



METALLICA MINERALS LIMITED

Subsidiary Companies

NORNICO Pty Ltd ACN 065 384 045 | Oresome Australia Pty Ltd ACN 071 762 484 | Greenvale Operations Pty Ltd ACN 139 136 708
Lucky Break Operations Pty Ltd ACN 126 272 580 | Scandium Pty Ltd ACN 138 608 894 | Phoenix Lime Pty Ltd ACN 096 355 761

ABN: 45 076 696 092

ASX RELEASE

22 June 2012

PLANET METAL LIMITED (ASX-PMQ)

Capital Return to Shareholders

Metallica Minerals Limited (ASX-MLM) is pleased to advise that its 37.0% owned associate, Planet Metals Limited, has announced that a General Meeting of its shareholders will be held on 25 July 2012 to consider a capital return to shareholders of 6.5 cents per share. Metallica Minerals holds 22,069,619 shares in Planet Metals and would receive gross proceeds of approximately \$1.43 million if the recommended capital return to shareholders is approved and completed.

Today's Planet Metals Limited ASX release is attached.

For further information:

Andrew Gillies

Managing Director

Metallica Minerals Limited

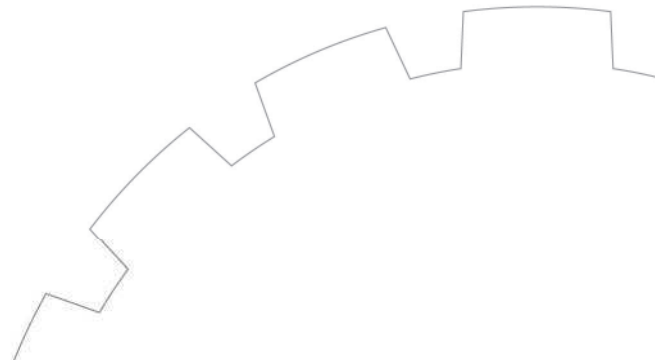
(07) 3249 3000

John Haley

Director/CFO

Metallica Minerals Limited

(07) 3249 3000





22 June 2012

Dear Shareholder

Correction to Notice of General Meeting

Further to the Notice of Meeting mailed to all shareholders earlier today, please note a correction to clause 11(b) in the Explanatory Statement. This relates to one of the advantages of the return of capital of 6.5 cents per share. All other components of the Notice of Meeting and Explanatory Statement remain the same.

The clause should now read:

11. (b) Return per Share as a proportion of a shareholder's cost base

A vast majority of the Company's Shares on issue are held by Shareholders whose cost base is less than 10 cents per share. Thence, a 6.5 cent return on capital represents at least 65% of this associated cost base with Shareholders still retaining their Shareholding in the Company.

Yours sincerely

A handwritten signature in black ink, appearing to read "John Haley", is written in a cursive style.

John Haley
Company Secretary
Planet Metals Limited
Ph: 07 3249 3080



**PLANET
METALS
LIMITED**

22 June 2012

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of Planet Metals Limited ACN 108 146 694 (**Planet Metals** or **Company**) will be held at the offices of HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane on Wednesday 25 July 2012, commencing at 10am.

AGENDA

The agenda for the meeting is as follows:

- A. Opening of meeting
- B. Approval of a return of capital of 6.5 cents per Share to shareholders of Planet Metals
- C. Other business
- D. Close of meeting

The Explanatory Statement and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

ORDINARY BUSINESS

Resolution – Approval of return of capital

To consider and, if thought fit, pass the following Resolution, without amendment:

“That, in accordance with Section 256B(1) of the Corporations Act 2001 (Cth) and for all other purposes, approval be granted for Planet Metals to reduce its issued share capital by the Capital Reduction Amount and that reduction be effected and satisfied by the payment to the holders of Shares on the Record Date of the Return Per Share (being 6.5 cents) for each Share held by them on the Record Date and otherwise on the terms and conditions set out in the Explanatory Statement to this Notice.”

| |
|---|
| Terms used in this Notice of Meeting are defined in the Explanatory Statement which accompanies this Notice of Meeting. |
|---|



**BY ORDER OF THE BOARD
JOHN KEVIN HALEY
COMPANY SECRETARY**

EXPLANATORY STATEMENT

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 General Meeting of shareholders to be held at the offices of HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane on Wednesday 25 July 2012, commencing at 10am.

