

29 January 2010

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

(6 pages by email)

Dear Madam

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
31 DECEMBER 2009**

HIGHLIGHTS

- **First phase of recapitalisation of the Company now completed**
 - a. **New Hope Corporation Limited increases its interest to 19.9%**
 - b. **1 for 4 Entitlement Issue completed**
- **Appointment of Mr Robert Neale as a Director of the Company**
- **Leigh Creek, South Australia - geothermal licence areas awarded**
- **Planet named successful bidder for petroleum exploration licence area CO2009-C, in the Cooper Basin, South Australia**

1. Re-capitalisation of the Company

During the quarter, the Company completed the final part of the first phase of capital raising initiatives to re-capitalise the Company, these being:

1. The issue of shares to Hueridge Pty Ltd ('Hueridge'), a wholly owned subsidiary of New Hope Corporation Limited ('New Hope'). The investment has been made in two tranches on the following terms:
 - (a) under the first tranche, Hueridge subscribed for 47,469,151 new fully paid ordinary shares at \$0.095 per share for a total of \$4,509,569; and
 - (b) under the second tranche, following the approval by the Company's shareholders on 30 October 2010, Hueridge subscribed for a further 38,940,600 fully paid shares at \$0.095 per share for a total of \$3,699,357.

As a result of these transactions, New Hope now holds a 19.9% interest in the Company.

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2. An underwritten Entitlement Issue of shares to shareholders on a 1 for 4 basis, whereby 90,982,541 fully paid ordinary shares were issued to raise \$4,549,127. Shares subscribed for under this Entitlement Issue were allotted on 27 October 2009.

The Entitlement Issue, as detailed in the Offer Document dated 18 September 2009, was well supported by the Company's shareholders with applications being received for 78,123,500 shares, being more than 85% of the total offer of 90,982,541 shares. As the Entitlement Issue was underwritten, the shortfall of 12,859,041 shares was also subscribed for and allotted.

The considerable investments via these capital raising initiatives will provide significant impetus for accelerating work on the Company's Australian east coast geothermal projects and for new acquisitions in the energy sector, in Australia and elsewhere.

