



25 January 2008

The Company Announcements Office
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Dear Sir/Madam

DECEMBER QUARTER ACTIVITIES REPORT

Highlights.

Browns Reef drilling intersects 6 metres @ 11.4% Zn, 4.8% Pb, 1.2% Cu, and 74g/t Ag.

Environmental Oil Solutions successful pilot scale tests in degradation of waste oil.

Browns Reef Zinc Lead Project (100% Comet)

Drilling.

Comet has completed 13 diamond drill holes for a total of 4,775 metres (including pre-collars) (table 1 and 2). The programme has demonstrated good continuity over the 1 km strike length tested to date, and supports Comet's original concept that Browns Reef has the potential to host an extensive zone of mineralisation with a large tonnage (+50 million tonne) ore body (see figure 2). There are indications that this extensive mineralisation also contains higher grade zones (see figure 1). The mineralised zone is still open along strike, with a further 8 Km of the prospective zone to be evaluated. Some areas already have previously identified significant mineralised intersections.

New results include:-

BR0019 located at 6,312,612 m north and 437,117 m east intersected a wide zone of mineralisation:-

20 m @ 1.3% Zinc (Zn), 0.8% Lead (Pb), 0.01% Copper (Cu) from 236 m and 12 metres @ 2.4% Zn, 1% Pb, 0.03% Cu from 261 metres.

BR0018 located at 6,312,693m north and 436,991 m east intersected:-

58 m @ 2% Zinc (Zn), 0.9% Lead (Pb), 0.4% Copper (Cu) and 19 g/t Silver (Ag) from 316 m including 6 metres @ 11.4% Zn, 4.8% Pb, 1.2% Cu, and 74g/t Ag from 368 metres.

This intersection is significant as it confirms again that high tenor mineralisation exists at Browns Reef within a wide mineralised zone.

BR0017 located at 6,312,986 m north and 436,918 m east intersected a wide zone of mineralisation from 366-404m:-

These include 4 m @ 0.9% Zn, 0.6% Pb, 0.1% Cu & 6g/t Ag from 366 m, 4 m @ 3.1% Zn, 0.4% Pb, 0.16% Cu & 12g/t Ag from 376 m. and, 4 m @ 1.1% Zn, 0.6% Pb & 6g/t Ag from 393 m.

Planned Drilling



After the success at the main Browns Reef zone Comet intends to now drill test mineralised targets along strike. These targets include:-

- (i) The area around the historic RC drill hole RC01EG05 located approximately 1.6 km's to the north of BR0018. This hole intersected **2 m @ 5.9% Zn and 3.7% Pb** at 110 m. The hole was terminated in mineralisation.
- (ii) The Woolshed area located approximately 3 km's to the north of BR0018 where the highest geochemical anomaly exists. This area reported values as high as **1.4% Pb** in shallow auger drilling.

- (iii) Browns South located approximately 1.2 km's to the south of BR0018 were several shallow historic workings exist and where native Cu has been identified. Historical diamond drill hole BS0002 located in this area intersected **9 m @ 4.3% Zn, 2.7% Pb, 0.2% Cu and 12 g/t Ag** from 257 m.

Further drilling will also be conducted to test the surface geochemical anomaly along 6 km's of the total 9 km's strike length. Work will also be conducted to test for extensions of the 9 km's geochemical anomaly.

Drill Core Re-logging and Sampling

Re-examination and re-sampling of Browns Reef drill core (BR01 to BR06, BS02 and WS01) at the NSW Londonderry core library has been completed. Over 600 samples have been submitted for re-assay with results expected in early February.

This data will be used in conjunction with Comets drilling to conduct a resources re-estimation study during the first quarter of 2008.

The Browns Reef project lies in an area of good infrastructure (service centre (Lake Cargelligo), sealed road, rail, water, and power) and is located on freehold land. Preliminary metallurgical testwork has shown that the mineralisation is amenable to conventional lead-zinc flotation processing at a practical grind size and reagent requirements.

