

31<sup>th</sup> January 2017

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## DECEMBER 2016 QUARTER ACTIVITIES REPORT

### Highlights

- **Ground holding at Springdale increased to 220 Sq/kms.**
- **Metallurgical test work continuing.**
- **Aircore result being finalised.**

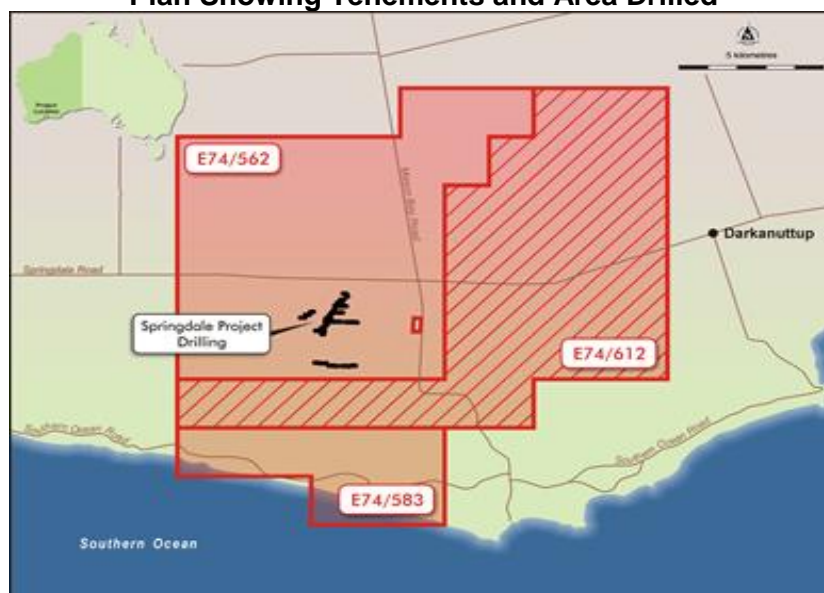
### CORPORATE

Comet Resources Limited (ASX: **CRL**)(**Comet**) currently has cash reserves of approximately 1.1 million dollars and 133 million shares on issue. Comet continues to review new projects and opportunities, as well as evaluate its 100% owned projects. Comet is continually evaluating opportunities to acquire prospective ground.

### SPRINGDALE GRAPHITE PROJECT (100% CRL)

Comet has applied for two new tenement's E74/583 and E74/612 at the Springdale Graphite project. E74/583 has been granted and E74/612 is at the application stage. The total land holding at Springdale is now approximately 220 square kilometres.

**Plan Showing Tenements and Area Drilled**



A drilling program conducted in in September and October 2016 consisted of 4 HQ diamond drill holes for 282 metres and 103 aircore holes for 2,577 metres. The program tested Comet's discovered graphite zone to determine the strike, orientation and also tested other prospective graphite zones.

Final results from the aircore program are expected over the next few weeks. A total of 44 holes were sampled for graphite. 37 Holes were not sampled for graphite due to deep cover and/or no graphite logged in hole. 22 Holes were stopped short due to drilling difficulty and not sampled for graphite.

The drilling demonstrated that at least 3 distinct graphite zones are present at the Springdale Project. There are several graphite horizons within each zone. These zones are still open along strike and at depth.

The deeper diamond drilling graphite grades tend to be significantly higher than shallow aircore drilling. The reasons for this are being explored and will be tested with the next phase of drilling.

Diamond drill hole intersections include:-

**HD001: 15.6 metres at 9.9% TGC from 30.4 metres including 7 metres at 20.8% TGC from 31 metres.**

**HD002: 8 metres at 9.9% TGC from 44 metres including 2 metres at 22.3% TGC from 44 metres and 1 metre at 18.2% TGC from 50 metres,**

**HD003: 17.5 metres at 11.3% TGC from 27 metres, including 6 metres at 22.3% TGC from 37 metres.**

**HD004: 1.5 metres at 11.7% TGC from 55.5 metres, 10 metres at 13% TGC from 60 metres including and 1.7 metres at 20.6% TGC from 60 metres and 2 metres at 21.5% TGC from 66 metres.**

Metallurgical test work is continuing on three bulk composite "type" samples with grades ranging from 10% to 20% Total Graphitic Carbon (TGC). A mix from diamond drill holes HD001 and HD002 were used for sample 1 and 2 and sample 3 was made from DH004.



