

Notice of Annual General Meeting and Explanatory Memorandum

Planet Metals Limited ACN 108 146 694

Date of Meeting: 30 October 2012

Time of Meeting: 12.00 pm (Brisbane time)

Place of Meeting: Grant Thornton

Ground Level

102 Adelaide Street

Brisbane, Queensland

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of **Planet Metals Limited ACN 108 146 694 (Planet Metals or Company)** will be held at the offices of Grant Thornton, Ground Level, 102 Adelaide Street, Brisbane on Tuesday 30 October 2012, commencing at 12.00 pm (Brisbane time).

Agenda

Ordinary business

Audited Financial Statements

Consideration and discussion of Audited Financial Statements for the year ended 30 June 2012 (**Audited Financial Statements**), which are being circulated to Shareholders who have elected to receive a paper copy of the Company's reports in the attached Annual Report. Shareholders who have given the Company an election to receive an electronic copy of the Company's reports and Shareholders from whom the Company has not received an election as to how they wish to receive the Company's reports can directly access the Audited Financial Statements on the Company's website at www.planetmetals.com.au and by selecting the link titled "Audited Financial Statements", which was released to the ASX on 28 August 2012.

Resolution 1 – Remuneration Report

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That the Company be authorised to adopt the Remuneration Report for the year ended 30 June 2012".

Terms used in this Notice of Meeting are defined in Section 7 of the accompanying Explanatory Memorandum.

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel

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Resolution 2 - Re-election of Barry Kelly as a director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

"That in accordance with article 40.1 of the current Constitution of the Company and for the purposes of Listing Rule 14.5 and for all other purposes, Mr Barry Kelly retires and being eligible, offers himself for re-election, to be appointed as a Director of the Company".

Resolution 3 – Consideration of the grant of Options to the Managing Director

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:

*"That in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Part 2E of the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, the Company be authorised to issue for nil consideration, 4,000,000 Options to subscribe for ordinary shares in the Company (**Options**) to Brett O'Donovan being a Director of the Company, exercisable at 2.5 cents on the terms described in the Explanatory Memorandum."*

Terms used in this Notice of Meeting are defined in Section 7 of the accompanying Explanatory Memorandum.

A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with the Australian Securities & Investments Commission in accordance with Section 218 of the Corporations Act.

The Company intends to issue the Options as soon as practicable following the Meeting and in any event no later than one (1) month from the date of the Meeting.

Detailed summary of the proposed Terms of the Options is contained within the Explanatory Memorandum.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on this Resolution by:

- Mr Brett O'Donovan; and
- any associate of Mr Brett O'Donovan.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as required by the direction on the proxy form to vote as the proxy decides.

Special Business

Resolution 4 - Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

To consider and, if thought fit, to pass the following resolution with or without amendment, as a Special Resolution:

"That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of securities of up to 10% of the issued capital of the

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Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this Annual General Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (10% Securities)."

Terms used in this Notice of Meeting are defined in Section 7 of the accompanying Explanatory Memorandum.

Voting exclusion statement

The Company will disregard any votes cast on this Special Resolution by a person and any associates of that person who:

- may participate in the issue of the 10% Securities; or
- might obtain a benefit if this Special Resolution is passed, except a benefit solely in their capacity as a holder of Shares if the resolution is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the board



John Haley
Company Secretary

21 September 2012

Explanatory Memorandum

1. Introduction

The following information is provided to Shareholders of Planet Metals Limited ACN 108 146 694 (**Planet Metals** or **Company**) in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at Grant Thornton, Ground Level, 102 Adelaide Street, Brisbane on Tuesday 30 October 2012, commencing at 12.00 pm (Brisbane time).

The Directors recommend shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in Section 7.

2. Resolution 1 – Adoption of Remuneration Report

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report.

The Report:

- explains the Board's policy for determining the nature and amount of remuneration of executive directors and senior executives of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the most highly remunerated senior executives of the Company; and
- details and explains any performance conditions applicable to the remuneration of executive directors and senior executives of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

3. Resolution 2- Re-Election of Mr Barry Kelly as a Director

Under Article 40.1, the Company's Constitution requires that, at each annual general meeting of the Company, one-third of the Directors for the time being shall retire from office, provided that a Director must not hold office beyond the third annual general meeting following that Director's appointment or 3 years, whichever is longer.

