

COMET RESOURCES LIMITED

ABN 88 060 628 202

PROSPECTUS

For a non-renounceable pro rata offer of up to 18,263,790 Shares at an issue price of \$0.10 each on the basis of one (1) Share for every four (4) Shares held at the Record Date, plus one (1) free Attaching Option exercisable at \$0.20 each on or before 31 March 2015 for every Share issued pursuant to this Offer.

THIS OFFER CLOSSES AT 5PM ON 29 FEBRUARY 2012

VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

CORPORATE DIRECTORY

| |
|--|
| Directors |
| Mr RO Jones - Chairman Mr AR Cooper Mr RN Hill |
| Company Secretary |
| Mr E Czechowski |
| Registered and Corporate Office |
| Unit 2 23 Belgravia Street Belmont WA 6104 |
| Telephone: +61 8 9475 7100 Facsimile: +61 8 9277 4147 |
| Share Registry |
| Advanced Share Registry Services Pty Ltd 150 Stirling Highway Nedlands WA 6009 |
| Telephone: +61 8 9389 8033 Facsimile: +61 8 9389 7871 |
| Stock Exchange Listing |
| Australian Securities Exchange ASX Code for Shares: CRL |
| Solicitors to the Company |
| Hardy Bowen Lawyers |

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IMPORTANT NOTICES

This Prospectus is dated 1 February 2012 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company Unit 2, 23 Belgravia Street, Belmont, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 5.4).

The Company will apply to ASX for Official Quotation by ASX of the Shares and Attaching Options offered by this Prospectus.

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Applications for Securities by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholders' entitlement to participate in the Offer.

Applications for Shortfall Securities by parties to whom the Company makes a Shortfall Offer can only be made on by filling out the appropriate section on the Entitlement and Acceptance Form.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

No person is authorised to give any information or to make any representation in connection with the Offer and Shortfall Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer and Shortfall Offer.

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

PROPOSED TIMETABLE

| | |
|--|------------------|
| Lodgement of Prospectus with ASIC and ASX | 1 February 2012 |
| Send information to security holders containing information required by Appendix 3B. | 3 February 2012 |
| Existing Shares quoted on an "ex" basis | 6 February 2012 |
| Record Date | 10 February 2012 |
| Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders | 13 February 2012 |
| Closing Date* | 29 February 2012 |
| Securities quoted on a deferred basis | 1 March 2012 |
| Notify ASX of under subscriptions | 2 March 2012 |
| Despatch date. Deferred settlement trading ends. | 6 March 2012 |

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Securities.

** Indicative date only.

RISK FACTORS:

An investment in the Shares is subject to risks and uncertainties and should be considered speculative. Some of the more significant risks which affect an investment in the Company are:

- a) Exploration and development (Section 3.1(a))
- b) Resource estimates (Section 3.1(b))
- c) Operating risk (Section 3.1(d))

Section 3 contains details of the risks of an investment in the Company.

Chairman's Letter

Dear Shareholders

The Board is pleased to offer Shareholders the opportunity to participate in a non-renounceable rights issue as proposed in this Prospectus.

All Shareholders registered as at 5.00pm WST on 10 February 2012 will be entitled to participate in a non-renounceable rights issue of Shares on the basis of one (1) Share for every four (4) Shares then held, at a price of \$0.10 each per Share. Each Share will have a free attaching listed 3 year Option with an exercise price of \$0.20.

Over the past few years your Company has managed to fund its activities by asset sales and the securing of grants. This has meant that we have been able to maintain activities without dilution to Shareholders.

It has become clear that it is increasingly competitive for junior companies to secure credible projects and the funding to explore and develop them. With this in mind your Board has been exploring access to ongoing funding and projects that can enhance Shareholder value.

The Company has had a number of opportunities to raise funds and obtain high risk projects at considerable dilution to Shareholders. The current proposal allows all Shareholders to participate in a raising which is priced well for current shareholders and future investors. It raises enough money for the Company to be more aggressive in developing or securing assets.

This capital raising is the initial step in a recently signed Memorandum of Understanding with Pelagic and Ochre. The Board looks forward to working with Pelagic and Ochre to create further value for Shareholders.

The Board takes this opportunity to thank Shareholders for their ongoing support.

Yours faithfully

A handwritten signature in black ink that reads "R O Jones". The signature is written in a cursive, slightly slanted style.

R.O. Jones
Chairman

1. Details of the Offer

1.1 The Offer

The Company is making a non-renounceable pro rata offer of Shares at an issue price of \$0.10 each to Eligible Shareholders on the basis of one (1) Share for every four (4) Shares held at 5:00 pm (WST) on the Record Date, plus one (1) Attaching Option for every Share issued pursuant to this offer (**Offer**).

Each Attaching Option issued pursuant to this Prospectus entitles the Optionholder to subscribe for one (1) Share.

