

COMET RESOURCES LIMITED

ACN 060 628 202

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

**For the Annual General Meeting of the Company to be held at
11.15 am (WST) on Thursday, 12th November 2015 at
The Meeting Room
Red Cray Restaurant
86 Great Eastern Highway
Belmont, Western Australia**

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

A Proxy Form is enclosed

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions

***Should you wish to discuss any matter please do not hesitate to contact the Company by
telephone on +61 8 9475 7100***

NOTICE OF 2015 ANNUAL GENERAL MEETING

Notice is hereby given that the 2015 Annual General Meeting of Shareholders of Comet Resources Limited (**Company**) will be held at the Meeting Room, Red Cray Restaurant, 86 Great Eastern Highway, Belmont, Western Australia on Thursday, 12th November 2015 at 11.15 am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 10th November 2015 at 5.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in 0.

AGENDA

1. Financial Statements and Reports

To receive and consider the Company's and consolidated entity's financial statements for the year ended 30 June 2015, together with the Reports of the Directors and Auditor as set out in the Annual Report.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass as an ordinary resolution the following:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2015 be adopted."

Note: The vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Exclusion Statement

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel of the Company (including the Directors) whose remuneration details are included in the remuneration report, or a Closely Related Party of such member (as these persons are not entitled to cast a vote in their own capacity). However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
 - (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.
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3. Resolution 2 – Re-election of Director – Mr Robert Oswald Jones

To consider, and if thought fit, to pass as an ordinary resolution the following:

"That Mr Robert Oswald Jones, who retires in accordance with Article 3.6 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

4. Resolution 3 – Re-election of Director – Mr Hamish Halliday

To consider, and if thought fit, to pass as an ordinary resolution the following:

"That Mr Hamish Halliday, having been appointed to the Board since the last general meeting, and who ceases to hold office in accordance with Article 3.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director".

5. Resolution 4 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 over a 12 month period on the terms and condition set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

6. Resolution 5 – Issue of shares to Managing Director in lieu of director's fees/consulting fees

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue up to \$50,000 in ordinary fully paid shares to Mr Anthony Roy Cooper, Managing Director of the Company, or his nominee(s), in lieu of director's fees/consulting fees, on the terms and conditions which are set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Cooper and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

7. Resolution 6 – Issue of Incentive Shares to Robert Oswald Jones

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 750,000 Incentive Shares which are convertible on a one for one basis into a total of 750,000 ordinary fully paid shares in the Company to Mr Jones or his nominee(s) on the terms and for the purposes set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Jones and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

8. Resolution 7 – Issue of Incentive Shares to Director to Anthony Roy Cooper

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 3,000,000 Incentive Shares which are convertible on a one for one basis into a total of 3,000,000 ordinary fully paid shares in the Company to Mr Cooper or his nominee(s) on the terms and for the purposes set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Cooper and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

9. Resolution 8 – Issue of Incentive Shares to Hamish Halliday

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 1,500,000 Incentive Shares which are convertible on a one for one basis into a total of 1,500,000 ordinary fully paid shares in the Company to Mr Halliday or his nominee(s) on the terms and for the purposes set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Halliday and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

10. Resolution 9 – Issue of Incentive Shares to Edmund Czechowski

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 750,000 Incentive Shares which are convertible on a one for one basis into a total of 750,000 ordinary fully paid shares in the Company to Mr Czechowski or his nominee(s) on the terms and for the purposes set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Czechowski and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

Dated 4th October 2015

BY ORDER OF THE BOARD



Edmund Czechowski
Company Secretary

COMET RESOURCES LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at the Meeting Room, Red Cray Restaurant, 86 Great Eastern Highway, Belmont, Western Australia on Thursday 12th November 2015 at 11.15 am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
 - (b) a Closely Related Party of such member.
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However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
 - (i) does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 1 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 1.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at <http://www.cometres.com.au> and click on the direct link;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 – Adoption of Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specify the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorization for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 – Re-election of Director – Mr Robert Oswald Jones

Article 3.6 of the Constitution requires that one third of all Directors, or if their number is not a multiple of three, then the number nearest one-third (rounded upwards in case of doubt) must retire at each annual general meeting.

