PLANET METALS LIMITED

ASX RELEASE

27 July 2010

ASX Code: PMQ

Quarterly Activities Report to 30 June 2010

KEY POINTS / HIGHLIGHTS

Wolfram Camp Tungsten-Molybdenum Mine (PMQ 85%)

Located approx. 90km west of Cairns, Qld

- **On 21 June 2010, Planet Metals Ltd entered into a binding Heads of Agreement ("HOA") – Option to Purchase with Tropical Metals Pty Ltd ("Tropical Metals") to sell its 100% owned subsidiary, Wolfram Camp Mining Pty Ltd ("WCMPL") for a cash sale price of $8 million. WCMPL is the holding company for all assets associated with the Wolfram Camp tungsten-molybdenum project. The HOA is subject to conditions including satisfactory due diligence by Tropical Metals. Initial due diligence is expected to be completed by late August.**

- **On 10 May 2010, the Company released a revised independent resource estimate of 1.42 million tonnes at 0.60% WO_3 and 0.12% Mo. This estimate was prepared by Golder Associates Pty Ltd and represented a 50 per cent increase in tonnage and 45% increase in grade compared with previous internal resource estimates. The significant boost in resources was the direct result of a combination of factors, including the assessment of drill results from Planet Metals' 200 hole (4,840m) drill program completed between late 2009 and early 2010 and the Company taking a more holistic view of the project's resource potential.**

Mount Cannindah Copper-Gold Project (PMQ 100%)

Located approx. 100km south of Gladstone, Qld

- **A significant amount of work has been undertaken to compile and analyse all available historical exploration data relating to the project's 6km^2 of granted Mining Leases. This includes drill data relating to the calculation of the existing total Resource of 7.43 million tonnes at 0.97% copper and 0.38g/t gold, of which 5.57 million tonnes at 0.95% copper and 0.41g/t gold are in the Measured Resource category and 1.86 million tonnes at 1.01% copper and 0.30g/t gold are in the Inferred Resource category.**

- **Geological interpretation of key targets within this large gold bearing porphyry copper system reveal similarities to the style of mineralisation at Newcrest's Cadia and Ridgeway Cu-Au deposits (NSW).**

- **Site visits to finalise drill hole locations have been completed with drilling expected to commence in early-mid August. This program will comprise 2 deep RC/diamond holes to test the down-dip potential of the existing resource base (presently open at depth) and up to 5 RC holes at the Appletree copper-gold prospect, less than 3km from the main resource at the Mount Cannindah mine.**

Bamford Hill Tungsten-Molybdenum-Tin-Gold-Silver Project (PMQ earning 85%)

Located approx. 35km south-west of Wolfram Camp

- **Following the completion of data compilation and mapping earlier in the year, a surface exploration program was completed during the quarter. Some higher tungsten values were recorded at the southern end of the surveyed area with three tungsten highs occurring on the same north-west to south-east striking structure. Also, selected rock chip samples were collected in the same area, producing mixed results however some encouraging silver assays were recorded, including 143g/t, 99g/t and 50g/t Ag.**

71 Lytton Road (Cnr Stafford St), East Brisbane Qld 4169
GPO Box 122, Brisbane Qld 4001
T 61 7 3249 3080 F 61 7 3249 3081 ABN 35 108 146 694

Wolfram Camp Tungsten-Molybdenum Mine (PMQ 85%)

Heads of Agreement for Sale of Project

Planet Metals Ltd has entered into a binding Heads of Agreement ("HOA") – Option to Purchase with Tropical Metals Pty Ltd ("Tropical Metals") to sell its 100% owned subsidiary, Wolfram Camp Mining Pty Ltd ("WCMPL") for a cash sale price of $8 million. The HOA is subject to conditions including satisfactory due diligence by Tropical Metals and all regulatory and shareholder approvals obtained.

