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MARCH QUARTER ACTIVITIES REPORT

Highlights

Drilling at Browns Reef Zinc Lead Project continues.

6 holes completed, result expected soon.

Metallurgical test work underway.

Environmental Oil Solutions scale up continues.



New South Wales Projects

Browns Reef Zinc Lead Project (100% Comet)

During the quarter, 6 holes were completed for 1,578m of drilling. Diamond drilling recommenced in early March with two drill rigs. Both rigs helped increase metre rates per day during this initial period. We are current drilling with one Diamond rig and utilising an RC rig for pre-collars.

The drilling to date has demonstrated that the width and style of mineralisation intercepted during this current drilling programme is consistent with late 1970's to mid 1980's drilling by Electrolytic Zinc Company of Australasia Ltd (**EZ**). The mineralised zone is still open along strike and at depth and current work 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.



Core Sample from BR0007

Comet has calculated an initial **inferred resource of 20.5 Million Tonnes at 2% Zinc (Zn), 1.1% Lead (Pb), 0.1% Copper (Cu), and 9g/t Silver (Ag)** which covers a 1 km strike length and is open along strike and at depth (Figure1 and 2). The surface expression of mineralisation (defined by gossans, surface sampling and auger sampling) can be traced for over 10 kms in a north-north west direction. Table 1 lists drill hole mineralised intersections by EZ diamond drilling and Comet's drilling and Table 3 lists collar location's. Best drill hole intersection is in **BR0002 from 288m with 45.3m @ 3.01% Zn, 1.71% Pb, 0.10% Cu and**

8.1ppm Ag. This intersection contains **20m @ 4.95% Zn, 2.77% Pb, 0.16% Cu, and 13.5g/t Ag** from 302 metres down hole.

Table 1. Drill Hole Mineralised Intersections.

Hole No	From m	To m	Width m	Silver ppm	Copper %	Lead %	Zinc %	Pb+Zn %
BR0001	165.0	200.4	35.4	11.5	0.2	1.33	0.83	2.2
BR0002	291.0	336.3	45.3	8.1	0.1	1.71	3.01	4.7
including								
	302.0	322.0	20.00	13.5	0.16	2.77	4.95	7.7
BR0003	256.0	299.3	43.3	12.7	0.13	1.17	1.88	3.1
Including								
	256.0	260.2	4.2	34.5	0.44	1.47	3.80	5.3
	268.5	273.7	5.2	18.9	0.13	1.49	1.89	3.4
	279.4	285.2	5.8	5.5	0.12	2.14	3.86	6.0
	289.8	293.1	3.3	11.6	0.18	1.25	2.87	4.1
BR0003A	286.8	306.0	19.2	5.8	0.08	0.99	1.94	2.9
BR004	266.3	328.8	62.5	4.7	0.08	0.81	1.72	2.5
Including								
	267.5	274.0	6.4	8.4	0.12	1.77	3.52	5.3
	303.6	328.8	8.8	6.7	0.12	1.41	2.87	4.3
BR0005	312.8	322.8	10	10.2	0.13	0.92	2.34	3.3
Including								
	315.9	320.8	4.9	14.1	0.19	1.27	3.35	4.6
	340.8	380.0	39.2	8.9	0.11	0.92	2.07	3.0
Including								
	357.6	370.4	12.8	4.8	0.04	1.13	2.51	3.6
BR0006	161.5	177.5	16	10.3	0.18	1.06	1.83	2.9
Including								
	161.5	165.8	4.3	8.2	0.05	1.38	2.70	4.1
BR0007	333.0	373.0	40.0	5.8	0.17	0.70	1.50	2.2
including								
	359.0	363.0	4.0	12.8	0.11	1.11	3.93	5.0
	369.0	373.0	4.0	13.8	0.33	1.53	3.08	4.6
BS0001	184.5	194.3	9.8	8.6	0.16	0.68	1.44	2.1
BS0001	201.4	209.2	7.8	2.7	0.2	0.52	1.11	1.6
BS0002	256.7	266.0	9.3	12.4	0.18	2.67	4.28	7.0
BS0003	286.1	298.1	12	4.7	0.12	0.42	1.25	1.7
WS0001	443.5	459.3	15.8	7.5	0.14	1.17	1.45	2.6

BR0008

Drilling of BR0008 commenced in November 2006 and reached a depth of 223.2m before the drilling was discontinued due to drill rig failure. Drilling recommenced in early March 2007 and was completed at a final depth of 459.3m.

