



*"A Vibrant Gold-Copper Exploration Company"*

## **QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2012**

### **PLANET METALS LIMITED**

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### **BOARD AND MANAGEMENT**

David K. Barwick (Non-Executive Chairman)  
Andrew Gillies (Non-Executive Director)  
Barry Kelly (Non-Executive Director)  
Brett O'Donovan (Chief Executive Officer)  
John Haley (Company Secretary & CFO)

## **KEY POINTS / HIGHLIGHTS**

### **Summary**

The March quarter was a period of consolidation for Planet Metals. The Company increased its interests in two key exploration tenements whilst reducing expenditure commitments on non-core assets. The Company's financial position strengthened and the June quarter field exploration program finalised. All of this augurs well for an active period during the dry season with fieldwork commencing in May 2012.

### **Mount Cannindah Copper-Gold Project**

(PMQ 100% subject to farm-in agreement)

*Located approx. 100km south of Gladstone, Qld*

- Planet Metals' farm-in partner, Drummond Gold Limited (ASX Code: DGO), completed an advanced technical study into the project based on a recent database compilation. High level modelling using all geological data and information generated regional drill targets. Site visits are proposed in the June quarter to finalise such targets.
- The Mount Cannindah total resource currently stands at 5.55Mt @ 0.92% copper, 0.34g/t gold and 14.9 g/t silver within the historic minesite area only (refer Resource Table on Page 2). There exists significant potential to expand this based on regional prospectivity. Planet remains free-carried in this project in the medium term during Drummond Gold's earn-in stages.

### **Mount Borium Gold Project**

(PMQ 100% - Tenements under Application)

*Located between the historic Kidston gold (>3 Million oz Au) and Einasleigh copper mines in North Queensland*

- Further investigations recently completed continue to highlight the prospectivity of this area. A compilation of all historical drill data is being collated into 3D format in advance of a field exploration program commencing next month which will scrutinise desktop drill targets.

- A notification letter from the relevant Government Department has indicated that all three tenement applications have now proceeded to the offer-to-grant stage. Planet has paid its required rental fees and financial assurance and expects official tenure to be granted within weeks.

### **Torchlight Gold Prospect**

Located north of Georgetown in North Queensland

- Planet Metals terminated its farm-in agreement with Callabonna Uranium Ltd (ASX Code: CUU) over three North Queensland tenements in March 2012. A 6-hole (1,086m) Reverse Circulation (RC) drill program was completed at the Torchlight gold prospect in December 2011 with no significant assay results recorded.

### **Corporate**

- Cash on hand at the end of the quarter was \$5.3 million with Planet also holding approximately A\$0.8 million worth of Deutsche Rohstoff AG shares listed on the Frankfurt Stock Exchange in Germany. This means Planet Metals has cash and equity investments amounting to approximately \$6.1 million, representing 10.2 cents per share.
- Planet acquired the Oak River tenement EPM 17945 for \$65,000 cash during the quarter. This tenement directly adjoins the Company's existing Mount Borium group of tenements.
- A farm-in agreement was entered into with Pacific Fertilisers and Chemicals Pty Ltd over the Casuarina Salt prospect, north of Gladstone in Central Queensland. Planet's minimum commitment is limited to \$95,000 over 12 months to assess this greenfields project's potential in terms of future solar salt production or other value added opportunities.
- Planet Metals is constantly reviewing opportunities within the metals sector, both within and outside of Australia, primarily in gold and copper. The Company's current strong financial position will enable it to more aggressively target such opportunities. This would complement Planet's existing projects.

# MOUNT CANNINDAH COPPER-GOLD PROJECT

(PMQ 100% subject to current farm-in agreement)

Mount Cannindah is located near Monto, approximately 100km south of Gladstone in central Queensland. The project hosts significant porphyry-style copper-gold mineralisation within the underexplored 120km<sup>2</sup> tenement holding surrounding the Mount Cannindah deposit, of which 6km<sup>2</sup> is within granted Mining Leases.