Article 3.6 of the Constitution states that a Director who retires under Article 3.6 is eligible for re-election.

In accordance with the Constitution, Mr Robert Oswald Jones will retire by rotation and seek re-election.

Details of the qualifications and experience of Mr Jones are in the Financial Report.

The Board believes that Mr. Jones has performed the duties and responsibilities of a Director diligently and professionally, in the best interests of all Shareholders.

6. Resolution 3 – Re-election of Director – Mr Hamish Halliday

Mr Hamish Halliday was appointed as a Director of the Company on 16th December 2014 in accordance with the Article 3.3 of the Constitution.

Article 3.3 of the Constitution allows at any time the appointment by the Directors of a person to be a Director to fill a casual vacancy, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office until the next general meeting of members of the Company and is then eligible for re-election at that meeting.

In accordance with Article 3.3 of the Constitution, Mr Halliday retires from office and, being eligible for re-election, submits himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Halliday are in the Financial Report.

The Board believes that Mr Halliday has performed the duties and responsibilities of a Non-Executive Director diligently and professionally, in the best interests of all Shareholders.

7. Resolution 4 – Approval of 10% Placement Facility

7.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

The Company is currently undertaking exploration activities at its existing projects and is also seeking to acquire new resources assets or investments. The Company may use the funds raised from the issue of Equity Securities under the 10% Placement Facility on its existing projects and/or acquisition of new resource assets or investments.

7.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue one class of Equity Securities, Listed Shares.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 83,006,895 Shares and therefore has a capacity to issue:

- (i) 12,451,034 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 4, 8,300,689 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

7.3 Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

7.4 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Listed Options, only if the Listed Options are exercised). There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.01 50% decrease in Issue Price	\$0.02 Issue Price	\$0.04 100% increase in Issue Price
83,006,895 Current Variable A	10% Voting Dilution	8,300,689 Shares	8,300,689 Shares	8,300,689 Shares
	Funds raised	\$83,007	\$166,014	\$332,028
124,510,034 50% increase in current Variable A	10% Voting Dilution	12,451,034 Shares	12,451,034 Shares	12,451,034 Shares
	Funds raised	\$124,510	\$249,020	\$498,040
166,013,790 100% increase in current Variable A	10% Voting Dilution	16,601,379 Shares	16,601,379 Shares	16,601,379 Shares
	Funds raised	\$166,014	\$332,028	\$664,056

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Listed Options (including any Listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is \$0.02, being the closing price of the Shares on ASX on 28 August 2014.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards the exploration activities at its existing projects and/or for

acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A in its 2014 AGM and has issued 3,525 fully paid ordinary shares on the exercise of listed options since approval at this AGM on 15th October 2014. The table below sets out the details of all issues of Equity Securities by the Company in the 12 months preceding the annual general meeting as required by Listing Rule 7.3A.6(b).

Date	Number	Class	Recipients	Issue price	Consideration
24/3/15	3,250	Shares(1)	Optionholders(2)	20 cents per share	Cash - \$650
2/4/15	275	Shares(1)	Optionholders(2)	20 cents per share	Cash - \$55

(1) Ordinary fully paid shares

(2) Optionholders upon exercise of listed options

- (f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

8. Resolution 5 – Issue of shares to Managing Director in lieu of director's fees/consulting fees

In order to conserve Company funds during the present difficult financial conditions relating to the raising of new share capital for junior exploration companies, Mr. Cooper, Managing Director has agreed to consider to reducing his cash consulting fees by up to \$50,000 per year from 1 July 2015. The purpose of this resolution is to give Mr. Cooper the opportunity to be paid for his services in fully paid shares in the Company up to the equivalent value of \$50,000 for the 12 months from commencement of the fee reduction. The fully paid shares would be issued at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue.

