

30 July 2010

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

(7 pages by email)

REPORT ON ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2010

HIGHLIGHTS

- Heat in place estimate defined for Clarence Moreton Geothermal project
- US oil and gas exploration team in place and fully operational

AUSTRALIAN OPERATIONS

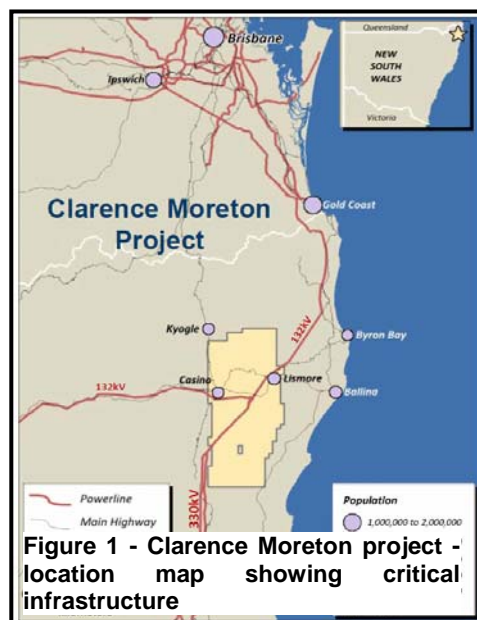
Clarence Moreton Geothermal Project

With statutory reporting now completed for the second licence year at Clarence Moreton, Planet Gas Limited (the 'Company') is pleased to report it has achieved the following key milestones:

Defined a heat in place estimate of:

- **P₅₀ hot sedimentary aquifer heat in place of 180,000 PJ_{thermal};**
- **P₅₀ hot fractured rock heat in place of 450,000 PJ_{thermal}; and**
- **P₅₀ heat-exchange within insulator heat in place of 800,000PJ_{thermal}.**

This estimate is considered to be a Inferred Resource estimate¹. The Company will move to further refine this estimate by more accurately defining temperature constraints and by determining extractability and commerciality constraints of the identified units that are interpreted to contain the heat.



¹ A geothermal Inferred Resource, as per the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves, 2008, is a heat in place estimate and does not consider extractability.

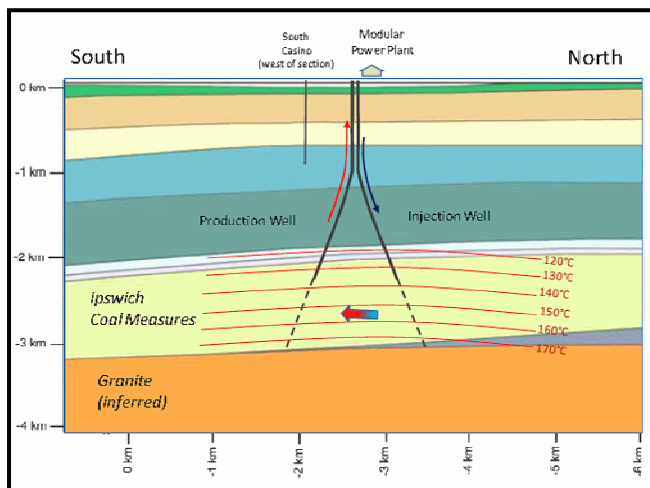


Figure 2 - Clarence Moreton project - geothermal power plant concept

The hot sedimentary (HSA) heat in place estimate was defined using a cut-off temperature of 130°C, the hot fracture rock (HFR) and heat-exchange within insulator (HEWI) heat in place estimates was 150°C and a 70°C base temperature was used. Given that there are considerable uncertainties in the heat estimate's input parameters, the magnitude of these results are considered estimates of thermal energy in place and an inferred indication of geothermal resource potential.

These estimates are based on a full background report which is available on request.

