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Dear Sir/Madam

DECEMBER 2012 QUARTER ACTIVITIES REPORT

Highlights

New wide mineralised zone identified at the Browns Reef Project.

Native Title Agreements signed for Canning Basin Project. Major players recognise the potential of the Permian Canning Basin for fossil fuels.

Comet Resources Limited (**Comet**) currently has approximately cash reserves of \$2 million and 83 million shares on issue.

BROWNS REEF PROJECT

Four RC drill holes were completed for 682 metres at the Browns Reef Project in New South Wales. Drill hole locations and depths are tabled below.

Hole Number	Easting (m)	Northing (m)	Dip (deg)	Azimuth (deg)	Depth (m)
BR0020	436736	6314021	-60	71	180
BR0021	436598	6314366	-60	71	172
BR0022	436927	6313402	-60	82	150
BR0023	436527	6314491	-60	71	180

Hole diameter just over 125mm

The drilling was designed to test the mineralised stratigraphy north of the Browns Reef Zone where Comet completed its first phase of exploration drilling. The target areas also had anomalous geochemistry and a gravity anomaly (high).

BR0021 intersected two broad zones of mineralisation from 2m-34m and from 85m-150m. A wide (75m) altered zone with elevated Cu (Copper), Pb (Lead), Zn (Zinc), Ag (Silver), and As (Arsenic) with multiple gossanous zones was located from 85m to 150m. Although the hole was highly weathered with no sulphides preserved relict base

metal sulphide structures were observed during logging. A further zone of anomalous Pb and As within altered gossanous material was observed at the start of the hole (2m to 34m). This is believed to represent another mineralised horizon.

It was expected that results would be low from this hole due to the mobile nature of base metals in the weathering profile depleting the grade. It was also noted that this is by far the deepest weathering observed at the Browns Reef Project. This may be due to a higher concentration of sulphides within the mineralised stratigraphy at this location.

The best intersection from this hole is 11 metres @ 21g/t Ag, 0.24% Cu, 0.35% Pb and 0.23% Zn from 94 metres.

Copper results were considered higher than the norm for Browns Reef with several anomalous zones intersected and grading up to 0.5%Cu

Hole BR0021 has shown that broad altered untested zones can be found along the 9 km strike length of the mineralised stratigraphy. The area around BR0021 is a new target area that requires follow up work to test for primary sulphide zones that this hole suggest will be 50+m wide. These widths have the potential to deliver significant tonnages per vertical metre.

BR0022 was drilled approximately 600m north of the Browns Reef Zone and intersected 31 m @ 0.1% Cu, 0.4% Pb and 1.0% Zn from 96 metres in a highly siliceous zone. This hole indicates that the Browns Reef Zone may be extended by at least 600m.

BR0020 was targeted on the gravity High. No mineralisation was intersected. The mineralised stratigraphy is believed to be further to the west.

BR0023 was targeted on a high geochemistry result. No mineralisation was intersected. The mineralised zone is believed to be further to the west.

The programme demonstrated that the mineralised stratigraphy can be identified and tested using RC drilling techniques with a suitably qualified and experienced drill rig operator. This will enable 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 weathering.

Background information

The Browns Reef project lies in an area of good infrastructure (service centre, 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.

Browns Reef mineralisation is hosted in the Late Silurian to Early Devonian “Preston Formation”. The dominant sulphide is pyrite, with lesser sphalerite, galena, chalcopyrite and trace arsenopyrite. The sulphides occur as disseminations, blebs and stringers within steeply dipping silicified metasediments and in quartz–white mica–chlorite–carbonate stockwork veins. Previous workers (eg, Maniw 1983; Duncan 2000; Downes et al 2004) have described the system as a syndeformation Cobar-type base metal system or as an epigenetic porosity-controlled base-metal system.

The area was explored in the late 70’s to mid 80’s by Electrolytic Zinc Company of Australasia Ltd. Exploration included surface sampling, 12 diamond drill holes and several geophysical techniques. The work resulted in the discovery of a lead-zinc mineralised. Surface expression of this mineralisation (defined by gossans, surface sampling and auger sampling) can be traced for over 10 km in a north-north-west direction. This zone has not been closed off.

Comet completed 13 diamond drill holes for a total of 4,775 metres (including pre-collars) (table 1 and 2) in its first programme at the Browns Reef Zone. The programme demonstrated good continuity over the 1 km strike length tested and there are indications that this extensive mineralisation also contains higher grade zones.