Holes like **BR0018 intersecting 58 m @ 2% Zn, 0.9% Pb, 0.4% Cu and 19 g/t Ag from 316 m including 6 metres @ 11.4% Zn, 4.8% Pb, 1.2% Cu, and 74g/t Ag from 368 metres** indicate the potential grades and widths that can be discovered at Browns Reef Zinc Lead Project.

Environmental Oil Solutions Project (A wholly owned subsidiary)

Successful pilot scale tests by Flinders University have shown that two of Comets products currently going through the patenting process, a nutrient formulation "Tankclean" and a new microbial isolate have resulted in a 25% increase in the rate of degradation of waste oil.

Current scale-up tests are being carried out at Flinders University Bioremediation site to confirm and extend the pilot scale data. Successful outcome will result in full scale on site evaluation of the commercial potential of this technology,

This remediation of oil is the most difficult, time-consuming and expensive step the tank-cleaning process for the oil industry. Legislative caps on the concentration of total-petroleum-hydrocarbons (TPH) prescribe that any waste sent to landfill must fall below 10,000 ppm for TPH.

The testwork has shown significant lowering of TPH levels in a shorter period.

There exists the potential of this technology to reduce the TPH concentration of the waste oil to levels which would allow this product to be utilised on site without the need for landfill disposal. This represents a significant environmental and economic improvement on current methodologies.

These final trials are at the limit of the scale that we can carry out off site. The next trial will need to be a full field scale trial based at an oil refinery. Comet is in discussions with a number of interested companies to arrange for these trials to be held in 2008, dependent of course on the successful outcomes from current work.

The project is now reaching the end of the research stage and is geared to developing this technology commercially. With the continued support of the SA Government and technical assistance from Flinders University in partnership with Comet Resources Ltd, by the end of 2008, we will be in a position to fully assess the commercial potential of Comet's technology.

For further information please contact.

