

Comet and International Graphite to create vertically integrated graphite business in WA

Highlights

- Comet to gain participation in high-technology, vertically integrated industrial and battery anode graphite product company, International Graphite via the vend-in of its Springdale Graphite Project
- Springdale uniquely suited in both location and material quality to provide raw material feedstock to International Graphite's high-value micronised and lithium-ion battery anode material and other products
- Proposed transaction initially values Springdale Graphite Project at \$8M in International Graphite shares
- International Graphite to seek a listing on the ASX
- International Graphite has commenced Stage 1 of its advanced downstream graphite product manufacturing and R&D facility in Collie, WA
- International Graphite's technology has been recognised by and received strong support from the WA Government, with a recent award of a \$2M grant to contribute to the development of the Collie facility

Comet Resources Ltd (Comet or the Company) (ASX:CRL) is pleased to announce that it has reached an agreement with International Graphite Ltd (**International Graphite**) to form a vertically integrated high-technology graphite business located in Western Australia to focus on the production of micronised, battery anode material and other products for lithium-ion batteries. Comet will gain its stake in the venture via the vend-in of its Springdale Graphite Project into International Graphite (the **Transaction**). Springdale is uniquely suited as a feedstock source for International Graphite's facility in Collie, Western Australia, not only due to its location but also due to the amenability of its graphite to be processed into high value products, such as battery anode material, based on recent test work. International Graphite plans to complete an IPO and seek admission to the ASX to join the relatively limited group of publicly listed lithium-ion battery anode material graphite companies.

Managing Director, Matthew O'Kane commented, ***"Comet's participation in International Graphite's vertically integrated graphite business, located in the tier one minerals jurisdiction of Western Australia, will provide the opportunity to not only unlock the value of Springdale as a mine, but to also participate in the high-technology downstream business of manufacturing high value micronised and Lithium-Ion battery anode material products. International Graphite's business plan has already received endorsement from the WA Government by way of a \$2M grant, and we believe the addition of Comet's Springdale Graphite Project will also be very well received. International Graphite's leadership team brings decades of experience in metallurgy and project development. We are confident in their ability to capture opportunities in the rapidly growing high-technology downstream graphite products business."***

Chairman of International Graphite, Phil Hearse stated, ***"International Graphite's acquisition of the Springdale resource will cement our vision as WA's first fully integrated graphite producer. Control of this high quality resource will close the supply loop ensuring we have consistent feed for our new downstream processing facility, at Collie, and 'chain of custody' oversight of our product, from mine to customer. This will be critical to building WA's reputation as an ethical and reliable graphite supplier to the massive global battery market"***

and strengthen Australia's sovereign capability in the critical minerals space. The Springdale Graphite Project's high-grade zone of 2.6 Mt @ 17.5% JORC compliant Inferred Resource¹ is one of the highest grade graphite ores internationally and test work has shown that the concentrate can be purified to grades of greater than 99.95%², which is needed to produce battery anode material."

The Transaction is subject to Comet shareholder approval, as well as conditional approval from the ASX for the initial public offering (IPO) and subsequent admission of International Graphite to the ASX.

About International Graphite

International Graphite is developing a graphite downstream processing facility in Collie in south-west Western Australia. The company has completed a Definitive Feasibility Study for the Collie project and the first equipment consisting of an ultra-high temperature furnace for graphite purification R&D is already on site, with a pilot spheroidising plant landed in Fremantle for transportation to the Collie facility. The next equipment to be ordered is planned to be a production micronizing line that will precede the first spheroidising production line. International Graphite has been working on the feasibility for development of graphite downstream processing technology for the past three years, and this project will provide a significant contribution to an emerging renewables energy development hub in the Collie region. Collie was chosen because of its availability of land and personnel, its understanding of resource development, the opportunity to negotiate cost-effective power supply, and the proposed development of renewable energy sources in the area.

The company is led by a team of graphite technical experts including Phil Hearse and Dave Pass, both who have extensive graphite technology experience. International Graphite intends to undertake stage-wise development of the project with a medium-term strategy to produce coated high purity spherical graphite for Li-Ion battery anode production. The integration of the Springdale Graphite Project with the International Graphite business provides a feed supply source from a tier one mining jurisdiction and ensures chain of custody for long term battery anode material production.

Transaction Structure and Timeline

Comet will receive 40,000,000 shares in International Graphite at completion of its IPO, initially valued at \$8 million based on the proposed IPO issue price per share of \$0.20, in exchange for the sale of tenements E74/612 and E74/562, which together form the Springdale Graphite Project. Following the Transaction and IPO, Comet is expected to own approximately 25% of International Graphite. The Company will also be entitled to nominate one person to International Graphite's board of directors.

