

Copper Project Acquisition

Comet Resources Ltd (Comet or the Company) (ASX:CRL) is pleased to announce the proposed acquisition of a new copper exploration project in NSW, Australia.

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.

Comet believes that copper is set to see an increase in demand due to the global efforts to reduce emissions from the transport network and also from generation of electricity. Copper is not only an important part of the batteries used in battery electric vehicles (BEV's), but is also used extensively in the electric motors that drive the wheels of BEVs, and is also used intensively in the generation of electricity from renewables, such as solar and wind. The Company believes that Barraba copper project complements its existing Springdale graphite project due to their shared end uses in batteries for BEV's, and better utilises available board and management resources with the aim of driving shareholder value.

Comet Resources Managing Director, Matthew O'Kane, commented ***"It is an exciting opportunity for Comet to be able to acquire the Barraba Project as it is in a prospective location and hosts a number of drill ready targets. We will be working hard to be in a position to test the project's prospectivity as soon as possible after completion."***

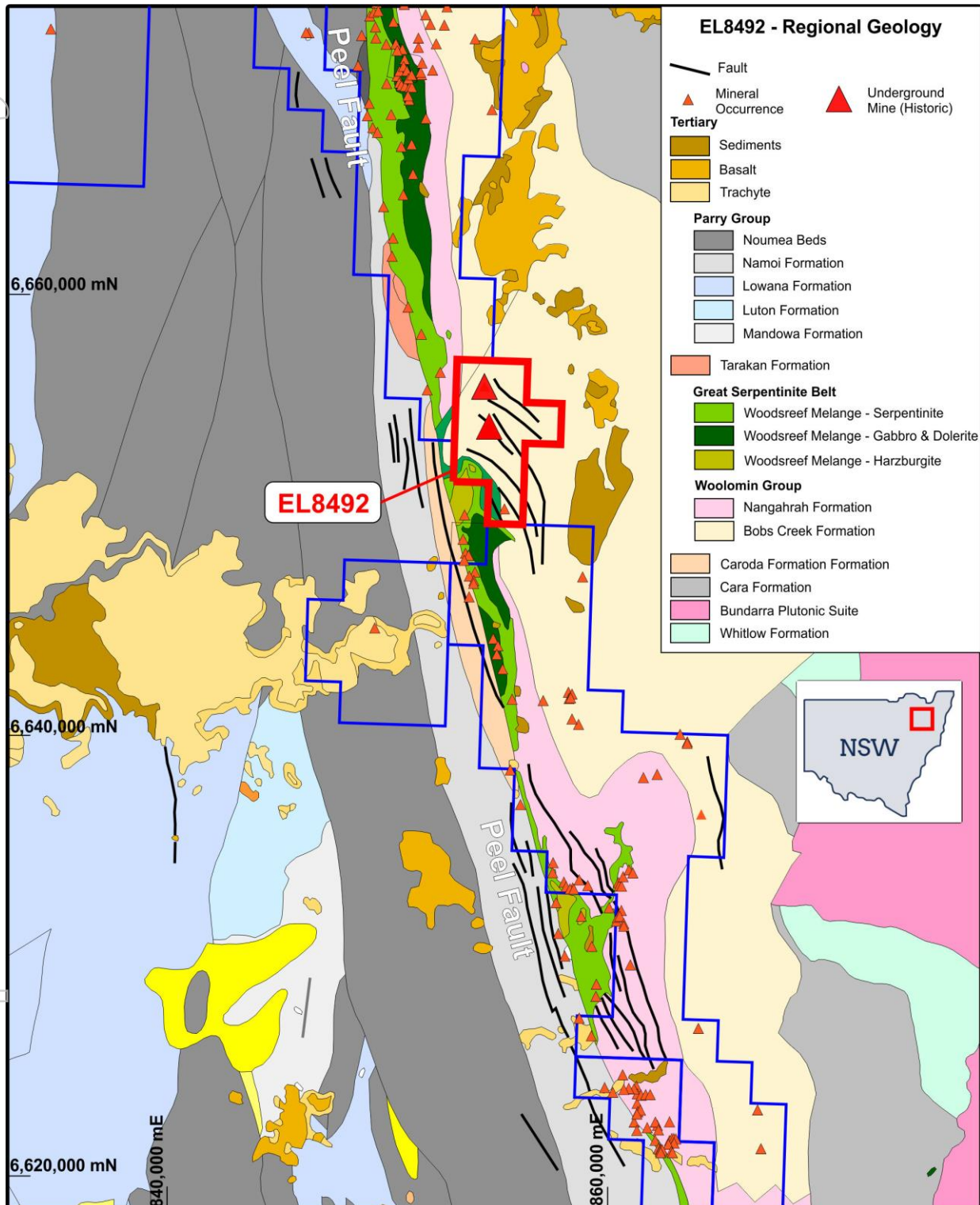
Summary of Key Terms for Acquisition of the Barraba Project:

