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The Company Announcements Office  
Australian Stock Exchange Limited  
4<sup>th</sup> Floor  
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Dear Sir/Madam

## **DECEMBER QUARTER ACTIVITIES REPORT**

### **Quarter Highlights**

#### **Two new Projects in NSW**

#### **Options exercised raises \$547,000**

During the December quarter Comet Resources Limited has reviewed several major opportunities and continued with its assessment of both Yalgoo and Devine Projects. The Company has also acquired two more projects in NSW.

A total 6,838,726 of the options that expired on 31 December 2004 have been exercised. The conversion price was 8 cents and this represents some \$547,000 added to the current cash reserves.

All of the Directors – Mr. Jones, Mr. Cooper and Mr. Hill have converted options with their total investment being in excess of \$270,000.

Comet's cash position is approximately \$2.9 million and the Company continues to maintain a tight capital structure, with only 68 million shares on issue. In addition, the Company holds 6 million shares in Prosperity Resources Limited.

## New South Wales

### Browns Reef Project EL6321

This new Project is located approximately 470 Kms west of Sydney and lies within close proximity to a rail line and gas pipe line.

The area was explored in the late 1970's by Electrolytic Zinc Company of Australasia Ltd. Previous exploration has identified an inferred resource totalling **20.5 Mt assaying 1.09 % Pb, 1.96 % Zn, 0.13 % Cu and 9 g/t Ag (1 % combined Pb+Zn cutoff)** at Browns Reef with a further **2.4 Mt assaying 1.35 % Pb, 2.50 % Zn, 0.14 % Cu and 7.9 g/t Ag (1 % combined Pb+Zn cutoff)** at Browns Reef South.

Best drill hole intersection was **BR-2: 32.5m at 2.08%Pb, 3.68%Zn, 0.11%Cu and 10.3ppm Ag.**

This style of deposit typically contains a higher grade core that may be associated with elevated Au values. Future exploration to discover potential oxide resources and/or a higher grade zone possibly associated with Au values are to be tested.

### Murrumbateman Project EL6295

This new Project is located approximate 80 Kms north of Canberra. The area was mainly explored in the late 1980's by Kennecott, Alkane and Central West Gold. Exploration included soil sampling, ground magnetics, drilling and metallurgical studies.

Reports indicate soil sampling and trenching delineated two zones of gold mineralisation with the best result of **39m @1.63g/t Au** from a costean. The northern zone is still open to the northeast.

The two zones were drill tested by a number of shallow holes which indicated a wide low grade (+0.5g/t) zone of mineralisation. Best intersections are listed below.

Hole Number	From (m)	To (m)	Intersection (m)	Grade g/t Au
LM 06	16	26	10	2.2
MUM 02	1.7	16	14.3	2.4
MUM 03	21	24.96	3.96	1.7*
LM 07	2	18	16	1.2

\*Hole stopped in mineralisation

A selection of samples were reassayed using a fire assay method with each sample showing a significant increase in grade up to 288% This suggest that the assay technique use by these explorers may have been unreliable.

Comet intends to redefine the soil anomalies then drill test. It is believed that fire assaying of the new drill holes will produce better results.

Comet is currently addressing the legal and environmental issues associated with access to all its NSW properties.

## **Western Australia**

### **Yalgoo Base Metal Project**

During the last quarter encouraging iron (Fe) values were received from a number of holes in a magnetite rich banded iron formations (BIF).

Field work during the quarter confirmed numerous parallel BIF units which pass through Comet's project area. These BIF units extend over a distance of approximately 20 kilometres. These units were assessed and several potential target zones requiring further exploration were identified. Two zones have been selected from these as priority due to the potential for significant tonnage within a limited strike length.

### **Devine Project (100% Comet)**

Further studies have continued at Devine. Field work has indicated that the ultramafic unit may not be of sufficient size to contain a major nickel sulphide deposit. Two untested anomalies may have gold potential. Further work will be required to test these.

For further information on Comet and its exploration projects please visit Comet's web page or contact.

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Comet listed on the Australian Stock Exchange in 1994. The Company discovered and studied the Ravensthorpe Nickel Project which is now part of a 1.7 billion dollar project being developed by BHP Billiton. In 2001 Comet successfully sold its final equity to BHP Billiton and returned to Comet shareholders \$32 million. Comet has a number of exciting exploration projects that it is currently exploring and advancing. Comet has approximately 2.9 million dollars of cash, 6 million Prosperity shares and has approximately 68 million shares on issue.

The information in the report to which this statement is attached that relates to Mineral resources or Ore reserves is based on information compiled by Mr A.R.Cooper, who is a Member of The Australian Institute of Mining and Metallurgy. Mr Cooper has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 1999 edition of the "Australian Code for Reporting of Mineral Resources and Ore reserves". Mr Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.