



A BRIGHT FUTURE AHEAD FOR COMET

New Projects

Active exploration agenda

100 per cent ownership of projects

Maximum return for exploration success

Strong cash position

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Dear Shareholder

Earlier this month, Comet Resources Limited celebrated 10 years as an ASX-listed company. As you may be aware, our successes during that time have included the distribution to shareholders of \$32 million following the sale of the Ravensthorpe Nickel Project.

Building on success involves planning for the future. It is therefore my pleasure to inform you that Comet has acquired several promising new projects to take us into the next phase of our development.


'100 per cent ownership of these projects'

Having secured 100 per cent ownership of these projects, Comet will now implement exploration programmes in key areas, and anticipates positive results.

Contained in this document are summaries of selected projects – Devine (nickel sulphide), Yalgoo (base metals) and Charmed (gold/base metals), together with intended work programmes for each. This work will be undertaken between March and July 2004.

'Comet's cash position is strong'

Comet's cash position is strong (in excess of \$3 million) and the Company continues to maintain a tight capital structure, with only 61 million shares on issue. In addition, the Company holds a 20 per cent interest in the recently listed Prosperity Resources Limited. Currently, those shares have a market value of \$1.2 million.



At present, Comet shares trade at around 7 cents, just above the value of the Company's cash and its interest in Prosperity. We consider that, compared to many new floats (which trade at prices considerably above their cash backing), Comet is undervalued as a result of the unrealised value of its exploration assets.

'Comet is undervalued'

Our experienced team, which recognised the potential of the Ravensthorpe project, has been further enhanced by the addition of Scott Matheson as Exploration Manager. Scott brings with him significant project generation skills.

'Deliver value to shareholders'

The Board is excited about the Company's future prospects and the potential of the Company's projects to deliver value to shareholders.

We thank each of you for your support in the past and we look forward to adding value to your investment.

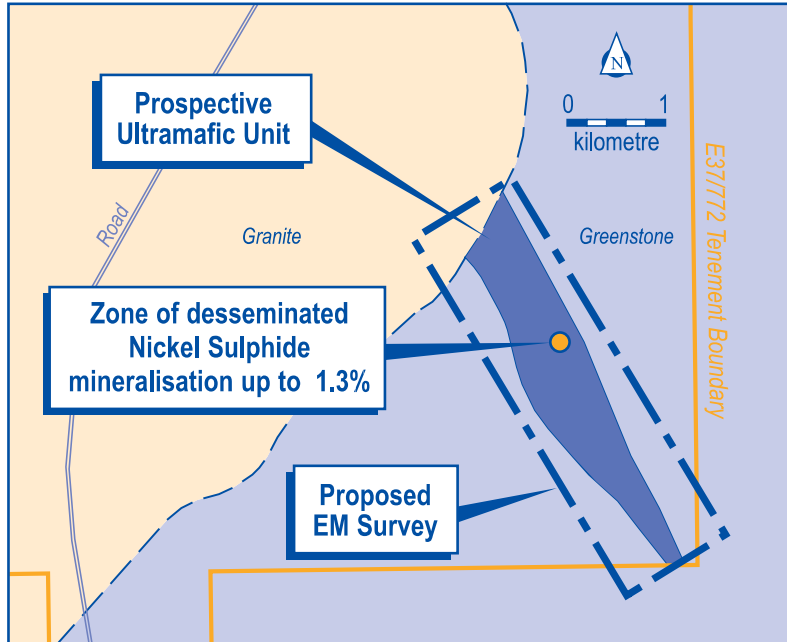
Yours faithfully



RO Jones
Chairman

DEVINE PROJECT: ELA 37/772

(100 per cent Comet owned)



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Comet believes this project could host Kambalda-style nickel sulphide deposits. The area was initially explored in the early 1970s. Nine holes were drilled at that time, with disseminated nickel sulphides intersected in each. The best intersection was 2 metres at 1.3 per cent nickel. There has been no subsequent exploration to follow up on these promising results. In fact, the prospective zone remains virtually untested.