INTRODUCTION

The Notice of Meeting, which is also enclosed, sets out details concerning the Resolution to be put to shareholders.

ORDINARY BUSINESS

Resolution: Approval of return of capital

1. Introduction

Shareholders are being asked to consider a resolution authorising the Company to reduce its capital by returning to each Shareholder the Return Per Share, being 6.5 cents. The aggregate amount returned by the Company will be the Capital Reduction Amount.

The date for determining which Shareholders are entitled to participate in the return of capital is the Record Date.

The terms of the reduction are the same for each Shareholder.

For the purposes of the Corporations Act, the proposed return of capital is an "equal" reduction of capital which requires the approval of Shareholders by ordinary resolution in general meeting. Accordingly, for the return of capital to proceed, a majority of votes must be cast in favour of the Resolution.

In order to assist the Shareholder in making a decision whether to approve the Resolution set out in the Notice, the Company has considered the advantages and disadvantages of the proposed return of capital. These are set out in Sections 11 and 12 of this Explanatory Statement.

2. Reasons for the return of capital

The primary purpose of a return of capital would be to distribute part of Planet's capital to Shareholders following the sale in 2011 of the Company's interest in the Wolfram Camp Project.

A capital return was first proposed to Shareholders in the Notice of Annual General Meeting sent to shareholders on 21 September 2010 and lodged with the ASX on the same date. This initial proposed capital return was subject to the completion of the sale of the Company's interest in the Wolfram Camp Tungsten Project. This sale was subsequently terminated in November 2010 and the capital return did not proceed.

Subsequently, on 10 May 2011, the Company successfully completed the sale of its interest in the Wolfram Camp Tungsten Project to Deutsche Rohstoff AG. The sale proceeds comprised a cash amount as well as shares in Frankfurt-listed Deutsche Rohstoff AG. The share component of this sale was subject to certain escrow conditions, resulting in Planet gradually exiting its

holding over the course of an 8 month period ending May 2012. These sales resulted in a significant boost to the Company's cash reserves.

After extensive investigations into possible project acquisitions over the last 8 months, the Company has been unable to find a project that satisfied the Company's strict internal project valuation criteria. As a result, the Board has decided it is timely to again give Shareholders the opportunity to vote on whether they would like to participate in an equal return of capital to Shareholders. If the return of capital is approved, this will give all Shareholders the opportunity to realise some of their investment while maintaining their shareholding in the Company. Following the completion of the return of capital the Company will have sufficient working capital to meet all obligations in the immediate future such as the Company's approved work programs.

Once the return of capital has been completed the Company's cash reserves will be reduced, however the Company will continue to explore business opportunities as they arise. In order to fund the Company's operations after the capital return, the Company anticipates that it will conduct a capital raising within 12 months of the completion of the capital return. While the details and structure of the capital raising is yet to be determined by the Board, the Company expects that such a capital raising will allow all Shareholders to participate for example by way of a share purchase plan or a pro-rata issue to Shareholders (which may, as determined by the Board, be in addition to any placement to sophisticated or professional investors). Such future capital raising will allow Shareholders who wish to acquire further Shares in the Company to reinvest funds received under the return of capital. Please note that having raised further funds following the capital return, it is possible that the Company may need to raise additional funds in order develop a project or to acquire any assets identified by the Board as meeting its investment criteria.

Shareholders should be aware that there are advantages and disadvantages to the proposed return of capital such as reduction in the Company's cash reserves which may impact on the Company's ability to make business investment decisions without further funding. Please refer to the key advantages and disadvantages which are set out in Sections 11 and 12. Shareholders should carefully read this Explanatory Statement in full and if necessary take advice from their professional advisers before deciding on how to vote in respect of the Resolution.

The pro forma statement of financial position at 15 June 2012 is set out below.

3. Entitlement to participate

All Shareholders who hold Shares at 7pm Brisbane time on the Record Date will be entitled to participate in the return of capital.

4. Return of capital to Shareholders

Each Shareholder who is entitled to participate in the return of capital will receive the Return per Share for each Share held by the Shareholder as at the Record Date.

