

Planet Metals Limited

ABN 35 108 146 694

Interim Report - 31 December 2011

Planet Metals Limited
Directors' report
31 December 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Planet Metals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2011.

Directors

The following persons were directors of Planet Metals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

David K Barwick
Barry Kelly
Andrew L Gillies

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Execution of a farm-in agreement with Callabonna Uranium Ltd over three North Queensland tenements which provided the Company with immediate drill targets within known mineralised gold zones. Under the agreement, Planet can earn a 51% interest in all three tenements by spending \$750,000 over a period of 2 years and ten months. Planet completed a 1,086m reverse circulation drill program in December 2011 with results pending as at 31 December 2011.
- Planet's farm-in partner at its Mount Cannindah copper-gold project, Drummond Gold Limited, elected to continue earning-in to the project following completion of a 3,000m drill program and revised resource estimate at the Mount Cannindah historical mine prospect.
- An offer for grant letter was received for the Mount Borium group of tenements, which were initially applied for in late 2010. Drill targets have already been identified within these tenements.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,096,630 (31 December 2010: profit of \$78,421).

Planet Metals Limited received 180,500 shares in Frankfurt-listed Deutsche Rohstoff AG in September 2011 as part consideration for the sale of the Wolfram Camp project. The sale of the Wolfram Camp project was completed in the 30 June 2011 financial year. Due to significant equity market fluctuations since signing the sale contract, an impairment loss of \$611,260 has been recognised in the statement of comprehensive income for the half year. Planet Metals Limited sold 116,178 shares in Deutsche Rohstoff AG for a total consideration of \$1,873,234 during the half year.

Matters subsequent to the end of the half-year

Planet Metals Limited has received all assays from the recent drill program at the Torchlight gold prospect (near Georgetown in North Queensland). No significant results were received from this scout program and the company will now review its farm-in agreement with Callabonna as to its future development.

No other matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, results of those operations or state of affairs in future financial years.

Significant changes in the state of affairs

Cash reserves increased significantly during the half year to \$5.2 million largely due to Planet realising a large portion of its share investment in Frankfurt-listed Deutsche Rohstoff AG. As at 31 December 2011, Planet held \$1.2 million worth of Deutsche Rohstoff shares. This means that the Company's cash and equity investments total \$6.4 million, equivalent to 10.7 cents per share based on Planet's current fully paid issued capital of 59.7 million shares.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Planet Metals Limited
Directors' report
31 December 2011

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'D K Barwick', is written over a horizontal line.

D K Barwick
Chairman

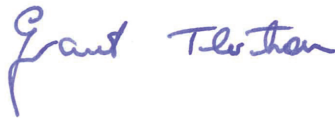
13 February 2012
Brisbane

AUDITOR'S INDEPENDENCE DECLARATION**TO THE DIRECTORS OF PLANET METALS LIMITED**

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In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Planet Metals Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been:

- 1 No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- 2 No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



D J Carroll
Director - Audit & Assurance

Brisbane, Dated 13 February 2012

Planet Metals Limited
Financial report
For the half-year ended 31 December 2011

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General information

The financial report covers Planet Metals Limited as a consolidated entity consisting of Planet Metals Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Planet Metals Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Planet Metals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

71 Lytton Road
East Brisbane
QLD 4169

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 13 February 2012. The directors have the power to amend and reissue the financial report.

Planet Metals Limited
Statement of comprehensive income
For the half-year ended 31 December 2011

		Consolidated	
		31	31
		December	December
	Note	2011	2010
		\$	\$
Revenue		131,437	-
Other income	3	153,074	486,707
Expenses			
Employee benefits expense		(315,723)	(181,703)
Exploration and evaluation expenditure written off		(232,201)	-
Depreciation and amortisation expense		(3,147)	(16,308)
Impairment of deferred sales proceeds - Wolfram Camp Mining Pty Ltd		(611,260)	-
Administration expenses		<u>(218,810)</u>	<u>(210,275)</u>
Profit/(loss) before income tax expense		(1,096,630)	78,421
Income tax expense		<u>-</u>	<u>-</u>
Profit/(loss) after income tax expense for the half-year attributable to the owners of Planet Metals Limited		(1,096,630)	78,421
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Planet Metals Limited		<u>(1,096,630)</u>	<u>78,421</u>
		Cents	Cents
Basic earnings per share		(1.836)	0.131
Diluted earnings per share		(1.836)	0.131