This Prospectus is also for the offer of the Shortfall Securities. Refer to Section 5.8 for further information and details of the Shortfall Offer.

This Prospectus is also for the offer of the Underwriter Options. Refer to Sections 5.10 for details.

Refer to Sections 5.1 and Section 5.2 for a summary of the rights attaching to the Shares and the Attaching Options.

Where the determination of the entitlement of Eligible Shareholders results in a fraction of a Share or Attaching Option, such fraction will be rounded down to the nearest whole Share or Attaching Option.

1.2 Purpose of the Issue

Completion of the issue of Securities offered by this Prospectus will result in an increase in the cash on hand of up to approximately \$1,670,000 (after the payment of associated costs).

The funds raised pursuant to the issue of Securities offered by this Prospectus will allow the Company to continue exploration activities and to pursue new opportunities in the resources sector.

1.3 Your entitlement and acceptance

Your entitlement to participate in the Offer will be determined on the Record Date, being 10 February 2012. The entitlement of Eligible Shareholders receiving this Prospectus is shown on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Prospectus.

The number of Securities to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

Acceptances must not exceed your entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your entitlement. If your acceptance exceeds your entitlement, acceptance will be deemed to be for your maximum entitlement and any surplus Application Monies will be returned.

1.4 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' entitlements being 10 February 2012, until 5.00pm WST on the Closing Date, being 29 February 2012 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.5 Underwriting

The Underwriter has agreed to underwrite the Offer in accordance with the terms and conditions of the Underwriting Agreement.

The Underwriter will be paid an underwriting fee of 7% on the funds raised by the Company. The Underwriter is required to subscribe for the Shortfall Securities.

The material terms and conditions of the Underwriting Agreement are set out in Section 5.9.

1.6 Shortfall Securities

The Offer is underwritten, however, in the event that not all Eligible Shareholders accept their full entitlement pursuant to the Offer, the Directors reserve the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules to issue the Shortfall Securities at their sole discretion.

See Section 5.8 for further details of the Shortfall Offer.

1.7 No rights trading

The rights to Securities under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for Securities to any other party. If you do not take up your entitlement to Securities under the Offer by the Closing Date, the Offer to you will lapse.

1.8 Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Securities.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance of an Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.9 Issue and dispatch

All Securities offered by this Prospectus are expected to be issued, and security holder statements dispatched, on or before the date specified in the timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements will do so at their own risk.

1.10 Application Monies held on trust

All Application Monies received for the Securities will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Securities are issued. All Application Monies will be returned (without interest) if the Securities are not issued.

1.11 ASX quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for the official quotation of the Shares and the Attaching Options. If permission is not granted by ASX for the official quotation of the Securities offered by this Prospectus within 3 months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.12 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by Computershare Investor Services Pty Ltd and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.13 Overseas Shareholders

This Prospectus and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No Offer will be made to Eligible Shareholders resident outside Australia and New Zealand and Securities to which any Eligible Shareholder who is not resident in Australia is entitled will form part of Shortfall Securities.

1.14 Risk factors

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are in Section 3.

1.15 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.16 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2011 is in the Annual Financial Report which was lodged with ASX on 12 August 2011.

The Company's continuous disclosure notices (i.e. ASX announcements) since 12 August 2011 are listed in Section 5.4 and on the Company's website www.cometres.com.au.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

1.17 Enquiries concerning Prospectus

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Advanced Share Registry Services Pty Ltd by telephone on +61 8 9389 8033.

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on (08) 9475 7100.

2. Action required by Shareholders

2.1 Acceptance of Securities under this Prospectus

Should you wish to accept all of your entitlement to Securities, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

If you wish to pay via BPAY® you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your entitlements upon receipt of the BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY® then your payment must be made before 4.00pm (WST) on the Closing Date. Please read the instructions carefully.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "**Comet Resources Limited – Subscription Account**" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery 150 Stirling Highway, Nedlands, WA 6009

By Post PO Box 1156, Nedlands, WA 6909

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.2 If you wish to take up part of your entitlement only

Should you wish to only take up part of your entitlement, then applications for Securities under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment in respect of the portion of your entitlement you wish to take up, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Securities you wish to accept and the Application Monies (calculated at \$0.10 per Share accepted), and attach a cheque for the appropriate Application Monies.

If you wish to pay via BPAY® you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your entitlements upon receipt of the BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY® then your payment must be made before 4.00pm (WST) on the Closing Date. Please read the instructions carefully.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "**Comet Resources Limited – Subscription Account**" and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery 150 Stirling Highway, Nedlands, WA 6009

By Post

PO Box 1156, Nedlands, WA 6909

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.3 Entitlements not taken up

If you do not wish to accept any of your entitlement, you are not obliged to do anything.

The number of Securities you hold and the rights attached to those Securities will not be affected should you choose not to accept any of your entitlement.

2.4 Enquiries concerning your entitlement

If you have any queries concerning your entitlement please contact Advanced Share Registry Services on (08) 9389 8033.

3. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks, however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Mineral Industry Risks

(a) Exploration and development risks

Potential investors should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

(b) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(c) Payment obligations

Under the exploration permits and licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, the permit holders are required to expend the funds necessary to meet the minimum work commitments attaching to the permits and licences. Failure to meet these work commitments will render the permit liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of interests held by the Company.

(d) Operating risks

The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or

mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(e) Reliance on key personnel

The Company is reliant on a number of key personnel. The loss of one or more of its key personnel could have an adverse impact on the business of the Company.

Furthermore, it may be particularly difficult for the Company to attract and retain suitably qualified and experienced people, given the current high demand in the industry and relatively small size of the Company, compared with other industry participants.

(f) Commodity price volatility

It is anticipated that any revenues derived from mining will primarily be derived from the sale of precious and base metals. Consequently, any future earnings are likely to be closely related to the price of these commodities and the terms of any offtake agreements which it enters into.

Metal prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for minerals and metals, forward selling by producers, and production cost levels in major mineral-producing regions.

Moreover, metal prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the metal as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(g) New projects and acquisitions

The Company proposes to actively seek acquisitions that may add value to the Company. The acquisition of new business opportunities (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Board will need to re-assess, at that time, the funding allocated to current projects and new projects and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with mining and exploration activities will remain.

3.2 Environmental risks

(a) Environmental risk

The operations and activities of the Company are subject to regulations concerning the environment. The Government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The Company has not incurred any significant costs for contamination resulting from its activities to date and the Board believes that it is in material compliance with all applicable laws relating to the protection of the environment, including laws regulating the discharge of materials. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

(b) Previous exploration

Previous small scale mining activities undertaken by past tenement holders could in the future give rise to costs for environmental, rehabilitation, damage, control and losses. As at the date of this Prospectus, the Company has received no indication or instruction that rehabilitation of these areas is required. The enforcement of any environmental regulation could lead to increased costs for the Company which in turn could adversely affect the Company's financial performance and available cash reserves.

3.3 General Risks

General risk factors include:

(a) Securities investments

There are risks associated with any securities investment. The prices at which the Shares and Attaching Options trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices will be sustained. These factors

may materially affect the market price of the Shares and Attaching Options regardless of the Company's operational performance.

(b) Share market conditions

The market price of the Shares and Attaching Options may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, the United States of America or any other country in which the Company operates, interest rates and the rate of inflation.

(d) Changes In Government Policies and Legislation

Any material adverse changes in government policies or legislation of Australia, the United States of America or any other country where the Company may acquire economic interests may affect the viability and profitability of the Company.

(e) Competition

Comet will compete with other companies, including major mineral exploration and mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and produce other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(f) Future capital needs and additional funding

The future capital requirements of the Company will depend on many factors including the results of future exploration and work programs.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if require, would have a material adverse effect on the Company's business and its financial condition and performance.

3.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities. Potential investors should consider that the investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Securities pursuant to this Prospectus.

4. Effect of the issue

4.1 Proposed Capital Structure

The table below details the capital structure of the Company on the issue of all Securities offered by this Prospectus.

| Issued Capital | Number of Shares | Number of Listed Options | Number of Unlisted Options |
|---|------------------|--------------------------|----------------------------|
| Current issued capital | 73,055,187 | 0 | 0 |
| Issue ¹ | 18,263,790 | 28,263,790 | 0 |
| Total securities after the issue | 91,318,977 | 28,263,790 ² | 0 |

¹ A maximum of 18,263,790 Shares and a total of 28,263,790 Options will be issued pursuant to this Prospectus.

² Consists of 18,263,790 Attaching Options plus 10,000,000 Underwriter Options (see Section 5.10).

4.2 Further changes to Capital Structure

In addition to the Securities being issued under this Prospectus, pursuant to a memorandum of understanding entered into by the Company, Ochre and Pelagic (**MOU**), subject to the receipt of Shareholder approval, the Company has agreed to grant an aggregate of 62,500,000 Options exercisable at \$0.20 within 3 years of their date of issue to Ochre and Pelagic (or their nominees), as a consultancy fee (**Consultant Options**). For every Consultant Option exercised on or before its expiry date, the Company will grant an additional Option on the same terms.

The Consultant Options shall be issued on the same terms and conditions as the Attaching Options, however, they will be unlisted.

Under the MOU, subject to Shareholder approval and compliance with the Listing Rules, the Company will also grant a further 62,500,000 unlisted Options exercisable at \$0.20 each to Pelagic and Ochre (or their nominees), provided that such Options shall only vest when the Company's Share price trades on a weighted basis on the ASX at \$0.40 or more for 20 Business Days. When exercised, each Option entitles the holder to be granted one additional Option exercisable at \$0.20 each on the same terms.

