

31 October 2007

The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

(13 pages by email)

Dear Madam

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
30 SEPTEMBER 2007**

1. QUARTERLY ACTIVITY SUMMARY

- Completion of West Esponda project extension program commenced with 8 wells drilled.
- West Esponda pilot production program dewatering continues.
- Termination of proposed Canadian joint venture and option arrangement due to adverse market conditions.
- Gas production (not yet commercial quantities) continuing to increase at East Esponda.
- Uranium company spin-off formation progressed.
- Applications open for Greenpower Energy Limited IPO, whose ASX listing will lead to the sale of the Company's Australian CBM projects.

2. POWDER RIVER BASIN, WYOMING, USA

The Powder River Basin encompasses approximately 67,000 square kilometres in the northern Rocky Mountains of the USA straddling the northeast of Wyoming and the southeast of Montana. The Powder River Basin is estimated to contain more than one trillion short tons (0.9 trillion tonnes) of coal with potential coal bed methane ('CBM') resources of over 25 trillion cubic feet. CBM production in the Powder River Basin has increased at a rapid rate since 1995 with current production steadily above 900 million cubic feet per day from over 10,000 producing wells.

2.1 WEST ESPONDA

The West Esponda project lies near the Powder River Basin's asymmetric structural axis, and is situated between the depositional centres of the stratigraphically higher Buffalo-Lake De Smet Coalfield to the west (Eocene Wasatch Formation) and the Gillette Coalfield (Paleocene Fort Union Formation) to the east. Thus, the more shallow Eocene-aged coals are being eroded to the east and south across the region and depositionally splitting with less ash content than its thickest member near Buffalo; and the Big George Coal, a part of the Gillette Coalfield, present at East Esponda is splitting towards the west.

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Geological mapping based on the Company 's previous West Esponda pilot program wells and stratigraphic bores in this area of the deep Powder River Basin estimates that between 20 to 45 metres of coal is present. This estimate is supported by results from the Company's stratigraphic drilling program which intersected gassy coal with cumulative intersections of up to 50 metres and an average of 35.4 metres, of which the Big George coal seam intervals were between 17 to 22 metres, thereby indicating that the Big George coal horizon can be extended 16 kilometres to the northwest with a total thickness correlative to that present in the western portions of the Company's East Esponda project.

The West Esponda project totals 11,582 net hectares (28,619 acres) and has the capacity for approximately 400 wells on the state mandated 32 hectare (80 acre) drill spacing units.

Development of the West Esponda project has begun in the northern portion of the West Esponda project where the Company's tenements have the capacity for approximately 106 contiguous or near contiguous well locations. To date, 10 wells have been completed in a pilot production program with an addition 8 production wells in an extension program having been drilled.

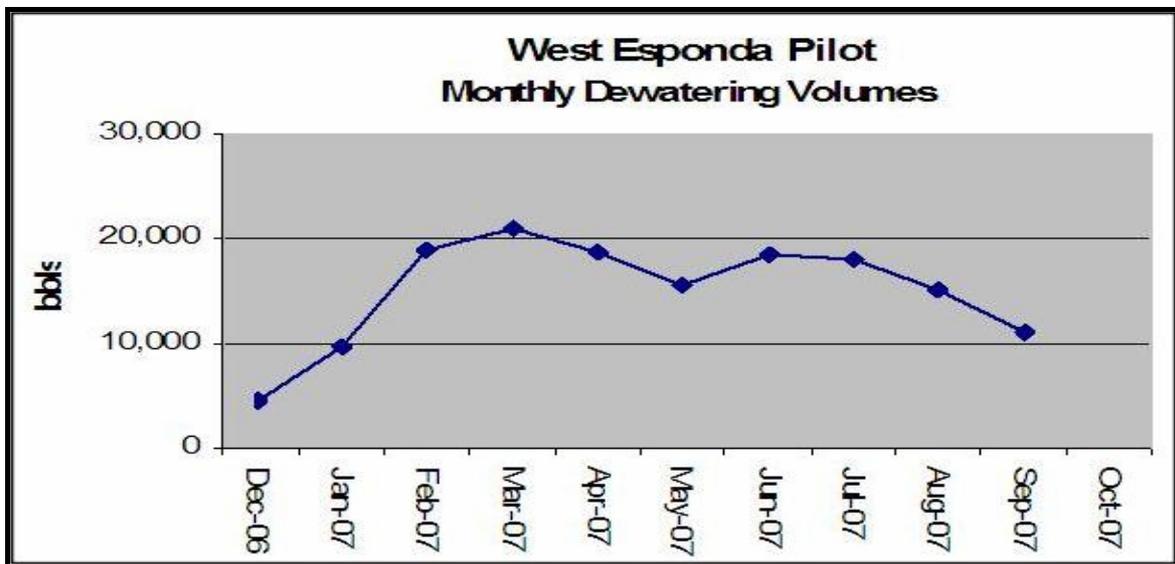


2.1.1 Pilot Production Program

Located in the northern portion of the West Esponda project, a pilot production program, comprising 10 wells, has been developed and is currently in the dewatering phase. The commencement of production from these wells will be assisted by the development of the 8 well extension program.