2. Appointment of a new Director

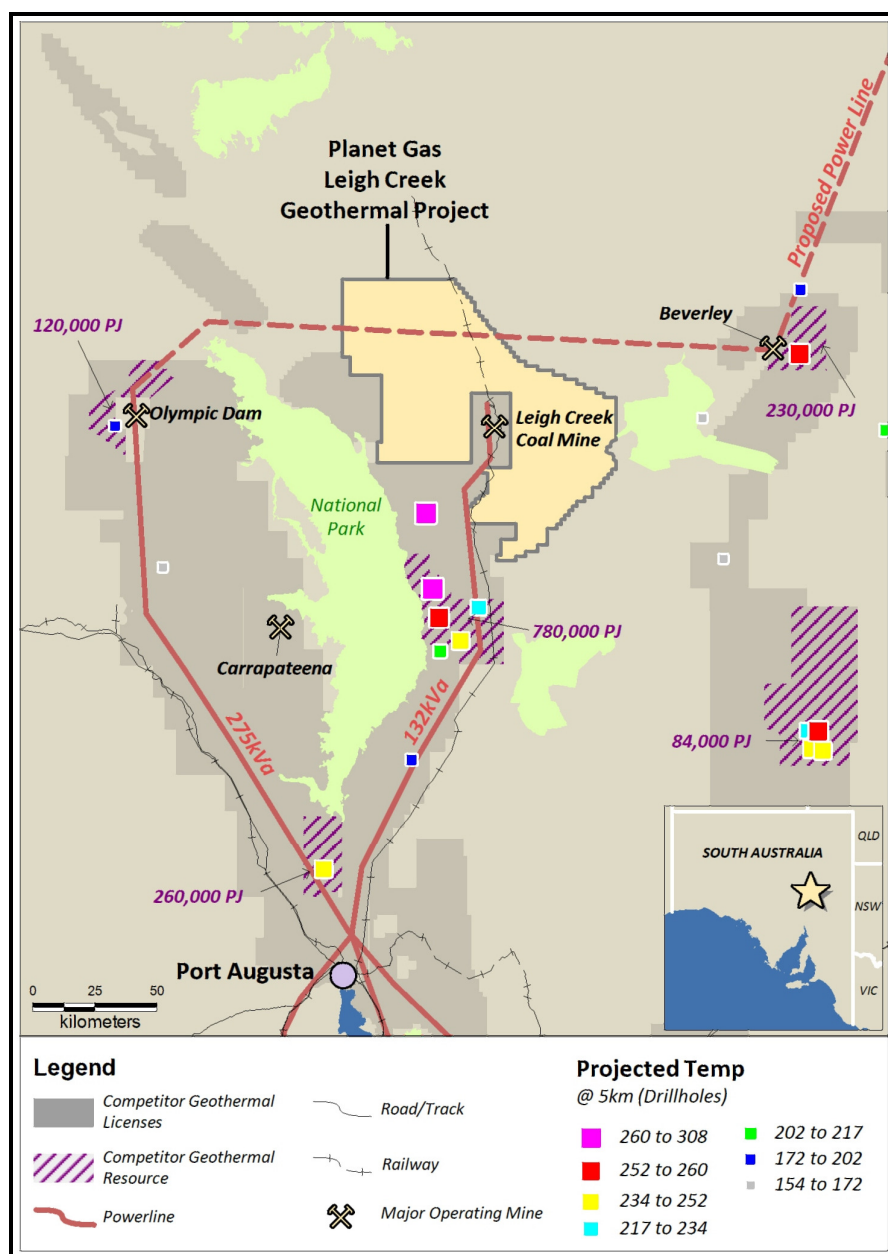
During the quarter and following completion of the investment in the Company by Hueridge as described above, Mr Robert Neale joined the Board of Directors of the Company. Mr Neale is the Managing Director of New Hope and has more than 40 years' experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. He joined New Hope in 1996 as General Manager, and has been Chief Executive Officer since 2005. He was appointed to the New Hope Board of Directors in November 2008.

New Hope is an independent energy company which has open cut mines at Acland on the Darling Downs, as well as at Amberley and at Rosewood near Ipswich. The company focuses on niche marketing of its thermal coal and exports around 75% of coal production to Asia Pacific markets including Taiwan, Japan, and Korea with the remainder being consumed by customers in south-east Queensland. The company also holds various exploration tenements in central Queensland and on the Darling Downs in southern Queensland. New Hope's investments include a 100% shareholding in Queensland Bulk Handling a common user coal export terminal at the Port of Brisbane.

3. Geothermal Exploration Licences Granted- Leigh Creek Geothermal Project

During the quarter, 14 Geothermal Exploration Licences (GELs 448 - 461), covering approximately 6,589 km² surrounding the Leigh Creek coal mine in South Australia, were granted to the Company's wholly owned subsidiary, Gradient Energy Limited. The granting of these GELs is an encouraging next step in the Company's growth of a strategic portfolio of 'infrastructure advantaged', high quality geothermal projects.

The Leigh Creek Geothermal project fits the Company's strategy of securing high quality geothermal projects proximate to power infrastructure. The project area lies at the head of the national electricity market ('NEM') powerlines that connect the Leigh Creek coal mine and township to Adelaide and Port Augusta. The proposed development route for new 275 kV NEM powerlines connecting the geothermal projects of the Cooper Basin and the Paralana area to BHP Billiton's Olympic Dam mine pass through the tenement area.



The Leigh Creek project is located within the South Australian heat flow anomaly, a highly prospective region for geothermal resources, where average crustal heat flow is almost double that seen in other parts of the world. The region contains a cluster of inferred geothermal resources, recently announced by other companies that total almost 1.5 million petajoules. This constitutes the largest cluster of geothermal resources defined within Australia to date.

