Quarterly Activities Report – September 2020

Highlights

- **Completion of Santa Teresa Gold Project acquisition**
- **Successful completion of a share placement to raise $2 million and initiation of a Share Purchase Plan (SPP) which raised $1 million** (subsequent to quarter end)
- **Executed binding documents with Raptor Capital International Limited (Raptor) for a streaming facility to provide a minimum of US$6m and up to US$20m in funding for development of the Santa Teresa Gold Project**
- **Barraba Copper Project field visit completed allowing for planning of drill-hole locations for the initial drilling program**
- **Excellent graphite grades achieved from initial metallurgical test work - final optimised flotation results achieved a total carbon (TC) grade of 96.9%**

Post Quarter End

- **Santa Teresa Gold Project initial JORC compliant Inferred Mineral Resource estimate of 88.6koz at 7.47 g/t gold. Knowledge gained to be used to assist in planning for Comet's upcoming drilling program**
- **Appointment of Interminco Services as Project Manager of the Santa Teresa Gold Project in Mexico**
- **Access gained to commence exploration activities at the Barraba Copper Project**

Comet Resources Limited (**Comet or the Company**) (**ASX:CRL**), is pleased provide the Quarterly Activities Report and Appendix 5B for the quarter ending 30 September 2020. The Company made significant inroads during and subsequent to the quarter which included the completion of the release of the results from the initial JORC compliant mineral resource estimate for the Santa Teresa High Grade Gold Project in Baja California, Mexico.

Matthew O'Kane, Managing Director of Comet Resources, commented ***"The September quarter has been a very busy one again for Comet, with the completion of the acquisition of the Santa Teresa Gold Project, as well as finalisation of the streaming agreement with Raptor to provide development capital for the project. We also got onto the ground for the first field visit to the Barraba Copper Project, which post quarter end we have now gained access to for exploration activities which will commence in November, and of course we had a very successful placement and SPP. We are now well funded and are looking forward to pressing ahead and advancing our projects further in Q4."***

Work Program and Outlook

Program	Aim & Details	Status
Santa Teresa High Grade Gold Project	Appointment of Project Manager	Completed
	Completion of field mapping and sampling exercise to support planning for and locations of initial drilling program	Expected to complete in Q4 2020
	Permitting of Initial drilling program	Estimated to complete in Q4 2020
	Commencement of initial drilling program	Expected to commence latest in Q1 2021
Barraba Copper Project	Completion of geochemical and rock chip sampling program at the Murchison Mine and several IP anomalies	On track to complete in November 2020
	Commencement of initial drilling program at the Gulf Creek Mine	Drilling to commence pending final permitting

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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

Program	Aim & Details	Status
R&D Grant Funding	R&D grant funding preparation and submission	Completed in October 2020. Pending outcome of submission

Santa Teresa Gold Project



Figure 1: Regional Geology of the Santa Teresa Gold Project

The acquisition of the Santa Teresa Gold Project, completed during the quarter, is further enhanced by funding from Raptor Capital International of $US6M (up to US$20M) via a gold stream and royalty facility. 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.

As announced on 13 October 2020, the JORC Inferred Mineral Resource estimate for the Santa Teresa Gold Project (shown in Table 1 below) was calculated based on the application of top cap grades on a lode by lode basis as assessed by the Competent Person, and a gold cut-off grade of 2.5g/t. Please refer to the ASX release dated 13 October 2020 for full details.

Classification	Tonnes ('000)	Gold grade	Contained gold ('000 ounces)
Inferred	369	7.47g/t	88.6

Table 1: Santa Teresa Gold Project JORC Mineral Resource estimate.

A sensitivity analysis (shown in Table 2 below) was also performed using different top cut grades to show the effect on amount of contained gold. The results based on these different levels of top cuts are shown in table 2 below. Please note the cut-off grade remains 2.5g/t for all levels of top caps shown.

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Top cut grades applied	Inferred Mineral Resources ('000, tonnes)	Gold grade	Contained gold ('000 ounces)
20g/t	410	6.52g/t	85.9
50g/t	414	8.94g/t	119.0
Uncapped	414	13.07g/t	174.0

Table 2: Effect of different top caps on the Inferred Mineral Resource estimate. ***(Please note that these are shown only for comparative purposes and do not constitute implied alternative Mineral Resource estimates. The only Inferred Mineral Resource estimate is highlighted in Table 1 showing 88.6 k Oz.)***

Post the end of the quarter the Company appointed Interminco Services Ltd (Interminco) as Project Manager for the Santa Teresa Gold Project. Interminco has a track record spanning over 20 years in Latin America. The Company's experience and that of its executives includes roles with Rio Tinto and Xstrata, delivering a number of projects from successful exploration through to mine production in Chile, Mexico and the USA. The team is also experienced in commercial strategy, advising on projects for leading global mining companies, as well as Juniors at various stages of development.