The pilot production program not only tests the most westerly extensions of the Big George coal seam in the Powder River Basin, but will provide invaluable site specific technical knowledge of the reservoir by its initial development, dewatering and production and will provide an evaluation of the completion methodologies.

During the September 2007 quarter, the 10 well pilot production program in the northern portion of the West Esponda project continued its dewatering period. Mechanical problems with the generator powering the downhole pumps caused the decreased dewatering volumes during August and September.



2.1.2 Extension Program

The extension program, which comprises 8 wells drilled in a staggered offsetting pattern, total's approximately 5,400 metres of drilling. This development is situated immediately northwest of the existing 10 well pilot production program at West Esponda. All wells have been fully cased on reaching total depth. Well completions, including downhole cleanup, seam perforations, formation enhancement, pump installation, and in-field reticulation is anticipated to begin in the near future.

Wells drilled to date have recorded the following coal seam intercept results:

Well Name	Total Logged Depth (metres)	Total Coal Intercepts (metres)	Total Big George Interval (metres)
Esponda 9-5	700.3	31.1	14.6
Esponda 9-9	671.5	32.9	14.9
Esponda 9-7	662.3	35.7	17.7
Esponda 9-1	662.1	31.4	13.1
Esponda 8-1	680.8	29.0	13.7
Esponda 9-3	671.8	39.6	21.0
Esponda 4-15	671.8	35.1	15.8
Esponda 4-13	662.6	33.2	16.6

2.1.3 Quaneco Joint Venture

A Letter of Intent was executed with effect from 10 September 2007 with Quaneco, LLC, of Willoughby Hills, Ohio and Woodland Hills, California. The Letter of Intent will be followed by a comprehensive agreement providing for a joint venture pertaining to Quaneco's Federal oil and gas lease covering all depths under 194 net hectares (480 acres).

The joint venture provides that in return for Quaneco's contribution of its leasehold, the Company shall pay all expenses associated with preparation and submittal of a Plan of Development (POD) required by the Federal Bureau of Land Management, which, upon approval, will grant the Company the permits necessary to fully develop the subject lease with respect to coalbed natural gas resources.

The agreement shall further provide that development costs, following POD expenses, will be paid 55% by the Company and 45% by Quaneco. The Company plans development of this lease in conjunction with adjoining leasehold interests in which the Company owns 100% interests.

2.1.4 Acquisitions

During the September quarter the company the Company increased its interest in West Esponda project tenement holdings by 131 net hectares (323 acres) through the acquisition of four mineral leases, for an outlay of US\$24,855.

