

30 April 2008

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

**ABN 88 060 628 202**

Unit 2, 23 Belgravia St,  
BELMONT, Western Australia 6104

**Telephone: (0894757100**

**Facsimile: (0892774147**

**email: [comet@cometres.com.au](mailto:comet@cometres.com.au)**

Dear Sir/Madam

## **MARCH QUARTER ACTIVITIES REPORT**

### **Browns Reef Zinc Lead Project (100% Comet)**



### **Drill Core Re-logging and Sampling**

Re-examination and re-sampling of Browns Reef historic Electrolytic Zinc Company of Australasia Ltd (**EZ**) drill core (BR01 to BR06, BS02 and WS01) at

the NSW Londonderry core library has been completed. Over 600 samples were submitted for reassay. Results general have good correlation with the EZ drilling. Unfortunately some holes had disrupted core or core lose. No confirmation data could be gained from those holes.

Several other target areas have been selected. Comet intends to drill test these areas in the future when a suitable drill rig is contracted. These areas 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.

Resource work has been put on hold until further drilling has been completed.

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.

### **Kerr's Creek Project**

The discovery of a different style of gold and zinc mineralisation at the McPhillamys prospect 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;
- anomalous Au soil geochemistry (650m x 200m +100ppbAu at McPhillamys; some similar but smaller anomalies exist within historical results at Kerr's);

- the same Silurian stratigraphic sequence; and
- regional structures in both areas.

At the Kerr's area, regional Au and base metal stream sediment anomalies appear to be of a higher magnitude than those at McPhillamys.

Comet has selected two priority target areas from the Kerr's Creek Project, East Calula and North Pigment. These will be drill tested when a suitable rig can be contracted.

### **East Calula:**

East Calula historical mining area previous explorers have identified but failed to explain geophysical, geochemical anomalies, and the source of alluvial gold in the area.

### **North Pigment**

A +500ppm Zn soil anomaly located 200 m north of the Pigment mine. Outcrop in the area varies from poor to moderate there are also a number of historical gold workings over this area (most small).

### **Environmental Oil Solutions Project (A wholly owned subsidiary)**

#### **Grant**

The final tranche of grant funding of \$214,913 has been received. This support for the project has come through the Science Technology and Innovation Directorate of the Department of Further Education, Employment, Science and Technology in South Australia.

#### **Testwork**

Current scale-up tests being carried out at Flinders University Bioremediation site to confirm and extend the pilot scale data on developed products is continuing. Analytical data for this work is awaited. Successful outcome will result in full scale on site evaluation of the commercial potential of this technology,

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.

Mr. Tony Cooper/Roj Jones

Comet Resources Limited

Tel 08.94757100

Fax 08.92774147

Email [tony.cooper@cometres.com.au](mailto:tony.cooper@cometres.com.au)

Web Page [www.cometres.com.au](http://www.cometres.com.au)

*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.*

*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.*

# 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 MARCH 2008**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from grants	215	430
1.2 Payments for (a) exploration and evaluation	(104)	(876)
(b) research & development	(123)	(296)
(c) production	-	-
(d) administration	(62)	(322)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	34	121
1.5 Interest and other costs of finance paid	-	-
1.6 GST received/(paid) net of PAYG	32	45
1.7 Tax refund/rebates	-	-
<b>Net Operating Cash Flows</b>	<b>(8)</b>	<b>(898)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(12)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	708
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	10
1.12 Other : Security Bonds	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>706</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(8)</b>	<b>(192)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(8)	(192)
<b>Cash flows related to financing activities</b>			
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 :	-	-
<b>Net financing cash flows</b>		-	-
<b>Net increase/ (decrease) in cash held</b>		(8)	(192)
1.20	Cash at beginning of quarter/year to date	2,250	2,434
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>2,242</b>	<b>2,242</b>

**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	89
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	
<b>Total</b>	<b>200</b>

## 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	42	43
5.2 Deposits at call	221	107
5.3 Bank overdraft	-	-
5.4 Other – Commercial Bills	1,979	2,100
<b>Total: cash at end of quarter (item 1.22)</b>	<b>2,242</b>	<b>2,250</b>

## 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 <b>Incentive shares</b> - 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 <b>+ Ordinary securities</b>	68,317,901	68,317,901		
7.4 Changes during quarter (a) Increases through conversions (b) Decreases through returns of capital, buy-backs				
7.5 <b>+ Convertible debt securities</b> (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> 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 <b>Unsecured notes</b> (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 April 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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