Pro-forma consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

| | 31/12/2011 | Adjustments Rights Issue | Proforma |
|-------------------------------------|------------------|-----------------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | 1,888,373 | 1,826,370 | 3,714,743 |
| Trade and other receivables | 38,025 | 0 | 38,025 |
| Available-for-sale financial assets | 26,213 | 0 | 26,213 |
| TOTAL CURRENT ASSETS | 1,952,611 | 1,826,370 | 3,778,981 |
| NON CURRENT ASSETS | | | |
| Other financial assets | 48,940 | 0 | 48,940 |
| Plant and equipment | 6,120 | 0 | 6,120 |
| TOTAL NON CURRENT ASSETS | 55,060 | 0 | 55,060 |
| TOTAL ASSETS | 2,007,671 | 1,826,370 | 3,834,041 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 36,451 | 133,000 | 169,451 |
| TOTAL CURRENT LIABILITIES | 36,451 | 133,000 | 169,451 |
| TOTAL LIABILITIES | 36,451 | 133,000 | 169,451 |
| NET ASSETS | 1,971,220 | 1,693,370 | 3,664,590 |
| EQUITY | | | |
| Issued Capital | 4,969,594 | 1,693,370 | 6,662,964 |
| Reserves | 606,494 | | 606,494 |
| Accumulated losses | -3,604,868 | | -3,604,868 |
| TOTAL EQUITY | 1,971,220 | 1,674,370 | 3,664,590 |

The unaudited pro forma consolidated balance sheet set out above has been prepared on the basis and assumption that there will be no material movements in the assets and liabilities of the consolidated entity between 1 January 2012 and the Closing Date other than:

- the issue of approximately 18,263,790 Shares and 18,263,790 Attaching Options under this Prospectus raising \$1,826,379 before expenses of the Offer.
- payment of estimated expenses of the Offer of \$24,000 (\$19,000 included in trade and other payables at 31 December 2011, and the underwriting fee of \$128,000, are included in "Trade and Other Payables" and to be paid net of GST.
- the issue of 10,000,000 Options under this Prospectus to the Underwriter.

4.3 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: 8.0 cents per Share on 14 November 2011

Lowest: 5.0 cents per Share on 17 January 2012

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.05 per Share on 31 January 2012.

4.4 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5. Additional information

5.1 Rights attaching to Shares

(a) General

The Shares to be issued pursuant to this Prospectus are ordinary shares and will, as from their allotment, rank equally in all respects with all ordinary shares in the Company.

The rights attaching to the Shares arise from a combination of the Company's Constitution, statute and general law. Copies of the Company's Constitution are available for inspection during business hours at its registered office. The Constitution has been lodged with ASIC.

A summary of the more significant rights is set out below and assumes that the Company is admitted to the Official List of the ASX. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's Shareholders.

(b) Reports and Notices

Shareholders are entitled to receive all notices, reports, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

(c) General Meetings

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act. All members are entitled to a notice of meeting. A meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of members is 2 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative (in the case of a company) to speak and to vote at general meetings of the Company.

(d) Voting

Subject to any rights or restrictions at the time being attached to any class or classes of shares, at a general meeting of the Company on a show of hands, every ordinary Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote and upon a poll, every Shareholder present in person, or by proxy, attorney or representative (in the case of a company) has one vote for any Share held by the Shareholder.

A poll may be demanded by the chairperson of the meeting, any 5 Shareholders entitled to vote in person or by proxy, attorney or representative or by any one or more Shareholders holding not less than 5% of the total voting rights of all Shareholders having the right to vote.

(e) Dividends

The Directors may declare and authorise the distribution from the profits of the Company, dividends to be distributed to shareholders according to their rights and interests. The Directors may determine the property to constitute the dividend and fix the time for distribution. Except to the extent that the terms of issue of shares provide otherwise, each dividend must be distributed according to the amount paid up on the share in a manner calculated in accordance with the Constitution.

(f) Winding Up

Subject to any rights or restrictions attached to a class of shares, on a winding up of the Company, any surplus must be divided among the Shareholders in the proportions which the amount paid (including amounts credited) on the Shares of a Shareholder is of the total amounts paid and payable (including amounts credited) on the Shares of all Shareholders. Subject to any rights or restrictions attached to a class of Shares, on a winding up of the Company, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) distribute among Shareholders the whole or any part of the property of the Company; and
- (ii) decide how to distribute the property as between the Shareholders or different classes of Shareholders.

The liquidator of the Company may settle any problem concerning a distribution.

(g) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, and to the registration of the transfer not resulting in a contravention of, or failure to observe, the provisions of a law of Australia.

(h) Issue of Further Shares

The Directors may, subject to any restrictions imposed by the Constitution and the Corporations Act, allot, issue, grant options over, or otherwise dispose of, further Shares with or without preferential rights, on such terms and conditions as they see fit.

(i) Directors

The business of the Company is to be managed by or under the direction of the Directors.

Directors are not required under the Constitution to hold any Shares.