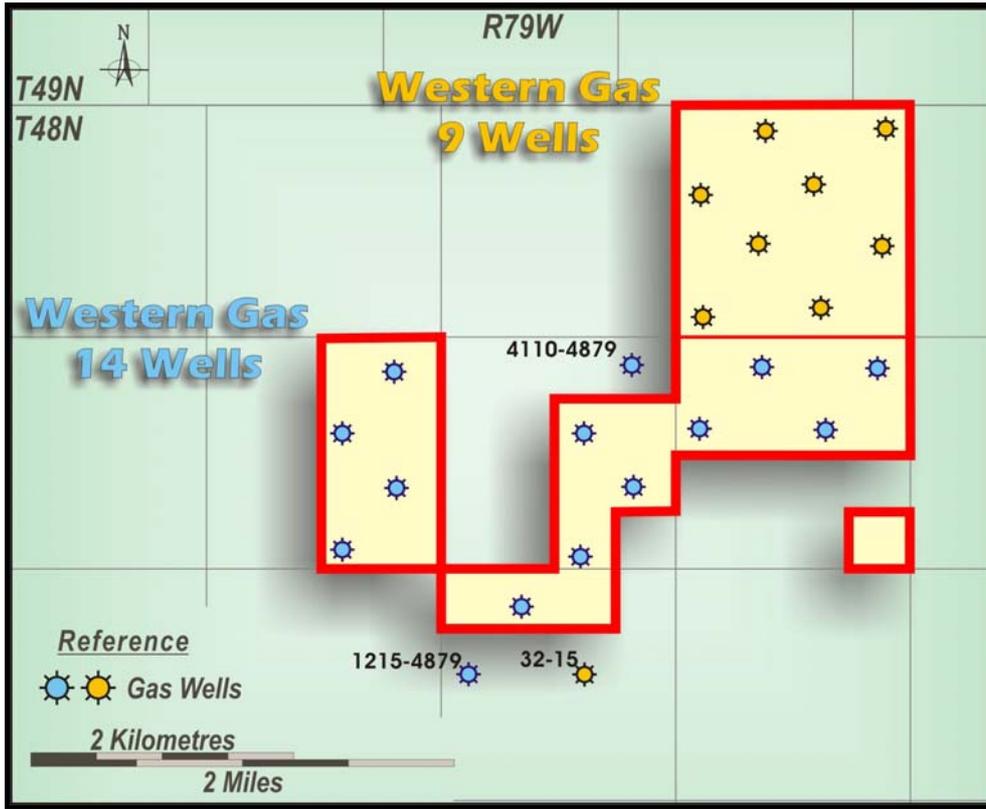
2.1.5 West Esponda Permitting

The Company is required by the Federal Bureau of Land Management's Buffalo Field Office ('BLM-BFO') to develop a Plan of Development ('POD') to conduct CBM operations on its Federal lease interests. Approximately 150 CBM production wells are able to be developed on the new Federal lease interests based on the State mandated 32 hectare drill spacing units.

To meet the specific requirements of the POD process, the Company has initiated the requisite long lead items for the POD with seasonal wildlife surveys. These will continue through the northern hemisphere's 2008 winter season. Additional studies for archaeological and cultural heritage and the development of a Water Management Plan to contain the water generated from its well dewatering program are being evaluated.

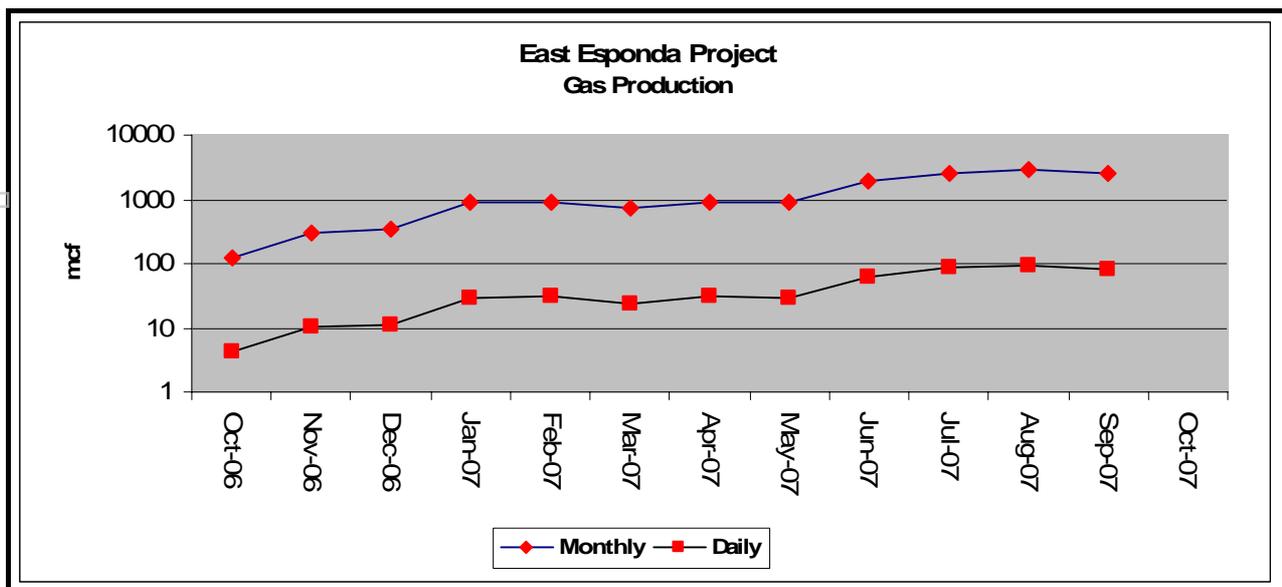
2.2 EAST ESPONDA

The East Esponda project covers a total of 469 net hectares (1,160 acres). To date there have been 23 wells completed within the Company's East Esponda leasehold interests. These include 14 wells in the Big Cat Field and 9 in the Indian Creek Field. Although 3 wells are located exterior to the Company's leasehold (see diagram below), the Company retains an interest in these wells due to the State's mandated 32 hectare spacing orders in its proportional share.