(Note – Detailed Terms are available in Appendix 1)

- The proposed transaction allows for an acquisition of up to 100% of the Project from current registered holder Mr Jonathan Downes, who is not a related party of the Company nor a shareholder in the Company. The key terms are summarised below and presented in more detail in Appendix 1.
- Comet Resources has a conditional right to acquire an 80% interest for consideration of \$150,000 cash and \$450,000 in shares and a commitment for the completion of a minimum drilling and exploration expenditure programme over the 18 months from date of acquisition.
- The minimum exploration commitment is \$600,000 with a minimum of 1,250m of RC or Diamond drilling to be completed to earn the 80% interest.
- The Vendors are free-carried until a decision to mine has been reached at which point they contribute pro rata in a JV or dilute to a 2% royalty.
- Comet has the option to purchase the remaining 20% interest in the first 36 months for \$2.5 million.
- Comet is required to raise a minimum of \$2,000,000 to fund exploration as a Condition Precedent of the transaction and, if the capital raising is to be completed by way of placement, will seek shareholder approval for the issue of these shares at a general meeting to be held in the coming months. This funding will support an exploration programme including geophysics (surface and downhole) as well as targeted RC or diamond drilling. The initial phase of drilling will focus on testing for extensions of known mineralisation around historic copper-zinc lodes.



Regional Geology of the Barraba Project:



For personal use only

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

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

Appendix 1: Complete Terms for Acquisition of the Barraba Project:

1. **Consideration:** subject to the satisfaction (or waiver) of the conditions, in consideration for the Acquisition the Company agrees to:
 - a. pay \$150,000 in cash to the Vendor, Mr Jonathan Downes (or his nominees), (**Cash Consideration**) of which \$50,000 is a non-refundable deposit payable to the Vendor (or his nominees) upon execution of the agreement; and
 - b. issue to the Vendor (or his nominees) \$450,000 worth of fully paid ordinary shares in the capital of the Company (**Shares**) at a deemed issue price per Share equal to the volume weighted average price of Shares calculated over the 20 days on which sales in Shares are recorded before the date of issue, subject to a maximum price per Share which is equivalent to that of Shares issued pursuant to the capital raising condition (refer below) (**Consideration Shares**).
2. **Conditions Precedent:** Settlement of the Acquisition is conditional upon the satisfaction (or waiver) of the following conditions precedent:
 - a. completion of legal and technical due diligence by the Company on EL8492 (the **Tenement**) and associated mining information (together, the **Assets**), to the satisfaction of the Company in its sole discretion;
 - b. the Company raising no less than \$2,000,000 (**Capital Raising**);
 - c. the shareholders of the Company approving the issue of the Consideration Shares to the Vendor (or his nominees) in accordance with the ASX Listing Rules and the Corporations Act; and
 - d. the Company obtaining all necessary regulatory approvals pursuant to the ASX Listing Rules, the Corporations Act, the relevant Australian state based mining legislation (**Mining Act**) or any other applicable law, on terms acceptable to the Company to allow the Company to lawfully complete the transactions contemplated by the agreement.
3. **Grant of Option:** In addition to the Acquisition and subject to settlement occurring, the Vendor grants the Company an option to acquire a further 20% interest in the Assets (**Option**). The Option may be exercised by the Company at any time within the 36 month period following settlement by the Company giving written notice to the Vendor of its intention to exercise the Option (**Notice**) and making a payment of \$2,500,000 to the Vendor (or his nominees) within 60 days of the date of the Notice.
4. **Joint Venture:** On and from the date of settlement, the Vendor and Company will be deemed to have established a joint venture for the purpose of exploration and development on the Tenement (**Joint Venture**). On the date of settlement, the interests of the parties in the Joint Venture will be (**Joint Venture Interests**):
 - a. the Company - 80%; and
 - b. the Vendor – 20%.