The heat flow and modelled temperature to 5 kilometres depth in the adjoining Paralana project increases to the north, suggesting the potential for high heat flow and geothermal temperatures within the Leigh Creek project.

The Company's initial exploration program will aim to identify naturally permeable hot structurally controlled geothermal systems using standard geochemical and geophysical techniques commonly applied in exploration of conventional volcanic hosted geothermal systems.

4. Successful in competitive tender for Petroleum Licence CO2009-C

During the quarter, the Company was advised it had been successful in its bid for petroleum exploration licence area CO2009-C. The area was offered under competitive tender by the South Australian Government in the Cooper/Eromanga Basins of South Australia. This petroleum licence area is in proximity to the Company's Eromanga geothermal project and the successful application marks another step in the Company's continuing process of refocusing its exploration, appraisal and development efforts towards eastern Australian energy projects.

The Cooper Basin project fits the Company's strategy of securing high quality energy projects proximal to delivery infrastructure in mature producing basins where exploration risk is considerably lowered.

Area CO2009-C comprises one of five permit areas of the initial Gazettal release for the Cooper/Eromanga Basins by the Department of Primary Industries and Resources of South Australia. The acreage within the Gazettal release consists of relinquished acreage from the Santos joint venture as well as acreage relinquished from the Gazettal rounds made in 2001.

CO2009-C lies in the northern area of the Cooper/Eromanga Basins. Recent exploration proximal to this block has included successful results with discoveries at Acrasia, Reg Sprigg 3, Flax and Arrow and James (which has been relinquished and is now part of this block). Older discoveries include Keleary, Telopea, Cuttapirrie, Pondrinie, Coonatie, Moorari, Tirrawarra and Bookabirdie. The northern section of the block, much of which is under-explored, surrounds a trend of Jurassic and Triassic oil discoveries, with the southern area being within a Permian Gas province and the eastern section of the block being proximal to a number of Permian gas and oil discoveries.

Hydrocarbons in the northern area are sourced from the northern Patchawarra Trough as well as the Arrabury Trough to the east and partially from the Poolowanna Trough to the west.

Planet's initial exploration program will include reassessment and reinterpretation of existing seismic and drill data before commencing on prospect and lead identification and a program of seismic testing and drilling over the 5 year term of the licence. The granting of the licence will be subject to the Company successfully completing native title processes and the payment of the required security bonds. The native title process was commenced in early January.

