of samples</th><th>Minimum No. of holes</th><th>Search Ellipsoid Radius (m)</th><th>% Blocks estimated</th></tr><tr><td>1</td><td>4</td><td>2</td><td>100 x 50 x 50</td><td>47.7</td></tr><tr><td>2</td><td>4</td><td>2</td><td>150 x 100 x 50</td><td>36.0</td></tr><tr><td>3</td><td>2</td><td>1</td><td>300 x 200 x 50</td><td>16.1</td></tr><tr><td>4</td><td>1</td><td>1</td><td>600 x 250 x 50</td><td>0.1</td></tr></table> <ul style="list-style-type: none">No assumptions on recovery have been made. Recovery is assumed to be 100%.A parent block size of 5 m x 5 m x 5 m was chosen for the Santa Teresa resource estimate. The parent blocks were then sub blocked down to	Run No.	Minimum No. of samples	Minimum No. of holes	Search Ellipsoid Radius (m)	% Blocks estimated	1	4	2	100 x 50 x 50	47.7	2	4	2	150 x 100 x 50	36.0	3	2	1	300 x 200 x 50	16.1	4	1	1	600 x 250 x 50	0.1
Run No.	Minimum No. of samples	Minimum No. of holes	Search Ellipsoid Radius (m)	% Blocks estimated																							
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2	4	2	150 x 100 x 50	36.0																							
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4	1	1	600 x 250 x 50	0.1																							

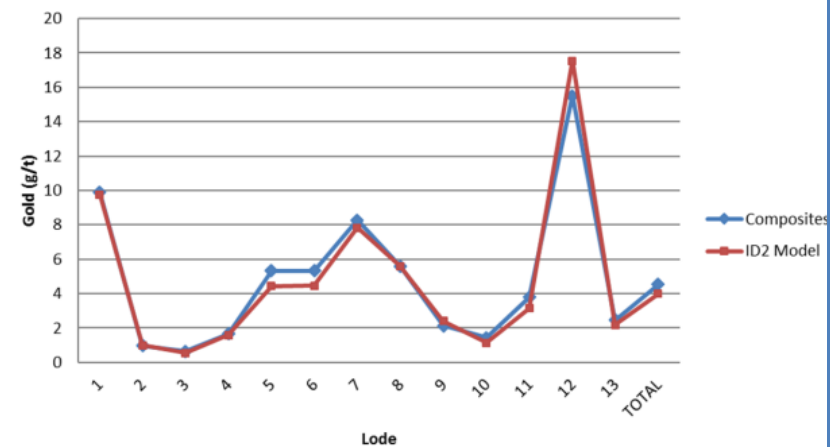
Criteria	JORC Code explanation	Commentary
		<p>1 m x 1 m x 1 m as needed. This is smaller than what would normally be adopted, but true to the very thin nature of the lodes a smaller than ideal parent block size had to be used to honour a block size suitable for the anticipated underground SMU.. The average drill hole spacing was around 50 m spaced lines with dips ranging from -42° to -80°. The block model extents were extended far enough past the mineralized wireframe to encompass the entire domain.</p> <ul style="list-style-type: none"> • The gold composite file was used for the Top cut/capping analysis. A combination of histograms, inflection points on the probability plot and the co-efficient of variation of the capped composites were used to decide on the final capping level to be applied. In the case of Santa Teresa the need to cap is definitely required. There are some very extreme high grade samples that if left un-capped have a huge difference of the final resource calculation. Due to the limited number of composites (N=128) and the high grade nugget nature of this mineralisation, a number of possible capping levels were identified. A capping level of 20 g/t Au was decided as an appropriate capping level to apply to this deposit. • The volume of the mineralized lodes at a 0.5g/t Au cut off was interpreted and the calculated volume of the block model was calculated, there is a difference of 0.03%. • The block model was visually validated on cross sections comparing block grades versus the sample grades for all sections and drill holes. In addition, the block and sample data were compared by lode, easting, northing and elevation using swath plots. The block model and sample composite compare well and not issues were identified.

