

7 November 2011
The Company Announcements Office
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Dear Sir/Madam

COMET RAISES FUNDS AT PREMIUM TO MARKET

Comet Resources Limited (Comet) is pleased to announce that it has, subject to shareholder approval, entered into a Memorandum of Understanding (MOU) with Pelagic Capital Advisors and Ochre Management (Pelagic and Ochre). The MOU proposes to arrange and raise around \$1.8 million by way of a fully underwritten rights issue and further to locate and secure for Comet a project which will deliver value to Comet shareholders.

The rights issue will be at a ratio of 1 for 4 Comet shares. Each share will be priced at 10c and will have an attached free listed option exercisable at 20 cents with a 3 year term. The issue will be fully underwritten by International Capital Markets Pty Ltd (IC Markets) (ACN 123 289 109) (AFSL No 335692). The underwriting fees are 7% of the capital raised.

The MOU with Pelagic and Ochre is based upon success fees.

On completion of the capital raising Pelagic and Ochre (or nominees) will be issued with 125 million Comet unlisted 3 year options exercisable at 20 cents (First Tranche Options).

Upon the successful acquisition of a project up to a further 125 million options (Second Tranche Options) will be issued on a one for one basis - that is 1 Second Tranche Option for each exercised First Tranche Option. Each Second Tranche Option may only be exercised when the Comet's fully paid Share price trades on a weighted basis on the Australian Stock Exchange at 40 cents or more for 20 Consecutive Business Days and will have the same conditions as the First Tranche Options.

Ochre Management will have 12 month advisory mandate for Comet.

After the Rights Issue is completed Comet will agree to appoint two nominees of Pelagic and Ochre acceptable to the Comet Board.

The above will be subject to shareholder approval at a meeting which will be arranged as soon as documentation has been completed and distributed.

For further information on Comet and its projects 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 \$2.0 million, and has approximately 73 million shares on issue.