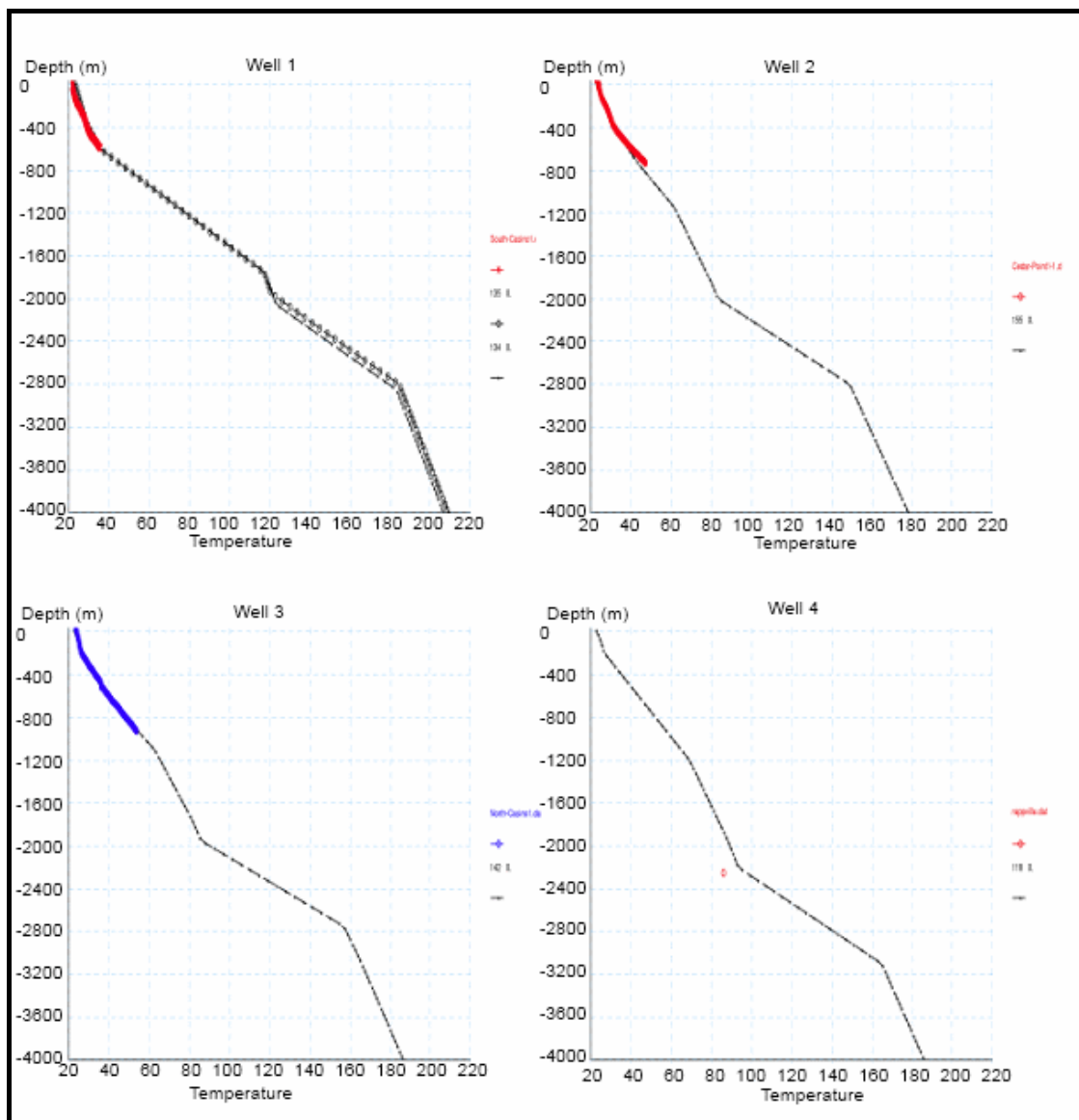


Figure 3 - Clarence Moreton project - temperature measured/modelled to depth - demonstrates temperatures exceeding minimum requirement of 130°C at depths of less than 3 kilometres.

In addition to the given heat estimates, the Company has:

- analysed historic core samples from wells at the periphery of the tenement for thermal conductivity and porosity-permeability properties and re-evaluated the geological model;
- completed a preliminary environmental investigation of a number of potential exploration drilling sites; and
- undertaken a conceptual development analysis based on existing data.

The Company is now in a fortunate position with a large Inferred Resource estimate defined for the Clarence Moreton Geothermal project.

The Clarence Moreton Geothermal project is near to major power load centres and high voltage transmission line infrastructure. Extracting the thermal resource is the next long-term challenge for the development of the prospect.

Statement of Competent Person

The information in this report that relates to Clarence Moreton Geothermal project exploration results or resources is based on information compiled by Mr. James Lawless who is a Fellow 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 2008 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr. James Lawless is employed by Sinclair Knight Merz 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.