Criteria






JORC Code explanation

Commentary

**Santa Teresa Lode Swath Plot
Composite versus Block Model**



Comet Resources Limited
ABN 88 060 628 202

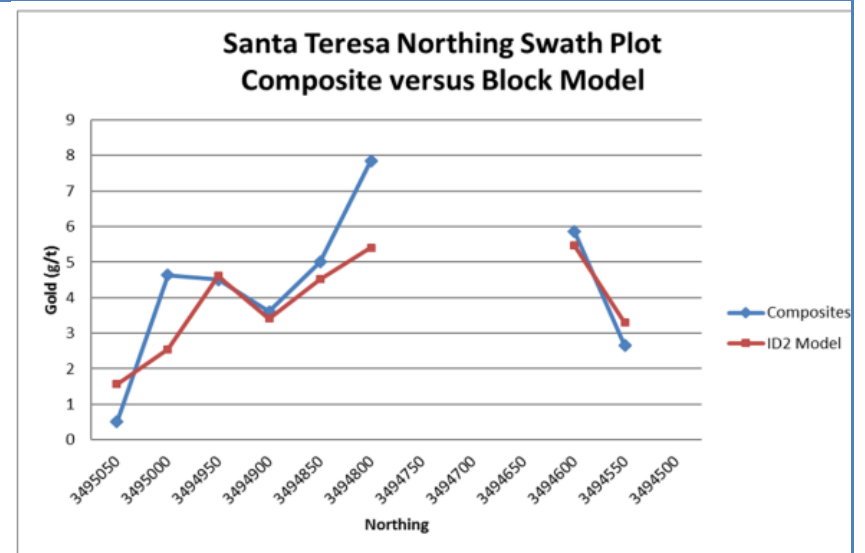
 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 **ASX:CRL**

Suite 9, 330 Churchill Avenue
Subiaco WA 6008






Criteria

JORC Code explanation

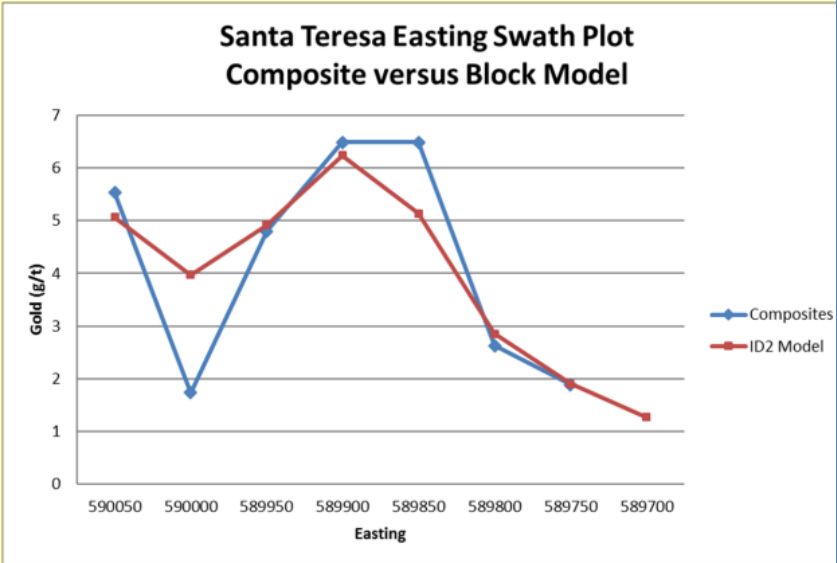
Commentary



Comet Resources Limited
ABN 88 060 628 202

 AU +61 (8) 6489 1600
 comet@cometres.com.au
 PO Box 866 Subiaco WA 6904
 cometres.com.au
 **ASX:CRL**

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

Criteria	JORC Code explanation	Commentary
		
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<ul style="list-style-type: none"> To the best of the CP's knowledge, no density analysis has been completed. An assumed density was assigned to all blocks. .
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> The Santa Teresa uses a cut-off grade of 4.0 g/t Au, which is considered suitable to demonstrate reasonable prospects for economic extraction. It is anticipated that the deposit would be mined via underground mining methodology and as such a higher cut -off was chosen. The Santa Teresa inferred resource has been calculated at 230,000 tonnes at 8.7g/t Au for 64,000 ounces of gold using a 4g/t lower block cut off. The CP recommends the use of the Top cut/capped resource.