**Floating graphite from Sample 2.**

Results from this and other current test work are expected to be available over the next few months.

A diamond and aircore drilling program has been scheduled for early 2017. This is designed to test targets defined from the aircore program and extend strike and depth of mineralisation.

## Background

Comet's Springdale project is located approximately 30 km east of Hopetoun, Western Australia. The tenements lies within the deformed southern margin of the Yilgarn Craton and constitutes part of the Albany-Frazer Orogen, which hosts the historic Halberts Graphite mine near Munglinup (50km away). The Munglinup area has produced the bulk of Western Australia's recorded graphite production. The tenement is over freehold land with sealed road access within 20km and is located approximately 150km from the port of Esperance.



Comet completed a successful first pass aircore drilling program in February 2016. This program confirmed that graphite was present in a prospective zone/horizon.

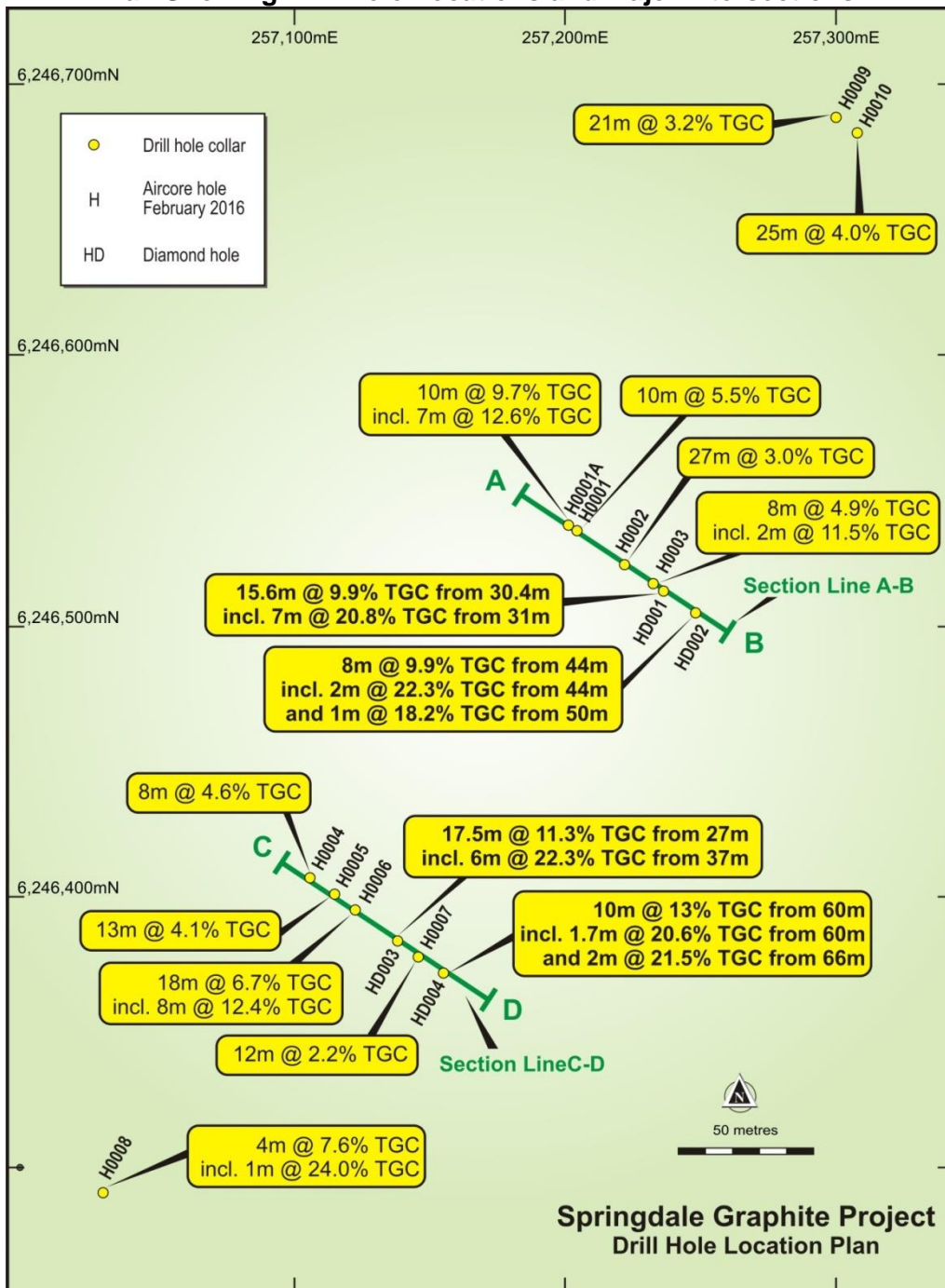
### Significant intersection from Comets reported drilling are:-