A continuous zone of base metal mineralisation, predominantly galena (lead sulphide) and sphalerite (zinc sulphide) with lesser chalcopyrite (copper sulphide) was intersected in BR008 between 265 m and 302 m. This zone correlates reasonably well in thickness and depth with the mineralisation reported in BR0002. Additional narrower mineralised zones were intersected both above and below this main interval. Samples have been submitted, with final results expected in May.



Core sample from BR0008

BR0009

BR0009 was commenced in late March 2007 and has just been completed at a depth of 546m. This hole is testing for the continuation of mineralisation at depth beneath BR0005. A transmitting electrode has been lowered into BR0009 to conduct a radial induced polarisation survey (RIP) designed to provide a 3D representation of the mineralisation to assist in future drill programmes. The RIP survey is planned to commence in May.

BR0009 will be logged and sampled during this quarter.

BR0011.

BR0011 commenced 20 January 2007 and was completed on 22 March 2007 at 261.2m Geological logging indicates that the hole contains chalcopyrite, galena and sphalerite mineralisation.

An electrode has been placed in this drill hole for the RIP survey. This hole has been logged and sampled with results expected in May.



Comets shed at the Brown Reef Zinc Lead Project at Lake Cargelligo

Metallurgical Samples

Two metallurgical samples were prepared for test work. The samples have been composited to represent a lower grade and higher grade ore type for extraction test work. Head grades for these composite samples, when compared to the original interval results, showed an increase in grade from 1.6% Zn to 1.8% Zn for the lower grade sample and 3.8% Zn to 4.3% Zn for the higher grade sample. Grade's of the 2 metallurgical composites are listed in Table 2.

Table 2. Head Grade for Metallurgical Samples.

Element	Symbol	UNIT	BR MET 01 Low Grade	BR MET 02 High Grade
SILVER	Ag	ppm	10	20
ARSENIC	As	ppm	20	90
COPPER	Cu	ppm	906	2456
IRON	Fe	%	8.09	10.2
LEAD	Pb	%	0.84	1.96
SULPHUR	S	%	1.81	6.25
ZINC	Zn	%	1.82	4.30

BR0010, BR0012, and BR0013

3 RC holes were drilled to test for supergene and transition zone mineralisation at the Browns Reef Zinc Lead Project. Two of these holes had diamond tails to confirm geology and location in the sequence. All holes intercepted mineralisation and showed that copper can be enriched in the weathered zone. Final results for this work is expected in May and further work is planned to test if these zone extend to surface and present an opencut opportunity

Table 3. Collar Location Table

Hole No	Easting (m)	Northing (m)	RL (m)	Azimuth Deg	Dip Deg	Depth (m)
BR0001	437,144	6,312,667	1000	69	-55	239.72
BR0002	437,082	6,312,656	1000	71	-66	339.1
BR0003	437,148	6,312,513	1000	71	-65	336.8
BR0003A	437,148	6,312,513	1000	71	-65	313.5
BR0004	437,043	6,312,802	1000	71	-66	331.8
BR0005	437,064	6,312,654	1000	71	-75	450
BR0006	436,976	6,313,146	1000	71	-55	262
BR0007	437,087	6,312,610	1000	71	-65	405
BR0008	437,074	6,312,705	1000	71	-60	459.3
BR0009	436,984	6,312,638	1000	71	-68	546
BR0010	437,040	6,313,106	1000	71	-60	150
BR0011	437,948	6,313,093	1000	71	-60	261.2
BR0012	437,139	6,312,821	1000	71	-60	196.2
BR0013	437,247	6,312,537	1000	71	-60	188.8
BS0001	437,712	6,311,022	1000	71	-65	259
BS0002	437,569	6,311,900	1000	240	-73	454.5
BS0003	437,566	6,312,304	1000	251	-43	387.5
WS0001	436,072	6,314,907	1000	49.5	-65	516.4