Mr Kelly is the Director with the longest period spent in office since re-election and is therefore required to retire by rotation. A retiring Director shall be eligible for re-election.

The Directors (with Mr Kelly abstaining) recommend that you vote in favour of this Ordinary Resolution.

4. Resolution 3 – Issue of Options to Brett O'Donovan, Managing Director of the Company

4.1 Background

As provided for under his Executive Services Agreement announced to the ASX on 24 August 2012, the Company proposes to issue 4,000,000 Options to acquire Shares in the Company to Brett O'Donovan. The Options have an exercise price of 2.5 cents per Option and an expiry date of 31 July 2014 (unless earlier exercised). The issue of options to a director, as a related party, requires the approval of Shareholders. As such, approval for the issue of the Options is sought in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Part 2E of the Corporations Act

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2001. If approval is given under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

In order for the Options to be granted to directors, the requirements of Chapters 2E of the Corporations Act need to be observed.

4.2 Summary of Option Terms

The material terms of the Options that are subject to this resolution, are set out below:

- Expiry Date will be the earlier of 31 July 2014 and 3 months from the termination of the Executive Services Agreement for Mr O'Donovan (unless exercised earlier);
- If all of the Options are exercised an additional 4,000,000 Ordinary Shares in the Company will be issued;
- Exercise Price of 2.5 cents per Option;
- Issued for no Consideration and vest on the date they are issued;
- Exercisable wholly or in part;
- The Options will not be transferable in whole or in part and may not be exercised by any other person (except, in the case of the Option holder's death, by his or her legal personal representative);
- The number of Options that may be exercised at one time must be not less than 20,000;
- Upon the valid exercise of the Options and payment of the Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares;
- No participation in new issues;
- No participation in dividends (unless options are exercised);
- Reorganisation in accordance with the ASX Listing Rules;
- The Company does not intend to quote the Options on the ASX, however the Company will apply for listing of resultant Shares of the Company issued upon the exercise of any Option;
- If there is a pro rata issue (except a bonus issue), the Exercise Price of an Option may be reduced according to the following formula:

$$O^n = O - E [P - (S + D)]$$

$$N + 1$$

Where:

O^n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

S = the subscription price for a security under the pro rata issue;

D = dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue);

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N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

- If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Option is exercisable may be increased by the number of shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue; and
- The terms of the Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Options shall not be changed to reduce the Exercise Price, increase the number of Options or change any period for exercise of the Options.

4.3 Regulatory Requirements

(a) Chapter 2E of the Corporations Act 2001 (Cth)

Chapter 2E of the Corporations Act 2001 (Cth) prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A "related party" for the purposes of the Corporations Act 2001 (Cth) is defined widely and it includes a director of the public company.

A "financial benefit" for the purposes of the Corporations Act 2001 (Cth) has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

This proposed resolution, if passed, will confer financial benefits to the Managing Director and the Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act 2001 (Cth) and for this reason and for all other purposes the following information is provided to shareholders.

(b) The related party to whom Resolution 3 would permit the financial benefit to be given

Brett O'Donovan, as the Managing Director, is considered to be a related party.

(c) The nature of the proposed financial benefit to be given

- The grant of 4,000,000 Options to the Managing Director as referred to in Resolution 3 above;
- the Options shall be granted for no cash consideration; and
- the Options shall be exercisable into fully paid shares at such an exercise price of 2.5 cents per share exercisable on or before the Expiry Date.

(d) Directors' recommendation

The Directors (with the exception of Brett O'Donovan, who makes no recommendation), recommend that Shareholders vote in favour of this resolution. The reasons for the recommendation include:

- the grant of the Options as proposed to the Managing Director will provide a reward and incentive for future services to be provided to the Company to further the progress of the Company;

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- in the Company's circumstances as they existed as at the date of this Explanatory Memorandum, the Directors considered that the incentive provided a cost-effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Options to a third party; and
- the Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered.

(e) Directors' Interests and other remuneration

Mr Brett O'Donovan has a material personal interest in the outcome of Resolution 3, as it is proposed that Options be granted to him as set out in Resolution 3.

Excluding the Options, Mr Brett O'Donovan (and entities associated with him) holds 1,100,000 ordinary shares of the Company and 2,500,000 options to subscribe for ordinary shares in the Company at various prices and expiry dates. Please refer to the table below which indicates the holdings of Mr Brett O'Donovan (and entities associated with him).