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Planet Metals Limited
Statement of financial position
As at 31 December 2011

Note	Consolidated	
	31 December 2011 \$	30 June 2011 \$
Assets		
Current assets		
	5,245,885	3,893,514
	19,379	3,506,834
4	1,168,075	-
	<u>6,433,339</u>	<u>7,400,348</u>
Non-current assets		
	1,219	4,366
	<u>1,841,302</u>	<u>1,793,657</u>
	<u>1,842,521</u>	<u>1,798,023</u>
Total assets	<u>8,275,860</u>	<u>9,198,371</u>
Liabilities		
Current liabilities		
	<u>100,597</u>	<u>92,315</u>
	<u>100,597</u>	<u>92,315</u>
Total liabilities	<u>100,597</u>	<u>92,315</u>
Net assets	<u>8,175,263</u>	<u>9,106,056</u>
Equity		
	49,349,433	49,349,433
	343,058	177,221
	<u>(41,517,228)</u>	<u>(40,420,598)</u>
Total equity	<u>8,175,263</u>	<u>9,106,056</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Planet Metals Limited
Statement of changes in equity
For the half-year ended 31 December 2011

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2010	49,349,433	156,371	(43,140,949)	6,364,855
Other comprehensive income for the half-year, net of tax	-	-	-	-
Profit after income tax expense for the half-year	-	-	78,421	78,421
Total comprehensive income for the half-year	-	-	78,421	78,421
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	10,200	-	10,200
Balance at 31 December 2010	49,349,433	166,571	(43,062,528)	6,453,476
	Contributed equity \$	Reserves \$	Accumulated losses \$	Total equity \$
Consolidated				
Balance at 1 July 2011	49,349,433	177,221	(40,420,598)	9,106,056
Other comprehensive income for the half-year, net of tax	-	-	-	-
Loss after income tax expense for the half-year	-	-	(1,096,630)	(1,096,630)
Total comprehensive income for the half-year	-	-	(1,096,630)	(1,096,630)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	165,837	-	165,837
Balance at 31 December 2011	49,349,433	343,058	(41,517,228)	8,175,263

The above statement of changes in equity should be read in conjunction with the accompanying notes

Planet Metals Limited
Statement of cash flows
For the half-year ended 31 December 2011

	Consolidated	
	31	31
	December	December
	2011	2010
	\$	\$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	495	516,820
Payments to suppliers and employees (inclusive of GST)	(373,527)	(391,907)
Interest received	123,559	24,419
	<u> </u>	<u> </u>
Net cash from/(used in) operating activities	(249,473)	149,332
	<u> </u>	<u> </u>
Cash flows from investing activities		
Payments for exploration and evaluation	(271,390)	(479,992)
Proceeds from sale of investments	1,873,234	-
	<u> </u>	<u> </u>
Net cash from/(used in) investing activities	1,601,844	(479,992)
	<u> </u>	<u> </u>
Cash flows from financing activities		
	<u> </u>	<u> </u>
Net cash from financing activities	-	-
	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	1,352,371	(330,660)
Cash and cash equivalents at the beginning of the financial half-year	3,893,514	1,236,371
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year	5,245,885	905,711
	<u> </u>	<u> </u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The consolidated entity has applied Interpretation 19 from 1 January 2011. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

Note 1. Significant accounting policies (continued)

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues

The consolidated entity has applied AASB 2009-10 from 1 January 2011. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provided relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-3 amendments from 1 January 2011. The amendments resulted in some accounting changes for presentation, recognition or measurement purposes, whilst some amendments related to terminology and editorial changes had no or minimal effect on accounting. The main changes were:

AASB 127 'Consolidated and Separate Financial Statements' and AASB '3 Business Combinations' – the amendments clarified that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not to be restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; and required an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-4 amendments from 1 January 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards

The consolidated entity has applied AASB 2010-5 amendments from 1 January 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 124 Related Party Disclosures (December 2009)

The consolidated entity has applied AASB 124 (revised) from 1 January 2011. The revised standard simplified the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. A subsidiary and an associate with the same investor are related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the consolidated entity to maintain continuity of normal business activities, to pay its debts as and when they fall due and to recover the carrying value of exploration and evaluation expenditure is dependent on the ability of the consolidated entity to successfully raise capital and/or successful exploration and subsequent exploitation of areas of interest through sale or development.