Starfield Project (100% Comet)

The Starfield Project is Located in the southeast portion of the Lachlan Fold Belt (approximately 350km west south west from Sydney) and contains an attractive porphyry copper gold deposit environment (large, low-grade, multi-million tonne deposits). Host rocks are chemically similar to copper-gold porphyry deposit host sequences in the Parkes district of NSW. Previous explorers in the north of the tenement have defined Cu-Au mineralisation with supergene enrichment, producing copper and gold grades over true widths of 15-20m at approximately 0.4% Cu and 0.4g/t Au. Drilling by previous explorers have intersected mineralisation at vertical depths of up to 200m, although grades are similar to that near-surface and true widths decreased (<10m).

Several target have been generated.

1. Drilling for Cu-Au mineralisation in the south of the tenement area is limited and one of the most significant fresh rock, gold (0.72g/t) and % Cu equiv (0.66%)

intercepts was recorded in this area. The area is covered by shallow transported cover. In addition, the area hosts a strong stream sediment BLEG anomaly and strong Induced Polarisation responses (geophysical method to detect sulphides).

2. The tenement contains minor podiform Cr deposits within a layered ultramafic body, but there is no evidence of examination for platinum group elements.

3. Magnetite/sulphide facies BIF's containing up to 40% sulphides and described as Limonite at outcrop locations, have been noted within the tenement. The prospectivity of these units for Au mineralisation, or as an Iron oxide resource, has not been investigated.



Outcrop of massive Limonite/Haematite (iron oxide) rock at the Starfield Project.

Western Australia

Utopia Project (100% Comet).

The Utopia project has been joint ventured to Sipa Gold Ltd (**Sipa**) and has had its name change to the Woodline Gold and Basemetals Project. The main highlights are:

- Data was received from a Hoistern electromagnetic survey flown in January and preliminary interpretation has identified a number of

'conductive' and 'resistive' anomalies, some associated with known outcropping alteration/mineralisation and some in areas of sand cover.

- A number of new gold-in-calcrete geochemical anomalies have been identified.
- A suitable Reverse Circulation drill rig is being sought to test outcropping gold-bearing lodes and gossans and Hoistem anomalies in the Greater Socrates area, and a RAB/Aircore rig is being sought to test numerous gold-in-calcrete anomalies.

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.

Environmental Oil Solutions (EOS) (A wholly owned subsidiary of Comet Resources Limited)

Comet is researching of a cheaper and more effective ways of treating waste oil in storage tanks than presently practiced by the oil industries.

The physical and chemical characteristics of waste oil are dependent on the geologic source of the oil and subsequent industrial treatment. These characteristics will vary from one storage tank to other. Consequently, the target has been to develop a robust set of treatment plans and techniques flexible enough to be applied to any stored waste oil irrespective of its characteristics.

During the quarter, several tests were carried out using 3 litres vessel containing waxy waste oils. These tests confirmed that EOS's proprietary formulation significantly improved the "pumpability" of the waste oils. Analysis of these tests confirmed that the EOS formula "Bio-Tankclean" is causing a reduction in volume of the mid-range hydrocarbons. This range of hydrocarbons is solid at room temperature so their reduction helps to significantly improve the flow of the waxy waste oils.

Work has commenced on scale up with using 200l vessels. Initial results are encouraging but several technical and operational issues have been identified. Test work will continue at this scale to resolve these issues in preparation of increasing to 500l containers in the next quarter.

Two patents are being prepared to be filed. These patents are to secure protection for discovery's made during the

The R and D Contract with Flinders University have been extended.

Waxy Waste Oil in a 200 Litre Container before Treatment.



Treated Waxy Waste Oil in a 200 Litre Container.



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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 \$2.5 million, 8.7 million Ferrowest shares 0.5 million Prosperity shares, and has approximately 68 million shares on issue.