Criteria	JORC Code explanation	Commentary															
Mining factors or assumptions	<ul style="list-style-type: none">Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	<ul style="list-style-type: none">It is anticipated that the deposit would be mined via underground mining methodology and as such a higher cut -off was chosen. No dilution for mining was incorporated into the model. The model and reported resources is ore only.															
Metallurgical factors or assumptions	<ul style="list-style-type: none">The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	<ul style="list-style-type: none">Metallurgical test work on Santa Teresa was completed in March 2016 at ALS Metallurgy, Kamloops, British Columbia. Three samples collected in February 2016 from the Santa Teresa project were sent to ALS Metallurgy, weighing between 1.1 and 2.1 kg for the purpose of completing a preliminary Gravity test. Gravity testing was completed by first feeding each of the pulverized samples through a Knelson gravity concentrator. The gravity concentrate was then hand panned to reduce the mass recovery to a more representative value for a concentrator gravity circuit. The Knelson Tailing and Pan Tailing were also assayed for gold. <p>Screened metallic gold head assays had been completed on each of the samples at an external laboratory (Bureau Veritas Commodities Ltd.) prior to being delivered to ALS Metallurgy. The results of the Gravity testing are summarized in below.</p> <p>Gravity Testing Results</p> <table><tr><th>Sample</th><th>Received Weight (kg)</th><th>Provided Gold Assay (g/tonne)</th><th>Gold Recovery (%)</th><th>Calculated Gold Feed Grade (g/tonne)</th></tr><tr><td>16KRP001</td><td>1.1</td><td>3.15</td><td>25.6</td><td>3.14</td></tr><tr><td>16KRP003</td><td>1.7</td><td>37.5</td><td>67.6</td><td>41.5</td></tr></table>	Sample	Received Weight (kg)	Provided Gold Assay (g/tonne)	Gold Recovery (%)	Calculated Gold Feed Grade (g/tonne)	16KRP001	1.1	3.15	25.6	3.14	16KRP003	1.7	37.5	67.6	41.5
Sample	Received Weight (kg)	Provided Gold Assay (g/tonne)	Gold Recovery (%)	Calculated Gold Feed Grade (g/tonne)													
16KRP001	1.1	3.15	25.6	3.14													
16KRP003	1.7	37.5	67.6	41.5													

Criteria	JORC Code explanation	Commentary				
		16KRP004	2.1	293	77.2	267
<i>Environmental factors or assumptions</i>	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> The previous mining operations in the area included the development of waste dumps and haul roads on the neighbouring mining lease but they will not be affected by the mining of Santa Teresa. The area is not known to be environmentally sensitive and the CP is not aware of any environmental liabilities to which the project may be subject, or any other significant risk factors that may cause access, title, right or ability to perform work on the project. 				
<i>Bulk density</i>	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> To the best of the CP's knowledge, no density analysis has been completed. An assumed density was assigned to all blocks. It is highly recommended that at least 30 density samples be collected across the deposit in representative mineralised zones before progressing this deposit further. This way a more detailed calculation of the tonnes can be ascertained. In light of there being no density samples a nominal density of 2.79 kg/m³ which was the density used for the previous polygonal resource. A density of 2.79 kg/m³ seems reasonable for use in light of the mineralisation style and host rock at Santa Teresa. 				
<i>Classification</i>	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> The 2016 Santa Teresa Mineral Resource has been classified as Inferred Resources according to the JORC/CIM definition standards. The classification of the Santa Teresa Inferred Resource was based on geological and mineralisation confidence, data quality and grade continuity. The most relevant factors used in the classification process were: <ul style="list-style-type: none"> -Drill hole spacing density -Level of confidence in the geological interpretation/mineralization continuity. The observed vein orientations observed in both the underground development and also the surface trench/outcrop mapping which in combination with the drill holes provides confidence 				

