

Company Update

KEY POINTS:

- The Company is seeking to raise up to \$1.5m in secured convertible loans to support reinstatement of its shares to trading on the ASX. A shareholder meeting will be announced shortly to seek relevant approvals
- An entitlement issue, which will give all eligible shareholders the right to participate, will also be launched to raise additional funds to meet the financial conditions for reinstatement should the Company receive approval from the ASX for reinstatement. An application for reinstatement is currently with the ASX for review
- International Graphite Limited (ASX:IG6) will subscribe for \$250K in the convertible loans and may also underwrite a portion of the entitlements issue as part of a plan to further increase ties with Comet
- To maximise the amount of cash available for future exploration, Management and the Board plan to convert existing debts of up to \$400K into equity by partially underwriting the entitlements issue
- The Managing Director will also forgive \$50K in salary and work on half salary until the Company is reinstated

Comet Resources Ltd (Comet or the Company) (ASX:CRL) announces that following the discontinuation of the proposed acquisition of the Mount Margaret Copper Project, it is now seeking to raise up to \$1.5 million via secured convertible loans to support the Company's proposed plan to seek re-quotations of its shares on the ASX. Full details of the terms of the convertible loans are provided below. The proceeds of the convertible loans will be used by Comet to progress exploration at the Barraba Copper Project in New South Wales, and the Northern Territory base and precious metals projects and provide working capital as it seeks to complete the process for re-quotations of its securities.

Comet has now submitted an application to the ASX setting out its recapitalisation strategy to seek re-instatement of its shares to trading. Once the Company has received advice from the ASX on the process for re-instatement and the conditions required to be met prior to re-quotations of the shares, shareholders will be updated via an ASX announcement and webinar. It should be noted that there is no guarantee that the ASX will approve re-instatement.

In addition to its exploration assets, the Company continues to hold 40,000,000 shares in International Graphite Limited (ASX:IG6), worth approximately \$9 million based on recent share prices. These shares are escrowed until 7 April 2024.

International Graphite Limited (**IG**) will contribute \$250,000 into the convertible loan and will act as security trustee for convertible loan investors. IG may invest further into Comet by providing underwriting for a portion of the planned entitlement issue. Both IG and Comet plan to increase ties further over time.

Series A - Convertible Loan terms ("Series A Loans"):

- The term of the Series A Loans is 12 months.
- The Series A Loans are secured via a general security against all Company assets excluding the International Graphite Limited shares.
- Interest is payable at 8% per annum in cash.
- Conversion of the Series A Loans is at the option of the lender at any time, but is mandatory upon the re-quotation of the Company's shares on the ASX.
- The conversion price is the lower of 9 cents per share or a 10% discount to the next capital raise.
- Upon conversion, subject to receipt of shareholder approval, a 1 for 2 option will be issued with an exercise price of \$0.20 and an expiry of 3 years from the date of issue.

Series B – Convertible Loan terms ("Series B Loans"):

- The Series B Loans are on the exact same terms as the Series A Loans, except that the issue of any securities under the Series B Loans is subject to the receipt of shareholder approval.

Upon any trigger for conversion of the Series A Loans, the Company will issue shares up to its capacity under ASX listing rule (LR) 7.1 initially and shareholder approval will be sought for the issue of options under the Series A Loans. Shareholder approval will be sought for the issue of any shares and options under the Series B Loans. Following receipt of ASX's feedback on its re-capitalisation strategy, the Company will announce the date for a shareholder meeting to approve the issue of shares and options.

The current LR 7.1 capacity available to the Company will allow for the conversion of up to \$933,650 of Series A Loans into shares, for 10,373,887 new shares based on a conversion price of \$0.09 per share. The 5,186,943 options (1 for 2) will require shareholder approval to be issued. No more than \$933,650 of Series A loans will be issued.

Conversion of all Series B loans into shares and issue of 1 for 2 options will require shareholder approval. A maximum of 6,292,780 new shares based on conversion of \$566,350 of Series B Loans at a price of \$0.09 per share and 3,146,390 options (1 for 2) would be issued subject to shareholder approval.

The Company currently has 69,159,244 shares on issue.

