



28 January 2015

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(5 pages by email)

Dear Madam,

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
31 DECEMBER 2014**

HIGHLIGHTS

- **Overriding Royalty Interest ('ORRI') in Kansas, Pennsylvania and New York State, USA registration process almost complete.**
- **Origin/Senex/Planet JV approvals finalised to undertake two 3D seismic acquisition programs totalling 249 km² in the Cooper Basin, South Australia.**
- **Programs are scheduled to commence in the March 2015 quarter.**
- **The seismic data from these surveys will be used to identify Deeps drilling targets.**
- **PEL 514 in the Cooper Basin converted to long term Petroleum Retention Licences.**
- **Bagheera East-1 exploration well drilling complete in the Cooper Basin.**

OVERRIDING ROYALTY INTEREST, USA

During the previous quarter, the Planet Gas Limited ('Planet Gas' or 'the Company') announced entering into an agreement with Macquarie Americas Corporation (a Macquarie Bank Limited subsidiary) for the purchase of a 3.0% Overriding Royalty Interest ('ORRI') over established oil and gas production assets in Kansas, Pennsylvania and New York State which total approximately 500,000 barrels of oil equivalent per annum.

Purchase consideration is US\$4.55 million, with US\$1.33 million funded from the Company's existing cash reserves and US\$3.22 million by a drawdown from a 5 year US\$15.0 million debt facility provided by Macquarie Bank Limited which will be repaid US\$150,000 per annum plus a final payment of US\$2.6 million.

During the quarter, work comprised the registration of each licence across each relevant county in Kansas, Pennsylvania and New York to allow for final transfer to the Company.

The ORRI acquisition forms part of a wider oil and gas strategy for the Company targeting low risk royalty and other cash flow assets with development upside.

Planet Gas Limited ABN 46 098 952 035

Level 2, 66 Hunter Street Sydney NSW 2000 Australia **T** +61 2 9300 3322 **F** +61 2 9221 6333

W www.planetgas.com

During the quarter, crude oil price has exhibited substantial volatility. West Texas Intermediate Crude price has dropped dramatically from approximately US\$90.00 per barrel in early September 2014 to US\$48.00 per barrel in January 2015. Over the same period NYMEX natural gas prices have fallen from approximately US\$4.00 per MMBtu to US\$3.00 per MMBtu. Such volatility will have a material effect on revenue receipts for the Company. However, with the Company's cash flow interests being entirely from Overriding Royalty Interests, the Company's operational cost exposure is minimal.

COOPER BASIN, SOUTH AUSTRALIA

PRL 118 through PRL 128 (previously PEL 514) and PEL 638

PRL 118 through PRL 128 and PEL 638 cover a combined area of 1,917 km² in the Cooper Basin of north eastern South Australia, hosting an array of exploration targets for conventional and unconventional hydrocarbons (see Figure 1).

Previously, PEL 638, which covers an area of 904 km² in the Patchawarra Trough, was excised from PEL 514 to facilitate the administration of a new joint venture between Origin Energy Limited ('Origin', ASX: ORG), Senex Energy Limited ('Senex', ASX: SXY) and Planet Gas. Prior to the excising of PEL 638, Planet Gas held a 20% interest in PEL 514.

PEL 638 is divided into two joint ventures; the PEL 638 Deeps¹ joint venture (the subject of the farm-in by Origin) and the PEL 638 Shallows¹ joint venture.

During the quarter, PEL 514 was converted into 11 separate Petroleum Retention Licences (PRLs) allowing for greater flexibility in tenement management and over the longer term. The licences have been granted for five year terms and are renewable.

Planet Gas' interest in each of these areas is summarised as follows:

- PRL 118 through PRL 128 20% free carried.
- PEL 638 Shallows 20% free carried.
- PEL 638 Deeps 12.5% free carried reducing to 10% in the event that Origin proceeds with Stage 2 of the farm-in program.

¹ A stratigraphic division separates the 'Deeps' and 'Shallows' with the Origin agreement relating to the Deeps of the Permian system.

PEL 638 Deeps

As previously announced, Planet Gas' 20% interest in PEL 638 was reduced to a 12.5% free carried interest and would further reduce to a 10% interest based on work program expenditures by Origin and Senex in the event that Origin proceeds with Stage 2 of the farm-in program.

The Deeps work program is split into Stage 1 and Stage 2 with total expenditure of up to \$80 million, being \$40 million in each Stage.

In addition to Stage 1 and Stage 2, the joint venture parties may elect to fund additional work programs, subject to PEL 638 Deeps operating committee approval, totalling up to \$67 million. This could involve additional exploration and appraisal work during either or both Stages.

Senex is the operator of the farm-in programs with Origin having the right to become operator following the completion of Stage 2.

The farm-in programs include the drilling of up to seven exploration and appraisal wells, fracture stimulation and flow testing. Stage 1 will evaluate the potential of the tight gas sands, provide exposure to gas in shales and deep coal seams, and provide proof of concept of the Permian system. Stage 2 would evaluate the commerciality of the gas resource by undertaking extended flow testing through a separate pilot program.

During the quarter, two 3D seismic surveys were approved by the PEL 638 Deeps JV, with data acquisition scheduled for first quarter 2015 (subject to weather).

The surveys comprise;

Jonothon:	150 km ²
Mudrangie:	99 km ²
Total:	249 km ² (see Figure 1)

The JV seismic programs significantly exceed the acquisition area obligation of 80 km² and are expected to be acquired ahead of the commitment date of early May 2015.

The seismic data from these surveys will be used to identify Deeps drilling targets.

PRL 118 through PRL 128 (previously PEL 514) and PEL 638 Shallows

During the quarter, the Bagheera East-1 vertical exploration well was plugged and abandoned with no significant hydrocarbons intersected.