WCMPL is the holding company for all assets associated with the Wolfram Camp tungsten-molybdenum project, located west of Cairns (Qld). These assets comprise:

- 150,000tpa commercial scale processing plant – purpose built in 2008 and currently on care and maintenance
- Spares and equipment related to the plant and mine site
- Total resource estimate of 1.42Mt @ 0.60% WO_3 and 0.12% Mo within granted mining leases (MLs 4935, 5117, 20486, 20534)
- $899,390 in financial assurance held as security by DEEDI (Qld Mines Dept)
- Numerous exploration permits (EPMs 8884, 16050, 16395 and EPMAs 18253, 18254)
- Farm-in agreement (earn up to 85%) on EPM 14028 (Bamford Hill) with Tropical Metals – recently subject of a field exploration program and further discussed later in this report
- All documentation and intellectual property associated with, but not limited to, resource estimates, mining studies, processing plant commissioning and product marketing

Key terms relating to the purchase of the project include:

- Initial non-refundable deposit of $40,000 paid at the time of signing the HOA on 18 June 2010. Tropical Metals will have 70 days from the date of signing the HOA to carry out its due diligence (Initial Due Diligence Period).
- If Tropical Metals, at the end of the Initial Due Diligence Period, requires further time to carry out further due diligence, it may by written notice to Planet Metals and on payment of a further non-refundable deposit of $360,000, undertake further due diligence for a further 33 days.
- The balance of consideration, being $7,600,000, is payable on completion.

Tropical Metals is a Brisbane-based private resource company which has a significant historical association with the Wolfram Camp project. Tropical Metals previously held the Wolfram Camp project area before farming out an 85% interest to Queensland Ores Ltd (now known as Planet Metals Ltd) in 2004. At present, Tropical Metals remains in joint venture with Planet Metals, maintaining a minority 15% stake. Tropical Metals is working with other parties who will provide third party financial support in the transaction.

The Company considers Tropical Metals' cash offer to be fair and reasonable in the current market and views this transaction as the most timely means for the mine to ultimately resume production. Subject to completion of this transaction, Planet Metals would be in a very strong financial position to progress its 100% owned Mount Cannindah copper-gold project.

Wolfram Camp's existing 150,000tpa processing plant

Resource Increase

A revised independent resource estimate prepared by Golder Associates Pty Ltd has led to a 50 per cent increase in tonnage and 45% increase in grade compared with previous internal resource estimates. Total Indicated and Inferred Resources now stand at 1.42 million tonnes at 0.60% WO_3 and 0.12% Mo.

The significant boost in resources was the direct result of a combination of factors. These include the assessment of drill results from Planet Metals' 200 hole (4,840m) drill program completed in late 2009 / early 2010 and the Company taking a more holistic view of the project's resource potential. For example, the revised resource figure is based on the depth of drilling (500RL) whereas the July 2007 resource was only down to the proposed pit base (540RL).

This resource was derived from block model estimates for a tungsten equivalent (W Eq) cut-off grade of 0.25% and is outlined in the below table:

Resource Classification	Tonnage (Mt)	WO_3 (%)	Mo (%)
Indicated	0.78	0.56	0.13
Inferred	0.64	0.65	0.11
Total Resource	1.42	0.60	0.12

In comparison, the previous July 2007 Resource, based on a 0.10% WO_3 equivalent cut-off, comprised a total resource of 0.95 million tonnes at 0.41% WO_3 and 0.11% Mo, comprising 0.60 million tonnes at 0.42% WO_3 and 0.10% Mo in the Measured category, 0.11 million tonnes at 0.41% WO_3 and 0.10% Mo in the Indicated category and 0.24 million tonnes at 0.40% WO_3 and 0.12% Mo in the Inferred category, down to the 540RL.

The significant benefit associated with such a large boost to the overall resource base was tempered somewhat by a reduction in the resource categories. The reason there are no Measured Resources in the estimate is that additional data from the drilling and open pit indicates that the geological continuity of the mineralised zones down dip and along strike is less predictable than previously modelled. This is the direct result of the wolframite and molybdenite mineralisation being erratic and often concentrated in narrow high grade zones, rather than disseminated broadly throughout the ore.

The tungsten equivalence (W Eq = W + 2.23 x Mo) used for resource estimation was based on the following parameters and prices: $212/mtu or 10 kg $WO_{3;}$ $17/lb Mo; W = WO_3/1.2611; Mo = MoS_2/1.6681. The Resource estimate is based on an open pit mining scenario with a selective mining unit (SMU) of 3m by 3m by 1.5m and assumes high quality grade control practices.

Additional features and assumptions relating to the resource estimate are contained in the Company's ASX release dated 10 May 2010.

Other Activities

Investigations also continued on run of mine pre-concentration via X Ray Ore Sorting in order to enhance mill feed grade. Preliminary sample testwork has indicated that a feed grade upgrade factor of 250% is achievable, milling only approximately 45% of the pre-sorted tonnes (Run-of-Mine Ore).