Drummond Gold Limited (ASX Code: DGO), Planet Metals' farm-in partner, is currently earning-in to the project – an update on the details and status of this agreement are contained in ASX release dated 7 October 2011.

A review late last year by geological modelling consultants, Hellman & Schofield, incorporating all recent drilling, resulted in a better understanding of the geological constraints, and produced a revised Mineral Resource Estimate including Measured, Indicated and Inferred of 5.55 Million tonnes at 0.92% Cu, 0.34g/t Au and 14.9g/t Ag – refer table opposite.

**Mount Cannindah Resource Table (October 2011)**  
*Mount Cannindah Minesite Prospect Only*

Category	Tonnage	Cu %	Au g/t	Ag g/t
Measured	1.89Mt	0.96	0.39	16.2
Indicated	2.53Mt	0.86	0.34	14.5
Inferred	1.14Mt	0.97	0.27	13.6
<b>Total</b>	<b>5.55Mt</b>	<b>0.92</b>	<b>0.34</b>	<b>14.9</b>

*0.5% Cu cut-off, density of 2.7t/m<sup>3</sup>, minor rounding errors*

During the quarter, Drummond Gold Limited finalised an advanced technical study into the project based on a recently completed database compilation. High level modelling using all geological data and geological information has generated proposed drill targets around the Cannindah East Structure and the Multiple Skarn system in the southern end of the Mining Lease and further south into the EPM. Site visits are planned in the June quarter to assess such targets.



*Appletree Prospect - Mt Cannindah Cu-Au Project*

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## **MOUNT BORIUM GOLD PROJECT**

(PMQ 100% subject to final grant)

The Mount Borium gold project is located between the historic Kidston gold (>3 Million oz Au) and Einasleigh copper mines in North Queensland. A full geological summary of this project is contained within ASX release dated 12 July 2011.

Further investigations recently completed continue to highlight the prospectivity of this area. A compilation of all historical drill data is being collated into 3D format in advance of a field exploration program which will scrutinise preliminary desktop drill targets. These targets largely relate to a strong +0.5g/t gold soil anomaly over a 300m x 300m area.

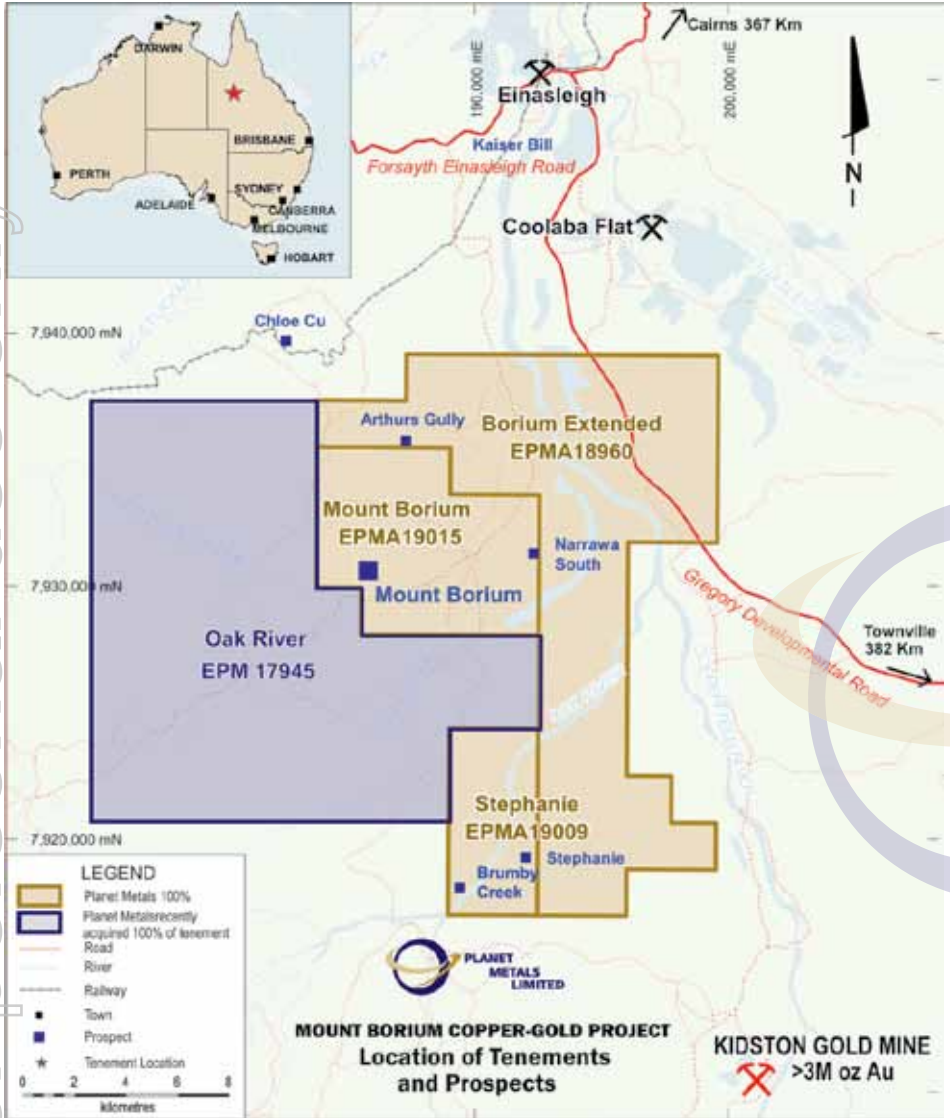
In 1989, five drill-holes (517m total) tested this anomaly down to a depth of 100m. Despite promising results, including 9m @ 1.63g/t gold from 27m, no further drilling has been conducted since. Of particular interest is that the last 6m of two of these holes assayed 0.40g/t gold and 0.34g/t gold at less than 100m depth.

