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The Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

JUNE QUARTER ACTIVITIES REPORT

Highlights

Environmental Oil Solutions

- **Production and treatment time reduced resulting in lower capital and operation costs.**
- **Treated Waste oil has lower viscosity and is converted to a usable oil product**

Exploration

- **70 hole Rotary Air Blast (RAB) drilling programme was completed on the Utopia Project.**
- **Ferrowest to list in early August with Comet receiving 8.7 million shares**
- **21 million tonne inferred resource of 2% Zn, 1.1% Pb, 0.1% Cu and 9g/t Ag identified at Brown Reef.**

Environmental Oil Solutions (A wholly owned subsidiary of Comet Resources Limited) Project Progress.

To date the waste oils used in the laboratory testwork have been from crude oil tanks located in South Australia. Other waste oils are now being obtained from sources in Australia. It is anticipated that, although there may be some modest variation, there is no reason why the BIO-Paragone performance will not be similar on other waste oil.

The Objective Of The Work To Date Has Been:

1. To Obtain The Best Conditions For Producing The Bacteria Formulation.

This has been advanced to a stage where the manufacturing process has been improved significantly and is capable of being scaled for commercial production. This is expected to result in a reduction in capital expenditure requirements with associated reductions in operating costs.

2. To Demonstrate That The BIO-Paragone Formulation Lowers The Viscosity Of Waste Oils.

This has been achieved and the oil viscosity and treatment time have been significantly lowered, allowing for the pumped removal of the transformed product. A new nutrient formulation has been developed that reduces the treatment time to lower the viscosity of the oil residues.

3. To Establish The Survival Of BIO-Paragone Under Physical Stress

The survival of BIO-Paragone under physical stress typical of that experienced at full scale tank cleaning, has been determined. This has positive implications for the practical application of the process to enable rapid turn-around for cost effective tank cleaning.

4. To Establish That The Waste Oils Are Being Broken Down Into Products That Can Be Potentially Recycled.

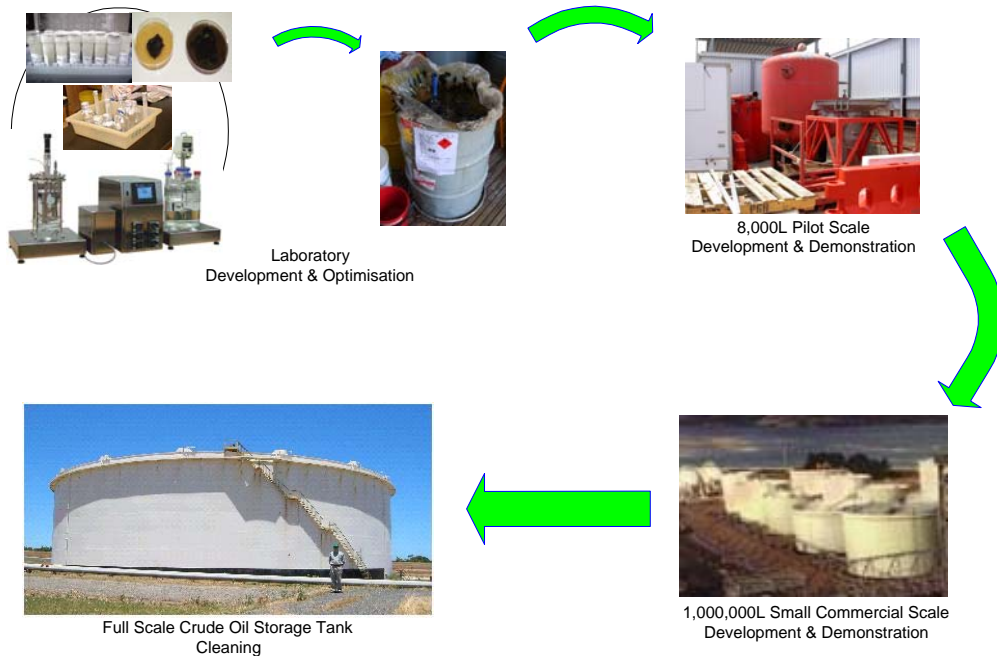
This has been achieved and work is ongoing to maximise the value of the recycled product.