This resolution will enable the Company to issue fully paid shares at the Company's, or Mr Cooper's election, up to the value of \$50,000. ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue securities to particular parties, without first obtaining the approval of members. In addition, rule 10.13.3 requires the shares to be issued within one month after the date of the meeting.

- Mr. Cooper will enter into a 6 month voluntary escrow agreement over 50% of the shares issued.
- Mr. Cooper has the election to salary sacrifice.
- For this purpose ASX Listing Rule 10.13 provides that the following information must be provided to shareholders:
 - The maximum number of securities that may be issued to Anthony Cooper under Resolution 3(b) is \$50,000 of fully paid ordinary shares;
 - Listing Rule 10.13.3 requires the shares to be issued within one month after the date of the meeting.
 - The fully paid shares would be issued at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue.
 - Between 1 July 2015 and 30 September 2015 Comet Ordinary Fully Paid Shares have traded in a range of 1.2 cents to 2.8 cents. Consequently if Comet's Share price VWAP was 1.2 cents per share 4,166,667 shares would be issued to Mr. Cooper; if Comet's Share price VWAP was 2.8 cents per share, 1,785,714 shares would be issued to Mr. Cooper.
 - Each share issued pursuant to the Resolution will rank pari passu with all existing ordinary fully paid shares of the Company.
 - No funds will be raised by the issue of the ordinary shares and no loans will be made in relation to the Shares.

The Directors (other than Director Cooper, who makes no recommendation) recommend that shareholders approve Resolution 5 for the approval to issue shares to Mr. Anthony Cooper in payment of consulting fees.

9. **Resolution 6, 7, 8 & 9 – Issue of Incentive Shares to Directors**

Shareholder approval of the Issue of Incentive Shares, the subjects of resolutions 6, 7, 8 and 9 is sought for the purposes of:

1. Part 2E.1 of the Corporations Act, which governs the giving of financial benefits to directors and other "related parties" of a company; and
2. Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant Securities to a Director without shareholder approval.

The object of Resolutions 6, 7, 8 and 9 is to provide Directors with a mechanism to participate in the future development of the Company and an incentive for future involvement with and commitment to the Company.

Under the Company's current circumstances, it is considered that the incentives to the Directors represented by the issue of these Incentive Shares are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation. The Directors agree that it is better for the Company that each of them be rewarded by way of Incentive Shares in the Company, rather than by way of cash.

The number of Incentive Shares to be granted to Messrs Jones, Cooper, Halliday and Czechowski has been determined based upon the Director's wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles. The Directors have sought independent advice on market standard and this advice has been based on a review of a selection of comparable

companies to determine market conditions generally and to consider whether the proposed number of Incentive Shares to be issued will ensure that Messrs Jones, Cooper, Halliday and Czechowski's overall remuneration is in line with market standards. The Directors believe the packages, including issue of Incentive Shares are comparable to other remuneration packages for directors of comparable companies.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provision of the Corporations Act; or
- (b) prior shareholder approval is obtained to the giving of the benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E Messrs Jones, Cooper, Halliday and Czechowski (or their nominees) are considered to be related parties of the Company. Resolutions 6, 7, 8 and 9 provide for the issue of Incentive Shares to the Directors which are a financial benefit for the purposes of Chapter 2E of the Corporations Act. Accordingly, the proposed issue of Incentive Shares to the Directors (or their nominees) requires prior shareholder approval.