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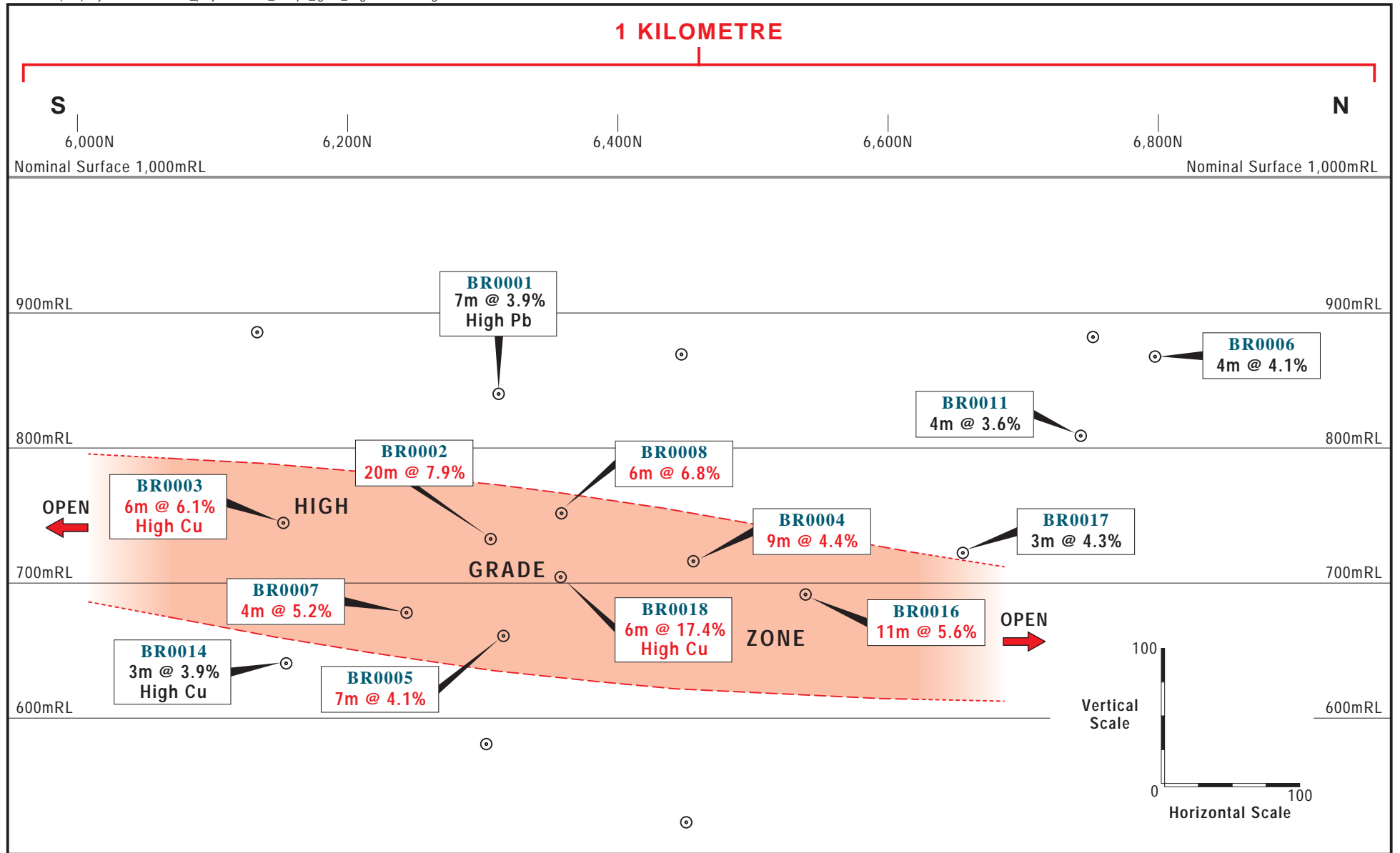
Comet listed on the Australian Stock Exchange in 1994. The Company discovered and studied the Ravensthorpe Nickel Project which is now part of a 2.2 billion dollar project being developed by BHP Billiton. In 2001 Comet successfully sold its final equity to BHP Billiton and returned to Comet shareholders \$32 million. Comet has a number of exciting projects that it is currently exploring and advancing. Comet has cash assets of approximately \$2.2 million, 8.2 million Ferrowest shares, 2.2 million Ferrowest options, and has approximately 68 million shares on issue.

Hole No	From m	To m	Width m	Silver ppm	Copper %	Lead %	Zinc %	Pb+Zn+Cu %
BR0016	351	362	11	10.5	0.4	1.5	3.7	5.6
including								
	356	359	3	18.3	0.9	3.6	9.5	14.0
BR0017	366	370	4	6.0	0.1	0.6	0.9	1.6
	376	380	4	12.0	0.2	0.4	3.1	3.7
BR0018	316	374	58	19.0	0.4	0.9	2.0	3.3
including								
	368	374	6	74.0	1.2	4.8	11.4	17.4
BR0019	236	256	20			0.8	1.3	2.1
	261	273	12			1.0	2.4	3.4
BS0001	184.5	194.3	9.8	8.6	0.16	0.68	1.44	2.3
BS0001	201.4	209.2	7.8	2.7	0.2	0.52	1.11	1.8
BS0002	256.7	266	9.3	12.4	0.18	2.67	4.28	7.1
BS0003	286.1	298.1	12	4.7	0.12	0.42	1.25	1.8
WS0001	443.5	459.3	15.8	7.5	0.14	1.17	1.45	2.8

Table 2. Collar locations.