On Going Development

The improved formulation will now be tested on other waste oils from around Australia. On completion the formulation production and waste oil treatment will be scaled up in larger vessels culminating in field trials with larger tanks in the last quarter of 2006. This is dependent on access to storage tanks for the collection of suitable waste oil samples.

The objective is to demonstrate the ability of BIO-Paragone to break down the viscous waste oils at pilot scale, enabling the transformed waste oil to be pumped from the vessel and recycled.



There are now several products being developed for commercialisation with a number of new patent opportunities identified. BIO-Paragone has been analysed by DNA sequencing in preparation for a new patent application.

Oil industry demand for tank cleaning requirements is increasing due to prolonged high levels of oil production and processing. The industry is demanding rapid turn-around on tank cleaning to maintain these high production levels.

CRL is positioning to commission relatively low cost in-house commercial manufacturing systems which are expected to deliver a cost effective rapid turn-around tank cleaning system to meet this market demand.

Western Australia Exploration Projects

Yalgoo Iron Project (Ferrowest Joint Venture)

In October Comet entered into a Joint Venture with newly formed Ferrowest Pty Ltd to investigate Comet's Yalgoo Iron Project.

Ferrowest proposes to combine the existing sealed road and natural gas infrastructure that pass through the Yalgoo Iron Project with newly developed iron nugget manufacturing technology to produce up to 1 million tonnes per annum of high grade pig iron for export through the existing facilities at the Port of Geraldton.

Ferrowest is expecting to list on the ASX in August. Comet has agreed to swap its equity in the project for 8.7 million shares in the newly listed company. The shares will be escrowed for a period of 12 months.

Utopia Project (100% Comet)

The Utopia Project is located approximately 125km east-southeast of Kalgoorlie and covers an area of over 300 km².

A 70 hole Rotary Air Blast (RAB) drilling programme was completed in June. Seventy holes (UTR 001-UTR 070) were drilled for 3,567 metres. Drilling evaluated a radiometric anomaly (for uranium), various gold soil/RAB anomalies and several aeromagnetic features.

Results are awaited

New South Wales Exploration Projects

Browns Reef Base Metal Project (100% Comet)

The Browns Reef Project is located approximately 5 kms west of the township of Lake Cargelligo and approximately 470 kilometres west of Sydney. Lake Cargelligo is serviced by the New South Wales rail network and there is a gas pipeline approximately 100km away. The tenement number is EL6321 and covers 57.5 km². The project occurs mainly on Freehold agricultural land. Established roads and tracks allow ready access.

Resources.

The area was explored in the late 70's to mid 80's by Electrolytic Zinc Company of Australasia Ltd (EZ) as managers of the Lake Cargelligo Joint Venture. Exploration included surface sampling, 12 diamond drill holes and several geophysical techniques. The work resulted in the discovery of a lead-zinc mineralised zone. Comet has calculated an inferred resource using this historic data. These resources are listed in Table 1

Table 1. Browns Reef Inferred Resources

Cut Off	Zinc (%)	Lead (%)	Copper (%)	Silver (ppm)	Tonnes
+1% Pb+Zn	2.0	1.1	0.1	9.0	20,500,000
+2% Pb+Zn	2.3	1.2	0.1	13	12,600,000

The resource covers a 1 km strike length and is open along strike and at depth. Surface expression of mineralisation (defined by gossans, surface sampling and auger sampling) can be traced for over 10 km in a north-north-west direction. The attached Figures 1 and 2 show area of resource and holes used to calculate the Browns Reef Resource and Table 2 lists all EZ drilling into the mineralised zone.