In accordance with section 219 of the Corporations Act, the following information is provided to shareholders:

1. Being Directors, Messrs Jones, Cooper, Halliday and Czechowski are the related parties of the Company to whom the financial benefit would be given.
2. The nature of the financial benefit to be given is the issue of the following number of Incentive Shares on the terms set out in Annexures "A" to this Explanatory Statement:

Director	Number of Incentive Shares
Mr R Jones	750,000
Mr A Cooper	3,000,000
Mr H Halliday	1,500,000
Mr E Czechowski	750,000

3. Messrs Jones, Cooper, Halliday and Czechowski are not entitled and do not wish to make a recommendation to shareholders regarding Resolutions 6, 7, 8 and 9 on the basis that they each have an interest in the outcome of the Resolutions.
4. An estimate of the value of the Incentive Shares is set out in Annexure B to this Explanatory Memorandum.
5. The highest and lowest ASX trading prices of the Company's Shares during the past 12 months are:

High	2.8 cents	15 January 2015
Low	1.2 cents	20 August 2015
Latest available trading prices	1.4 cents	29 September 2015

6. The primary purpose of the issue of Incentive Shares is to provide an incentive to Messrs Jones, Cooper, Halliday and Czechowski. The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Incentive Shares pursuant to the Resolutions.
7. The Directors consider that incentive represented by the issue of Incentive Shares is a cost effective and efficient incentive when compared to other forms of incentive such as cash, bonuses or increased remuneration.
8. Neither the Directors nor the Company are aware of any other information that would be reasonably required by shareholders to make a decision as to whether it is in the best interests of the Company to pass the Resolutions other than as follows:
 - (a) If all the Incentive Shares the subject of Resolutions 6, 7, 8 and 9 are issued and exercised, then the Company's fully paid share capital will be diluted by approximately 7.2% (based on the existing number of Shares and including the number of 6,000,000 Shares which may be issued pursuant to Resolution 6, 7, 8 and 9 following this meeting). The market price of the Company's Shares and the meeting of the milestones during the period of the Incentive Shares may determine whether or not the Incentive shares are granted.
 - (b) As at the date of this Notice, the Directors receive the following remuneration from the Company and have relevant interests in Securities in the Company as follows:

Mr Robert Oswald Jones

An aggregate amount of \$36,000 per annum is due and payable to Mr Jones or his controlled entities for the provision of services to the Company.

Mr Jones currently has a beneficial interest in the following Securities of Comet Resources Ltd:

	Number	% of issued capital
Fully paid ordinary shares	14,459,953	17.42%

Mr Anthony Roy Cooper

An aggregate amount of \$162,000 per annum is due and payable to Mr Cooper or his controlled entities for the provision of services to the Company.

Mr Cooper currently has a beneficial interest in the following Securities of Comet Resources Ltd:

	Number	% of issued capital
Fully paid ordinary shares	10,761,312	12.96%

Mr Hamish Halliday

An aggregate amount of \$36,000 plus superannuation per annum is due and payable to Mr Halliday or his controlled entities for the provision of services to the Company.

Mr Halliday currently has a beneficial interest in the following Securities of Comet Resources Ltd:

	Number	% of issued capital
Fully paid ordinary shares	0	0%

Mr Edmund Czechowski

An aggregate amount of \$36,000 per annum is due and payable to Mr Czechowski or his controlled entities for the provision of services to the Company.

Mr Czechowski currently has a beneficial interest in the following Securities of Comet Resources Ltd:

	Number	% of issued capital
Fully paid ordinary shares	90,000	0.0001%

Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exceptions (none of which are relevant here), a company must not issue Securities to a related party without shareholder approval. Accordingly, ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of Securities (including Incentive Share) to a related party of the company.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 6, 7, 8 and 9:

- (a) the maximum number of Incentive Shares to be issued to Directors by the Company is 6,000,000;
- (b) the Incentive Shares will be issued to Messrs Jones, Cooper, Halliday and Czechowski (or their nominees);
- (c) The Company acknowledges that the issue of Incentive Shares to Non-executive Directors is contrary to recommendation 9.3 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations. However, the Directors consider the issue of Incentive Shares pursuant to Resolution 6, 7, 8 and 9 to be reasonable given the Company's size and stage of development and the necessity to retain the highest calibre of professionals to the role, whilst preserving the Company's cash reserves;
- (d) the Incentive Shares will be issued not later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (e) the Incentive Shares will be issued on the terms and conditions set out in Annexure A.