Other than the Options to be issued to Mr Brett O'Donovan pursuant to Resolution 3, Mr Brett O'Donovan shall receive director's remuneration of \$180,000 plus superannuation per annum from the Company for his services as Managing Director.

If all of the Options granted under Resolution 3 are exercised by Mr Brett O'Donovan the following will be the effect on his holdings in the Company:

Table 1

Director	Current Share Holding	% of Total Share Capital of 59,717,114 shares on issue	Share Holding Upon Exercise of new Options	% of Total Share Capital of 63,717,114 shares on issue
Mr Brett O'Donovan	1,100,000	1.8	5,100,000	8.0

Notes: Assuming that none of the other current options on issue are exercised.

(f) Valuation

The Options are not currently quoted on the ASX and as such have no market value. The Options each grant the holder thereof a right of grant of one ordinary share in the Company upon exercise of the Option and payment of the exercise price of the Option described above. Accordingly, the Options may have a present value at the date of their grant.

The Options may acquire future value dependent upon the extent to which the shares exceed the exercise price of the Options during the term of the Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and

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- whether or not the options are listed (ie readily capable of being liquidated);
- and so on.

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

The Company has estimated the value of the Options and has done so using the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the risk-free interest rate and the volatility of the Company's underlying share price.

Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Black-Scholes Model was:

- The exercise price of the options being 2.5 cents;
- Expiry Date of 31 July 2014;
- The share price (as at 17 September 2012) of the Company's shares being 2.8 cents per share;
- A volatility measure of 83.960%;
- A risk-free interest rate of 2.95%; and
- A dividend yield of 0%.

(Assumed Data).

Some relatively minor variables were included in the calculation to estimate the value of Option as "American style" options (being exercisable at any time prior to the stated expiry date). Theoretically, the Black-Scholes Model prices "European style" options (being exercisable only on this exercise date).

On that basis, the total value of the 4,000,000 Options to be issued pursuant to Resolution 3 is \$52,557.60.

(g) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors

There is no other information known to the Company or any of its Directors save and except as follows:

(1) Market Price Movements

The option valuation noted above is based on a market price per Share of 2.8 cents.

There is a possibility that the market price of the Shares will change up to the date of the Meeting.

(2) Trading history

In the 12 months prior to the option valuation, the Company's trading history is as follows:

- The highest trading price was 4 cents on 10 August 2012; and
- The lowest trading price was the equivalent of negative 0.3 cents in current terms (allowing for the capital return of 6.5 cents) on 15 March 2012. The share price on this date was actually 6.2 cents, however adjusting for the

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capital return of 6.5 cents per share to all Shareholders in August 2012 the equivalent price is negative 0.3 cents in current terms.

The volume weighted average price of the shares in the 12 month period prior to the option valuation was 2.1 cents per share after adjusting all individual trades during the year to account for the 6.5 cent per share capital return.

The most recent trading price of the Shares on the close of trading on 17 September 2012 was 2.8 cents.

(3) **Opportunity Costs**

The opportunity costs and benefits foregone by the Company issuing the Options to each of the Recipients is the potentially dilutionary impact on the issued share capital of the Company (in the event that the options are exercised). Until exercised, the issue of the Options will not impact upon the number of ordinary shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused with the issue of shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

It is also considered that the potential increase of value in the Options is dependent upon a concomitant increase in the value of the Company generally.

(4) **Taxation Consequences**

No stamp duty will be payable in respect of the grant of the Options. No GST will be payable by the Company in respect of the grant of the Options (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of comprehensive income. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

(5) **Dilutionary Effect**

If all of the Options granted are exercised by Mr Brett O'Donovan, please refer to Table 1 at Section 4.3(e) which sets out the dilutionary effect on the current issued capital of the Company. This assumes that only the proposed director options are exercised and that none of the other current options on issue are exercised and no further securities are issued.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by the proposed Resolution 3.

(h) **Listing Rule 10.11**

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a related party. Mr Brett O'Donovan, being the Managing Director of the Company, is a related party. Accordingly, because the issue of the Options will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

For the purposes of Listing Rule 10.13, the Company advises that the maximum number of Options to be issued to Mr Brett O'Donovan is 4,000,000 Options. The Options are intended to be granted as soon as possible following the Meeting, but in any event, within 1 month of

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the date of the Meeting. The Options are issued for nil consideration and no funds are being received by the grant of the Options.