Table 2. Drill Hole Intersections

Hole No.	Easting (m)	Northing (m)	From (m)	To (m)	Width (m)	Zinc (%)	Lead (%)	Copper (%)	Silver (ppm)
BR1	437,144	6,312,667	165.0	200.4	35.4	0.83	1.33	0.20	11.5
BR2	437,082	6,312,656	291.0	336.3	45.3	3.01	1.71	0.10	8.1
BR3	437,148	6,312,513	256.0	299.3	43.3	1.88	1.17	0.13	12.7
BR3A	437,148	6,312,513	286.8	306.0	19.2	1.94	0.99	0.08	5.8
BR4	437,043	6,312,802	266.3	328.8	62.5	1.72	0.81	0.08	4.7
BR5	437,064	6,312,654	312.8	322.8	10.0	2.34	0.92	0.13	10.2
BR5	437,064	6,312,654	340.8	380.0	39.2	2.07	0.92	0.11	8.9
BR6	436,976	6,313,146	161.5	177.5	16.0	1.83	1.06	0.18	10.3
BS1	437,752	6,311,014	184.5	194.3	9.8	1.44	0.68	0.16	8.6
BS1	437,752	6,311,014	201.4	209.2	7.8	1.11	0.52	0.20	2.7
BS2	437,799	6,311,032	256.7	266.0	9.3	4.28	2.67	0.18	12.4
BS3	437,681	6,311,245	286.1	298.1	12.0	1.25	0.42	0.12	4.7
WS1	436,072	6,314,907	443.5	459.3	15.8	1.45	1.17	0.14	7.5

Best drill hole intersection is in BR-2 intersected 45.3m @ 3.01%Zn, 1.71%Pb, 0.10%Cu and 8.1ppm Ag from 288m. This intersection contains 20m @ 4.95%Zn, 2.77%Pb, 0.16%Cu, 13.5g/tAg from 302 metres down hole. Gold was not included in the analysis and may add value to the mineralised zone.

Access difficulties meant that holes drilled by EZ were not always in the prime location and they were also forced to only conduct deep drilling.

The area has had limited exploration since EZ withdrew from the project area in 1984. The most significant exploration advance was by Equity 1 Resources NL (2001-2003) when selected samples were taken from the mineralised zone and were assayed for gold. This indicated that gold mineralisation can be associated with the base metal mineralisation (best grade 1.8g/tAu over 1m). No systematic gold sampling has been conducted over the base metal mineralised zones.

Over the past year Comet has made significant progress on its 100% owned Browns Reef Project. The next stage of evaluation is scheduled to commence in August/September with diamond drilling.

Resource Estimation Summary.

*Geological domain were interpreted and a lower cut of 1% Pb+Zn was used. No top-cut was applied
A Polygonal block model was created and a bulk density of 3 was assigned by averaging historic density data. Drill hole locations were interpreted from located sites and then a grid conversion was made*

The resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

Kerrs Creek Project (100% Comet)

The Kerrs Creek Project covers an area of 288 km². It is centred about 20km north of Orange, a major mining centre hosting Newcrest's Cadia mine, and Tri Origin Australia NL's Lewis Ponds deposit, where a reported resource of 6.6 Mt @ 1.5g/t Au, 69 g/t Ag, 0.2% Cu, 1.4 % Pb, 2.4% Zn which equates to 350,000 ozs gold, 18 Mozs silver and 194,000 tonnes zinc exists just south of Kerrs Creek Project.

Successful negotiations with selected Landowners at Kerrs Creek have been completed. Field investigations of old workings have identified the Day Dawn area of Kerrs Creek as having potential for epithermal style gold mineralisation. A program of soil and stream sediment sampling has been completed with anomalous zones identified. Additional re-sampling of previous diamond drill core is planned.

For further information 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 1.7 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 cash assets of approximately \$2.6 million, 6 million Prosperity shares and has approximately 68 million shares on issue.

The information in the report to which this statement is attached relates to Exploration Results, Mineral Resources or Ore Reserves compiled by Mr. A Cooper, who is a Member of The Australian Institute of Mining and Metallurgy, with over 20 years experience in the mining industry. 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 2004 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.