The Company notes that it expects to require funds in excess of what is available to convert into equity under the LR 7.1 capacity via the Series A Loans, and that failure to gain shareholder approval for the resolutions may adversely impact the ability of the Company to achieve re-quotation of its shares.

The table below shows the Company's current share structure and the effect of the Series A and Series B loans and the associated options should they be approved by Shareholders and subsequently converted to equity.

	Shares	% total	Options	% total
Currently on issue	69,159,244	80.6%	400,000	2.9%
Series A loans	10,373,887 ¹	12.1%	5,186,943 ²	37.8%
Series B loans	6,292,780 ²	7.3%	3,146,390 ²	22.9%
Lead Mgr / Broker Options	0	0.0%	5,000,000 ²	36.4%
Total upon conversion	85,825,911	100.0%	13,733,333	100.0%

1. Will be issued under LR 7.1 capacity
2. Requires shareholder approval to issue

The lead manager of the convertible loan and entitlement issue will be CPS Capital Group Pty Ltd (ACN 088 055 636) (AFSL 294848) (**CPS**). CPS will receive the following fees in respect of the Convertible Loan:

- a management fee of 2%, plus GST where applicable, for managing the Convertible Loan and the entitlement issue (**Management Fee**); and
- a placing fee of 4%, plus GST where applicable, for funds raised via the Convertible Loan and funds placed in the shortfall of the entitlement issue (**Placement Fee**); and
- by negotiation, CPS may be liable to pay a placing fee to parties, of up to 4%, plus GST where applicable (**Third Party Fee**);
- CPS or its nominee/s will also receive 2,000,000 options (**Lead Manager Options**) on the same terms as the convertible loan options and will be issued at \$0.00001 per option. The issue of the Lead Manager Options will be subject to shareholder approval; and
- CPS or its nominee/s will also receive 1,000,000 Options (**Broker Options**) for each AUD\$500,000 or pro rata, placed under the convertible loan on the same terms as the convertible loan options and will be issued at \$0.00001 per option. The issue of the Broker Options will be subject to shareholder approval; and
- CPS will receive a completion fee of \$20,000 upon completion of the convertible loan issue (**Completion Fee**).

In addition to the investment by IG the Company and CPS plan to approach major shareholders and high net worth strategic investor clients of CPS to source the balance of the funds up to a maximum of \$1,500,000 in convertible loans (Series A and B combined).

As the Company will require more than \$1,500,000 in funds to meet the financial requirement for reinstatement an entitlement issue will be also be launched to allow all shareholders to participate in the recapitalisation of the Company once the conditions for reinstatement of the Company are known. Again, it should be noted that there is no guarantee that the ASX will approve re-instatement.

The use of proceeds if the total \$1,500,000 is raise is provided below.

Use of Proceeds	
Exploration expenses at the Barraba Copper Project and NT Projects	\$505,000
Settlement of current liabilities	\$600,000
Broker cash fees	\$95,000
Legal Fees	\$50,000
General and Admin	\$66,380
Working Capital	\$183,620
Funds raised under Series A and B convertible loans	\$1,500,000

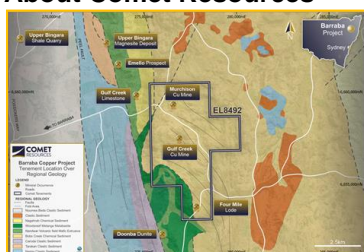
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About Comet Resources

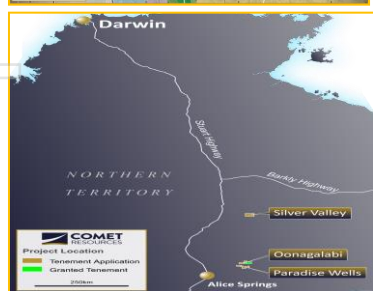


Barraba Copper Project (NSW)

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.

Northern Territory Projects (NT)

The portfolio of Northern Territory exploration licenses and exploration license applications covers an area of approximately 840km². Although historical exploration results were indicative of near surface gold and copper mineralisation, very limited modern exploration has occurred. Comet plans to utilise modern exploration techniques to rapidly advance the scale of known mineralisation, especially where known geophysical and geochemical anomalies exist that have not been comprehensively drill tested.



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.