Unless changed by the Company in general meeting, the minimum number of Directors is 3 and the maximum is 10. The existing Directors may appoint a new Director to fill a casual vacancy or as an addition to the Board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as a Director).

The Constitution contains provisions relating to the rotation and election of directors. No Director other than the Managing Director may hold office later than the third annual general meeting after his or her appointment or election without submitting himself or herself for re-election.

For a person to be eligible for election as a Director, a nomination for the office of Director and the written consent of the proposed director must be received at the Company's registered office:

- (i) 30 business days prior to the meeting, in the case of a meeting of members that the Directors have been requested by members to call; and
- (ii) 35 business days prior to the meeting, in any other case.

(j) Offer of Shares

Subject to the requirements of the Corporations Act and if applicable, the Listing Rules, the issue of Shares by the Company is under the control of the Directors. Under the Constitution the Company is empowered, without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, to issue shares with preferred, deferred or other rights.

(k) Variation of Shares and Rights Attaching to Shares

Shares may be converted or cancelled with member approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act.

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

(l) Unmarketable Parcels

The Company may procure the disposal of Shares where the member holds less than a marketable parcel of Shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than \$500). To invoke this procedure, the Directors must first give notice to the relevant member holding less than a marketable parcel of Shares, who may then elect not to have his or her Shares sold by notifying the Directors.

(m) Share Buy-Backs

The Company may buy-back Shares in itself in accordance with the provisions of the Corporations Act.

(n) Indemnity and Insurance of Officers

Under the Constitution the Company is obliged, to the extent permitted by law, to indemnify an officer (including Directors) of the Company against liabilities incurred by the officer in that capacity, against costs and expenses incurred by the officer in successfully defending civil or criminal proceedings, and against any liability which arises out of conduct not involving a lack of good faith.

To the extent permitted by law the Company may also pay the premium on any insurance policy for any person who is or has been an officer against a liability incurred by that person in his or her capacity as an officer of the Company provided that the liability does not arise out of conduct involving a wilful breach of duty.

(o) Changes to the Constitution

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the members present and voting at a general meeting of the Company. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

(p) Listing Rules

Provided the Company remains admitted to the Official List of the Australian Stock Exchange Ltd, then despite anything in the Constitution, no act may be done that is prohibited by the Listing Rules, and authority is given for acts required to be done by the Listing Rules. The Company's Constitution will be deemed to comply with the Listing Rules as amended from time to time.

5.2 Terms and conditions of Attaching Options

(a) Entitlement

The Attaching Options entitle the holder to subscribe for one Share upon exercise of each Attaching Option.

(b) Exercise Price and Expiry Date

The Attaching Options have an exercise price of \$0.20 ("Exercise Price") and an expiry date of 31 March 2015 ("Expiry Date").

(c) Exercise Period

The Attaching Options are exercisable at any time on or prior to the Expiry Date.

(d) Notice of Exercise

The Attaching Options may be exercised by notice in writing to the Company ("Notice of Exercise") and payment of the Exercise Price for each Attaching Option being exercised. Any Notice of Exercise of an Attaching Option received by the Company will be deemed to be a notice of the exercise of that Attaching Option as at the date of receipt.

(e) Shares issued on exercise

Shares issued on exercise of the Attaching Options rank equally with the then shares of the Company.

(f) Quotation of Shares on exercise

Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Attaching Options.

(g) Timing of issue of Shares

After an Attaching Option is validly exercised, the Company must, within, 15 Business Days of the notice of exercise and receipt of cleared funds equal to the sum payable on the exercise of the Attaching Option:

- (i) issue and allot the Share; and
- (ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 5 Business Days after issuing the Shares.

(h) Participation in new issues

There are no participation rights or entitlements inherent in the Attaching Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Attaching Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the holders of Attaching Options the opportunity to exercise their Attaching Options prior to the date for determining entitlements to participate in any such issue.

(i) Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Attaching Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Attaching Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Attaching Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N+1}$$

O = the old Exercise Price of the Attaching Option.

E = the number of underlying Shares into which one Attaching Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

(k) Adjustments for reorganisation

If there is any reconstruction of the issued share capital of the Company, the rights of the Optionholders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) Quotation of Attaching Options

Application for quotation of the Attaching Options will be made by the Company.

(m) Attaching Options transferable

The Attaching Options are transferrable.

(n) Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the Attaching Options with the appropriate remittance should be lodged at the Company's Registry.

5.3 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules of ASX.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.4 below).