5. USA Operations

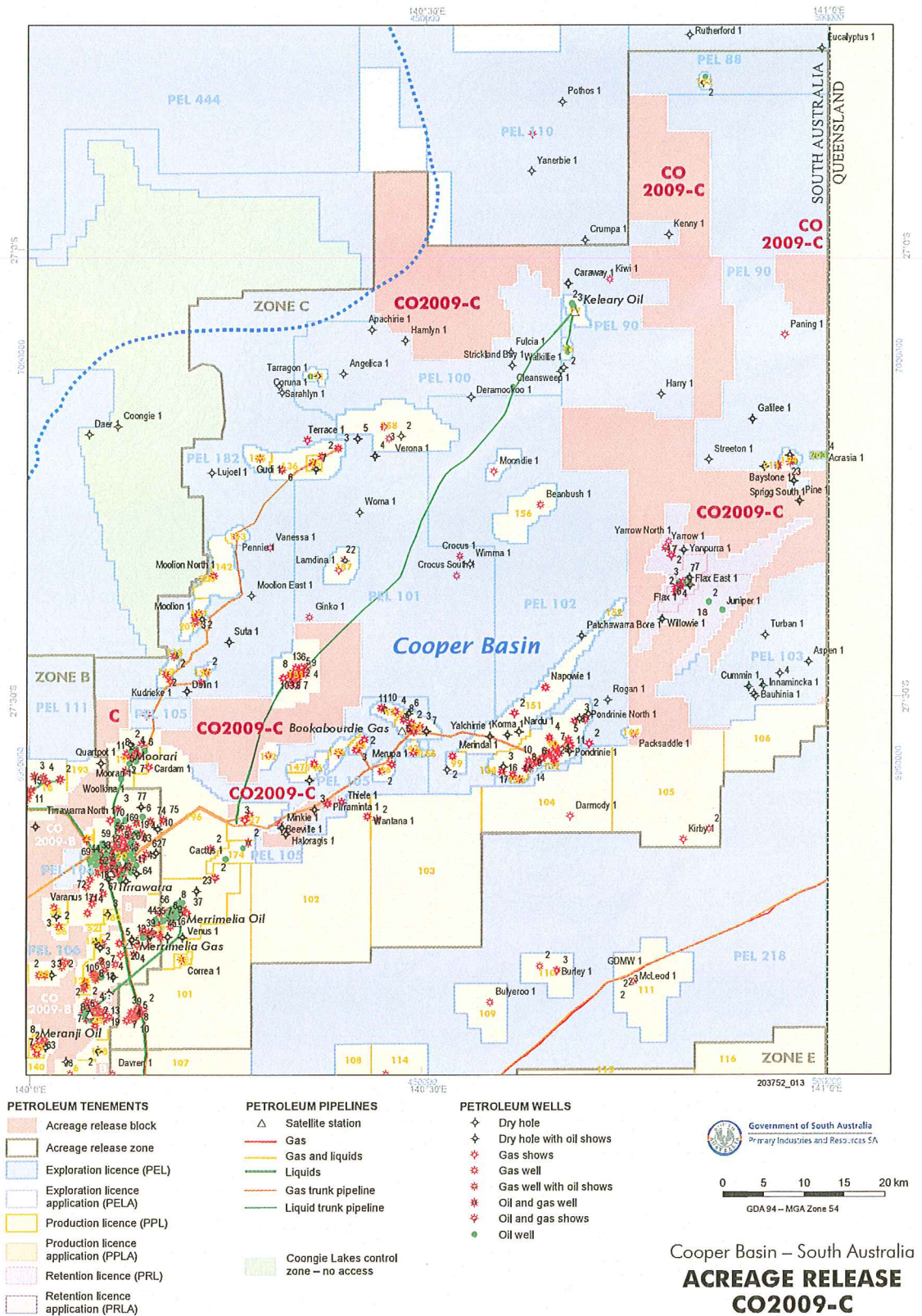
5.1 Powder River Basin, Wyoming, USA

During the quarter the Company commenced field activities over the Company's USA CBM assets, despite severe winter conditions where temperatures were recorded to reach as low as -32°C. The field activities comprised work-over activities and casing tests on two of the wells, which are now been complete. To fully appraise the project economics of the pilot, a process of re-fracking of two of the wells will be undertaken during the current quarter at West Esponda, when weather conditions permit.

In addition to the field activities at West Esponda, the economics of production at East Esponda and Oriva and Oriva Throne have now been re-assessed, and taking into account low gas prices in the USA and the ongoing costs of these parts of the USA operations, no activities were undertaken there, and these areas will remain on care and maintenance until gas prices rise.

Cooper Basin Acreage Release • CO2009-A, B, C, D and E

Figure 15



5.1.1 West Esponda

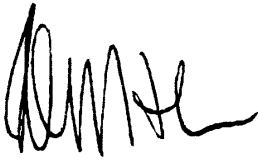
During the quarter, the Company, initiated work-over of 2 wells (16-5 and 16-1) in section 16. The field work and testing has been successfully commenced, and fracing is scheduled to commence once weather conditions permit. The fracing, if successful, will enable restoration of water production in this section and the continued dewatering of the lease.

5.1.2 Other Projects

Due to low gas prices in the USA, minimal work was undertaken on the Company's other USA projects during the December quarter.

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

Yours faithfully

A handwritten signature in black ink, appearing to read 'PJN', with a stylized flourish at the end.

Peter J. Nightingale
Director

pjn5220