The basic terms of the proposed return of capital to Shareholders is set out below:

| Item | Details |
|----------------------|---|
| (a) Return per Share | The Return per Share will be 6.5 cents per Share held on the Record Date. |
| (b) Record Date | 7pm (Eastern Standard Time) on Thursday 2 August 2012. See timetable in Section 5 for other critical dates. |

| Item | | Details |
|------|--|---|
| (c) | All Shareholders entitled | The return of capital will be an equal return of capital. Accordingly, all Shareholders registered on the Record Date will be entitled to participate. Eligible Shareholders will participate on the same terms. |
| (d) | Total number of Shares on issue | The Company has 59,717,114 shares on issue and quoted on the ASX. |
| (e) | Total amount payable under the return of capital | Based on the total number of Shares currently on issue and assuming no further Shares are issued prior to the Record Date, the total amount to be paid to the Shareholders under the return of capital will be \$3,881,612. |
| (f) | Any dilutionary effect | There will be no dilutionary effect on Shareholders as a result of the return of capital. Shareholders will receive from the Company the total amount they will be entitled to depending on their total shareholding on the Record Date. The return of capital will not have any impact on the number of shares held by each Shareholder, a Shareholder will hold the same number of Shares before and after the return of capital. |
| (g) | Impact of return of capital | The impact of the return of capital will be a reduction in the cash reserves of the Company (see Section 7 for further details). Rights attaching to Shares in the Company will not be affected by the return of capital. |

5. Timetable for return of capital

Set out below is an indicative timetable for the return of capital. These indicative dates are subject to change.

| Event | Date |
|--|---|
| Meeting of Shareholders | Wednesday 25 July 2012 |
| Trading in Shares on an "ex return of capital" basis | Friday 27 July 2012 |
| Record date | 7pm (Eastern Standard Time) on Thursday 2 August 2012 |
| Anticipated date of distribution of Capital Reduction Amount | Thursday 9 August 2012 |

6. Trading in Shares

Shares will trade on an "ex return of capital" basis on Friday 27 July 2012 which is the second business day after the Company's Shareholders approve the return of capital at the general meeting.

7. Effect of return of capital

7.1 Effect on creditors

The return of capital involves a reduction in the Company's paid-up share capital (contributed equity). However, in the opinion of the Board, this will not materially prejudice the Company's ability to pay its creditors, as the Company will have sufficient cash reserves to pay its creditors post return of capital.

7.2 Effect on Shareholders

The return of capital will have no effect on the number of Shares held by Shareholders or on their proportionate interests in the share capital of the Company. The Company has no partly paid shares on issue and no convertible securities (other than options) on issue.

For example, where the return of capital is approved, a Shareholder who holds 100,000 Shares on the Record Date will receive \$6,500 on completion of the return of capital and will retain their 100,000 Shares.

7.3 Effect on the options on issue

Listing Rule 7.22.3 provides that in a return of capital, the number of options must remain the same, and the exercise price of each option must be reduced by the same amount as the amount returned in relation to each ordinary security.

The Company currently has the following options on issue (**Existing Options**):

| Number of unlisted Options | Exercise Price | Expiry Date |
|-----------------------------------|-----------------------|--------------------|
| 500,000 | 10 cents | 01/03/13 |
| 250,000 | 12.5 cents | 01/03/13 |
| 750,000 | 15 cents | 01/03/13 |
| 500,000 | 11 cents | 31/08/13 |
| 500,000 | 12.5 cents | 31/08/13 |
| 2,000,000 | 11 cents | 07/11/13 |
| 2,000,000 | 12.5 cents | 07/11/13 |

In accordance with Listing Rule 7.22.3, the exercise price for each of the Existing Options on issue on the Record Date will be reduced by the same amount as the amount returned in relation to each ordinary security. Accordingly, each of the Existing Options on issue on the Record Date will be reduced by the Return per Share on the assumption that no Existing Options are exercised.

7.4 Effect on the Company's capital structure

The return of capital will have no effect on the total number of Shares or Existing Options on issue.

7.5 Effect on the Company's contributed equity

On completion of the return of capital, the contributed equity of the Company will be reduced by the Capital Reduction Amount. Details of the effect the return of capital will have on the net asset position of the Company is contained in the pro-forma balance sheet set out below.

7.6 Effect on the Company's financial position

The Company has cash reserves which are sufficient to fully fund the return of capital and to retain sufficient cash reserves for the immediate purposes of the Company. The Company does not believe that it will fully utilise the existing surplus cash reserves in the short term.

The return of capital will marginally reduce the profitability of the Company due to forgone interest income.

To illustrate the effect of the return of capital on the financial position of the Company, the Pro Forma Statement of Financial Position (unaudited) set out below has been based on the Company's unaudited financial statements at 15 June 2012.