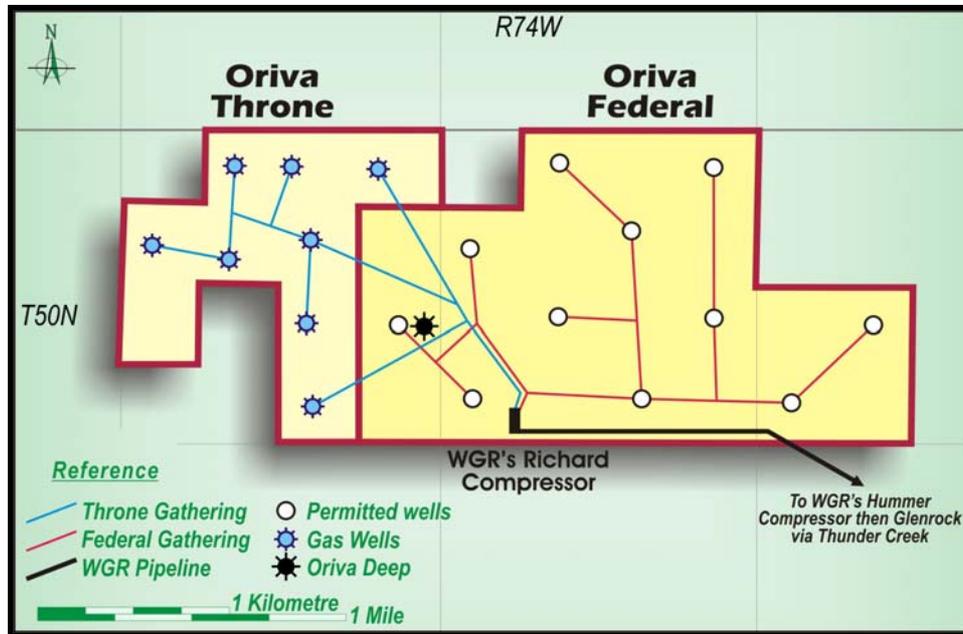
The Company's East Esponda project is situated in the Western Gas Indian Creek-Big Cat fields. Since the commencement of dewatering, production ranging between ~200 to +1,000 barrels water per day per well (bwpd/well) have been produced.

Of the 12 wells in Sections 2 and 9 of this area, a varying four to six wells are now contributing to gas production, although not yet of saleable quantities. As can be seen in the table below, monthly gas production from these wells continues to increase with a significant increase in September quarter production as the dewatering program continues to advance the project towards commercial production.



2.3 ORIVA PROJECT

The Oriva project comprises two project areas, Oriva Throne which is in production and Oriva Federal which is in the permitting phase. The Oriva project is located approximately 21 kilometres west of Gillette, Wyoming, and totals 505 net hectares (1,248 acres) in Sections 8, 9 and 10, Township 50 North, Range 74 West, Campbell County.



The Oriva project contains nearly all productive coals in the Powder River Basin: Felix, Smith, and Anderson seams (depths 60 - 300 metres), Canyon/Cook and Wall seams (depths 300 - 500 metres). In addition to these primary coal bed targets, there are two deeper seams, Moyer & Danner at depths of approximately 750 metres.

The Company's interest in Oriva Throne is a 75.975% Working Interest (60.75% Net Revenue Interest). The Oriva Throne leasehold interest is subject to a 20% land/mineral owner royalty. The Company's interest in Oriva Federal is a 100% Working Interest (85.5% Net Revenue Interest) and subject to a 12.5% mineral owner royalty and a 2% overriding royalty.

The proximity of Oriva Throne to Oriva Federal is of strategic importance, not only for the addition of reserves but to the overall project development with access to existing infrastructure and operations.

2.3.1 Oriva Throne Production

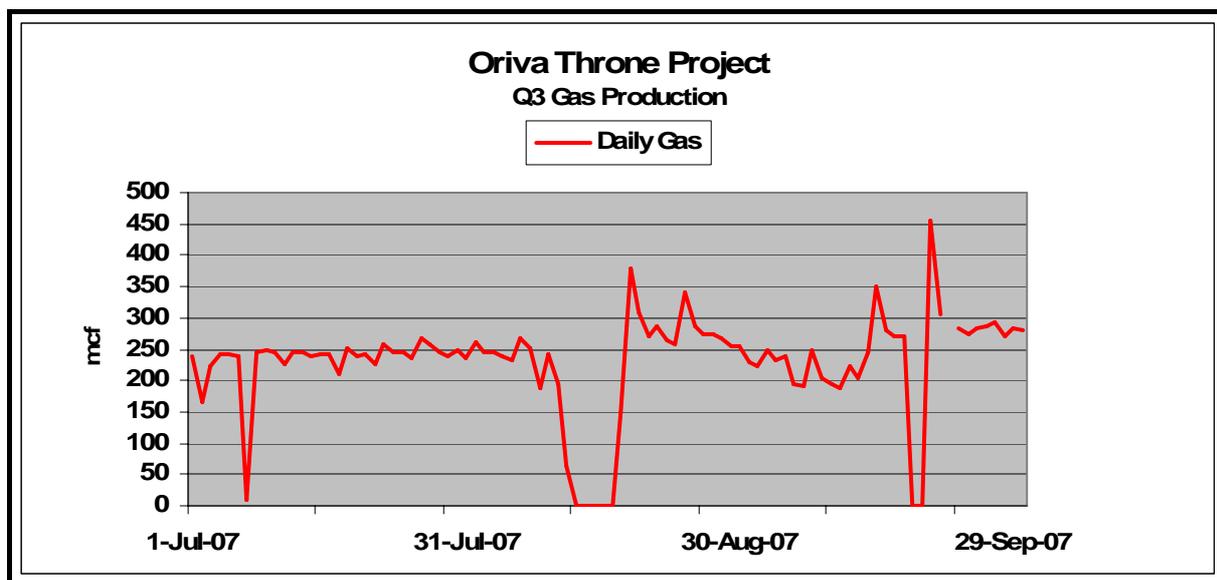
Oriva Throne is operated by Emerald Operating Company and Rocky Mountain Exploration of Denver, Colorado ('EOC-RMEI') which holds the remaining 24.025% Working Interest (19.25% Net Revenue Interest) in Oriva Throne.

