

25th July 2011
The Company Announcements Office
Australian Stock Exchange Limited
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Dear Sir/Madam



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JUNE 2011 QUARTER ACTIVITIES REPORT

Corporate

The Company currently has cash reserves of \$2.2 million. We have been reviewing a number of new projects over the quarter covering a range of commodities in both Australia and overseas.

The Company has also been carrying out regional project evaluation with the view of pegging tenements which have underexplored mineral resource potential. A number of opportunities are being pursued. Comet is also reviewing its current project portfolio.

CANNING BASIN PROJECT – PERMIAN COAL TARGET

- **Permian Basin with identified coal/lignite material.**
- **Previous exploration for diamonds intersected coal/lignite.**
- **Thick and shallow targets.**
- **Large land holding.**

Comet Resources Limited has pegged two Exploration Licences (E45/3893 and E45/3894) for coal. These Exploration Licences are in the Canning Basin, Western Australia, and cover over 1,200 sq km. Comet's new tenements are considered to have potential for the discovery of a new Permian coal deposits.

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.

Diamond exploration by Stockdale Prospecting Limited drill tested geophysical diamond targets over a large area of 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 best intersection of this material being 32m (the hole was terminated in coal material). Comet's tenements cover the following 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.



Comet's objective is to define a Permian coal deposits within the Kidson Sub-basin of the Canning Basin. Comet's targets are large (greater than 500 million t) of relatively shallow (less than 100m) Permian thermal coal. Rey Resources has successfully defined this size resource in the Permian of the Fitzroy Trough. Comet's tenements occur in the Kidson sub-basin which correlates with parts of the Fitzroy Trough.

Environmental Oil Solutions (A wholly owned subsidiary)

Discussions continue over commercial waste remediation work in Eastern Australia. The current market for developing new technology is proving a challenge.

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, 0.5 million Ferrowest shares and has approximately 73 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.