



31<sup>st</sup> January 2012  
The Company Announcements Office  
Australian Stock Exchange Limited  
4th Floor  
20 Bridge Street  
SYDNEY NSW 2000

**ABN 88 060 628 202**

Unit 2, 23 Belgravia Street  
Belmont, Western Australia 6104

**Telephone: (08) 94757100**

**Facsimile: (08) 92774147**

**email: [comet@cometres.com.au](mailto:comet@cometres.com.au)**

Dear Sir/Madam

## **DECEMBER 2011 QUARTER ACTIVITIES REPORT**

### **HIGHLIGHTS**

**Fully underwritten 1 for 4 rights issue at premium to market (10 cents) scheduled to be completed by the end of February/early March 2012.**

#### **Lake Dundas Project tenement granted**

- **Underexplored greenstone belt with anomalous gold mineralisation in the only 4 holes drilled on the lease.**
  - **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, and 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.**

#### **Native title agreement signed over part of Canning Basin Project**

## **CORPORATE**

Comet Resources Limited (Comet) currently has cash reserves of \$1.8 million. Comet has 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.

### **UPDATE RIGHTS ISSUE AND MEMORANDUM OF UNDERSTANDING**

In November Comet announced that the Company had entered into an agreement with International Capital Markets to raise around \$1.8 million by way of a fully underwritten rights issue. The issue will be at a ratio of 1 for 4 shares. Each share will be priced at 10 cents and have an attached free listed option exercisable at 20 cents with a 3 year term. This raising is now scheduled to be completed by the end of February/early March 2012.

Comet also announced that it had (subject to shareholder approval) entered into a Memorandum of Understanding (MOU) with Pelagic Capital Advisors and Ochre Management (Pelagic and Ochre). The MOU proposes to arrange and raise capital for Comet by way of a rights issue and secure for Comet a project which will deliver value for Comet shareholders.

Comet's announcement of 7 November 2011 gave details of an MOU entered into by Comet with Ochre Management and Pelagic Capital. The transaction required Comet to issue an option that would have been in breach of Listing Rule 7.16 which states that "An entity must not issue options if it would have more options on issue than underlying securities, except under an offer of one ordinary security and one option for each ordinary share".

The MOU with Pelagic and Ochre is based on success fees and has been modified to read:-

"Subject to the successful completion of the rights issue. The Company shall, subject to shareholder approval, issue 62,500,000 three year unlisted options exercisable at \$0.20 to Pelagic and Ochre or their nominees (which if exercised entitle the holder to be granted one (1) additional Option exercisable at \$0.20 each on the same terms)."

AND

"Subject to shareholder approval and compliance with the ASX Listing Rules, Comet shall issue 62,500,000 three year unlisted options exercisable at \$0.20 to Pelagic and Ochre or their nominees, provided that such options shall only vest upon the completed successful acquisition of a project and the Company's share price trades on a weighted basis on the ASX at \$0.40 or more for 20 business days. When exercised, each option entitles the holder to be granted one (1) additional option exercisable at \$0.20 each on the same terms".

The number of options issued is the same as the announcement on 7 November 2011, but the way they may be issued has been modified to comply with Listing Rule 7.16

## **LAKE DUNDAS PROJECT**

### **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 camp, 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. 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.**

