



28 October 2009
The Company Announcements Office
Australian Stock Exchange Limited
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SYDNEY NSW 2000

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Dear Sir/Madam

SEPTEMBER QUARTER ACTIVITIES REPORT

Corporate

During the quarter Comet has increased its cash reserves by \$70,541 with no dilution to shareholders. This was achieved with the sale of Ferrowest shares. The Company currently has cash reserves of approximately \$2.2 million.

In addition Comet holds 6.1 million shares and 2.2 million options in Ferrowest Limited (ASX Code: FWL).

Your Company continues to search for and evaluate new opportunities.

Environmental Oil Solutions (A wholly owned subsidiary)

Further samples are required to establish if the Environmental Oil Solutions technology can remediate the waste oil obtained from a potential customer in the Eastern States.

New South Wales Projects

Kerr's Creek Project (100% Comet)

Comet has selected two priority target areas from the Kerr's Creek Project, East Calula and North Pigment. These areas have now been resampled to confirm historic gold and zinc results.

Comet plans to drill test the East Calula and North Pigment target areas. Comet plans to complete this drilling during the December quarter, access and weather permitting.

The Kerr's Creek Project has similarities with the gold and zinc mineralisation at the McPhillamys prospect (Newmont- Alkane) which lies along strike and to the south of Kerrs Creek Project.

- both areas host several small historical Au and base metal workings;
- both have the same Silurian stratigraphic sequence; and
- similar regional structures occur.

Murrumbateman Project (100% Comet)

The designed soil sampling program will be completed after the local landholder has finished cropping the target area where a 0.5ppm gold rock chip sample was taken. This work will be used to define a drilling program to test this anomaly

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 \$2.2 million, 6.1 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")

30 SEPTEMBER 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from grants	-	-
1.2	Payments for (a) exploration and evaluation	(2)	(2)
	(b) research & development	(64)	(64)
	(c) production	-	-
	(d) administration	(56)	(56)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	GST received/(paid) net of PAYG	-	-
1.7	Tax refund/rebates	-	-
Net Operating Cash Flows		(119)	(119)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	85	85
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other : Security Bonds	-	-
Net investing cash flows		85	85
1.13	Total operating and investing cash flows (carried forward)	(34)	(34)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(34)	(34)
Cash flows related to financing activities			
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 :	-	-
	Net financing cash flows	-	-
	Net increase/ (decrease) in cash held	(34)	(34)
1.20	Cash at beginning of quarter/year to date	2,269	2,269
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,235	2,235

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	60
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	220
4.2	
Total	220

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	105	37
5.2 Deposits at call	128	232
5.3 Bank overdraft	-	-
5.4 Other – Commercial Bills	2,002	2,000
Total: cash at end of quarter (item 1.22)	2,235	2,269

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.

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 Incentive shares - 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 +Ordinary securities	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 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Unlisted			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during period - unlisted				
7.12 Unsecured notes (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: 28 October 2009
(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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