MARCH QUARTER ACTIVITIES REPORT

Corporate

The Company currently has cash reserves of approximately $2.1 million. In addition Comet holds 7 million shares and 2.2 million options in Ferrowest Limited (ASX Code: FWL).

Your Company has been reviewing a number of current projects and new opportunities.

New South Wales Projects

Kerr’s Creek Project (100% Comet)

Comet has been assessing the optimum way to test the East Calula and North Pigment target areas, and has held discussions with a preferred drilling contractor. This contractor is currently working for other companies in the region. Comet has been informed that the rig is expected to be available in June.

Murrumbateman Project (100% Comet)

A review of historic data was undertaken. Drilling to date has focused on areas of historical workings with mineralisation hosted in a sediment unit within a large body of porphyritic volcanics. The sedimentary body has a slight magnetic signature. Review of the regional magnetics indicates two other potential sedimentary units to the east and south of the old workings.

Exploration performed beyond the area of historical workings is very limited however rock chips were collected and the only significant gold results including 0.5ppm were in the vicinity of the eastern magnetic anomaly. Outcrop was limited to rubble/float, but
included pyrite-bearing, silicified sediments, limonitic gossan and quartz-feldspar-biotite porphyry hosting vuggy quartz-limonite.

Comet intends to conduct follow-up work over these areas to determine the potential for economic mineralisation.

Environmental Oil Solutions (A wholly owned subsidiary)

The final report has been submitted to the South Australian Governments' Science Technology and Innovation Directorate of the Department of Further Education, Employment, Science and Technology on the work supported by the grant. Discussions have been held with potential customers on the East coast of Australia. The Company is hopeful that these discussions will culminate in further field testwork which will commence in the near future.

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
Web Page  www.cometres.com.au

Comet listed on the Australian Stock Exchange in 1994. The Company discovered and studied the Ravensthorpe Nickel Project. 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 $2.1 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.