Hole	Easting	Northing	RL	Azimuth	Dip	Depth
No	(m)	(m)	(m)	Deg	Deg	(m)
BR0001*	437,140	6,312,668	175	69	-55	239.72
BR0002*	437,078	6,312,657	175	71	-66	339.1
BR0003*	437,144	6,312,515	174	71	-65	336.8
BR0003A*	437,144	6,312,515	174	71	-65	313.5
BR0004*	437,039	6,312,803	176	71	-66	331.8
BR0005*	437,060	6,312,655	176	71	-74	450
BR0006*	436,971	6,313,146	175	71	-55	262
BR0007	437,087	6,312,607	179	71	-65	405
BR0008	437,069	6,312,706	175	71	-60	459.3
BR0009	436,980	6,312,638	175	71	-68	546
BR0010	437,037	6,313,108	175	71	-60	150
BR0011	436,947	6,313,091	179	71	-60	261.2
BR0012	437,135	6,312,820	176	71	-60	196.2
BR0013	437,250	6,312,536	174	71	-60	188.8
BR0014	437,121	6,312,514	174	72	-70	434.9
BR0015	437,015	6,312,799	176	71	-75	550.2
BR0016	436,936	6,312,887	177	71	-60	391
BR0017	436,918	6,312,986	178	71	-60	432
BR0018	436,991	6,312,693	176	69	-60	390
BR0019	437,117	6,312,612	174	69	-60	312
BS0001*	437,712	6,311,028	169	71	-65	259
BS0002*	437,566	6,311,905	172	240	-72	454.5
BS0003*	437,563	6,312,306	174	251	-42	387.5
WS0001*	436,070	6,314,909	187	49.5	-65	516.4
Total						8606.9