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

5. Resolution 4 – Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period

5.1 Introduction

Pursuant to Resolution 4, the Company is seeking shareholder approval to issue an additional 10% of issued capital over a 12 month period in accordance with Listing Rule 7.1A. If passed, this resolution will allow the Company to issue and allot up to 5,971,711 Shares (**10% Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's quoted class of Securities (calculated over the last 15 days on which trades in the quoted Securities are recorded, and immediately before the date on which the price at which the Shares are to be issued is agreed, or if not within 5 trading days of that date, the date on which the Shares are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A which recently came into effect. Under newly issued Listing Rule 7.1A, small and mid cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary Shareholders by special resolution at the annual general meeting (**AGM**), are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the AGM (**Additional 10% Issue**). The Additional 10% Issue under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without Shareholder approval over a 12 month period pursuant to Listing Rule 7.1. The Company may issue the 10% Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of 10% Securities are intended to be used as follows:

- working capital;
- additional exploration activities at the Mount Borium gold project; and
- providing the Company with the ability to sole or part fund any additional project acquisitions.

5.2 Listing Rule 7.1A

(a) General

(1) Eligibility

An entity is eligible to undertake an Additional 10% Issue if at the time of its AGM it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

As required by the Listing Rules, the Company's market capitalisation will be based on the closing price on the Trading Day before the AGM, and will be released by the Company to the ASX at that time. The calculation of market capitalisation will be based on the Closing Price of the Shares in the main class of Shares of the Company, on the last Trading Day on which trades in the Shares were recorded before the date of the AGM, multiplied by the number of Shares on issue (in that main class, but excluding restricted securities and securities quoted on a deferred settlement basis).

For illustrative purposes only, on 17 September 2012 the Company's market capitalisation is \$1.7 million based on the Closing Trading Price on that date.

The Company is not included in the S&P/ASX300 Index as at the time of issue of this Notice of Meeting and the Company does not expect that it will be included in the S&P/ASX300 Index at the date of the Annual General Meeting.

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The Company is therefore an eligible entity and able to undertake an Additional 10% Issue under Listing Rule 7.1A.

In the event that the Company is no longer an eligible entity to undertake an Additional 10% Issue after the Company has already obtained ordinary security holders' approval, the approval obtained will not lapse and the Company will still be entitled to undertake the Additional 10% Issue.

(2) Shareholder approval

The ability to issue the 10% Securities under the Additional 10% Issue is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Annual General Meeting. Pursuant to Listing Rule 7.1A, no Shares will be issued until and unless this Special Resolution is passed at Annual General Meeting.

(b) Issue Period – Listing Rule 7.1A.1

Shareholder approval of the Additional 10% Issue under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (1) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (2) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the Additional 10% Issue at the Annual General Meeting on 30 October 2012 then the approval will expire, unless there is a significant change to the Company's Business, on 30 October 2013.

(c) Calculation for Additional 10% Issue – Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at AGM may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Shares calculated in accordance with the following formula:

(A x D) – E

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (1) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid Shares that became fully paid in the 12 months;
- (3) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (4) less the number of fully paid Shares cancelled in the 12 months.

D is 10 percent.

E is the number of Shares issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

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(d) **Listing Rule 7.1A.3**

(1) **Shares**

Shares issued under the Additional 10% Issue must be in the same class as an existing quoted class of Shares of the Company.

The Company presently has 59,717,114 of Shares as at the date of this notice. However, the Company is only seeking approval to issue ordinary Shares under the Additional 10% Issue in addition to its 15% capacity permitted under Listing Rule 7.1.

(2) **Minimum Issue Price**

The issue price for the 10% Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Shares in the same class calculated over the 15 Trading Days immediately before:

- (A) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (B) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the 10% Securities are issued.

As required by the Listing Rules, PMQ's market capitalisation based on the closing price on the Trading Day before the Annual General Meeting will be released by PMQ to the ASX at that time.