Leigh Creek Geothermal Project

Field activities have not commenced, but preliminary geological and geophysical work is ongoing.

Gloucester Geothermal Project

Field activities have not commenced, but preliminary geological and geophysical work is ongoing.

With statutory reporting now completed for the first licence year at Gloucester, the Company is pleased to report it has validated the technical prospectivity of the tenement to host a combined hot sedimentary aquifer (HSA) and hot fractured aquifer (HFA) geothermal play by confirming:

- the presence of a thick insulating sedimentary sequence;
- the potential for intersecting minimum temperatures (130°C) at relatively shallow depths;
- the Gloucester Basin sequence contains formations that are permissive for primary permeability and above the 130°C cut-off temperature; and
- the potential for secondary fracture permeability hosted by rocks within a large structural zone that traverses the Basin.

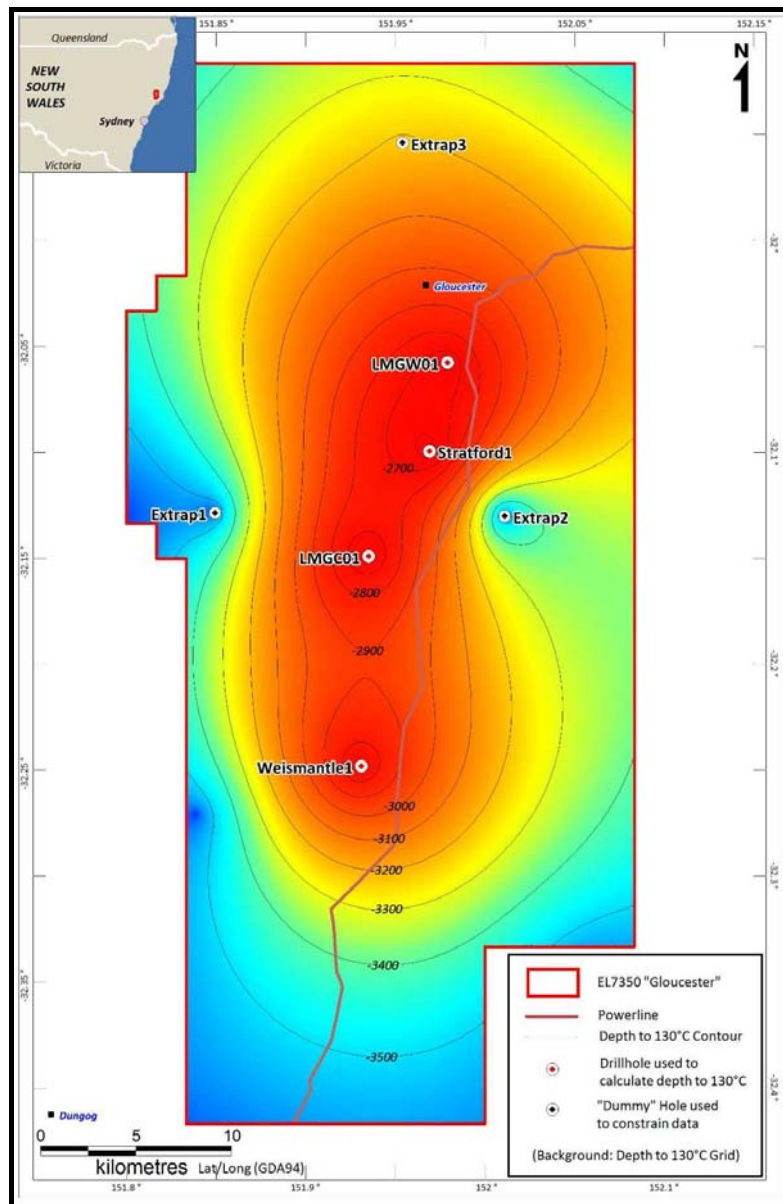


Figure 4 - Gloucester project - grid and contours (solid lines) of projected depth to 130°C based on available and 'pseudo-drillhole' data. Shallower depths are shown in warmer colours.

Eromanga Geothermal Project

No field activities were undertaken during the quarter. The licence has been placed in suspension for six months while a review of the existing work program and work done to date is being completed.

South Australia - Cooper Basin Oil and Gas Project (PELA 514)

The Right to Negotiate (RTN) process is continuing with native title claimants. The RTN process, once completed, will allow for the granting of the exploration licence.