Planet Metals Limited
Notes to the financial
statements 31 December 2011

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity has determined its operating segments based on the internal reports that are reviewed and used by both management and the Board of Directors in assessing performance and allocation of resources. As the consolidated entity is still in the exploration phase, the chief operating decision makers review the operations as a whole and therefore consider one segment to be appropriate.

Note 3. Other income

	Consolidated	
	31	31
	December	December
	2011	2010
	\$	\$
Net gain on financial assets classified as held for trading	152,570	-
Option fee	-	460,000
Other income	504	26,707
	<u>153,074</u>	<u>486,707</u>
Other income	<u>153,074</u>	<u>486,707</u>

Note 4. Current assets - financial assets at fair value through profit or loss

	Consolidated	
	31	
	December	30 June
	2011	2011
	\$	\$
Ordinary shares - held for trading	<u>1,168,075</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current financial half-year are set out below:		
Opening fair value	-	-
Additions	2,888,740	-
Disposals	(1,859,324)	-
Mark to market adjustment	138,659	-
	<u>1,168,075</u>	<u>-</u>
Closing fair value	<u>1,168,075</u>	<u>-</u>

Ordinary shares - held for trading

The ordinary shares held for trading consist of 64,322 shares in Deutsche Rohstoff AG (a company listed on the Frankfurt Stock Exchange). Deutsche Rohstoff issued 180,500 of its own shares to Planet Metals Limited on 1 September 2011 as part consideration for the purchase of the Wolfram Camp project. The Wolfram Camp project was sold to Deutsche Rohstoff AG in May 2011 for a total consideration of \$7m, comprising an initial \$3.5m in cash and the balance of \$3.5m payable via a deferred settlement arrangement. The shares issued to Planet Metals Limited on 1 September 2011 were valued at \$2,888,740 resulting in the receivable being impaired by \$611,260. During the half-year Planet Metals Limited sold 116,178 shares in Deutsche Rohstoff for a total consideration of \$1,873,234.

Planet Metals Limited
Notes to the financial
statements 31 December 2011

Note 5. Events after the reporting period

Planet Metals Limited has received all assays from the recent drill program at the Torchlight gold prospect (near Georgetown in North Queensland). No significant results were received from this scout program and the company will now review its farm-in agreement with Callabonna as to its future development.

No other matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 6. Share-based payments

There were no share options exercised or forfeited during the current half year. The company granted 1,000,000 options to the CEO on 31 August 2011 and 4,000,000 options to Directors (excluding the CEO) and the CFO/Company Secretary on 11 November 2011.

For the options granted during the current half year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
08/08/2011	31/08/2013	\$0.080	\$0.110	100.33%	0.00%	3.77%	\$0.0380
08/08/2011	31/08/2013	\$0.080	\$0.125	100.33%	0.00%	3.77%	\$0.0350
11/11/2011	11/11/2013	\$0.083	\$0.110	85.86%	0.00%	3.52%	\$0.0330
11/11/2011	11/11/2013	\$0.083	\$0.125	85.86%	0.00%	3.52%	\$0.0310

The following share-based payment arrangements were in existence during the current financial half-year:

Options series	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date \$
1 CEO options	500,000	01/03/2010	01/03/2013	0.100	0.0390
2 CEO options	250,000	01/03/2010	01/03/2013	0.125	0.0330
3 CEO options	750,000	01/03/2010	01/03/2013	0.150	0.0290
4 CEO options	500,000	08/08/2011	31/08/2013	0.110	0.0380
5 CEO options	500,000	08/08/2011	31/08/2013	0.125	0.0350
6 Directors (excluding the CEO) and CFO	2,000,000	11/11/2011	11/11/2013	0.110	0.0330
7 Directors (excluding the CEO) and CFO	2,000,000	11/11/2011	11/11/2013	0.125	0.0310

Planet Metals Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



D K Barwick
Chairman

13 February 2012
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF PLANET METALS LIMITED**

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We have reviewed the accompanying half-year financial report of Planet Metals Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Planet Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of Planet Metals Limited for the half-year ended 31 December 2011 included on Planet Metals Limited's web site. The Company's directors are responsible for the integrity of Planet Metals Limited's web site. We have not been engaged to report on the integrity of Planet Metals Limited's web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Planet Metals Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

D J Carroll
Director - Audit & Assurance

Brisbane, Dated 13 February 2012