(e) **Information to be given to ASX – Listing Rule 7.1A.4**

If Resolution 4 is passed and the Company issues any 10% Securities under Listing Rule 7.1A, the Company will give to ASX:

- (1) a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and
- (2) the following information required by rule 3.10.5A, will be released to the market on the date of issue:
 - (A) details of the dilution to the existing holders of Shares caused by the issue;
 - (B) where the Shares are issued for cash consideration, a statement of the reasons why the Company issued the Shares as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - (C) details of any underwriting arrangements, including any fees payable to the underwriter; and
 - (D) any other fees or costs incurred in connection with the issue.

(f) **Listing Rule 7.1 and 7.1A**

The ability of an entity to issue Shares under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 59,717,114 Shares, and therefore has the capacity to issue:

- (1) 8,957,567 Shares under Listing Rule 7.1; and
- (2) 5,971,711 Shares under Listing Rule 7.1A.

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The actual number of Shares that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (as above).

5.3 Specific Information required by Listing Rule 7.3A

(a) Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1

Pursuant to and in accordance with Listing Rule 7.3A.1, the 10% Securities issued pursuant to approval under Listing Rule 7.1A must be not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days immediately before:

- (1) the date on which the price at which the 10% Securities are to be issued is agreed; or
- (2) if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the 10% Securities are issued.

The Company intends to issue the Shares within 5 Trading Days of approval of the Additional 10% Issue and will disclose to the ASX the Issue Price on the date of issue of the 10% Securities.

(b) Risk of economic and voting dilution – Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if the Additional 10% Issue is passed by Shareholders and the Company issues the 10% Securities, there is a risk of economic and voting dilution to the existing ordinary security holders of the Company. The Company currently has on issue 59,717,114 Shares. Upon the Additional 10% Issue, the Company will have approval to issue an additional 5,971,711 Shares. (The exact number of additional Shares to be issued under the Additional 10% Issue will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 and set out above). Any issue of 10% Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- (1) the market price for the Company's Shares may be significantly lower on the date of the Issue than it is on the date of the AGM; and
- (2) the 10% Securities may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date,

which may have an effect on the amount of funds raised by the issue of the 10% Securities.

As required by Listing Rule 7.3A.2, Table 2 below shows the economic and voting dilution effect, in circumstances where the issued Share capital has doubled and the Market Price of the Shares has halved. Table 2 also shows additional scenarios in which the issued Share capital has increased (by both 50% and 100%) and the Market Price of the Shares has:

- decreased by 50%; and
- increased by 100%.

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Table 2

Issued Capital	50% decrease in Market Price 1.4 cents		Current Market Price 2.8 cents		100% increase in Market Price 5.6 cents	
	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised	10 % Voting Dilution	Capital Raised
Present Issued Capital = 59,717,114 Shares	5,971,711 Shares	\$83,604	5,971,711 Shares	\$167,208	5,971,711 Shares	\$334,416
50% Increase in Capital = 89,575,671 Shares	8,957,567 Shares	\$125,406	8,957,567 Shares	\$250,812	8,957,567 Shares	\$501,624
100% Increase in Capital = 119,434,228 Shares	11,943,423 Shares	\$167,208	11,943,423 Shares	\$334,416	11,943,423 Shares	\$668,832

Assumptions and explanations

- The Market Price is 2.8 cents based on the closing price of the Shares on ASX on 17 September 2012.
- The above table only shows the dilutionary effect based on the Additional 10% Issue (assuming only Shares are issued) and not the 15% under Listing Rule 7.1.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The Company issues the maximum number of 10% Securities available to it under the Additional 10% Issue.
- The Issued Capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 17 September 2012.
- The issue price of the 10% Securities used in the table does not take into account the discount to the Market Price (if any).

(a) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the 10% Securities during the 12 months after the date of this Annual General Meeting which the Company anticipates will be 30 October 2012. The approval under Resolution 4 for the issue of the 10% Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the Annual General Meeting.

(b) Purpose – Listing Rule 7.3A.4

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As noted above, the purpose for which the 10% Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below). Funds raised from the issue of 10% Securities are intended to be used as follows:

- working capital;
- additional exploration activities at the Mount Borium gold project; and
- providing the Company with the ability to sole or part fund any additional project acquisitions.

(c) **Shares Issued for Non-cash consideration – Listing Rule 7.3A.4**

The Company may issue 10% Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Shares for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Shares complies with Listing Rule 7.1A.3.