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



5. **Post Settlement Obligations:** Subject to exercise of the Option, the Company has an obligation to expend a total amount of not less than \$600,000 (excluding GST) (**Minimum Expenditure Condition**) on direct, 'in-ground' exploration activities on the Tenement (**Approved Exploration Expenditure**) which shall include a minimum of 1,250m of Diamond or Reverse Circulation drilling (**Minimum Drilling Requirement**) within a period of 18 months from the date of settlement (**Minimum Expenditure Period**).
- where the Minimum Drilling Requirement and the Minimum Expenditure Condition are not satisfied by the Company in full on or before the expiry of the Minimum Expenditure Period, the Company's interest in the Assets will revert to zero.
 - where the Minimum Drilling Requirement is satisfied by the Company on or before the expiry of the Minimum Expenditure Period, but the Minimum Expenditure Condition is not satisfied by the Company on or before the expiry of the Minimum Expenditure Period, the Purchaser can elect (in its sole and absolute discretion) to:
 - make a payment to the Vendor of the amount of shortfall in the Minimum Expenditure Condition, with such payment to be made in cash or Shares (as agreed to by both Parties and the issue of such Shares is subject to all required shareholder approvals); or
 - dilute its interest in the Assets on a pro-rata basis, calculated in accordance with the formula:
$$(\text{Approved Exploration Expenditure} / \$600,000) * 80\%$$
6. **Free Carry and Decision to Mine:**
- On and from the date of settlement, the Company will sole fund all costs incurred in connection with the activities of the Joint Venture and will free carry the Vendor's remaining Joint Venture Interest (**Remaining Interest**) until such time as a decision to mine is made (the **Free Carried Period**).
 - On and from a decision to mine being made, the Company and Vendor will contribute to all Joint Venture expenditure made or incurred in respect of the Joint Venture in proportion to their respective Joint Venture Interests, except that either the Vendor or Company may elect not to contribute to Joint Venture expenditure, in which case the Joint Venture Interest of the non-contributing Party will be subject to reduction by dilution on standard industry terms.
 - Where the Joint Venture Interest of either party dilutes to 5% or less, their Joint Venture Interest will convert to a 2% net smelter return royalty (on standard industry terms) and the Joint Venture will be at an end. The parties have agreed that where the Vendor is the diluting party, Comet will have a right to buy down the royalty from the Vendor, at any time, for a payment of \$5,000,000 such that the Vendor will hold a 1% net smelter return royalty on completion of the buy down.
7. **Manager:** The party with the largest Joint Venture Interest will be manager of the Joint Venture and its representative on the operating committee formed in respect of the Joint Venture (which will be comprised of a representative of each party) will have a casting vote.

About Comet Resources

In addition to the proposed acquisition of the Barraba Project, Comet is the 100% owner of the Springdale graphite project, located approximately 30 kilometres east of Hopetoun in south Western Australia. The project is situated on freehold 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 two tenement's (E74/562 and E74/612) that make up the Springdale project.



Key information on the Springdale Graphite Project

- Comet completed a first pass aircore drilling program in February 2016, which confirmed that graphite was present (Western Zone).
- In September 2017 a 220km² detailed aeromagnetic survey was conducted (ASX 10 Nov 2017). Interpretation delineated 26 kilometres of stratigraphy deemed to be prospective for graphite mineralisation. Less than 20% of the identified stratigraphy has been drill tested indicating the potential scale of the Project.
- The Northern Zone was defined as a high priority drill target. RC drilling completed between December 2017 and February 2018 was successful in identifying high grade graphite mineralisation in the Northern Zone.
- Comet released a Maiden Resource (Table 1) at the Springdale Graphite Project late 2018 that incorporated the Northern, Western and Eastern Zones (ASX 6 Dec 2018).
- The high-grade portion of the Inferred Mineral Resource is 2.6Mt at 17.5% Total Graphitic Carbon (TGC) (Table 1).
- Metallurgical test work in April 2017 proved that graphene can be produced from Springdale graphite by electrical exfoliation. It is very rare for a graphite deposit to be able to produce graphene using the exfoliation method on solid, untreated rock.

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

For personal use only

- The discovery of two new high-grade zones of graphite mineralisation was announced in May 2019. The results of the drilling program confirmed that electromagnetic surveys could be used as a targeting tool for shallow, high-grade graphite mineralisation (*ASX release 7 May 2019*).
- In October 2019 an aerial electromagnetic survey identified numerous shallow high-grade graphite targets, many of which are in close proximity to existing resources (*ASX 15 Oct 2019*).

Forward-Looking Statement

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

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on information compiled by Matthew Jones, who is a Competent Person and Member of The Australasian Institute of Mining and Metallurgy. Matthew Jones is a consultant and was previously Exploration Manager of the Company. He 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Matthew Jones consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Exploration Targets is based on information compiled by Bianca Manzi, who is a Member of The Australian Institute of Geoscientists and a part time consultant to Comet Resources Limited. Ms Manzi 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Ms Manzi consents to the inclusion in this report of the matters based on their information in the form and context in which it appears.

No New Information

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

Springdale Project Mineral Resource estimate reported at a $\geq 2\%$ TGC cut-off grade

Domain	Tonnes (Mt)	Density (t/m ³)	Graphite (TGC%)	JORC Classification
High grade	2.6	2.1	17.5	Inferred
Low grade	13.0	2.2	3.7	Inferred
Total Resources	15.6	2.2	6.0	Inferred

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

For personal use only

Note – Inferred Resources have only been reported from within mineralised wireframe domains defined by a nominal 2% TGC cut-off for low-grade and a nominal 15% TGC cut-off for high-grade to a nominal depth of 100m.

Released ASX 6 Dec 2018

For personal use only

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**