



31 July 2012
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Dear Sir/Madam

JUNE 2012 QUARTER ACTIVITIES REPORT

CORPORATE

Comet Resources Limited (Comet) currently has cash reserves of \$2.5 million. The Company has raised \$835,113 before costs, by a combination of Rights issue and Private placement at an issue price of 10c per share. Each share has an attached 3 year 20c option.

During the Quarter the period for the allotment of shortfall shares under the rights issue Prospectus dated 1st February 2012 expired. The difficult market presented a timing issue for the delivery of funds and the underwriter was not able to place the shortfall in the requisite time.

LAKE DUNDAS PROJECT

Proposed Exploration

A drill rig has been secured to carry out drilling in September of 2012. The planned exploration within the project area will focus on target zones interpreted from aeromagnetic and the existing RC holes containing anomalous gold mineralisation. The drilling is also testing a magnetic high interpreted to be greenstone caught within the Proterozoic mobile zone.

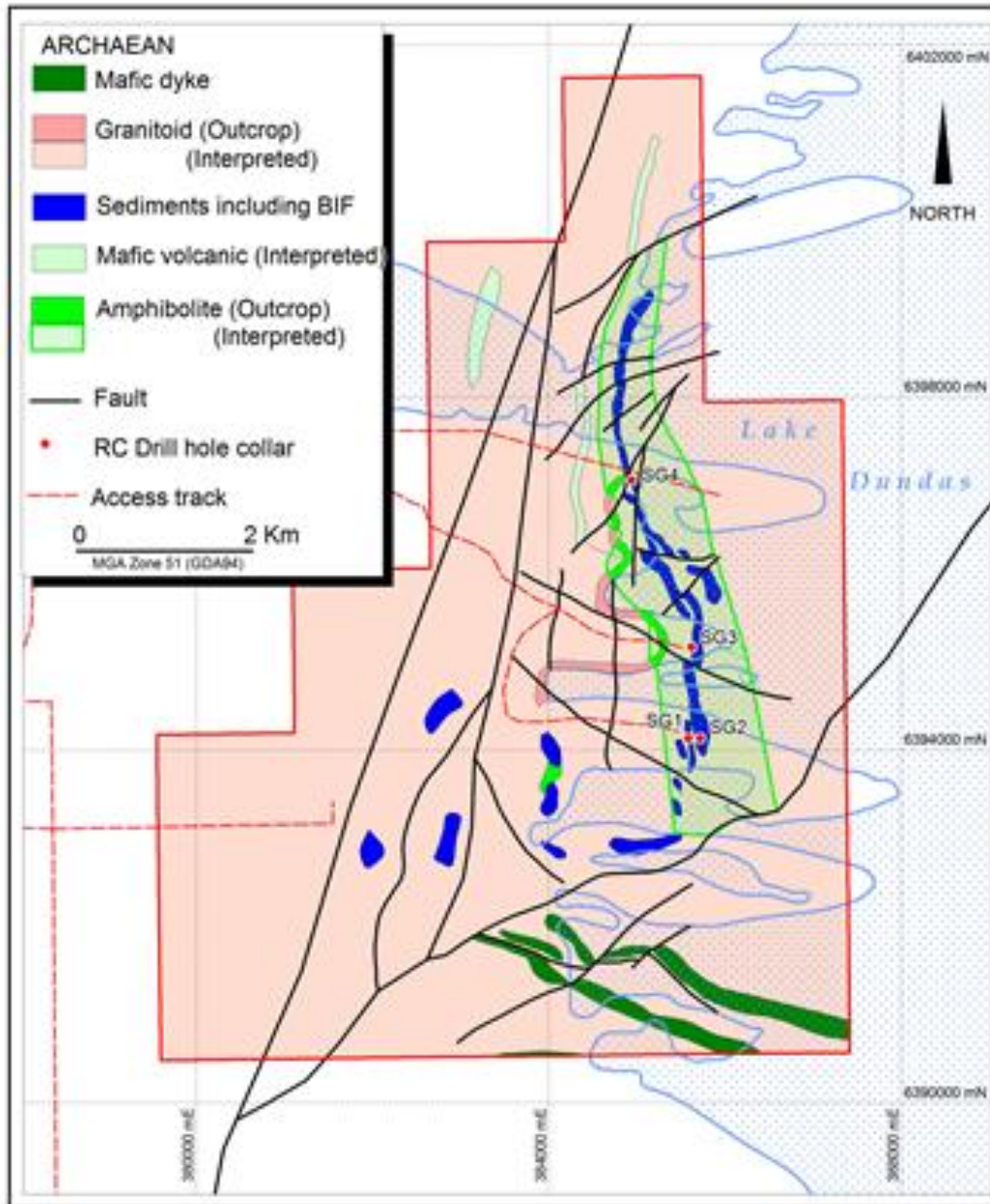
Location

Lake Dundas Project is in the Eastern Goldfields of WA, 40km south of the mining town of Norseman. Despite its location, along strike from this major gold mining town, it has undergone minimal previous exploration. The tenement E 63/1484 was granted in late December 2011.