Production at Oriva Throne is from 5 State mandated 32 hectare (80 acre) spacing CBM pad sites each of which have been developed with 3 wells, producing CBM from the Felix, Smith, Anderson and Wall Coal seams. In addition, 3 'exception location' wells have been completed in the Wall seam.

CBM production for the month of July was as follows:

Coal Seam	CBM Production (Mcf)	Net Revenue Interest (Mcf)
Anderson	5,281	3,208
Felix	1,048	637
Wall	506	308
Total	6,836	4,153

The Company's NRI share of production was sold for an average of US\$3.52 per Mcf for total net revenues of US\$14,634.



The chart above shows several periods of downtime due to the gas transporter's compression station being offline for repairs and maintenance. Additionally the slight increase in daily gas production is due to the Wall wells contributing more gas.

2.3.2 Oriva Federal

The Oriva Federal leasehold is located approximately 21 kilometres west of Gillette, Wyoming, and totals 359 net hectares (887 acres) in Sections 8, 9 and 10, Township 50 North, Range 74 West, Campbell County. This leasehold is the undrilled portion of the Company's CBM Oriva Project development, totalling 505 net hectares (1,248 acres).

The Company's mineral interest at Oriva Federal is a 100% Working Interest (85.5% Net Revenue Interest) and is subject to a 12.5% Federal royalty with a 2% overriding royalty.

2.3.3 Oriva Federal CBM

The Oriva Federal project will develop 11 pad sites on the State mandated 32 hectare well spacing with three CBM production wells on each pad. Overall project development will involve the drilling of 33 wells totalling approximately 13,400 metres (44,000 feet), in-field for gas and water gathering 20,000 metres (66,000 feet), underground electrification for its pumping requirements, and construction of multiple water retention reservoirs and pits. The Company's Water Management Plan provides for standard CBM style reservoirs either along or in ephemeral channels with the project designed to fully contain its water output of nearly 25,000 barrels of water per day in constructed earthen pits, called Off-Channel Containment Pits.

2.3.4 Oriva Federal Conventional Oil and Gas

Under the terms of the Conventional Oil and Gas Farmout Agreement, Carpenter & Sons and North Finn ("C&S-NF") of Casper Wyoming, as Operator, will earn an 81% Net Revenue Interest to conventional oil and gas (not coalbed methane which is retained by the Company) production in one half of the Oriva Federal leasehold by drilling this test well. The completion of a second well will earn-in C&S-NF to the remaining leasehold interest.

