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Media Release/ASX Announcement

COMET'S ENVIRONMENTAL OIL SOLUTIONS PROJECT FINALISES RESEARCH AND DEVELOPMENT CONTRACT WITH FLINDERS UNIVERSITY.

Comet Resources Limited (CRL) is pleased to announce that it has entered into an Research and Development (R and D) Contract with Flinders University to carry out the work required to demonstrate the commercialisation of the BIO-Paragone Platform technology. This work commenced in January.

Professor Andy Ball will lead the project and a team of biotechnology experts at Flinders. Flinders has already recruited other international experts, including Dr Claire Bird from the UK with another biotechnology expert soon to join the team from Nigeria. Flinders will collaborate with world leading oil separation and analysis expertise from Murdoch University, which is being led by Associate Professor Robert Trengove.

In November 2005 Comet, through it's wholly owned subsidiary Environmental Oil Solutions (EOS), entered into an agreement to purchase BIO-Tec assets relating to patents and intellectual property associated with BIO-Tec's BIO-Paragone bacteria technology for the clean up and recycling of oil wastes. With CRL's subsidiary EOS signing the Contract with Flinders University and the South Australian Government grant of \$1,000,000 over the next three years, Comet is now pleased to advise completion of due diligence and progress of the Agreement to unconditional status.

The R and D work will involve optimisation of BIO-Paragone across a range of oil wastes with scale-up to treat commercial volumes. Scale-up will involve production of commercial volumes of BIO-Paragone for pilot field trials initially treating small volumes of waste oil from crude oil storage tanks. Pilot field trials will be undertaken in collaboration with established tank cleaner, Contract Resources, within their compound at the Port Stanvac oil refinery site. Contract Resources provide a range of specialised industrial and mechanical services to refineries and petrochemical plants.

The pilot testwork is scheduled to take less than nine months.

For further information on Comet and its Environmental Oil Solutions Project and exploration projects please 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 1.8 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 dollars. Comet has a number of exciting exploration projects that it is currently exploring and advancing. Comet has approximately 2.5 million dollars in cash, 6 million Prosperity shares and has approximately 68 million shares on issue.