Separate approval pursuant to ASX Listing Rule 7.1 is not required in order to grant Incentive Shares to Messrs Jones, Cooper, Halliday and Czechowski as approval is being obtained under ASX Listing Rule 10.11.

Annexure A

Terms of Incentive Shares

1. The Incentive Shares are a separate class of Shares that will be convertible into Shares in the Company. They do not carry any voting rights in the Company or rights to participate in new issues (whether bonus or rights) in the Company;
2. Each Incentive Share will convert into one (1) Ordinary Share upon the earlier of:
 - (a) the volume weighted average price for 30 days of Comet Resources Limited Shares exceeds \$0.10 (Share Price Milestone); or
 - (b) the Company directly or indirectly secures or defines an asset with JORC measured and indicated resources exceeding 250,000 gold or gold equivalent ounces (Resource Milestone); or
 - (c) a takeover bid becoming unconditional; entering into and the Court approving a solvent scheme of arrangement or reconstruction which has the effect of changing the control of the Company, (each of the above being a Takeover Event).
3. If the Share Price Milestone or the Resource Milestone are not achieved, or a takeover Event has not occurred within 3 years from the date of issue each Incentive Shares will lapse
4. The Incentive Shares are unlisted and are not transferable;
5. In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any Incentive Shares, all rights of the Shareholder will be reconstructed (as appropriate) in accordance with the Listing Rules;
6. Incentive shareholders are not entitled to participate in new issues of securities offered to shareholders. Incentive shareholders can participate in new issues of securities offered to shareholders if the Incentive Share is converted before the relevant record date for that new issue.
7. Shares allotted pursuant to the convert of the Incentive Shares will rank equally with the then issued ordinary Shares of the Company; and
8. The Company undertakes to apply for official quotation by the ASX of all ordinary Shares allotted pursuant to the convert of any Incentive Shares, within 10 business days the date of allotment of those new Ordinary Shares.

Annexure B

Estimate of the Value of Directors Incentive Shares

An estimate of the value of the Incentive Shares that are proposed to be granted (pursuant to the passing of resolutions 6, 7, 8 and 9 using the Binomial Pricing Model has been calculated as set out below:

	Name of related party	Number of incentive Shares	Estimated value using Binominal Pricing Model
Resolution 6	Mr Robert Jones	750,000	\$975
Resolution 7	Mr Anthony Cooper	3,000,000	\$3,900
Resolution 8	Mr Hamish Halliday	1,500,000	\$1,950
Resolution 9	Mr Edmund Czechowski	750,000	\$975

The estimated value of the Incentive Shares was calculated using the following assumptions:

1. Risk free rate of 3.0%
2. Share price at \$0.014
3. Dividend yield 0%
4. Forecast volatility of 75%
5. Incentive share price of \$0.10
6. Incentive shares expiry date of 30 November 2018

Schedule 1 – Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

10% Placement Facility has the meaning given in Section 7.1.

10% Placement Period has the meaning given in Section 7.2(f).

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2015.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair or **Chairman** means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Comet and **Company** means Comet Resources Limited ACN 060 628 202.

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Incentive Share means an unlisted Incentive Share lapsing 3 years from date of issue which entitles the holder to an Ordinary Share in the Company upon reaching the milestones set out in Annexure A.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listed Options means listed options of the Company each with an exercise price of \$0.20 and which expired on 31 March 2015.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option to subscribe for a share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Schedule means a schedule to this Notice.

Section means a section contained in the Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

VWAP means the volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate 'Certificate of Appointment of Representative' should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the office of the Company at Unit 2, 23 Belgravia Street, Belmont, Western Australia, or by post to Unit 2, 23 Belgravia Street, Belmont, Western Australia, 6104 or facsimile (08) 9277 4147 if faxed from within Australia or +61 8 9277 4147 if faxed from outside Australia), not less than 48 hours prior to the time of commencement of the Meeting (WST).