During the quarter, the Company undertook data collection and has commenced interpretation towards the identification of conventional prospects and leads and undertaken a significant amount of interpretation of the non-conventional hydrocarbon prospectivity of the block, including CBM and shale-gas potential. Seismic indicates laterally extensive coal deposits within the permit boundaries, in addition to more conventional oil and gas prospectivity. In the coming months the Company will rank these prospects and leads in order to allow for a commencement of its field activities.

USA OPERATIONS

The Company's USA subsidiary, Pauper's Dream Company, was extensively reorganised during the period. The name has been changed to Planet Gas USA, Inc to better reflect the Company's decision to actively pursue conventional oil and gas exploration and production opportunities and, given the very poor economic environment in the Powder River Basin, of eastern Wyoming, de-emphasise the coal bed methane (CBM) activities in that area.

The general offices and all related administrative and treasury operations have been moved to Dallas, Texas. Overall responsibility for the entire operations falls to Mr. John Castleman, newly appointed President. The Company's exploration and producing property acquisition activities will be operated out of Houston, Texas, managed by Mr. Joe Kaminski, the recently appointed Vice President of Exploration & Development. Mr. Robert Stephenson, Vice President of Land, manages all the Company's mineral leasing activities as well as the land related administrative matters and due diligence aspects of producing property acquisitions.

This new management team, led by Mr. Sharif Oussa, Managing Director and CEO of Planet Gas USA, Inc., as well as the parent company, Planet Gas Limited, has more than a combined 100 years of experience, pursuing all aspects of the exploration and production business in most of the historical producing areas of the USA. Various members of the team have also had significant international experience.

The new team's activities during the quarter consisted of evaluating numerous opportunities to purchase producing properties, opportunities to 'drill our way in' to large development projects via farm-in and opportunities to participate in several pure exploration ventures. Most deals were readily discarded for lack of merit, both technical and economic. Some prospective properties were acquired by others and several are still under consideration. The winnowing out process difficult and often frustrating but results are expected in due course.

Areas of interest include the Rocky Mountain Region, particularly the Williston, Denver/Julesburg and Raton Basins. In the Mid-Continent Region, the Anadarko and Permian Basins and finally the Texas Gulf Coast, onshore.

Powder River Basin - Johnson County, Wyoming

As stated in the previous quarterly report, the workovers on two wells in the West Esponda area were completed. The water enhancement treatments were disappointing, as the wells treated are 'tight'. That is, the coal seams demonstrated low permeability. The water production rates since the work has been completed, while less than hoped for, will be monitored for several more months to further evaluate the prospects for further development or other disposition.

For further information, please contact Norman Seckold, Sharif Oussa or Peter Nightingale on (61-2) 9300 3322.