Interminco will have a team based in Ensenada, approximately 100Km from site. Their initial focus at the project will be planning for the upcoming drilling program and associated permitting, managing the drilling program itself as well as sampling, assaying and database management. To allow planning for the initial drilling program to progress a site based exercise of creating a GIS database of all prior drill collar locations as well as historical shafts, trenches and surface outcroppings on the mineralised veins will be undertaken.

Barraba Copper Project

During the quarter the Company provided an update on its Barraba Copper Project, located in the New England region of New South Wales, approximately 550km north of Sydney. Comet's Consulting Geologist, Mr Mart Rampe, completed a visit to site to assess environmental and logistical conditions to enable the finalisation of planning for an initial drilling program around the historic Gulf Creek mine. This included a review of site topography and access conditions necessary for drilling equipment and support infrastructure. Community consultation efforts were also further advanced.

The Barraba Copper Project has never been systematically tested by modern exploration techniques. Following the validation of existing exploration data, the initial drilling program will focus on the drill-testing of areas below and along strike of the historically mined lodes at the Gulf Creek Mine. The drilling will be complemented with downhole geophysical surveys with the aim of providing additional information about potential parallel and blind lodes.

Follow receiving approval to conduct exploration activities on a large part of the freehold land at the Barraba Copper Project, an initial exploration program commencing in November will be undertaken to target the Murchison Copper Mine and several IP anomalies to the north of the Gulf Creek Mine. This will entail a grid based geochemical soil and rock chip sampling program together with geological mapping. On a recent field trip to the Barraba Copper Project, a red to orange halo of oxidation was observed at surface in the area of the IP anomalies, suggesting the presence of potential alteration and/or mineralisation.

Volcanogenic massive sulphide (VMS) deposits, such as the historic Murchison and Gulf Creek Mines, as well as the Four Mile Lode, often occur in clusters due to the nature of the geological processes that form them. This is the case at the Barraba Copper Project with these three historic VMS deposits known to be located within the project area. Having multiple deposits within a project area greatly enhances the chances of building a resource inventory of the scale required to be successfully developed into a producing mine. This was one of the primary factors that attracted the Company to the Barraba Copper Project.

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Corporate Activities

On 23 September 2020, Comet announced the completion of the first tranche of its placement of 100,000,000 fully paid ordinary shares (Shares)(Placement) at a price of $0.02 per share to raise $2,000,000 before costs. The Company issued 98,500,000 Shares under the Placement to raise $1,970,000 pursuant to its placement capacity under ASX Listing Rules 7.1 (59,100,000 Shares) and 7.1A (39,400,000 Shares). The remaining 1,500,000 fully paid ordinary shares from the placement were issued on 16 October 2020.

On 5 October 2020, the Company announced that it had received applications from existing shareholders for $2.3 million at an offer price of $0.02 per share under its Share Purchase Plan (SPP), which closed on Thursday 1 October 2020. Due to the strong demand from shareholders for the SPP offer, with oversubscriptions of $1.8 million being received, the Company decided to accept over subscriptions of $500,000 meaning the SPP raised a total of $1,000,000 before costs of the offer.

Pursuant to Section 6 of the Appendix 5B, the Company paid $75,056 in director fees, superannuation and wages to the board of Comet Resources Limited. The Company confirms that Mr Matthew O'Kane (Managing Director) will receive a salary of $275,000 pa, exclusive of superannuation, from 1 November 2020. Expenditure incurred from operating and investing activities during the quarter ended 30 September 2020 relates to legal and technical due diligence in regard to project acquisitions, exploration costs and for general working capital purposes.

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

For further information please contact:

MATTHEW O'KANE

Managing Director

(08) 6489 1600
comet@cometres.com.au
cometres.com.au
Suite 9, 330 Churchill Avenue Subiaco WA 6008
PO Box 866 Subiaco WA 6904

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About Comet Resources

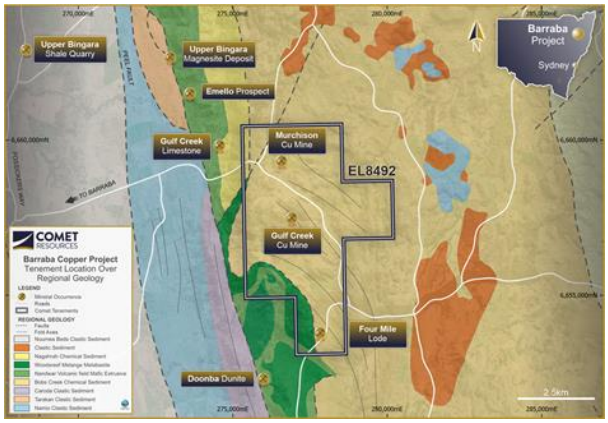
Santa Teresa Gold Project (Mexico)

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. In addition to the two claims of the Project, two additional claims totalling a further 378 hectares in the surrounding El Alamo district are being acquired.