Although Bagheera East-1 well and the previously drilled Hathi-1 well were unsuccessful in discovering moveable hydrocarbons the campaign did provide valuable technical data in this underexplored region of the Cooper Basin. Well data indicates that hydrocarbons from mature source rocks in the Patchawarra Trough have migrated into the northern flank of the Cooper Basin beyond previously known limits.

The Operator, Senex, announced at the end of the quarter "Subject to JV approvals, the next phase of this campaign will involve applying AVO* and inversion processes to the Cordillo and Dundinna 3D seismic surveys, using shear sonic data gained from the recent northern drilling program. The aim of these processes is to identify stratigraphic traps with favourable reservoir qualities in the Birkhead sands, which have large reserves potential. Such traps have not previously been explored for in this area as technologies have only evolved in recent years."

Planet Gas' 20% interest continues to be free carried by Senex for oil exploration in PRL 118 through PRL 128 and PEL 638 Shallows.

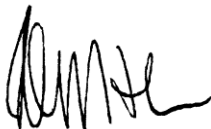
* Amplitude Versus Offset

TENEMENT INFORMATION

Tenement	Location	Ownership	Change in quarter
PRLs 118 through 128 (previously PEL 514)	Cooper Basin S.A.	20.0%	Converted from Petroleum Exploration Licence (PEL) to Petroleum Retention Licences (PRLs)
PEL 638 Shallows	Cooper Basin S.A.	20.0%	-
PEL 638 Deeps	Cooper Basin S.A.	12.5%	-

For further information, please contact Anthony McClure or Peter Nightingale on (61-2) 9300 3322.

Yours sincerely



Peter J. Nightingale
Director

pjn8002

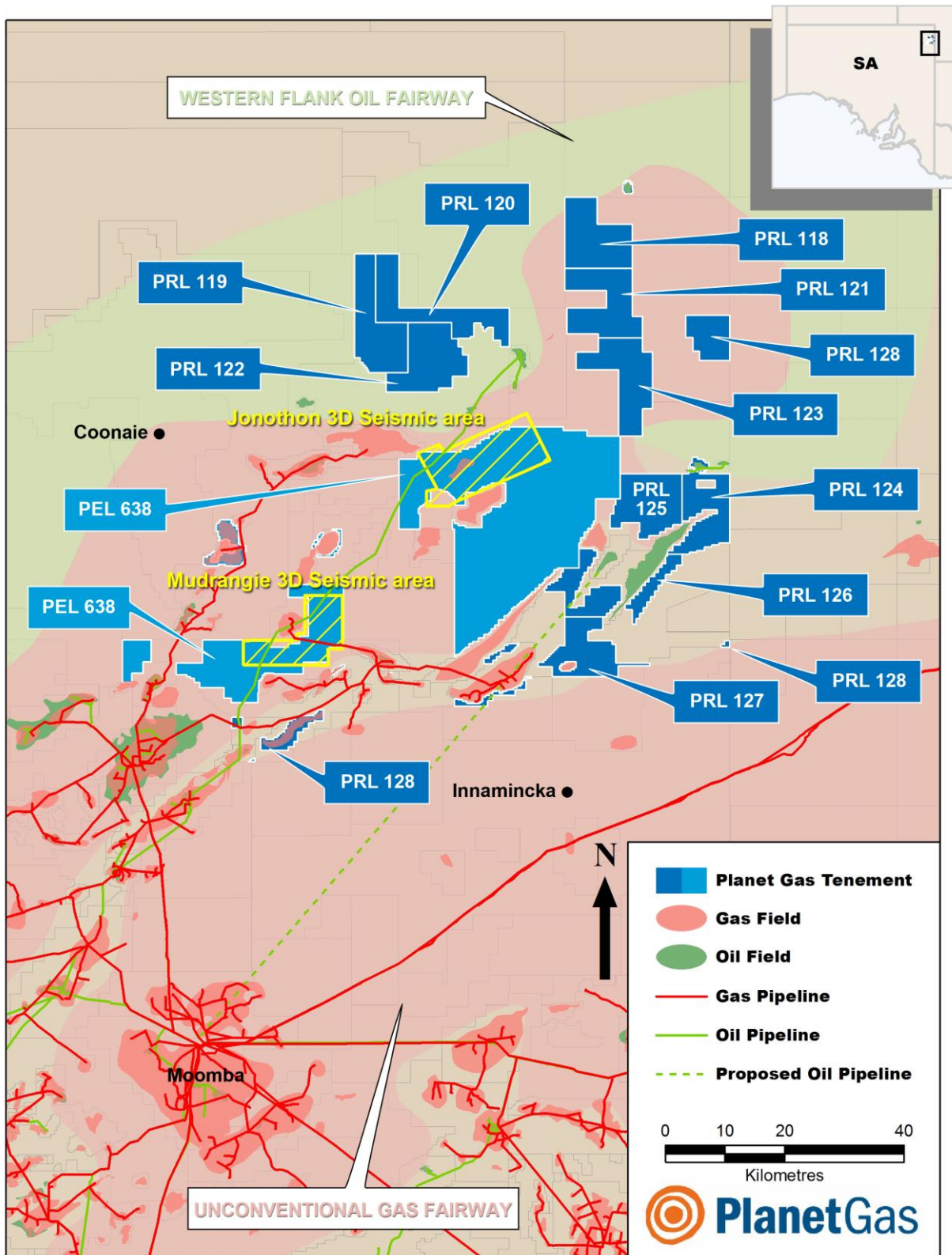


Figure 1: Location of PRL 118 through PRL 128 and PEL 638