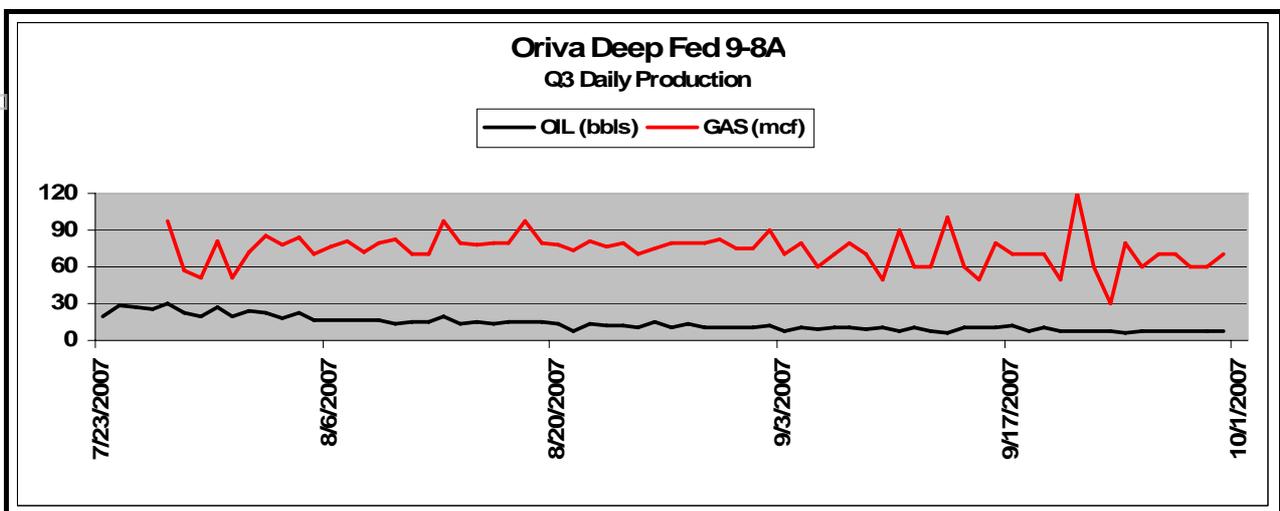
The Company retains a 19% Net Revenue Interest which will cover all royalties (totalling 14.5%) and will retain a 4.5% Net Revenue Interest to conventional oil and gas production from the Oriva Federal leasehold. Further, for future wells, the Company has the option to convert its 4.5% Net Revenue Interest to a participating 20% Working Interest.

Late in 2006, the Oriva Deep Federal No 9-8A conventional oil and gas well on the Company's Oriva Federal property was completed to a depth of 2,949 metres (9,676 feet). The well has been cased to 2,944 metres (9,660 feet) in the Cretaceous Muddy Formation, the primary target, as a potential natural gas and condensate or oil producer.

In addition to the primary Cretaceous Muddy Formation target, gassy Cretaceous aged fractured shales situated above the primary target were intercepted and will continue to be evaluated for potential oil and gas production. The Muddy pay zone found in Well No.9-8A is similar to that found in the nearby Amos Draw field, located 3 miles northwest, which has a cumulative production of 2.7 MMBO (million barrels of oil) and 67 Bcf of gas since its discovery in 1982. The Kingsbury Creek field has also produced commercial oil and gas since its discovery in 1968; it is located 1 mile southeast, and has produced 627,000 barrels of oil and 11 Bcf of gas.

The Company has been advised by C&S-NF that production testing initially commenced before the Oriva Deep Federal No 9-8A well had been tied into an existing Western Gas-Anadarko pipeline which is less than 1.6 kilometres (1 mile) from the well. Western Gas-Anadarko has advised the Operator that it will restrict the daily gas production to its compressor due to the high pipeline pressure that the Oriva Deep Federal No 9-8A is delivering. The Operator is evaluating piping alternatives while production testing continues.

The first oil and gas income from the Oriva Deep Federal well were received during the September quarter for the months of July and August 2007. The Company's 4.5% NRI share of production was sold for an average gas price of US\$5.10 per Mcf and oil price of US\$69.52 per Bbl for total net revenues of US\$3,026. The production graph follows:



A second deep well is being proposed to the US Bureau of Land Management for their approval with drilling planned in late 2007.

In addition to Oriva Deep Federal well No 9-8A, on the basis of 65 hectare (160 acre) spacings, there are an additional 5 Muddy well locations which are able to be developed on the Oriva Federal project.

3. CHEROKEE BASIN KANSAS, USA

The Cherokee Basin contains nearly two dozen Pennsylvanian aged coals with thickness ranging up to 9 metres but more typically up to 4 metres with gas contents ranging from 150 to 375 standard cubic feet per tonne. The principal CBM target coal seams occur in the Cabaniss and Krebs Formations of the Cherokee Group at depths of approximately 600 metres.

The Cherokee Group coals are Pennsylvanian in age and typically of high-volatile A and B bituminous rank. The Cherokee Basin contains nearly two dozen coals with thicknesses up to 9 metres but more typically up to 4 metres with gas contents ranging from 150 to 375 standard cubic feet per ton. The cyclic nature of the deposits makes it possible to intersect multiple coal seams in a single well.

3.1 SKULL CREEK PROJECT

The Skull Creek project is located in the western portion of the Cherokee Basin of southeast Kansas. The tenement occupies 11,573 net hectares (28,598 acres) in Cowley, Elk and Chautauqua Counties near existing infrastructure and within a receptive State regulatory regime.