Significant Intersection

Hole No	From m	To m	Width m	Silver ppm	Copper %	Lead %	Zinc %	Pb+Zn+Cu %
BR0003	256	299.3	43.3	12.7	0.13	1.17	1.88	3.2
Including								
	256	260.2	4.2	34.5	0.44	1.47	3.8	5.7
	268.5	273.7	5.2	18.9	0.13	1.49	1.89	3.5
	279.4	285.2	5.8	5.5	0.12	2.14	3.86	6.1
	289.8	293.1	3.3	11.6	0.18	1.25	2.87	4.3
BR004	266.3	328.8	62.5	4.7	0.08	0.81	1.72	2.6
Including								
	267.5	274	6.4	8.4	0.12	1.77	3.52	5.4
	303.6	328.8	8.8	6.7	0.12	1.41	2.87	4.4
BR0007	333	373	40	5.8	0.17	0.7	1.5	2.4
including								
	359	363	4	12.8	0.11	1.11	3.93	5.2
	369	373	4	13.8	0.33	1.53	3.08	4.9
BR0018	316	374	58	19.0	0.4	0.9	2.0	3.3
including								
	368	374	6	74.0	1.2	4.8	11.4	17.4

The mineralised zone is open along strike, with a further 8 Km of the prospective zone to be evaluated. Some areas already have previously identified significant mineralised intersections.

The metallurgical testwork programme undertaken by Comet has shown that the mineralisation is amenable to conventional lead-zinc differential flotation processing. The work has shown that a high grade lead-silver concentrate and a high grade zinc concentrate can be produced at practical grind size and reagent requirements.

The Browns Reef Base Metal Project has potential for a large-tonnage resource and/or high grade smaller resources. A number of exploration activities are still needed to assess these potential resources.



Core from BR0018

CANNING BASIN PROJECT

Comet has now signed heritage agreements with native title parties covering two Exploration Licences E45/3893 and E45/3894. These Exploration Licences are in the Canning Basin, Western Australia. They are considered to have potential for the discovery of Permian coal deposits and other fossil fuel derivatives.

A Major Company has just recently release that they are reviewing the potential of the Canning Basin for shale gas. The US Energy Information Agency has referred to the Canning Basin as the biggest potential shale region in Australia, containing as much as 229 trillion cubic feet of gas.

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 highlights the potential of Comet's tenements. There is no evidence of coal exploration in the area of Comet's tenements.

LAKE DUNDAS PROJECT

Comet has completed its exploration drilling at its Lake Dundas Project. Comet drilled 37 holes for 1164 meters. Unfortunately the results were disappointing.

Comet has withdrawn from the Lake Dundas project agreement with Jaguar Resources Pty Ltd.

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 60km² 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 million, 0.5 million Ferrowest shares and has approximately 83 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.

Table 1. Browns Reef Significant Intersections.

Hole No	From m	To m	Width m	Silver ppm	Copper %	Lead %	Zinc %	Pb+Zn+Cu %
BR0001	165	200.4	35.4	11.5	0.2	1.33	0.83	2.4
BR0002	291	336.3	45.3	8.1	0.1	1.71	3.01	4.8
including								
	302	322	20	13.5	0.16	2.77	4.95	7.9
BR0003	256	299.3	43.3	12.7	0.13	1.17	1.88	3.2
Including								
	256	260.2	4.2	34.5	0.44	1.47	3.8	5.7
	268.5	273.7	5.2	18.9	0.13	1.49	1.89	3.5
	279.4	285.2	5.8	5.5	0.12	2.14	3.86	6.1
	289.8	293.1	3.3	11.6	0.18	1.25	2.87	4.3
BR0003A	273.7	303.6	29.9	5.6	0.1	1.1	1.94	3.1
BR004	266.3	328.8	62.5	4.7	0.08	0.81	1.72	2.6
Including								
	267.5	274	6.4	8.4	0.12	1.77	3.52	5.4
	303.6	328.8	8.8	6.7	0.12	1.41	2.87	4.4
BR0005	312.8	322.8	10	10.2	0.13	0.92	2.34	3.4
Including								
	315.9	320.8	4.9	14.1	0.19	1.27	3.35	4.8
	340.8	380	39.2	8.9	0.11	0.92	2.07	3.1
Including								
	357.6	370.4	12.8	4.8	0.04	1.13	2.51	3.7
BR0006	161.5	177.5	16	10.3	0.18	1.06	1.83	3.1
Including								
	161.5	165.8	4.3	8.2	0.05	1.38	2.7	4.1
BR0007	333	373	40	5.8	0.17	0.7	1.5	2.4
including								
	359	363	4	12.8	0.11	1.11	3.93	5.2
	369	373	4	13.8	0.33	1.53	3.08	4.9
BR0008	268	299	31	12	0.18	0.95	1.96	3.09
Including								
	284	290	6	21	0.16	2.87	3.77	6.8