* Drilled by Electrolytic Zinc Company of Australasia Ltd



**FIGURE 1: Browns Reef Longitudinal Section
Zinc (Zn) + Lead (Pb) + Copper (Cu) High Grade Intercepts**

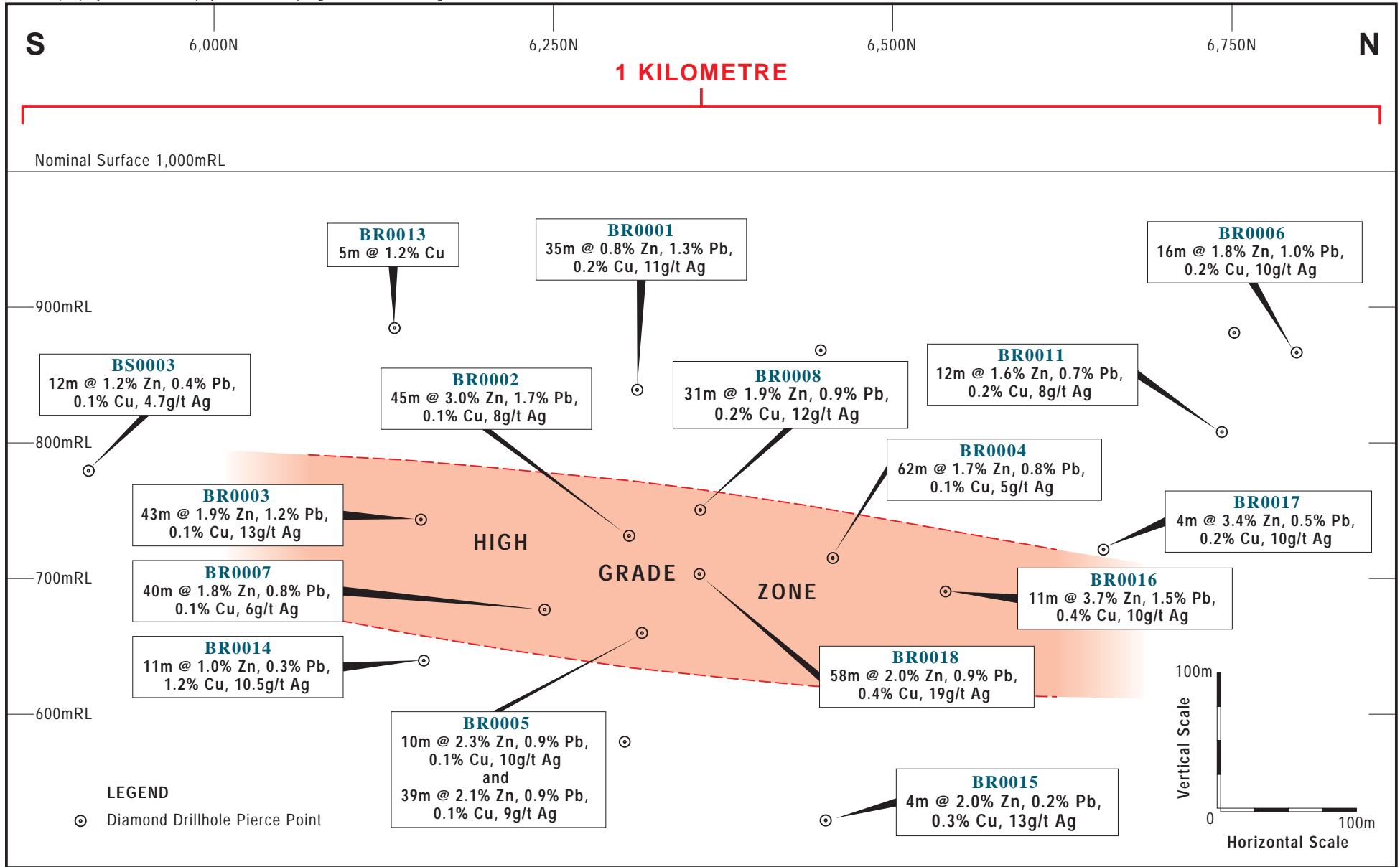


FIGURE 2: Browns Reef Longitudinal Section

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

COMET RESOURCES LIMITED

ABN

88 060 628 202

Quarter ended ("current quarter")

31 DECEMBER 2007

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from grants	215	215
1.2 Payments for (a) exploration and evaluation	(343)	(772)
(b) research & development	(39)	(95)
(c) production	-	-
(d) administration	(199)	(336)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	41	87
1.5 Interest and other costs of finance paid	-	-
1.6 GST received/(paid) net of PAYG	(6)	12
1.7 Tax refund/rebates	-	-
Net Operating Cash Flows	(331)	(889)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(11)	(12)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	383	707
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	10
1.12 Other : Security Bonds	-	-
Net investing cash flows	372	705
1.13 Total operating and investing cash flows (carried forward)	41	(184)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	41	(184)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other :	-	-
Net financing cash flows		-	-
Net increase/ (decrease) in cash held		41	(184)
1.20	Cash at beginning of quarter/year to date	2,209	2,434
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,250	2,250

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.2	Aggregate amount of payments to the parties included in item 1.2	91
1.2	Aggregate amount of loans to the parties included in item 1.10	Nil

1.2 Explanation necessary for an understanding of the transactions

Salaries and fees paid to Directors

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2	
Total	200

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	43	300
5.2 Deposits at call	107	45
5.3 Bank overdraft	-	-
5.4 Other – Commercial Bills	2,100	1,866
Total: cash at end of quarter (item 1.22)	2,250	2,209

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Incentive shares - Class A - Class B	2,725,000 4,125,000	Nil Nil		Fully Paid Fully Paid
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 + Ordinary securities	68,317,901	68,317,901	-	Fully Paid
7.4 Changes during quarter (a) Increases through conversions (b) Decreases through returns of capital, buy-backs				
7.5 + Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Unlisted			<i>Exercise price</i>	<i>Expiry date</i>
	500,000	-	\$0.15	31 Jan 09
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during period				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:Date: 29 January 2008
(Company Secretary)

Print name: **Edmund Czechowski**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.