The leases are not restricted to CBM, but convey all oil and gas rights to the Company. Conventional oil and gas targets may also exist in the Skull Creek project and will be evaluated during all drilling operations. Underlying the region is Mississippian and Ordovician aged carbonates that yield conventional hydrocarbons. Also, the Ordovician sediments serve as a water disposal zone for co-produced coalbed methane water. Additional conventional hydrocarbon occurrences in the overlying strata of the Kansas City-Lancing Group are potential targets.

Field activities have been temporarily suspended due to the termination by the Company of the third party operator. The Company expects to resume field activities in the near future. Dewatering of the Cherokee coals will recommence with an overall testing period of several months being anticipated before a final decision to drill and complete additional production wells will be made.

4. AUSTRALIAN OPERATIONS

The Company holds rights to prospective CBM projects in the Gippsland and Otway Basins of Victoria, the Eromanga and Willochra Basins of South Australia and the Gunnedah Basin of New South Wales. The Company continues its data collation program leading to the development of further exploration programs in Victoria. Work programs have been prepared for ELs 4807, 4859, 4860, 4861, 4862 and 4877 in the Gippsland Basin and EL4811 in the Otway Basin. In addition, the Company continues its appraisal program of other potential CBM prospects in Australia.

No field activities were undertaken in the September 2007 quarter with the Company's focus on its Powder River Basin projects. As described under Corporate Activities below, during the September 2007 quarter, applications opened for investors to subscribe for shares in the Initial Public Offering of Greenpower Energy Limited ('Greenpower'). The Company has entered into an agreement with Greenpower to sell the Company's Australian CBM projects to Greenpower upon successful completion of ASX listing.

5. CORPORATE ACTIVITIES

During the September 2007 quarter, the Company the following corporate activities occurred:

- Preparation for the proposed formation of a uranium exploration company, Callabonna Uranium Limited.
- Applications opened for the IPO of Greenpower Energy Limited.
- Termination of the proposed transaction with Highland Resources Inc.

5.1 Callabonna Uranium Limited IPO

As announced on 1 June 2007 the Company has entered into a binding Heads of Agreement with Touchstone Management Pty Ltd ('Touchstone') to form the basis of a company, Callabonna Uranium Limited ('Callabonna'), which is proposed to be listed for quotation by the Australian Stock Exchange Limited ('ASX'). During the September 2007 quarter, preparations for an IPO of Callabonna have progressed significantly. The Company expects applications to subscribe for shares in Callabonna to open in January 2008 for a proposed ASX listing in February 2008.

Callabonna's operating activities will be focused on uranium exploration, initially in South Australia and the Northern Territory.

Planet shareholders will be offered an entitlement to participate in the Callabonna IPO and Planet will hold approximately 23.3% of Callabonna after a proposed \$10.0 million IPO capital raising.

In summary, Planet and Touchstone have rights to exploration licences and exploration licence applications with uranium potential totalling approximately 8,835 square kilometres in South Australia and the Northern Territory ('Project Area').

During the quarter Planet reimbursed Touchstone \$120,000 for prior expenditures and issued 4.0 million Planet shares to Touchstone's nominees.

Planet will fund exploration to a minimum extent of \$350,000 on the Project Area over the next four months. This expenditure will be reimbursable from the proceeds of a successful Callabonna IPO.

Touchstone will receive a royalty on production and sale of all minerals as follows:

- Minerals other than uranium at a 2% net smelter return.
- Geothermal energy at 2% of gross sales.
- Uranium on a sliding scale from 0.5% (if the uranium price is less than \$20 per pound) increasing to 5.0% (if the uranium price is \$200 per pound or greater).

Callabonna's commercial intent and principle business will be the exploration and exploitation of the uranium potential of the Project Area.

The Board of Directors of Callabonna will comprise two Planet nominees, one of whom will be Chairman, and three Touchstone nominees each of whom may be executive directors.

Planet has applied for mineral exploration licences covering an area of approximately 4,128 square kilometres in the Northern Territory. Touchstone holds or controls exploration licence areas in the Frome Embayment near Lake Callabonna in South Australia covering an area of approximately 3,370 square kilometres (known as the Curnamona project) and applications for mineral licences in the Northern Territory covering an area of approximately 1,337 square kilometres.

Tenement	Location	Area (Km ²)
EL274/06	South Australia	131.0
EL275/06	South Australia	777.0
EL276/06	South Australia	908.0
EL277/06	South Australia	528.0
EL677/06	South Australia	125.0
EL679/06	South Australia	901.0
ELA25956	Northern Territory	957.7
ELA25957	Northern Territory	1,624.0
ELA25958	Northern Territory	1,546.0
ELA26006	Northern Territory	797.3
ELA26012	Northern Territory	376.6
ELA26040	Northern Territory	163.3
Total		8,834.9

All of these areas are considered to be prospective for uranium and will form the basis for Callabonna's exploration activities and IPO.