Pro Forma Statement of Financial Position at 15 June 2012

| | Consolidated 15 June 2012 | Capital Return (incl. \$29,000 in corporate costs) | Post Capital Return |
|-----------------------------------|--------------------------------------|---|------------------------------------|
| | | | |
| CURRENT ASSETS | \$ | \$ | \$ |
| Cash assets | 5,983,090 | (3,910,612) | 2,072,478 |
| TOTAL CURRENT ASSETS | 5,983,090 | (3,910,612) | 2,072,478 |
| | | | |
| NON CURRENT ASSETS | | | |
| Exploration and Evaluation assets | 2,027,767 | - | 2,027,767 |
| TOTAL NON CURRENT ASSETS | 2,027,767 | - | 2,027,767 |
| | | | |
| TOTAL ASSETS | 8,010,857 | (3,910,612) | 4,100,245 |
| | | | |
| CURRENT LIABILITIES | | | |
| Payables | 30,018 | - | 30,018 |
| Provisions | 42,046 | - | 42,046 |
| TOTAL CURRENT LIABILITIES | 72,064 | - | 72,064 |
| | | | |
| TOTAL LIABILITIES | 72,064 | - | 72,064 |
| | | | |
| NET ASSETS | 7,938,793 | (3,910,612) | 4,028,181 |
| | | | |
| EQUITY | | | |
| Contributed Equity | 49,889,542 | (3,881,612) | 46,007,930 |

| | | | |
|----------------------|------------------|--------------------|------------------|
| Equity Raising Costs | (540,109) | - | (540,109) |
| Reserves | 469,673 | - | 469,673 |
| Retained Earnings | (40,554,456) | - | (40,554,456) |
| Current Earnings | (1,325,857) | (29,000) | (1,354,857) |
| TOTAL EQUITY | 7,938,793 | (3,910,612) | 4,028,181 |

8. Tax consequences

The Company has not sought any class ruling from the ATO as to the tax implications of the return of capital to Shareholders. For specific taxation advice, Shareholders should consult their own taxation adviser so that their particular circumstances are taken into consideration.

9. Directors' interests

The Directors hold Shares and Options in the Company. Refer below table for their relevant interests.

| Director | Shares | Options |
|----------------|-----------|--|
| David Barwick | 150,000 | 500,000 options exercisable at 11 cents by 07/11/13 500,000 options exercisable at 12.5 cents by 07/11/13 |
| Andrew Gillies | 2,269,534 | 500,000 options exercisable at 11 cents by 07/11/13 500,000 options exercisable at 12.5 cents by 07/11/13 |
| Barry Kelly | 126,286 | 500,000 options exercisable at 11 cents by 07/11/13 500,000 options exercisable at 12.5 cents by 07/11/13 |

Accordingly, the Directors will be entitled to participate in the return of capital in accordance with number of Shares they hold in the Company on the Record Date. It should also be noted that Mr David Barwick and Mr Andrew Gillies are also Directors of Planet Metals' largest shareholder, Metallica Minerals Limited, which holds 22,069,619 (or about 37% of the) shares in the Company.

10. Approvals required to implement return of capital

The proposed return of capital by way of payment of cash to Shareholders is an equal reduction.

Under Section 256B of the Corporations Act, the Company may only reduce its capital if:

- (a) It is fair and reasonable to Shareholders as a whole;
- (b) It does not materially prejudice the Company's ability to pay its creditors; and
- (c) It is approved by Shareholders in accordance with Section 256C of the Corporations Act.

Section 256C of the Corporations Act requires that an equal reduction be approved by Shareholders by an ordinary resolution passed at a general meeting of the Company.

In relation to these requirements:

- (a) the Board considers the return of capital to Shareholders is fair to all Shareholders as it applies to all Shareholders equally and compares favourably with the Company's recent trading price on the ASX;

- (b) the Board considers that the return of capital will not have a material impact on the Company's ability to meet its creditor obligations, however following the completion of the return of capital the Company will consider its fundraising options as the reduction in its cash reserves (while it will not impact on the Company's ability to meet its creditor obligations) will mean that the Company will require further funds for its operations and to continue to explore business opportunities; and
- (c) the Resolution requires approval of Shareholders in accordance with section 256C of the Corporations Act. This Notice notifies Shareholders of the Meeting at which approval of the Resolution is being sought.

