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Dear Sir/Madam

## SEPTEMBER 2012 QUARTER ACTIVITIES REPORT

Comet Resources Limited (**Comet**) currently has cash reserves of \$2.3 million and approximately 81.4 million shares on issue.

### BROWNS REEF PROJECT

A total of 4 RC drill holes were completed for 682 metres at Browns Reef Project in New South Wales. The drilling was designed to test anomalous geochemistry to the north of the main Browns Reef Zone and a gravity anomaly (high). The programme demonstrated that the mineralised zone can be identified and tested using RC drilling techniques with a suitably qualified and experienced drill rig operator. This is a cost effective way to locate and test the mineralised stratigraphy. Historically the zone has been difficult to locate due to the Tertiary basalt cover and deep watering. Drill hole locations and depths are tabled below. Results are expected over the next few weeks.

Hole Number	Easting (m)	Northing (m)	Dip (deg)	Azimuth (deg)	Depth (m)
BR0020	436736	6314021	-60	71.1	180
BR0021	436598	6314366	-60	71.1	172
BR0022	436927	6313402	-60	82.1	150
BR0023	436527	6314491	-60	71.1	180

Previous drilling by Comet intersected encouraging grades of Zinc, Lead and Copper mineralisation. The best intersection was in hole BR18 which returned **6m @11.4% Zn, 4.8% Pb, 1.2% Cu and 74g/t Ag** within a **58m intersection @ 2% Zn, 0.9% Pb, 0.4% Cu and 19 g/t Ag**.

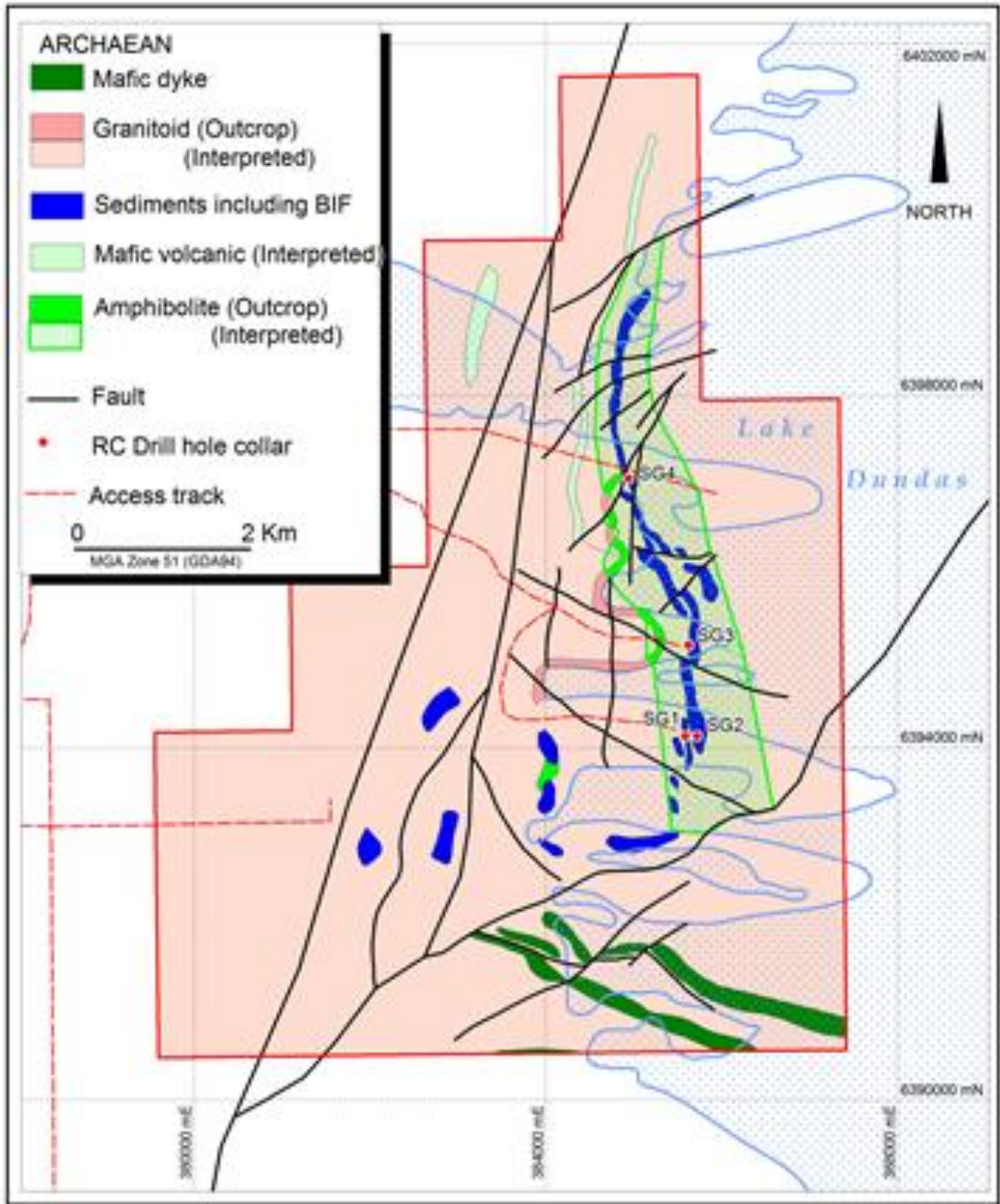
### LAKE DUNDAS PROJECT

#### Proposed Exploration

The Project is located on the margin of the Western Australian Norseman-Wiluna Greenstone Belt, 40km south of the gold mining centre of Norseman. The same

greenstone units that host gold deposits at Norseman are present within the tenement over a strike length of up to 9km.

The drilling planned for November 2012 will test for gold mineralisation in targets selected by geochemistry, structure and geophysics. This will be Comet's first drilling programme on the project.



### Lake Dundas Project – Geological interpretation and hole locations

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.

## **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.

## **KERRS CREEK PROJECT (Now Calula-base metals-gold)**

*Alkane Resources Ltd 100%; Part Alkane 80%, Comet Resources Ltd 20%*

Alkane Resources Ltd (**Alkane**) has reached agreement with Comet to acquire an immediate 80% interest in exploration licence EL 7971 which covers approximately 60km<sup>2</sup> adjacent to Alkane's existing EL 7235 and EL 7383. Alkane will carry all expenditures to the completion of a bankable feasibility study and decision to mine on any resources defined within EL 7971. Comet can then elect to contribute at 20% or dilute according to a standard industry formula.

The Calula Project is located about 25km north of Orange and straddles the structural boundary between the Ordovician aged Molong Volcanic Belt in the west and the Silurian Hill End Trough to the east. The Ordovician hosts the major porphyry style, gold-copper deposits such as Newcrest's Cadia-Ridgeway operations, while the Silurian volcanics host volcanogenic massive sulphide (VMS) deposits (Lewis Ponds), structural gold deposits (Hill End) and the hybrid McPhillamys deposit.

Comet have completed several surface geochemical programmes and limited RC drilling, but several prospects remain untested.

Alkane believes that the project is very prospective for several target styles, and given Alkane's involvement in the discovery of the McPhillamys deposit, is particularly well placed to assess the area's potential for McPhillamys style gold mineralisation.

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 \$2.3 million, 0.5 million FeroWest 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.*