General care and maintenance activities for the Wolfram Camp mine site continued throughout the quarter.

Mount Cannindah Copper-Gold Project (PMQ 100%)

A significant amount of work has been undertaken to compile and analyse all available historical exploration data relating to the project's 6km^2 of granted Mining Leases near Monto, south of Gladstone (Qld). This includes drill data relating to the calculation of the existing Total Measured and Inferred Resource of 7.43 million tonnes at 0.97% copper and 0.38g/t gold.

Mount Cannindah Mine Resource Inventory (March 2008)

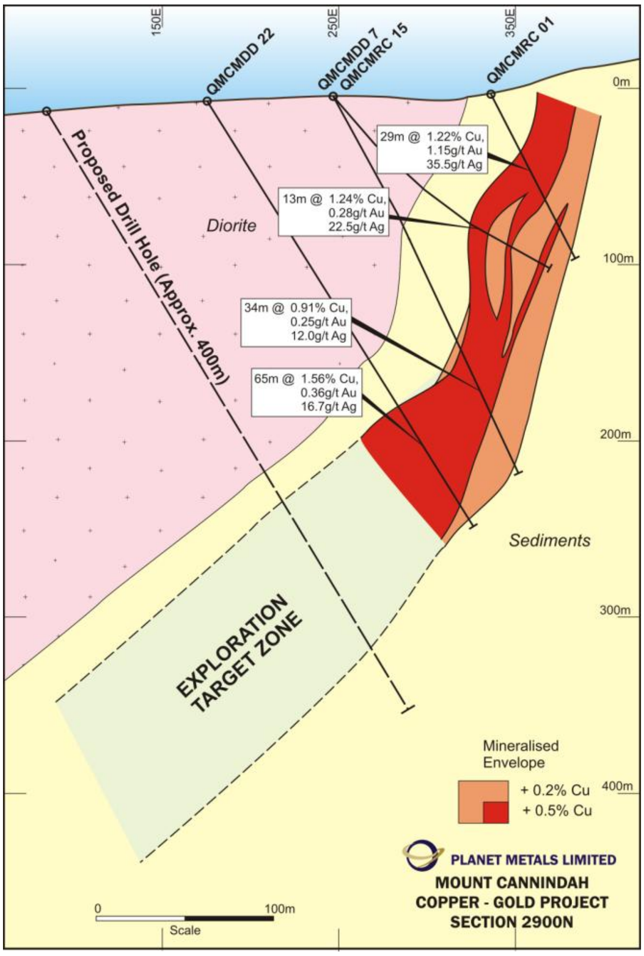
Category	**Million tonnes**	**Copper (%)**	**Gold (g/t)**
Measured	5.57	0.95	0.41
Inferred	1.86	1.01	0.30
Total	**7.43**	**0.97**	**0.38**

This JORC compliant resource estimate was undertaken by Golder Associates Pty Limited and is based on 25 diamond drill holes and 17 reverse circulation holes. Refer ASX release dated 31 March 2008.

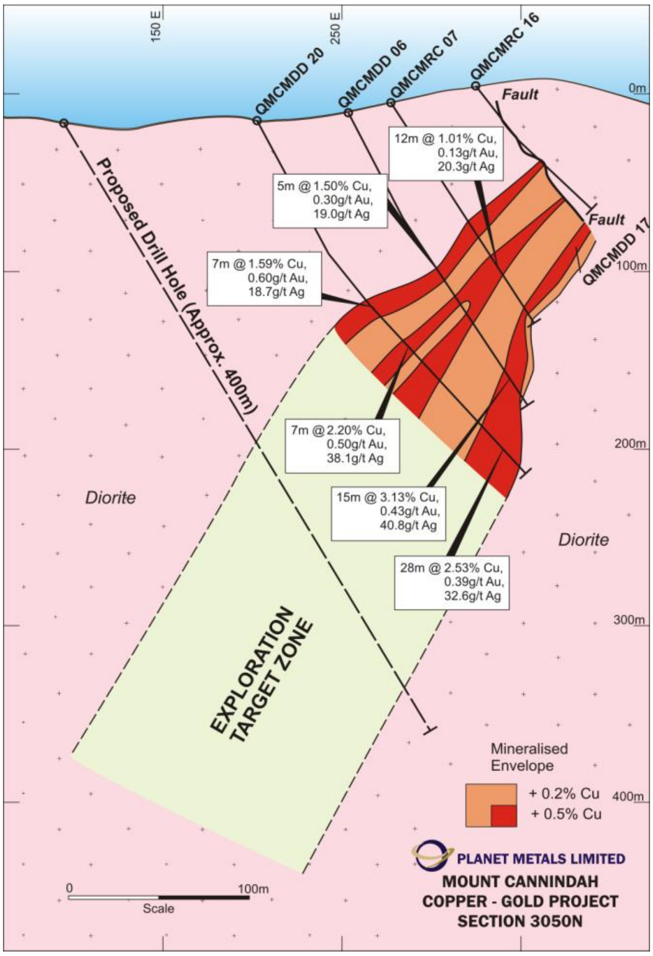
Geological interpretation of key targets within this large gold bearing porphyry copper system reveal similarities to the style of mineralisation at Newcrest's Cadia and Ridgeway Cu-Au deposits (NSW).