Hole Number	From (m)	To (m)	Intersection (m)	Grade % TGC
H01	3	13*	10	5.5
<b>H01A</b>	<b>23</b>	<b>33*</b>	<b>10</b>	<b>9.7</b>
<b>Including</b>	<b>26</b>	<b>33*</b>	<b>7</b>	<b>12.6</b>
H02	3	30	27	3
H03	22	30*	8	4.9
<b>Including</b>	<b>28</b>	<b>30*</b>	<b>2</b>	<b>11.5</b>
H04	2	10	8	4.6
H05	4	17	13	4.1
H06	7	25	18	6.7
<b>Including</b>	<b>16</b>	<b>24</b>	<b>8</b>	<b>12.4</b>
H07	5	17	12	2.2
H08	17	21	4	7.6
<b>Including</b>	<b>18</b>	<b>19</b>	<b>1</b>	<b>24</b>
H09	1	22	21	3.2
H10	6	31	25	4

Hole Number	From (m)	To (m)	Intersection (m)	Grade % TGC
<b>HD001</b>	<b>30.4</b>	<b>46</b>	<b>15.6</b>	<b>9.9</b>
<b>Including</b>	<b>31</b>	<b>38</b>	<b>7</b>	<b>20.8</b>
<b>HD002</b>	<b>44</b>	<b>53</b>	<b>9</b>	<b>9.9</b>
<b>HD003</b>	<b>27</b>	<b>45</b>	<b>17.5</b>	<b>11.3</b>
<b>including</b>	<b>37</b>	<b>43</b>	<b>6</b>	<b>22.3</b>
<b>HD004</b>	<b>55.5</b>	<b>57</b>	<b>1.5</b>	<b>11.7</b>
<b>HD004</b>	<b>60</b>	<b>70</b>	<b>10</b>	<b>13</b>

\* End of hole

Plan Showing Drill Hole Locations and Major Intersections.



## GILMORE PROJECT EL8282 (100% CRL)

The Gilmore Project is a 75 unit exploration licence located 80km west of Canberra in New South Wales. The Project constitutes an attractive target for gold and base metal mineralisation due to the presence of a Silurian volcano-sedimentary sequence, located close to a major regional thrust fault zone (the Gilmore Suture). The Gilmore Suture is a controlling focus for major gold deposits including Sovereign Gold Ltd.'s Mount Adrah (located approximately 30kms away along the Gilmore Suture), Adelong, Temora, Gidginbung, West Wyalong, Lake Cowal, and Mineral Hill. Widespread gold and base metal geochemical responses within the Project area also contribute to the potential of this Project.

## EXPLORATION EXPENDITURE INCURRED

Exploration expenditure incurred by Comet during the quarter ending 31 December 2016 on projects is set out below.

Project	Expenditure Incurred
Gilmore Project	\$0,000
Springdale Project	\$180,000

## MINING TENEMENTS STATUS

### Mining tenements held at the end of quarter

Project and location	Interest		Tenement
Gilmore Project, Tumut NSW	100%		EL 8282
Springdale Project, Hopetown WA	100%		E74/562
Springdale Project, Hopetown WA	100%		E74/583
Bells Find, 10km west Southern Cross	25%		M74/1055

For further information please contact.

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*Comet listed on the Australian Stock Exchange in 1994. The Company discovered and studied the Ravensthorpe Nickel Project. In 2001 Comet successfully sold its final equity to BHP Billiton and returned to Comet shareholders \$32 million. Comet has a number of exciting projects that it is currently exploring and advancing. Comet has cash assets of approximately \$1.1 million and has approximately 133 million shares on issue.*

*The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr. A Cooper, who is a Consultant and director to Comet is also a Member of The Australian Institute of Mining and Metallurgy, with over 30 years experience in the mining industry. Mr. Cooper 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 "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*