(d) **Company's Allocation Policy – Listing Rule 7.3A.5**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of 10% Securities pursuant to the Additional 10% Issue. The identity of the allottees of Shares will be determined on a case-by-case basis having regard to the factor including but not limited to the following:

- (1) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
- (2) the effect of the issue of the 10% Securities on the control of the Company;
- (3) the financial situation and solvency of the Company; and
- (4) advice from corporate, financial and broking advisers (if applicable).

The allottees of the 10% Securities under the Additional 10% Issue have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Issue will be the vendors of the new assets or investments.

(e) **Company not previously obtained shareholder approval under listing rule 7.1A**

Listing Rule 7.1A came into effect on 1 August 2012 and the Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

(f) **Voting Exclusion Statement**

A voting exclusion statement is included in this Notice. At the date of the Notice, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Explanatory Memorandum

6. Voting entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 12.00pm (Brisbane Time) on 28 October 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

7. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

AGM means annual general meeting;

ASIC means the Australian Securities & Investments Commission;

ASX means the ASX Limited;

Business Day means a day on which all banks are open for business generally in Brisbane;

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of the definition of closely related party;

Company means Planet Metals Limited ACN 108 146 694 (ASX: PMQ);

Constitution means the constitution of the Company from time to time;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the board of directors of the Company as at the date of the Notice of Meeting being David K Barwick, Brett O'Donovan and Barry L Kelly;

Eligible Entity has the meaning given to that term in the Listing Rules;

Explanatory Memorandum means the explanatory statement accompanying this Notice;

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

Listing Rules means the official listing rules of the ASX as amended from time to time;

Market Price has the meaning given to that term in the Listing Rules;

Meeting means the Annual General Meeting to be held on 30 October 2012 as convened by the accompanying Notice of Meeting;

Explanatory Memorandum

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

Resolutions means the resolutions set out in the Notice of Meeting;

Shares means fully paid ordinary shares in the Company from time to time;

Shareholder means a shareholder of the Company;

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Subsidiaries has the meaning given to that term in the Corporations Act;

Trading Day has the meaning given to that term in the Listing Rules.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to: John Haley Ph: 07 3249 3080



PLANET METALS LIMITED

Planet Metals Limited
ABN 35 108 146 694

FOR ALL ENQUIRIES CALL:
(within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

FACSIMILE
+61 2 9290 9655

ALL CORRESPONDENCE TO:
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

Reference Number:

Please note it is important you keep this confidential

YOUR VOTE IS IMPORTANT

**FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 12.00PM
(BRISBANE TIME) SUNDAY 28TH OCTOBER 2012**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders must sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at **12.00pm (Brisbane time) on Tuesday, 30th October 2012**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

BY MAIL - Share Registry – Boardroom Pty Limited, GPO Box 3993,
Sydney NSW 2001 Australia

OR;

Planet Metals Limited Office - GPO Box 122, Brisbane QLD 4001

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry – Boardroom Pty Limited,
Level 7, 207 Kent Street, Sydney NSW 2000 Australia

OR;

Planet Metals Limited registered Office:
71 Lytton Road, EAST BRISBANE, QLD 4169

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

STEP 1 - Appointment of Proxy

I/We being a member/s of **Planet Metals Limited** and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Planet Metals Limited to be held at Grant Thornton, Ground Level, 102 Adelaide Street, Brisbane on Tuesday 30 October 2012, commencing at 12.00pm (Brisbane time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of Resolution 1, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. **The Chair intends to vote all undirected proxies in favour of the resolutions.**

Chairman's Voting Intention: You acknowledge that where the Chairman of the Meeting is appointed as your proxy the Chairman will vote your proxy even though:

- (a) Resolutions 1 and 3 are connected directly or indirectly with the remuneration of a member of the key management personnel; and
- (b) the Chairman is a member of the key management personnel, details of whose remuneration is included in the remuneration report, and you direct the Chairman of the Meeting to vote your proxies in accordance with the voting intention of the Chairman set out above (unless you have directed otherwise below).

STEP 2 - Voting directions to your Proxy – please mark to indicate your directions

Ordinary Business

		For	Against	Abstain*
Resolution 1	To adopt the Remuneration Report for the year ended 30 June 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Barry Kelly as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Consideration of the grant of Options to the Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Resolution 4	Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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In addition to the intentions advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 250px; height: 40px;" type="text"/>	<input style="width: 250px; height: 40px;" type="text"/>	<input style="width: 250px; height: 40px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name Contact Daytime Telephone Date / / 2012