Criteria	JORC Code explanation	Commentary
		<p>in the mineralization continuity.</p> <p>-Estimation parameters i.e. continuity of mineralization</p> <p>It should be noted that there is still uncertainty associated with the geological/vein model and the lack of density measurements and as such it has been classified as inferred.</p>
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	<ul style="list-style-type: none"> No audits or reviews have been conducted on this mineral resource estimation.
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> The reported gold production of the El Alamo district has been estimated between 100,000 to 200,000 ounces of gold. The past producing Aurora-Princessa and La Viznaga Mines, located outside the present day Santa Teresa Property, were responsible for 75% of the total production of the El Alamo district, with reportedly 97,100 ounces gold recovered from the Aurora-Princessa and 48,100 ounces gold from La Viznaga. The high grade Aurora ore-shoot reportedly produced 29,000 ounces gold from the 150 foot (46 m) level to surface. Smaller scale production within the Santa Teresa Property occurred along the Borracha, Cruda, Quinota, and La Americana veins. The tonnage and grade estimation is a global estimate to be used for: <ul style="list-style-type: none"> -assessing whether there is a potential mining project -assessing a potential mining method. -target additional project development and resource infill drilling. The competent person anticipates that there is likely to be a few difficulties in collecting data and additional understanding for the geological context which is relatively straight forward. Further work is required to collect density measurements in order to better reflect anticipated tonnages. Further work is required to infill drill in order to better define the geological and grade interpretations.

Appendix 5: Fees Payable to Empire Capital Partners Pty Ltd

Fee Summary	Explanation	Number of Securities (US\$6 million drawdown on financing) ⁴	Value (US\$6 million drawdown on financing)	Number of Securities (US\$20 million drawdown on financing) ⁴	Value (US\$20 million drawdown on financing)
Item 1 - Share Based Fee ¹	\$60,000 CRL shares at the 20-day VWAP on the day prior to execution of a the Heads of Agreement	5,263,158 shares	\$60,000	5,263,158 shares	\$60,000
Item 2 - Share Based Fee (Acquisition) ^{1, 2}	Fees to the value of 3% of the value of the consideration payable for the Acquisition transaction in cash or shares at Empire's election, in two tranches based on the staged structuring of the acquisition (50% payable on the Company acquiring a 50% interest in the Santa Teresa Project and 50% payable upon the Company acquiring 200% of the Santa Teresa Project)	9,210,526 shares	\$105,000	9,210,526 shares	\$105,000
Item 3 - Share Based Fee (Financing) ¹	Upon entering into definitive transaction documents, 6% of the initial US\$6 million to be made available under the Financing in shares (at the 20-day VWAP of the Company on the day prior to the execution of the documents), with an entitlement fees equal to 6% of amounts drawn down under the Financing at the 20-day VWAP of the shares on the day prior to the drawdown.	48,582,996 shares	\$553,846	161,943,320 shares	\$1,846,154
Item 4 - Option Based Fee (Financing) ³	Upon entering into definitive transaction documents, an equivalent number of options to the number of shares issued under Item 3 above, exercisable at a 30% premium to the 20-day VWAP and expiring on 30 June 2023, with an entitlement to additional options upon drawdown of further amounts under the Financing (equal to the number of shares issued under Item 3 above and exercisable at a 30% premium to the 20 day VWAP prior to the drawdown and expiring 2 years following the date of issue.	48,582,996 options	\$114,020	161,943,320 options	\$380,066
TOTAL		63,056,680 shares 48,582,996 options	\$832,866	176,417,004 shares 161,943,320 options	\$2,391,220

Notes:

- Value of share based fee component on 20-day VWAP of \$0.0114 per share.
- Note that this fee is payable in cash or shares at Empire Capital's election.
- In respect of unquoted Equity Securities the value of Options is measured using the Black-Scholes methodology. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected future volatility of the underlying Share, the expected dividend yield and the risk free interest rate for the term of the Option.
- Please note, the value and quantity of share and option based fees could be potentially lower through increased VWAP and appreciated Australian Dollar Value, currently using a \$0.65 USD/AUD exchange rate.

Comet Resources Limited
ABN 88 060 628 202

Suite 9, 330 Churchill Avenue
Subiaco WA 6008

☎ AU +61 (8) 6489 1600

✉ comet@cometres.com.au

✉ PO Box 866 Subiaco WA 6904

🌐 cometres.com.au

📡 ASX:CRL