Site visits to finalise drill hole locations have been completed with the drill program expected to commence in early-mid August. This program will comprise 2 deep RC/diamond holes to test the down-dip potential of the existing resource base (presently open at depth) and up to 5 RC holes at the Appletree copper-gold prospect, less than 3km from the main resource outlined above. This will be the first drill program conducted at Mount Cannindah since the Company completed 42 holes in 2007/2008 to define the current resource.

Proposed deep drill hole A (refer below figure LHS) will be drilled 100m down-dip of a hole which contained an intercept assaying 65m at 1.56% copper, 0.36g/t gold and 16.7g/t silver from 200m. Proposed deep drill hole B (refer below figure RHS) will be drilled 150m further north of hole A. Hole B will be drilled 100m down-dip of a hole which contained a 119m mineralised intercept including 28m at 2.53% copper, 0.39g/t gold and 32.6g/t silver (from 210m – 238m).



Cross-section 2900N showing proposed drill hole A



Cross-section 3050N showing proposed drill hole B

Appletree Cu-Au Prospect

Up to 5 RC holes are planned at the Appletree copper-gold prospect located in the south-east corner of the Company's granted mining leases. Appletree is an excluded EPM (PMQ 100%) within the MLs and is only approximately 200m x 100m in area. Historical workings exist but in comparison to the rest of the ML, very little exploration data is available and it appears only limited shallow percussion drilling has been undertaken in the past. Historical records indicate grades of +1% Cu near surface are achievable.

The drilling of carboniferous sediments and outcropping magnetite rich skarns at Appletree will test significant geochemical and geophysical anomalies on the south-eastern flank of the Monument Intrusive. Appletree potentially hosts shallow stacked skarns and copper-gold mineralisation within the Monument Intrusive proper.

Bamford Hill Tungsten-Molybdenum-Tin-Gold-Silver Project (PMQ earning up to 85%)

The Bamford Hill EPM, approx. 35km south-west of the Company's Wolfram Camp project, covers a number of historical mines and prospects, including, but not limited to, the Bamford Hill tungsten-molybdenum mine, Tommy Burns tungsten-tin mine and Koorboora tinfields. Based on data and geological concepts, the key exploration targets are tungsten-molybdenum resources for a possible feed source for the Wolfram Camp processing plant and Kidston-style mineral deposits. There is widespread multi-metal mineralisation throughout the project area and a defined and structured exploration program is required for optimal results.

Compilation and mapping of historical data was completed earlier this year resulting in the identification of key target zones which were the subject of exploration fieldwork during the quarter. A ground XRF soil survey was completed over the south-east corner of the EPM to cover the contact zone between granites and Hodgkinson Formation sediments. A Niton XLT was used for the program with readings taken along east-west lines at 50m intervals, with each line 100m apart.

Descriptive statistics were recorded on copper, lead, zinc, arsenic and tungsten to determine different levels of anomalism in an attempt to identify the most prospective areas. Results from the soil survey were spotty with no real distinct trends, but did highlight specific areas of interest. Some higher tungsten values were recorded at the southern end of the surveyed area with three tungsten highs occurring on the same north-west to south-east striking structure. One of these highs is associated with the historical Lucky Spot tungsten mine. This warrants follow-up in the future.

