



31 July 2008

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Dear Sir/Madam

JUNE QUARTER ACTIVITIES REPORT

Corporate

During the quarter Comet has increased its cash reserves by \$501,100 with no dilution to shareholders. This was achieved with a research and development tax rebate and the sale of Ferrowest shares. The company currently has cash reserves of approximately \$2.5 million.

In addition Comet holds 7 million shares and 2.35 million options in Ferrowest Limited (ASX Code: FWL).

Kerr's Creek Project (100% Comet)

The discovery of a different style of gold and zinc mineralisation at the McPhillamys prospect (Newmont- Alkane) has caused Comet to review the Kerr's Creek project.

Kerr's Creek and McPhillamys have several similarities.

- both areas hosting several small historical Au and base metal workings;
- the same Silurian stratigraphic sequence; and
- regional structures in both areas.

Comet has selected two priority target areas from the Kerr's Creek Project, East Calula and North Pigment. These areas have now been resampled to confirm historic gold and zinc results. This programme was successful and the anomalies

were repeated. Negotiations for land access with land owners have commenced. Drilling contractors have been contacted to determine rig availability and suitability.

Browns Reef Zinc Lead Project (100% Comet)

Target areas have been selected. Land access is being negotiated with land owners and a suitable drill rig is being sourced.

Environmental Oil Solutions (A wholly owned subsidiary)

Recent test-work has focused on an organism and nutrient formulation COMclean. This product improves the remediation rate of waste oils. Summarised below are the background data and results of recent test-work on COMclean.

COMCLEAN

An Environmentally Friendly Remediation Technology for Waste Hydrocarbons

Hydrocarbon waste is an ongoing and growing environmental problem throughout the world. Australia is no exception. Recycling companies currently collect over 250 million litres of waste oil in Australia, and an estimated 75-80% of this material is recycled into a useful product. The remaining 20% still needs disposal.



Crude Oil Tanks –a Source of Waste Oils

Comet's COMclean technology (including the TANKclean nutrient formulation) enhances the use of naturally occurring organisms to remediate the oil waste to levels suitable for site dispersal. The organism has been isolated and developed by Comet at Flinders University Environmental Biotechnology facility in Adelaide. The technology requires little on-site equipment and is relatively simple to manage.



Fermentor for COMclean production

Recent trials conducted at Flinders University Environmental Biotechnology Unit examined the potential of COMclean to remediate waste oil, by comparing the time COMclean took to treat waste oil compared with current practice. Figure 1 shows the findings of this study.

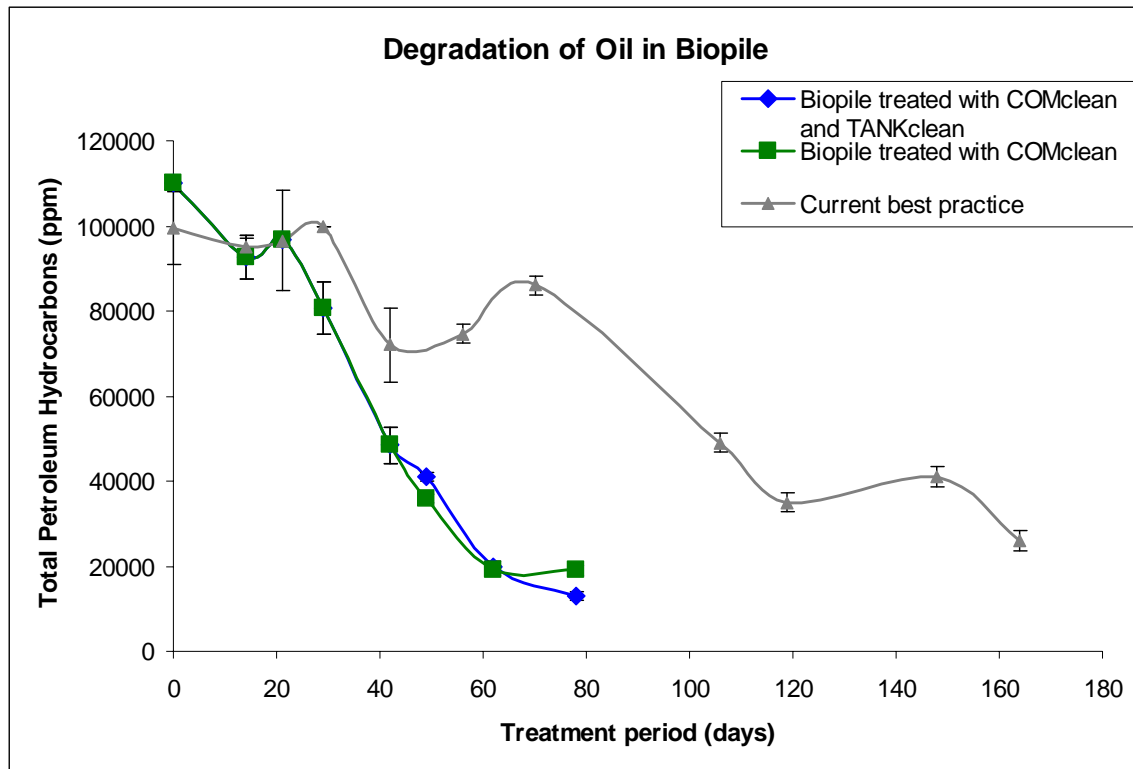


Figure 1. The degradation of hydrocarbons in a biopile treated with Comet's technology (COMclean and TANKclean) compared to a biopile treated under current best practices.

In summary the results showed:

- COMclean remediation complete after 80 days with soils available for post clean up application.
- COMclean delivers significant improvement to current technology -400%
- 100,000 ppm Total Petroleum Hydrocarbons (TPH) can be reduced down to 19,000 ppm in 80 days using COMclean technology.
- COMclean achieved completion of job in less than half the time of conventional technology.
- Current technology failed to reduce the TPH concentration below 20,000 ppm even after 160 days.



Biopile Trial

The commercial significance of these results is being discussed with potential clients.

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 \$2.5 million, 7 million Ferrowest shares, 2.2 million Ferrowest options, 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.