A notification letter from the relevant Government Department has indicated that all three tenement applications have now proceeded to the grant stage. Planet has paid its required rental fees and financial assurance and expects official tenure to be granted within weeks. Fieldwork will commence soon after official grant.



*Mount Borium Landscape*

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Tenement Map including the three Mount Borium tenements together with the recently acquired Oak River tenement



## TORCHLIGHT GOLD PROSPECT

(EPM 18181 – Planet recently terminated farm-in agreement)

As per ASX Release dated 2 February 2012, Planet Metals reported that no significant results were received from a 1,086m scout reverse circulation drilling program completed in December 2011. Planet Metals completed its minimum obligations with respect to its farm-in agreement with Callabonna Uranium and decided to subsequently terminate this agreement. Further details are contained in ASX release dated 26 March 2012. The Board and Management of Planet have taken the view that the Mount Borium and Oak River projects offer better exploration prospects.



*Torchlight Drilling December 2011*

## CASUARINA SALT PROSPECT

(EPMA 18232 – Planet recently entered into a farm-in agreement)

An opportunity arose during the quarter for Planet to become involved in the assessment of the merits of the Casuarina Salt prospect, located 50km north of Gladstone in Central Queensland. The tenement is adjacent to the large Port Alma salt fields operated by Cheetham Salt (owned by Ridley Corporation) and in an area where significant infrastructure investigations are taking place such as Port Alma and the Fitzroy and Balaclava Island coal terminals.

A significant amount of work has been done over the years mapping the Port Alma Brinefield as well as various evaluation studies. Past drilling and subsequent chemical testwork has shown that the aquifers within the Casuarina tenement are strongly saline. In addition, key assessments such as porosity tests, brine concentration levels and volume estimates have also been undertaken in the past.