5.4 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

- (a) the Annual Financial Report of the Company for the year ended 30 June 2011, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus;
- (b) the following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Financial Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

| Date Lodged | Subject of Announcement |
|--------------------|---|
| 23 August 2011 | Notice of Annual General Meeting/Proxy Form |
| 20 September 2011 | Lake Dundas Project-EL Application 63/1484 |
| 21 September 2011 | Results of Meeting |
| 18 October 2011 | Quarterly Cash Flow Report |
| 25 October 2011 | Quarterly Activities Report |
| 7 November 2011 | Comet Raises Funds at Premium to Market |
| 10 November 2011 | Change Of Directors Interest Notice |
| 10 November 2011 | Change in Substantial Shareholding |
| 10 November 2011 | Change of Directors Interest Notice – amended |
| 23 January 2012 | Quarterly Cash Flow Report |
| 31 January 2012 | Quarterly Activities Report |

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Unit 2, 23 Belgravia Street, Belmont 6153, Western Australia and on the Company's website www.cometres.com.au:

- (a) this Prospectus;
- (b) Constitution; and
- (c) the consents referred to in Section 5.13 and the consents provided by the Directors to the issue of this Prospectus.

5.5 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

5.6 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

5.7 Directors' interests

(a) Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the Securities of the Company at the date of this Prospectus:

| Director | No. of Shares Held ⁽¹⁾ | Entitlement to Subscribe for Shares ⁽¹⁾ | Number of Attaching Options ⁽²⁾ |
|-------------|-----------------------------------|--|--|
| R.O. Jones | 11,784,452 | 2,946,113 | 2,946,113 |
| A.R. Cooper | 7,486,312 | 1,871,578 | 1,871,578 |
| R.N. Hill | 5,095,638 | 1,273,909 | 1,273,909 |

(1) Entitlement to subscribe for Shares that will be held directly or indirectly.

(2) Entitlement to receive Attaching Options on the basis of one Attaching Option for every Share issued pursuant to this Prospectus.

(b) Remuneration of Directors

No person has paid or agreed to pay any amount or has given any benefit to any Director to induce them to become, or qualify as a Director or for services provided by the Director, in connection with:

(ii) the formation or promotion of the Company; or

(iii) the offer of Securities under this Prospectus,

except as set out below or elsewhere in this Prospectus.

Directors received the following remuneration for the preceding two financial years:

| Directors | Year | Short-Term | Post Employment | Share Based Payments | | Total |
|---------------------------|------|---------------------|----------------------|----------------------|------------------------|---------|
| | | Salary & Fees \$ | Superannuation \$ | Shares \$ | Incentive Shares \$ | \$ |
| R.O.Jones ⁽¹⁾ | 2011 | 112,000 | - | 52,245 | 0 | 164,245 |
| Chairman | 2010 | 112,000 | - | 51,149 | 7,789 | 170,938 |
| A.R.Cooper ⁽²⁾ | 2011 | 112,000 | - | 52,245 | - | 164,245 |
| Director | 2010 | 112,000 | - | 51,149 | 9937 | 173,086 |
| R.N.Hill ⁽³⁾ | 2011 | 15,000 | 2,700 | 17,245 | - | 34,945 |
| Director | 2010 | 15,000 | 2,700 | 16,149 | 4,969 | 38,818 |

(1) R.O. Jones was appointed March 1993;

(2) A.R. Cooper was appointed March 2001;

(3) R.N. Hill was appointed March 2004

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Hardy Bowen will be paid fees of approximately \$8,000 (plus GST) in relation to the preparation of this Prospectus.

Advanced Share Registry Services Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

5.8 Shortfall Offer

If the Directors exercise their sole discretion to issue the Shortfall Securities then pursuant to this Prospectus, the Company will offer the Shortfall Securities (**Shortfall Offer**) as a separate offer.

Shortfall Shares will be offered at an issue price of \$0.10 each which is the issue price at which the Offer has been made to Eligible Shareholders. One Attaching Option will also be issued for every Shortfall Share issued pursuant to the Shortfall Offer.

Applications for Shortfall Securities can only be made by completing and returning the relevant section of the Entitlement and Access Form and returning it together with the funds for the Shortfall Securities applied for.

In relation to the Shortfall Offer the Company reserves the right to issue to an applicant a lesser number of Securities than the number applied for, reject an application or not proceed with the issuing of the Shortfall Securities or part thereof. If the number of Securities issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

5.9 Underwriting Agreement

The Underwriter intends to subscribe for all Shares and Attaching Options not taken up by the Shareholders under the Offer or the Shortfall Offer.

The Company will pay a fee of 7%+ GST of the total underwriting being a total of \$127,846.53. The Company will reimburse the Underwriter reasonable expenses up to \$20,000.

The Underwriter will also receive the Underwriter Options as part of its fees.

5.10 Underwriter Options

Pursuant to the Underwriting Agreement, the Company intends to issue 10,000,000 Options to the Underwriter (**Underwriting Options**). The issue of the Underwriting Options will take place under the Company's 15% placement capacity under Listing Rule 7.1 and will be issued for nil consideration.

The Underwriter Options have the same terms and conditions as the Attaching Options.

Application for the Underwriting Options can be made by completing and returning an application form, which the Company will provide to the Underwriter, to the Company.