Recent times have seen significant advances in both the understanding of nickel sulphide mineralisation and the exploration techniques used in its discovery. Comet is in possession of good-quality aeromagnetic data, which has permitted the definition of target horizons. Specific targets will be further refined by way of an airborne electromagnetic (EM) survey scheduled for March of this year, with drilling to follow in July.

In view of the style and grade of mineralisation previously identified, Comet has high hopes of locating economic nickel mineralisation at the Devine project.

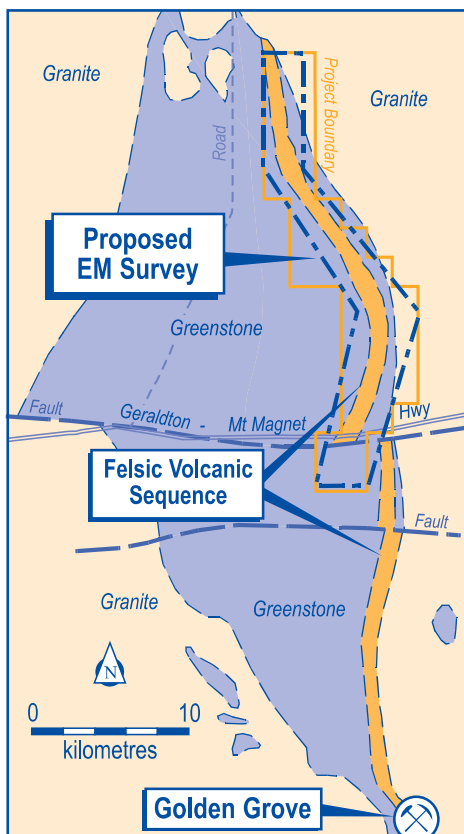
YALGOO BASE METAL PROJECT: E59/642, ELA 59/1097, P59/1508

(100 per cent Comet owned)

The Company is targeting deposits similar to Newmont's world-class base-metal/gold mine at Golden Grove. Located just 50 kilometres along strike to the south of Comet's project, the Golden Grove mine generates revenue in excess of \$100 million per annum. The mine has operated for the past 20 years and has a projected mine life of another 20 years. Exploration there continues to discover further resources.

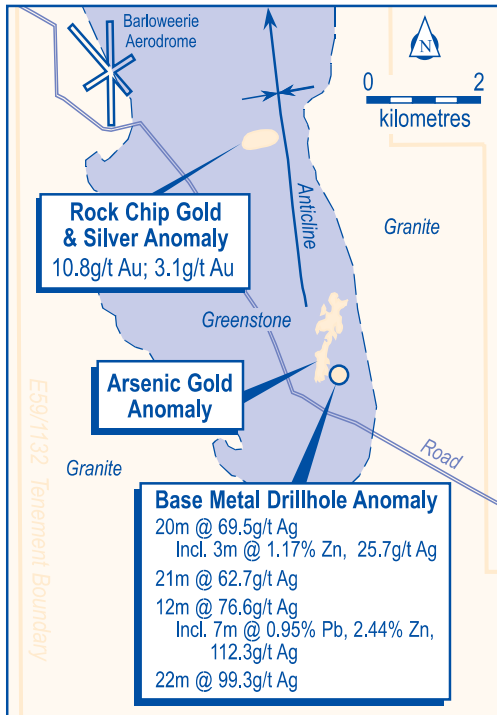
Within the Yalgoo project area, Comet's field-mapping has identified a previously unrecognised felsic volcanic sequence, which is interpreted to be equivalent to that which hosts the Golden Grove deposits. This style of deposit typically occurs in clusters along a prospective horizon. Comet's Yalgoo project has over 30 kilometres strike length of this prospective felsic volcanic sequence, and a significant portion of this sequence is under less than

30 metres of transported cover. Interpretation of aeromagnetic data has identified a number of features which may represent mineralisation.