11. Advantages

(a) Return per Share

A 6.5 cent return of capital compares with the last PMQ share price (as at 18 June 2012) of 6.3c and 30 day VWAP (as at 18 June 2012) of 6.9 cents. Following the completion of the return of capital to Shareholders, the Company would continue to maintain its portfolio of projects with its assets comprising the following:

- (i) Approximately \$2million cash (equivalent to approximately 3 cents per Share cash backing);
- (ii) A minimum 25% interest in the Mount Cannindah copper-gold project, where the Company is currently free-carried;
- (iii) Mount Borium gold project; and
- (iv) Earn-in opportunity over the Casuarina Salt project.

The above assets would be held within a clean ASX-listed vehicle with an experienced Board and management team focused on shareholder returns.

(b) Return per Share as a proportion of a shareholder's cost base

A vast majority of the Company's Shareholders hold Shares which have a cost base of less than 10 cents. Thence, a majority of the Shareholders would be receiving a return equivalent to at least 65% of their cost base, whilst still maintaining their Shareholding in the Company.

(c) Current market

Given the current uncertain market conditions, the Company is giving all Shareholders the opportunity to vote on whether they would like a portion of their investment in the Company converted to cash by way of the proposed return of capital. The return of capital will not have any dilutionary effect on the number of Shares on issue in the Company or held by individual Shareholders on the Record Date.

(d) Cash reserves following return of capital

When discussing a Company's cash position, it is important to focus on cash burn relative to cash holding. Following the completion of the return of capital, the Company would have approximately \$2million in cash. The Company's budgeted average cash burn rate, including all exploration and administration costs, is approximately \$300,000 to \$350,000 per quarter. Following the completion of the

return of capital, the Company will have approximately 18 months of funding on hand, assuming there are no further capital raisings undertaken in the interim.

12. **Disadvantages**

(a) Reduction in cash reserves

The total dollar amount paid to shareholders as a result of the return of capital would equate to approximately \$3.9million. This means the Company's cash position would be reduced by approximately 65%, leaving the Company with approximately \$2million cash following the completion of the return of capital.

If the return of capital is approved, with a lower cash holding, the Company will have a reduced ability to negotiate on and acquire projects as opportunities arise. As a result of the capital return, and unless the Company can successfully raise further funds after the return of capital, it may be difficult for the Company to carry out its operations and to acquire further projects and assets if such opportunities arise.

(b) Potentially dilutionary effect of future capital raising

As a result of a lower cash balance, the Company may need to raise funds in the 12 month period following the capital return. Any future capital raising will have a dilutionary effect on existing shareholders.

13. **Intentions of the Board following return of capital**

Following the completion of the return of capital, the Board and Management of the Company will continue to explore business opportunities and other strategic options in order to add value to the Company. A number of short and long term corporate strategies have been discussed by the Board. Each strategy will be assessed on its individual merits following this General Meeting, with the Board implementing the strategies that it believes will be in the best interests of all Shareholders.

As indicated above, the Company anticipates that it will conduct a capital raising in the 12 months following the completion of the capital return in order to fund the Company's operations and to continue to explore business opportunities as they arise.

14. **Voting entitlements**

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 7.00pm (EST) on 23 July 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

15. **Other information**

There is no further information known to the Company that is material to the decision of Shareholders on how to vote on this resolution. If any Shareholder is in doubt as to how to vote on the resolutions or as to how the resolution may affect the Shareholder, he or she should seek advice from his or her accountant, solicitor or other professional adviser as soon as possible.

16. INTERPRETATION

ASIC means the Australian Securities and Investments Commission;

ASX means the ASX Limited;

ATO means the Australian Tax Office;

Capital Reduction Amount means \$3,881,612;

Company means Planet Metals Limited ACN 108 146 694;

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 from time to time;

Explanatory Statement means this explanatory statement accompanying this Notice;

General Meeting or Meeting means the general meeting of shareholders of the Company convened by the Directors and detailed in the Notice of meeting, or any adjournment thereof;

Listing Rules means the listing rules of the ASX;

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

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

Record Date means 7pm (Eastern Standard Time) on Thursday 2 August 2012;

Return per Share means 6.5 cents for each Share held on the Record Date;

Share means a fully paid ordinary share in the Company;

Shareholder means a holder of Shares in the Company;

Any inquiries in relation to the resolutions or the Explanatory Statement should be directed to Mr John Haley (Company Secretary):

GPO Box 122, Brisbane QLD 4001
Tel - +61 7 3249 3080
Fax -+61 7 3249 3081