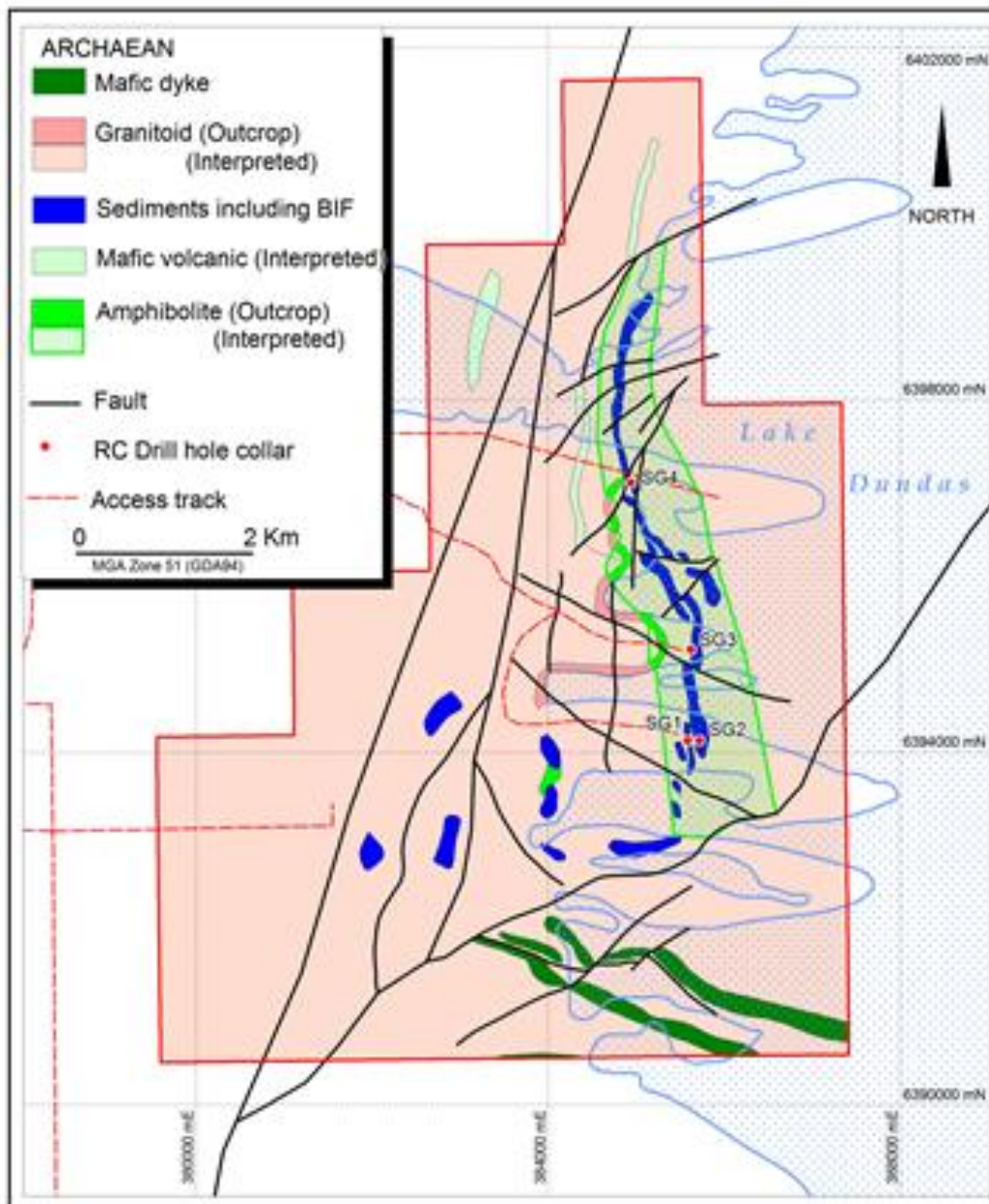
Four other aeromagnetic targets remain untested and both these and, to a lesser extent the entire belt, are prospective for gold mineralisation.

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.

### **Proposed Exploration**

Initial exploration within the project area will focus on follow-up drilling in the vicinity of the existing RC holes containing anomalous gold mineralisation and on the provision of access for the drill-testing of the other four identified geophysical targets.



Lake Dundas Project – Geological interpretation and hole locations

## CANNING BASIN PROJECT

Comet 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. A native title agreement has been agreed for part of this project so that a tenement will be granted to allow exploration to commence.

Historical diamond 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 best intersection of this material being 32m (the hole was terminated in 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.

Mr. Tony Cooper/Roj Jones  
Comet Resources Limited  
Tel 08.94757100  
Fax 08.92774147  
Email [tony.cooper@cometres.com.au](mailto:tony.cooper@cometres.com.au)  
Web Page [www.cometres.com.au](http://www.cometres.com.au)

*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 \$1.8 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.*

**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