Planet Metals recently entered into a farm-in agreement with Pacific Fertilisers and Chemicals Pty Ltd (PFAC) over EPMA 18232 whereby Planet can earn a 95% interest through the expenditure of \$950,000 over 5 years. A minimum expenditure commitment of \$95,000 (including a \$45,000 cash reimbursement upon granting of the tenement) is required in the first year. Upon meeting this initial commitment, Planet can withdraw at any time during the second year without liability. If Planet elects to earn-in, a second year expenditure commitment of \$105,000 is required to earn 51%. Planet then has the right to earn an 80% interest through a further \$250,000 expenditure in the third year and then up to 95% by expending a further \$500,000 within years four and five. Planet also has the option to buy outright 100% of the project from PFAC through either a cash payment of \$350,000 before 31 December 2013 or \$500,000 any time after 31 December 2013.

A notification letter from the relevant Government Department has indicated that the tenement application has now proceeded to the grant stage. The required rental fee and financial assurance has been paid with official tenure expected to be granted within weeks. Upon final grant, studies will commence to progress the prospect.



*Brett O'Donovan (CEO), John Haley (CFO & Company Secretary), David Barwick (Chairman), Andrew Gillies (Director), Barry Kelly (Director)*

## CORPORATE

### Cash & Investments

Cash on hand as at 31 March 2012 was \$5.3 million with Planet also holding approximately A\$0.8 million worth of Deutsche Rohstoff AG shares which are listed on the Frankfurt Stock Exchange in Germany. This means Planet Metals has cash and equity investments amounting to approximately \$6.1 million, representing 10.2 cents per share.

### Advanced Strategy

As well as advancing Planet's current projects, the Company is constantly reviewing opportunities within the metals sector, primarily in gold and copper. It is worth noting that a number of projects were assessed during the quarter with most not meeting the Company's strict internal project valuation criteria. Given the Company's strong financial position, Planet has the platform and ability to continue to aggressively target such opportunities.

### Proposed Activities for the June 2012 Quarter

- Commence a field exploration program at Oak River.
- Commence a field exploration program at Mount Borium, pending receipt of the final grant document.
- Provide support to farm-in partner, Drummond Gold as they finalise drill targets over the key regional prospects within the Mount Cannindah copper-gold project.
- Commence studies into the merits of the Casuarina Salt prospect, pending receipt of the final grant document.
- Monitor Planet's shareholding in Deutsche Rohstoff AG with a view to realising the value in this asset.
- Continued assessment of additional resource development and corporate opportunities as they arise.

For further information, please contact:

Brett O'Donovan  
Chief Executive Officer  
Ph: 61 7 3249 3080

### Competent Person Statement

The data in this report that relates to Mineral Resources for the Mount Cannindah deposit is based on information evaluated by Mr Simon Tear who is a member of the Australasian Institute of Mining and Metallurgy (MAAusIMM) and who has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Tear is a full-time employee of H&S Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

Other technical information contained in this report has been compiled and/or supervised by Mr Andrew Gillies B.Sc (Geology) M.AusIMM (Director of Planet Metals Limited and Managing Director of Metallica Minerals Limited, Planet's major shareholder) who is a competent person and member of the Australian Institute of Mining and Metallurgy (AusIMM). Mr Gillies has relevant experience to the mineralisation, exploration results and targets and Mineral Resources being reported on to qualify as a Competent Person as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Gillies consents to the inclusion of this information in the form and context in which it appears in this report.

### About Planet Metals Limited

Planet Metals (ASX Code: PMQ) is a Brisbane-based ASX-listed resource and exploration company, with a focus on gold and copper. The Company's key operations are the Mount Cannindah copper-gold project (subject to a farm-in agreement with Drummond Gold) and the Mount Borium gold project (located between Kidston and Einasleigh, Qld - tenements currently being offered for grant). Planet also recently entered into a farm-in agreement over the Casuarina Salt Prospect, near Gladstone, Central Queensland. The Company's major shareholder is Metallica Minerals (ASX Code: MLM) with a 37% shareholding. As at the date of this release, Planet Metals has 59.7 million shares on issue as well as 6.5 million unlisted options. The Company had cash at hand of \$5.3 million with a further approximately \$0.8 million in Deutsche Rohstoff shares listed in Germany. This means Planet Metals has cash and equity investments amounting to approximately \$6.1 million, representing 10.2 cents per share.

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