Exploration Potential

The Lake Dundas project area is situated at the very southern end of the Norseman-Wiluna Greenstone Belt, which contains major gold and nickel deposits along its 800km length. Despite its prime location, minimal exploration has been conducted over the tenement, presumably due to a relatively shallow cover of aeolian and lake sediments and to the fact that GSWA mapping showed the southernmost greenstones to be to the north of the tenement area.

The same greenstone units that host gold deposits at Norseman are, however, present within the tenement over a strike length of up to 9km and over a width of up to 1km. Further, they have been drill tested by a previous explorer by a total of only four holes over a strike length of three kilometres. All four holes intersected low-grade gold mineralisation.



Lake Dundas Project – Geological interpretation and hole locations

The locations of the holes were in part determined by ease of access and in part by geophysical targets.

- Hole SG1: 18m @ 0.15g/t Au from 18m, including 1m @ 0.44g/t Au;
- Hole SG2: 4m @ 0.16g/t Au from 15m;

- Hole SG3: 8m @ 0.43g/t Au from 1m, including 2m @ 0.7g/t, 12m @ 0.18g/t Au from 29m, and 24m @ 0.22g/t Au from 46m;
- Hole SG4: 3m @ 0.11g/t Au from 39m and 1m @ 0.6g/t Au from 49m.

Four other aeromagnetic targets remain untested and both these and, to a lesser extent the entire belt, are prospective for gold mineralisation.

Also of interest, is the location of the project on the margin of the terrain that was affected by Proterozoic metamorphism, within which are situated the AngloGold Ashanti Ltd–Independence Group Ltd Tropicana gold deposit and Beachcomber Prospect.

In summary, the area contains a belt of non-outcropping greenstones that are known to be strongly mineralised to the north along the same structural and stratigraphical trend. Approximately 5 Moz of gold has been produced from the same greenstone sequence in the Norseman district. The presence of significant intersections of gold in previous drilling and the low level of previous exploration makes this tenement very prospective.

CANNING BASIN PROJECT

Comet pegged two Exploration Licences E45/3893 and E45/3894 with E45/3893 just getting granted. These Exploration Licences are in the Canning Basin, Western Australia, and cover over 1,200 sq km. They are considered to have potential for the discovery of Permian coal deposits.

Historical exploration by Stockdale Prospecting Limited drill tested geophysical diamond targets in the Canning Basin during 1997. During this program several holes intersected material described as coal, lignite, bituminous and carbonaceous (coal material) within Permian sediments, with the largest intersection of this material being 32m (the hole was terminated in the coal material). Comet's tenements cover the best holes.

Anomaly KID 528 hole 1, 746333 E 7599270 N intersected 32 metres of coal material from 78 metres. The hole was terminated in coal material.

Anomaly KID 461 hole 1, 653300 E 7680110 N intersected 11 metres of coal material from 53 metres hole was terminated in coal material.

Anomaly KID 461 hole 2, 653510 E 7680040 N intersected 5 metres of coal material from 50 metres. The hole terminated at 58 metres.

The quality of these intersections is hard to ascertain from the drill logs and Stockdale did not conduct any further investigation on the coal material. However, the deposition environment is prospective for coal development and the material does highlight the potential of Comet's new tenements. There is no evidence of coal exploration in the area of Comet's tenements.

The Canning Basin is the largest Australian Permian coal bearing sedimentary basin. The Bowen and Sydney Permian coal basins each contain approximately 30 Billion t of coal and account for approximately 70% of known Australia's resources. The Canning

Basin is underexplored with just over 500 million t of known coal resource. The Canning Basin is well located relative to the Coal markets of Asia, especially China and India, and the developing port of Derby.

BROWNS REEF PROJECT

Located at Lake Cargelligo NSW. Comet's drilling demonstrated good continuity over the 1 km strike length. The best intersection is **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 within the 1km area tested to date.

The mineralised zone is open along strike, with a further 8+ Km of the prospective zone to be evaluated. Some areas along this prospective zone have significant mineralised intersections from historic drilling in the 1980's.

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. 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, 0.5 million Ferrowest shares and has approximately 81.4 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.

Drill Hole Summary Lake Dundas

Hole No	Northing (AMG)	Easting (AMG)	RL (m)	Azimuth	Inclin	Depth
SGC1	6393879.8	385550.7	230.6	90	-60	38
SGC2	6393878.3	385605.2	229.9	90	-60	38
SGC3	6394976.2	385616.6	230.5	90	-60	74
SGC4	6396878.0	384950.0	230.8	113	-60	59