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 as well as the Four Mile Lode. 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.



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

Appendices

Tenement List

Project	Location	Tenement	Interest
Springdale	WA	E74/562	100%
		E74/612	100%
Bell's find	NSW	M74/1055	25%
Barraba	NSW	EL8492	80%
Santa Teresa [1]	Mexico	223182	50%
		210705	50%
		230380	50%
		237573	50%

1. The 50% interest in the Santa Teresa tenements are in process of being transferred to the Company as part of completion of the conditions subsequent to the announcement of 25 August 2020.

Forward-Looking Statement

This announcement includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Comet Resources Limited's planned exploration programs, corporate activities and any, and all, statements that are not historical facts. When used in this document, words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should" and similar expressions are forward-looking statements. Comet Resources Limited believes that its forward-looking statements are reasonable; however, forward looking statements involve risks and uncertainties and no assurance can be given that actual future results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.

Competent Person Statement

The information in this report that relates to exploration results in respect of the Santa Teresa Gold Project is based on information compiled by Mr Kristopher J Raffle, a Competent Person who is registered with the Association of Professional Engineers and Geoscientists of British Columbia (a Recognised Professional Organisation recognised by ASX), and is a principal of APEX Geoscientists Limited. Mr Raffle has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' Mr Raffle has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources in respect of the Santa Teresa Gold Project is based on information compiled by Mr Michael Job who is a Fellow of the Australasian Institute of Mining and Metallurgy. At the time that the Mineral Resources were compiled, Mr Job was a full-time employee of Cube Consulting Pty Ltd, an independent mining consultancy. Mr Job has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Job consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ASX Listing Rules Compliance Statement

In preparing the Quarterly Report for the period ended 30 September 2020 and to date, the Company has relied on the following ASX announcements. This report contains information extracted from ASX releases and reports cited herein. These are available to view on the website. In relying on the above ASX announcements and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the abovementioned announcements or this Quarterly Report for the period ended 30 September 2020 and to date.

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ASX Announcement	22/10/2020	Comet Gains Access to Explore Barraba Copper Project
ASX Announcement	15/10/2020	Appointment of Project Manager - Santa Teresa Gold Project
ASX Announcement	13/10/2020	Initial JORC Resource - Santa Teresa Gold Project
ASX Announcement	25/08/2020	Santa Teresa Gold Project Acquisition Completion
ASX Announcement	21/08/2020	Excellent Graphite Grades - Initial Metallurgical Test Work
ASX Announcement	23/07/2020	Barraba Copper Project Update
ASX Announcement	15/07/2020	Excellent Graphite Grades - Initial Metallurgical Test Work
ASX Announcement	09/06/2020	Acquisition - Santa Teresa Gold Project and Stream Financing
ASX Announcement	04/06/2020	Acquisition - Santa Teresa Gold Project and Stream Financing
ASX Announcement	16/04/2020	Capital Raising Closed and Project Acquisition Completed
ASX Announcement	23/01/2020	Copper Project Acquisition
ASX Announcement	28/11/2019	Highest Grade Graphite Intercept to date from North Zone
ASX Announcement	25/11/2019	West Zone Hole Confirms High Grade Graphite Continuity
ASX Announcement	15/10/2019	More High Grade Results From Latest Diamond Drilling
ASX Announcement	09/07/2019	EM Survey Targets Extensions to High-Grade Graphite Resource
ASX Announcement	18/06/2019	Large Priority Graphite Exploration Target Identified
ASX Announcement	07/05/2019	Comet Discovers Two New High Grade Graphite Zones

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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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Comet Resources Limited

ABN	Quarter ended ("current quarter")
88 060 628 202	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(104)	(104)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(42)	(42)
	(e) administration and corporate costs	(190)	(190)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	30	30
1.8	Other (provide details if material)	(44)	(44)
1.9	**Net cash from / (used in) operating activities**	**(350)**	**(350)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(100)	(100)
	(e) investments	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(100)**	**(100)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,000	2,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(132)	(132)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,868**	**1,868**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	673	673
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(350)	(350)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(100)	(100)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,868	1,868

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,091**	**2,091**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,091	673
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,091**	**673**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	75
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(350)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(100)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(450)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,091
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,091
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	4.65

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

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8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	
Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....29/10/20.....

Authorised by: .....By the Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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