

28 May 2019

Ms Elizabeth Harris
ASX Compliance Pty Limited,
Level 40, Central Park,
152-158 St Georges Terrace,
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Ms. Harris

Response to Appendix 5B Query

We refer to the letter from ASX to Comet Resources Ltd (Comet or the Company) (**ASX:CRL**) dated 23 May 2019, entitled Appendix 5B Query. We respond as follows:

Does CRL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?

Yes. As the Company is currently progressing key work streams in respect to its exploration activities whilst seeking to develop relationships with potential offtake partners, it will continue to incur negative operating cash flows.

Has CRL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

The Company continues to evaluate various funding options to meet its planned activities and expenditure commitments. CRL has a track record of securing adequate funding including capital raisings and believes it will continue to be successful in securing adequate funding. The Company announced on 6 December 2018 that it had raised an additional \$733,500 through a Placement and is currently progressing further funding discussions.

Does CRL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Pursuant to the capital raising activities to be undertaken as stipulated in the answer to question 2 above, the Company believes it will be able to continue operations and meet its business objectives. Major shareholders are supportive of the Company as it continues to advance its flagship Springdale Project, which is focussed on high quality graphite and graphene.

Please confirm that CRL is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market. The Company is compliant with the ASX Listing Rules and in particular Listing Rule 3.1.

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Please confirm that CRL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CRL with delegated authority from the board to respond to ASX on disclosure matters.

The Company's board of directors have authorised and approved the responses to the questions contained herein.

Yours Faithfully
By order of the board

Sonu Cheema
Company Secretary
Comet Resources Limited

For further information please contact:

PHILIPPA LEGGAT

Chief Executive Officer

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23 May 2019

Mr Sonu Cheema
Company Secretary
Comet Resources Limited
Unit 1, 4 Canning Road
Kalamunda WA 6076

By email: sonu@cicerocorporate.com.au

Dear Mr Cheema

Comet Resources Limited ('CRL'): Appendix 5B Query

ASX refers to CRL's Appendix 5B quarterly report for the period ended 31 March 2019 lodged with ASX Market Announcements Platform on 24 April 2019 (the 'Appendix 5B').

ASX notes that CRL has reported:

- negative net operating cash flows for the quarter of \$408,000;
- cash at the end of the quarter of \$406,000; and
- estimated cash outflows for the next quarter of \$343,000.

It is possible to conclude, based on the information in the Appendix 5B that if CRL were to continue to expend cash at the rate indicated by the Appendix 5B, CRL may not have sufficient cash to continue funding its operations.

In view of that, ASX asks CRL to respond separately to each of the following questions and requests for information:

1. Does CRL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has CRL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does CRL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that CRL is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that CRL's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CRL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4.00 PM AWST Wednesday, 29 May 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in CRL's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CRL's obligation is to disclose the

information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and Listing Rule 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to CRL’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that CRL’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in CRL’s securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Elizabeth Harris
Principal Adviser, Listings Compliance (Perth)