In April of this year, an airborne EM survey (a proven technique for locating sulphide mineralisation) will be conducted over the 30 kilometre target horizon, with interpretation and target delineation to be completed in May. Targets generated by the EM survey and the aeromagnetic features will be drilled in June.

Charmed Project: ELA 59/1132 (100 per cent Comet owned)



This project covers the entire Mt Barloweerie greenstone belt and is considered to have potential for gold and base-metal mineralisation. To date, a number of targets have been identified from historical exploration data. In Comet's view, the main exploration target is a 1.5 kilometre long, crosscutting arsenic and gold soil anomaly with peak values of 5,200 parts per million

arsenic and 68 parts per billion gold. This target has never been drill-tested.

Several very promising gold and silver values (up to 10.8 grams per tonne gold and 11.5 grams per tonne silver) were obtained from rock-chip samples taken by previous explorers in the Mt Barloweerie area. Again, these results have never been followed up.

Also identified by previous work is a zone of base-metal mineralisation, from which significant silver, lead and zinc intersections in percussion and diamond drill-holes have been reported. This area warrants further investigation.

A soil sampling programme is scheduled for April-May of this year, with follow-up drilling to commence in June.

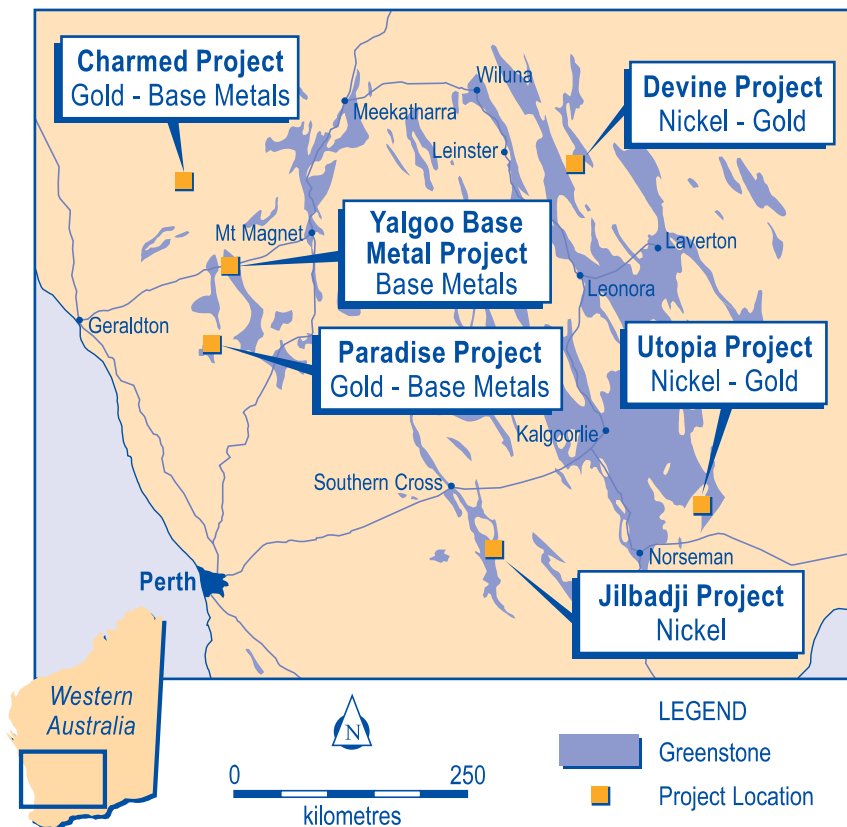
OTHER WESTERN AUSTRALIAN PROJECTS

Comet has acquired other projects in Western Australia.

The Utopia Project has the potential for nickel sulphide and gold mineralisation and has previously received only limited exploration efforts.

The Paradise Project is located 50 km southwest of Golden Grove and has potential to host base metal and gold mineralisation.

The Jilbadji Project includes an area of interpreted ultramafic rocks, and is located in the Southern Cross Belt which hosts several major nickel sulphide deposits.



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For further information on any of these projects, consult the Comet Resources Limited website at the following URL: www.cometres.com.au



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