Callabonna also holds via its 100% owned subsidiary Callabonna Energy Pty Limited Geothermal Exploration Licence Applications (GELAs 296, 304, 305, 306 and 307) in South Australia, in the north-eastern Curnamona Craton. Potential exists for Callabonna to discover thermal conditions required for geothermal energy production in this area based on its interpretation of the geology of the GELs and the heat flow parameters already established in the region. Geothermal energy may be extracted from hot rocks at depth by engineering the movement of water through the hot rocks, heating the water, bringing the water to surface, extracting the heat, and thereby driving a turbine to produce electricity. Once established, such a system may produce geothermally generated power for decades.

Tenement	Location	Area (Km ²)
GELA296	South Australia	497.0
GELA304	South Australia	497.0
GELA305	South Australia	473.0
GELA306	South Australia	428.0
GELA307	South Australia	481.0
Total		2,376.0

The Company's initial focus will be to explore the Curnamona project located in the Frome Embayment in South Australia. The first stage will be an airborne electromagnetic survey to map channels and structure throughout the region with infill in the areas where channels or structure are indicated from previous work. Based on the results from this airborne survey and interpretation of existing data, the Company expects to target favourable structural belts and channels for follow up drilling.

5.2 Greenpower Energy Limited

As previously announced the Company has entered into an agreement with Greenpower Energy Limited ('Greenpower') to sell the Company's Australian CBM projects to Greenpower upon successful completion of ASX listing. During the September 2007 quarter, applications opened for investors to subscribe for shares in the Greenpower IPO. The offer period for applications has been extended to 26 November 2007 with an expected listing date of 3 December 2007.

In summary, Planet has agreed to sell its Australian CBM projects by selling its subsidiary companies which hold the tenements for 12.5 million fully paid ordinary Greenpower shares.

Completion of the sale is conditional upon a number of conditions precedent including that the ASX approves admission of Greenpower to the official list of the ASX following successful completion of its IPO.

Greenpower's operating activities will be focused the exploration, appraisal, drilling and development of CBM projects in Australia, including two hydrocarbon exploration permits it currently holds in the Perth Basin of Western Australia and the Planet exploration projects in the Gippsland and Otway Basins of Victoria, the Willochra and Eromanga Basins of South Australia and the Gunnedah Basin of New South Wales. Greenpower will also consider new acquisitions.

With the Company's focus on its USA based CBM projects, particularly the Powder River Basin projects, this proposed transaction will facilitate increased exploration and development of the Company's Australian CBM projects whilst allowing the Company to retain an interest in the future possible success of the projects.

Planet shareholders will be offered an entitlement to participate in the Greenpower IPO and Planet will hold approximately 16.5% of Greenpower after a proposed \$8.0 million IPO capital raising.

Under the IPO, 40.0 million shares have been offered at \$0.20 per share to raise \$8.0 million. The minimum subscription amount is \$6.0 million and oversubscriptions may be accepted through the issue of a further 10.0 million new shares for a maximum subscription of \$10.0 million.

On the basis of an \$8.0 million capital raising under the IPO, the capital structure of Greenpower will be as follows:

	Shares	%
Public subscription (IPO)	40,000,000	52.7
Existing Greenpower shareholders	23,421,110	30.8
Planet shareholding	12,500,000	16.5
Total	75,921,110	100.0

Planet shareholders will be offered an opportunity to participate in the Greenpower IPO on a priority basis. Terms of this priority will be detailed in the Greenpower prospectus.

5.3 Highland Resources Inc. Transaction

During the September 2007 quarter, the proposed transaction with Highland Resources Inc., as detailed in the Company's announcement on 25 May 2007, was terminated.

The transaction contemplated entering into a joint venture and option arrangement over the Company's coal bed methane assets located in the Powder River Basin and Cherokee Basin in the USA. Due to adverse Canadian market conditions, it has been determined that it is not in the parties' best interests to complete the transaction.

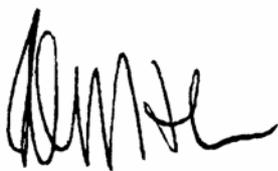
The Company will continue with its ongoing operating activities as it has been doing during the period of the proposed transaction with Highland Resources Inc. Funding is secured through the Equity Line of Credit Facility as announced by the Company on 9 November 2006.

6. OTHER

The information in this report that relates to exploration results is based on information compiled by Bruce F. Riederer, Executive Director of Exploration and Development of Planet Gas Limited and supervised by Dr. Richard Haren who is a Member of The Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr. Richard Haren is self employed and has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

For further information, please contact Norman Seckold, Bruce Riederer or Peter Nightingale on (61-2) 92475112.

Yours sincerely



Peter J. Nightingale
Director

pjn4123