International Graphite plans to complete its IPO by raising \$6-8 million by the end of the first quarter of 2022 calendar year. Comet will provide its shareholders with a more detailed timeline for the proposed IPO at a later date.

Key terms of the Transaction are:

- International Graphite and Comet agree to enter into a Sale Agreement relating to the acquisition by International Graphite (or its nominee) of tenements E74/612 and E74/562 located in Western Australia, together with all related mining and technical information (the Assets).
- The consideration to be paid by International Graphite for the acquisition of the Assets

¹ Refer ASX Release dated 6 December 2018

² Refer ASX Release dated 21 September 2021

pursuant to the Sale Agreement shall be 40,000,000 Shares in International Graphite at IPO, which will be subject to ASX imposed escrow in accordance with the ASX Listing Rules. Comet will not, at this time, distribute the shares via an in-specie distribution.

The Sale Agreement shall be subject to the following conditions precedent:

- International Graphite and Comet completing due diligence on each other's business, assets and operations and each being satisfied with the outcome of that due diligence (in each party's sole and absolute discretion);
- Comet's shareholders approving the sale of the Springdale Graphite Project to International Graphite in accordance with the Corporations Act, the ASX Listing Rules and for all other purposes;
- International Graphite receiving conditional approval from ASX for admission to the official list and those conditions being to the reasonable satisfaction of International Graphite;
- All necessary third-party approvals and consents being obtained in relation to the sale of the Springdale Graphite Project (including ministerial approval under the applicable mining legislation, if required); and
- No material adverse effect having occurred.

This announcement is authorised for release by Board of Comet Resources.

For further information please contact:

MATTHEW O'KANE

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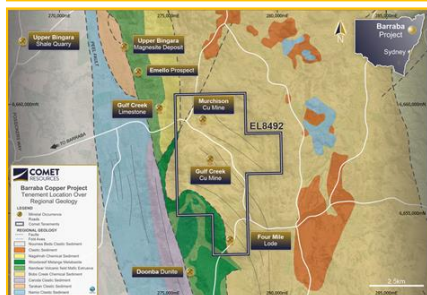
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About Comet Resources



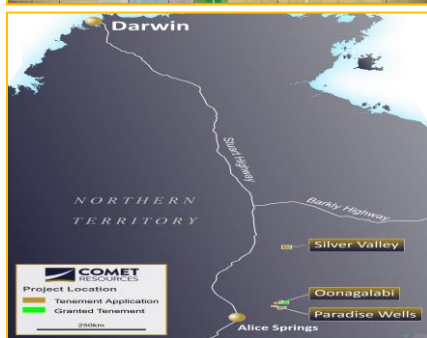
Santa Teresa Gold Project (Mexico)

The Santa Teresa Gold Project is comprised of two mineral claims totalling 202 hectares located in the gold rich El Alamo district, approximately 100 km southeast of Ensenada, Baja California, Mexico; and 250 km southeast of San Diego, California, USA. The Project is prospective for high grade gold. In addition to the two claims of the Project, two additional claims totalling a further 378 hectares in the surrounding El Alamo district are being acquired from EARL.



Barraba Copper Project (NSW)

The 2,375ha exploration license that covers the project area, EL8492, is located near the town of Barraba, approximately 550km north of Sydney. It sits along the Peel Fault line and encompasses the historic Gulf Creek and Murchison copper mines. The region is known to host volcanogenic massive sulphide (VMS) style mineralisation containing copper, zinc, lead and precious metals. Historical workings at Gulf Creek produced high-grade copper and zinc for a short period around the turn of the 19th century, and this area will form a key part of the initial exploration focus.



Northern Territory Projects (NT)

The portfolio of Northern Territory exploration licenses and exploration license applications covers an area of approximately 840km². Although historical exploration results were indicative of near surface gold and copper mineralisation, very limited modern exploration has occurred. Comet plans to utilise modern exploration techniques to rapidly advance the scale of known mineralisation, especially where known geophysical and geochemical anomalies exist that have not been comprehensively drill tested.



Springdale Graphite Project (WA)

The 100% owned Springdale graphite project is located approximately 30 kilometres east of Hopetoun in South Western Australia. The project is situated on free hold land with good access to infrastructure, being within 150 kilometres of the port at Esperance via sealed roads. The tenements lie within the deformed southern margin of the Yilgarn Craton and constitute part of the Albany-Fraser Orogen. Comet owns 100% of the three tenement's (E74/562 and E74/612) that make up the Springdale project, with a total land holding of approximately 198 square kilometres.

Forward-Looking Statement

This announcement includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Comet Resources Limited's planned exploration programs, corporate activities and any, and all, statements that are not historical facts. When used in this document, words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should" and similar expressions are forward-looking statements. Comet Resources Limited believes that its forward-looking statements are reasonable; however, forward looking statements involve risks and uncertainties and no assurance can be given that actual future results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.