5.11 Return of Application Money

The minimum subscription under the Offer is 16,000,000 Shares to raise \$1,600,000 (**Minimum Subscription**).

None of the Securities offered by this Prospectus will be issued if Application Monies do not reach the Minimum Subscription which includes the Underwriter fulfilling its obligations. Should applications for 16,000,000 Shares not be received within 2 months of the date of this Prospectus, the Company will repay the Application Monies received to all Applicants (without interest).

5.12 Expenses of issue

The estimated expenses of the issue are as follows:

| | \$ |
|--------------------------------------|---------------|
| ASIC lodgement fee | 2,000 |
| ASX quotation fee | 8,500 |
| Legal expenses | 8,000 |
| Prospectus preparation | 2,000 |
| Printing, mailing and other expenses | 3,500 |
| Total | 24,000 |

5.13 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with ASIC:

Hardy Bowen has given, and has not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Hardy Bowen have not authorised or caused the issue of this Prospectus or the making of offers under this Prospectus. Hardy Bowen make no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

Advanced Share Registry Services Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as share registry in the form and context in which it is named. Advanced Share Registry Services Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share registrar of the Company. Advanced Share Registry Services Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

International Capital Markets Pty Ltd (**ICM**) has given, and has not withdrawn, their written consent to being named in this Prospectus as Underwriter. ICM has not authorised or caused the issue of this Prospectus or the making of the Offer. ICM makes no representation regarding, and to the extent permitted by law exclude any responsibility for, any statements in or omissions from any part of this Prospectus.

6. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink that reads "R O Jones". The signature is written in a cursive style with the first letters of each word being capitalized.

R.O. JONES
Chairman

Dated: 1 February 2012

7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

"Acceptance" means a valid application for Securities made pursuant to this Prospectus on an Entitlement and Acceptance Form.

"Annual Financial Report" means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2011 and includes the corporate directory, Shareholder information, Directors' declaration, financial statements and the notes thereto, of the Company and its controlled entities for the year ended 30 June 2011, together with a Directors' report in relation to that financial year and the auditor's report for the year to 30 June 2011.

"Applicant" means a person who submits an Entitlement and Acceptance Form.

"Application Monies" means application monies for Securities received by the Company.

"ASIC" means Australian Securities and Investments Commission.

"ASTC" means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

"ASX" means ASX Limited (ACN 008 624 691).

"Attaching Option" means an option to acquire a Share, each exercisable at \$0.20 and otherwise on the terms and conditions outlined in Section 5.2.

"Board" means the Directors meeting as a board.

"Business Day" means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

"CHESS" means ASX Clearing House Electronic Subregister System.

"Closing Date" means 29 February 2012 or such later date as the Directors may determine.

"Company" or **"Comet"** means Comet Resources Limited (ACN 060 628 202).

"Constitution" means the constitution of the Company as at the date of this Prospectus.

"Corporations Act" means Corporations Act (Cth) 2001.

"Directors" mean the directors of the Company as at the date of this Prospectus.

"Eligible Shareholder" means a person registered as the holder of Shares on the Record Date whose registered address is in Australia.

"Entitlement and Acceptance Form" or **"Form"** means the entitlement and acceptance form attached to this Prospectus that sets out the entitlement of Shareholders to subscribe for Securities pursuant to the Offer.

"Issuer Sponsored" means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

"Listing Rules" means the Listing Rules of ASX.

"Ochre" means Ochre Management Pty Ltd.

"Offer" means as defined in Section 1.1.

"Official List" means the official list of ASX.

"Official Quotation" means quotation of Securities on the Official List.

"Option" means the right to acquire one ordinary fully paid Share in the capital of the Company on the exercise of the option.

"Optionholder" means a holder of Options.

"Pelagic" means Pelagic Capital Investments Ltd.

"Prospectus" means this prospectus dated 1 February 2012.

"Record Date" means the day specified in the Proposed Timetable.

"Section" means a section of this Prospectus.

"Securities" means Shares or Options offered by this Prospectus.

"Shareholder" means a holder of Shares.

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

"Shortfall Application Form" means the application form attached to this Prospectus to subscribe for Shortfall Securities.

"Shortfall Offer" means as defined in Section 5.8.

"Shortfall Shares" means that number of the Shares that form part of the Shortfall Securities.

"Shortfall Securities" means that number of the Securities that have not validly been applied for under the Offer by the Closing Date.

"Underwriter" means International Capital Markets Pty Ltd (ACN 123 289 109).

"Underwriting Agreement" means the underwriting agreement between the Company and the Underwriter dated 7 November 2011.

"Underwriter Options" has the meaning in Section 5.10.

"\$" means Australian dollars.

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

COMET RESOURCES LIMITED
ABN 88 060 628 202

ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

REGISTERED OFFICE: UNIT 2 23 BELGRAVIA STREET BELMONT WA 6014.

SHARE REGISTRY: Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway, Nedlands, Western Australia 6009.