A limited rock chip sampling program was also undertaken in the same area with the aim being to assess the potential for gold mineralisation in the area. Selective samples were taken from existing workings and spoil heaps. Gold assays weren't encouraging but some prospective silver assays were recorded, including 143g/t, 99g/t and 50g/t Ag.

CORPORATE

The Company remains active in reviewing additional opportunities as they arise and also continues to discuss various growth options regarding its projects with potential partners.

As at 30 June 2010, the Company's cash position was approximately $1.24 million.

Proposed Activities for the September Quarter

- Finalise Heads of Agreement and completion of sale of Wolfram Camp Mining Pty Ltd
- Normal care and maintenance activities at Wolfram Camp will continue
- Completion of a 2-hole deep drill program targeting down dip extensions at the Mount Cannindah mine Cu-Au resource and potential for higher grade "feeder zones"
- Completion of up to 5 RC drill holes at the Appletree Cu-Au prospect
- Review of Mount Cannindah's regional copper-gold-base metal prospectivity
- Assessment of additional resource development opportunities as they arise

For further information, please contact:

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

Competent Persons Statement

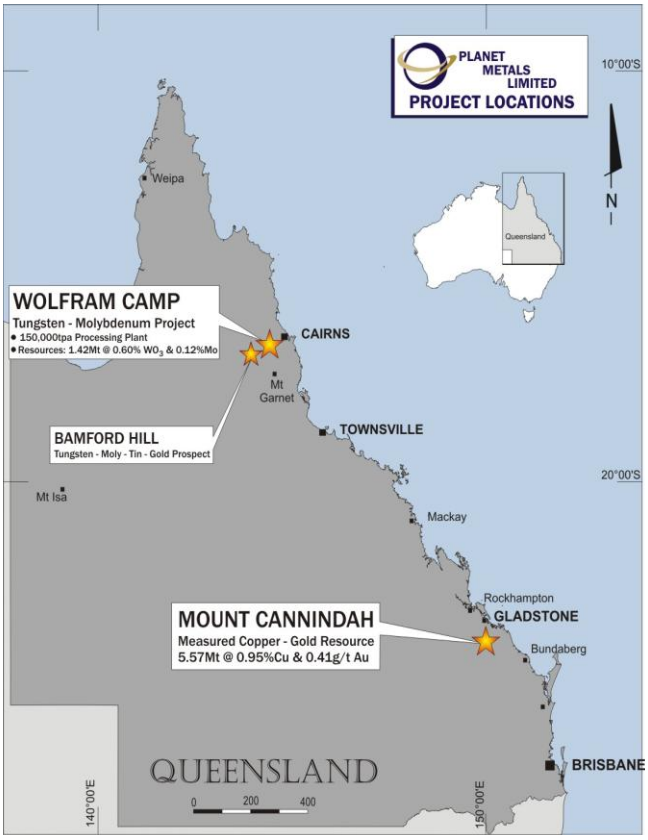
The Wolfram Camp Resource estimate is based upon and accurately reflects data compiled or supervised by Dr Andrew Richmond, Principal Geostatistician, who is a Member of the Australasian Institute of Mining and Metallurgy and a full time employee of Golder Associates Pty Ltd. Dr Richmond has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr. Richmond consents to the inclusion of this information in the form and context in which it appears in this report.

Technical information contained in this report relating to the Mount Cannindah project has been compiled and/or supervised by Mr Andrew Border and Dr Andrew Richmond, both of whom are members of the Australian Institute of Mining and Metallurgy (AusIMM). Dr Richmond, a full time employee of Golder Associates Pty Ltd was responsible for the resource block model and estimation. Mr Border was a full time employee of Planet Metals Limited and was responsible for all other aspects of the mineral resource estimate. Both Mr Border and Dr Richmond have sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Border and Dr Richmond consent 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 mining development and exploration company, with a focus on tungsten, molybdenum, copper and gold. Key operations include the Wolfram Camp tungsten-molybdenum project (85% owned) and the Mount Cannindah copper-gold project (100% owned) – both located in Queensland. The Company's major shareholder is Metallica Minerals (ASX Code: MLM) with a 76% shareholding. As at the date of this release, Planet Metals has 59.7 million shares on issue as well as 1.5 million unlisted options. The Company had approximately $1.24 million cash on hand as at 30 June 2010.

Wolfram Camp's existing 150,000tpa processing plant



Project Location Map