Hole No	From m	To m	Width m	Silver ppm	Copper %	Lead %	Zinc %	Pb+Zn+Cu %
BR0009	455	458	3	2.5	0.1	0.6	0.8	1.5
BR0010	89	91	2	4.8	1.3	0.5	0.0	1.8
BR0010	95	104	9	2.5	0.2	1.3	0.0	1.5
BR0010	132	150	18	9.6	0.3	0.3	0.7	1.4
BR0011	185	189	4	4.8	0.5	0.7	0.4	1.5
BR0011	208	217	9	12.9	0.6	0.5	1.1	2.2
BR0011	220	222	2	12.5	1.5	0.1	0.3	1.8
BR0011	222	234	12	8.4	0.2	0.7	1.6	2.5
BR0013	127	132	5	9.6	1.2	0.1	0.1	1.4
BR0014	378		11	10.5	1.2	0.3	1.0	2.5
including								
	378	381	3	18.7	3.0	0.3	0.6	3.9
BR0015	494	496	2	8.5	0.3	0.2	2.0	2.5
BR0015	504	508	4	13.5	0.3	0.2	2.0	2.5
No	m	m	m	ppm	%	%	%	%
BR0016	351	362	11	10.5	0.4	1.5	3.7	5.6
including								
	356	359	3	18.3	0.9	3.6	9.5	14.0
BR0017	366	370	4	6.0	0.1	0.6	0.9	1.6
	376	380	4	12.0	0.2	0.4	3.1	3.7
BR0018	316	374	58	19.0	0.4	0.9	2.0	3.3
including								
	368	374	6	74.0	1.2	4.8	11.4	17.4
BR0019	236	256	20			0.8	1.3	2.1
	261	273	12			1.0	2.4	3.4
BR0022	96	127	31		0.1	0.4	1	1.5
BS0001	184.5	194.3	9.8	8.6	0.16	0.68	1.44	2.3
BS0001	201.4	209.2	7.8	2.7	0.2	0.52	1.11	1.8
BS0002	256.7	266	9.3	12.4	0.18	2.67	4.28	7.1
BS0003	286.1	298.1	12	4.7	0.12	0.42	1.25	1.8
WS0001	443.5	459.3	15.8	7.5	0.14	1.17	1.45	2.8

Table 2. Browns Reef Collar Locations.

Hole No	Easting (m)	Northing (m)	RL (m)	Azimuth Deg	Dip Deg	Depth (m)
BR0001*	437,140	6,312,668	175	69	-55	239.72
BR0002*	437,078	6,312,657	175	71	-66	339.1
BR0003*	437,144	6,312,515	174	71	-65	336.8
BR0003A*	437,144	6,312,515	174	71	-65	313.5
BR0004*	437,039	6,312,803	176	71	-66	331.8
BR0005*	437,060	6,312,655	176	71	-74	450
BR0006*	436,971	6,313,146	175	71	-55	262
BR0007	437,087	6,312,607	179	71	-65	405
BR0008	437,069	6,312,706	175	71	-60	459.3
BR0009	436,980	6,312,638	175	71	-68	546
BR0010	437,037	6,313,108	175	71	-60	150
BR0011	436,947	6,313,091	179	71	-60	261.2
BR0012	437,135	6,312,820	176	71	-60	196.2
BR0013	437,250	6,312,536	174	71	-60	188.8
BR0014	437,121	6,312,514	174	72	-70	434.9
BR0015	437,015	6,312,799	176	71	-75	550.2
BR0016	436,936	6,312,887	177	71	-60	391
BR0017	436,918	6,312,986	178	71	-60	432
BR0018	436,991	6,312,693	176	69	-60	390
BR0019	437,117	6,312,612	174	69	-60	312
BR0020	436,736	6,314,021	193	71	-60	180
BR0021	436,598	6,314,366	187	71	-60	172
BR0022	436,927	6,313,402	189	82	-60	150
BR0023	436,527	6,314,491	190	71	-60	180
BS0001*	437,712	6,311,028	169	71	-65	259
BS0002*	437,566	6,311,905	172	240	-72	454.5
BS0003*	437,563	6,312,306	174	251	-42	387.5
WS0001*	436,070	6,314,909	187	49.5	-65	516.4
					Total	8606.9

* Drilled by Electrolytic Zinc Company of Australasia Ltd