A non-renounceable pro-rata entitlements issue of up to 18,263,790 New Shares at an issue price of \$0.10 per New Share on the basis of 1 New Share for 4 Shares held at the Record Date, together with 1 free attaching New Option for every New Share issued, to raise up to approximately \$1,826,379 (**Rights Issue**) before expenses.

NON-RENOUNCEABLE ENTITLEMENT ISSUE, CLOSING 5.00 PM WESTERN STANDARD TIME ON 27 FEBRUARY 2012.

To the Directors
COMET RESOURCES LIMITED

Shareholder's details

[insert]

| | |
|---|---------|
| Sub-Register | : CHESS |
| HIN/SRN | : |
| Shareholding at Record Date 5.00pm WST 10 February 2012 | : |
| Entitlement to Shares on 1 new Share for every 4 Shares basis | : |
| Amount payable on acceptance at 10 cents per Share | : \$ |

1. I/We the above mentioned, being registered on 10 February 2012 as the holder(s) of ordinary shares in your Company hereby accept the below mentioned securities in accordance with the enclosed Prospectus;
2. I/We hereby authorise you to place my/our name(s) on the register of shareholders in respect of the number of Shares and Options allotted to me/us and;
3. I/We agree to be bound by the Constitution of the Company.

| NUMBER OF NEW SHARES APPLIED FOR (BEING NOT MORE THAN THE ENTITLEMENT SHOWN ABOVE) | ADDITIONAL SHORTFALL FOR NEW SHARES | TOTAL SHARES APPLIED FOR | AMOUNT ENCLOSED AT CENTS PER SHARE |
|---|-------------------------------------|--------------------------|--|
| | | | \$ |

METHOD OF ACCEPTANCE

You can apply for Shares and make your payment utilising one of the payment options detailed overleaf, however please indicate which payment option you have chosen by marking the relevant box below.

☐

Cheque/bank draft/money order

☐

BPAY

| PLEASE ENTER CHEQUE DETAILS THANK YOU | Drawer | Bank | Branch | Amount |
|---|--------|------|--------|--------|
| | | | | |

You can pay by BPAY. If you choose to pay by BPAY, you do not need to return this form. Please refer overleaf for details.

My/Our contact numbers in the case of enquiry are:

Telephone:(.....)

Email:

NOTE: Cheques should be made payable to **COMET RESOURCES LIMITED - ISSUE ACCOUNT**, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Ltd, Unit 2, 150 Stirling Highway, Nedlands, Western Australia, 6009 to arrive no later than 5.00 pm Western Standard Time on **Wednesday, 29 February 2012**.

| | |
|---|-------------|
| Complete this panel and sign below only if a change of address is to be registered with the Company | |
| New Address: | |
| Signature(s): | Date: |
| Please indicate correct title: Director / Secretary / | |

PLEASE REFER OVERLEAF FOR INSTRUCTIONS

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of Shares, which you are entitled to accept.
2. Your entitlement may be accepted either in full or in part. There is no minimum acceptance.
3. The price payable on acceptance of each Share is 10 cents.
4. Please complete the Entitlement and Acceptance Form overleaf.

APPLICATION INSTRUCTIONS

Payment Details

You can apply for Shares by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by BPAY.

By making your payment using either BPAY or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the Target Energy Limited Entitlement as enclosed with this form.

Your cheque, bank draft or money order should be made payable to **COMET RESOURCES LIMITED - ISSUE ACCOUNT** in Australian currency and crossed "Not Negotiable". Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your Application being rejected. Complete cheque details in the boxes provided.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your application will be rejected.

If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of Shares you are entitled to apply on this form. The excess money will be considered as your payment for the shortfall application.

Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding this form.

Lodgement of Application

If you are applying for Shares and your payment is being made by BPAY, you do not need to return this form however you are encouraged to return the form to the registry for reconciliation purposes – in that case you can post the form to the registry or send it by facsimile to (61) (08) 9389 7871. Your payment must be received by no later than 5.00 pm WST on Wednesday, 29 February 2012. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, your Application must be received by Advanced Share Registry Ltd ("ASW") by no later than 5.00 pm WST on Wednesday, 29 February 2012. You should allow sufficient time for this to occur. Return your Application with cheque, bank draft or money order attached.

Neither Advanced Share Registry Ltd ("ASW") nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

If you have any enquiries concerning this form or your entitlement, please contact ASW on telephone 618 9389 8033 or fax 618 9389 7871.

- **CHES holders must contact their Controlling Participant to notify a change of address.**



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BPAY**

Call your bank, credit union or
building society to make this payment
from your cheque or saving account.
More info:
www.bpay.com.au

• **By Mail**

COMET RESOURCES LIMITED - Entitlement Offer Account
C/- Advanced Share Registry Ltd
PO Box 1156, Nedlands
Western Australia 6909

Or

Unit 2, 150 Stirling Hwy
Nedlands
Western Australia 6009