Yours sincerely



Peter J. Nightingale
Director

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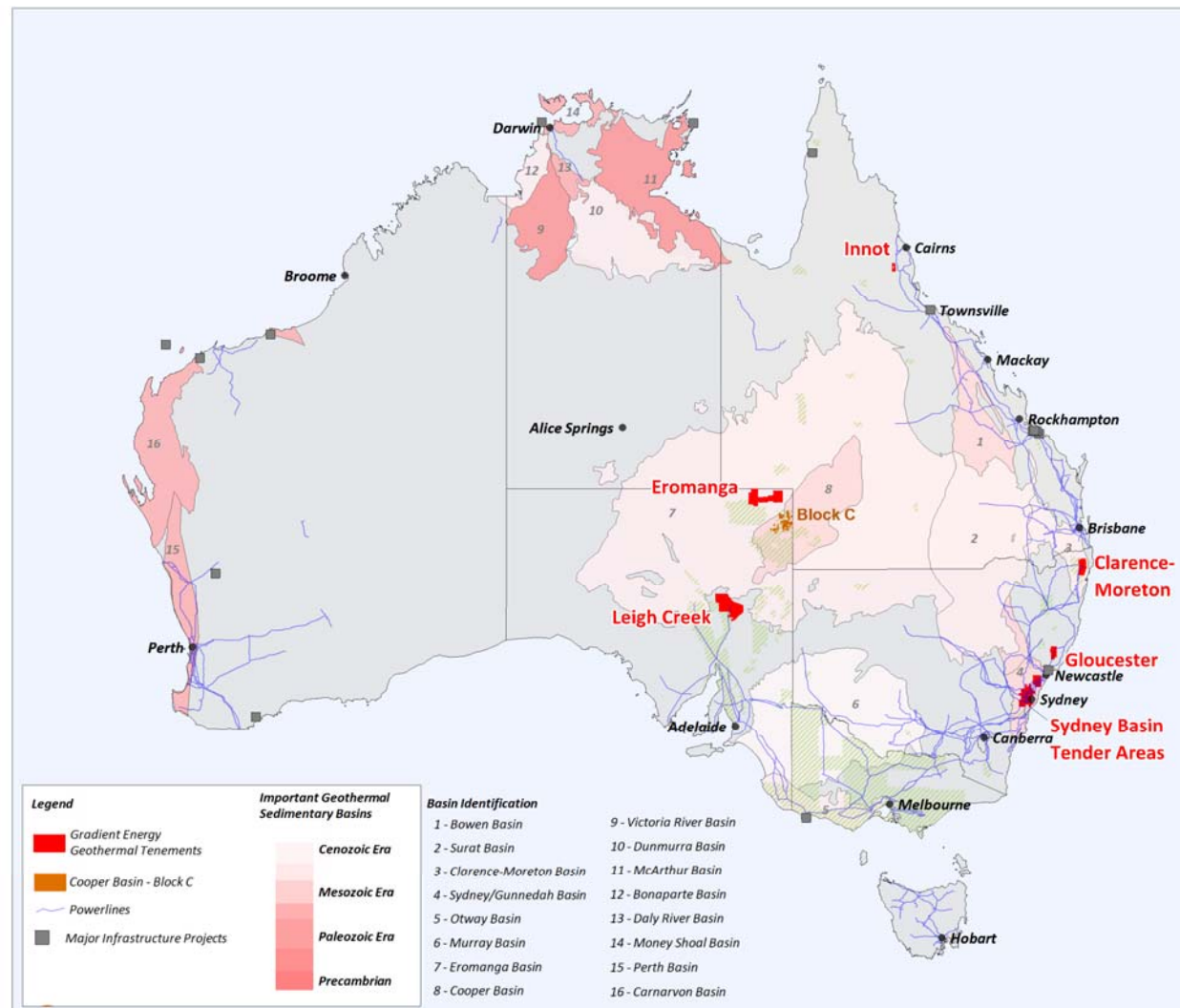
PLANET GAS PROJECT LIST

AUSTRALIA

State	Tenement	Resource	Project	Status	Granted	Expiry	Company	Area (km2)	
NSW	EL7146	Geothermal	Clarence Moreton	Granted	28-May-08	28-May-12	Gradient Energy Ltd	1942	km ²
NSW	EL7350	Geothermal	Gloucester	Granted	10-Jun-09	10-Jun-11	Gradient Energy Ltd	1230	km ²
NSW	EL7510	Geothermal	Sydney - Ourimbah	Granted	7-Apr-10	7-Apr-13	Gradient Energy Ltd	1377	km ²
NSW	EL7512	Geothermal	Sydney - Richmond	Granted	7-Apr-10	7-Apr-13	Gradient Energy Ltd	1800	km ²
NSW	EL7513	Geothermal	Sydney	Granted	7-Apr-10	7-Apr-13	Gradient Energy Ltd	1900	km ²
QLD	EPG29	Geothermal	Innot	Granted	13-Apr-10	30-Apr-15	Gradient Energy Ltd	596	km ²
SA	GEL354- GEL365 and GEL377	Geothermal	Eromanga	Granted	26-May-08	25-May-13	Gradient Energy Ltd	6101	km ²
SA	GEL448- GEL461	Geothermal	Leigh Creek	Granted	17-Nov-09	16-Nov-14	Gradient Energy Ltd	6590	km ²
SA	PELA514	Petroleum	Cooper Basin	App Lodged 9-Dec-09 (awaiting Native Title clearance)			Planet Cooper Basin Pty Ltd	1917	km ²

USA

State	Basin	Holder	Resource	Project	Area
Wyoming	Powder River	Paupers Dream Company	Oil & Gas	Esponda East	469 Ha
Wyoming	Powder River	Paupers Dream Company	Oil & Gas	Esponda West	11,586 Ha
Wyoming	Powder River	Paupers Dream Company	Oil & Gas	Oriva Throne	146 Ha
Wyoming	Powder River	Paupers Dream Company	Oil & Gas	Oriva Federal	359 Ha



Planet Gas Australian tenement map