

A photograph of an oil drilling rig in a field, with a large, stylized, semi-transparent blue and white circular graphic overlaid on the image. The rig is a tall, yellow and black structure. The field is a golden-brown crop field. The sky is a deep blue gradient.

ANNUAL REPORT 2009

CONTENTS

Chairman's Letter	1
Review of Operations	2
Statement of Corporate Governance	14
Directors' Report	16
Lead Auditor's Independence Declaration	23
Statements of Comprehensive Income	24
Statements of Changes in Equity	25
Statements of Financial Position	27
Statements of Cash Flows	28
Notes to the Financial Statements	29
Directors' Declaration	55
Independent Audit Report	56
Additional Stock Exchange Information	58
Corporate Directory	60

CHAIRMAN'S LETTER



Dear Fellow Shareholder,

Having reread my note to you in our last Annual Report, I can't help but be struck by the changes which have occurred over the past twelve months. Last year I spoke of our need to fully impair the value of our USA CBM assets, as the capital markets were in such a poor state that raising any further funds which were required to develop those assets was without possibility.

I also noted that we would continue to review project submittals, as I felt 'bear markets often present opportunity'. As a result of your Board holding that view, I am pleased to say we now have a substantial portfolio of strategically located geothermal assets and a highly prospective oil and gas exploration permit in the Cooper Basin. We continue to review opportunities to further expand and diversify our resource base.

It was also a year during which our balance sheet was repaired, with debt being repaid and \$14 million cash being raised from shareholders, old and new.

We have also added to the strength of our Board, with the appointment of two new directors, both of whom have great skills and experience for us to call upon.

I am very hopeful that the gains made in the 2009 Financial Year will be built upon this year.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'Norman A. Seckold', enclosed within a circular flourish.

Norman A. Seckold
Chairman

REVIEW OF OPERATIONS

SUMMARY

The year ended 31 December 2009 was a year of significant transition for Planet Gas Limited ('Planet Gas' or 'the Company'). New appointments, recapitalisation, the retirement of debt and the successful acquisition of new projects have given the Company a strategic direction and momentum.

The following significant events have occurred in what was a good year for the Company:

- Recapitalisation of the Company.
- Appointment of a new Managing Director and CEO.
- New Hope Corporation Limited takes a strategic stake in the Company.
- Appointment of a new non-executive Director.
- Acquisition of Gradient Energy Limited.
- Callabonna Uranium Limited merged with ASX listed MKY Resources Ltd.
- New geothermal licences granted.
- Successful application for Sydney Basin geothermal licences.
- Successful in competitive tender for petroleum licence C02009-C.



REVIEW OF OPERATIONS (CONT.)

CORPORATE ACTIVITIES

Recapitalisation of the Company

During the year, the Company was successfully recapitalised by raising \$14,275,939 in cash and retiring outstanding debts totalling \$2,235,920 by the issue of shares.

The cash raised in the recapitalisation of the Company included:

- a non-renounceable rights issue of 90,982,541 shares to existing shareholders on a pro-rata basis of 1 new share for every 4 existing shares held at an issue price of \$0.05 per share to enable existing shareholders to participate in the Company's development;
- a placement of 30,357,720 shares at an issue price of \$0.05 per share; and
- a placement of 86,409,751 shares at an issue price of \$0.095 per share to Hueridge Pty Ltd ('Hueridge'), a wholly owned controlled entity of New Hope Corporation Limited ('New Hope').

As a result of the placement of shares to Hueridge and its participation in the rights issue, New Hope now holds a 19.9% interest in the Company.

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.



REVIEW OF OPERATIONS (CONT.)

Appointment of Directors

On 5 May 2009, Mr Sharif Oussa was appointed as Managing Director and CEO of the Company.

Mr Oussa is a geologist and former resources and finance analyst with more than 16 years' experience in the mining and resources sector. Formerly Head of Mining and Resources at D&D Tolhurst Limited, he focused on financing and advising coal bed methane ('CBM') companies and later established himself as a leading CBM company founder and executive.

Mr Oussa was selected for the appointment as Managing Director and CEO due to his extensive experience in the areas of CBM and geothermal energy.

In addition to his normal executive duties, Mr Oussa was tasked to take a hands-on approach to:

- facilitate re-financing of the Company and its subsidiaries;
- re-establish investor understanding of the Company and its prospects; and
- drive the search for new energy sector opportunities designed to advance shareholder value in the near future.

On 20 November 2009 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.

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.

Acquisition of 100% of Gradient Energy Limited

In June 2009, the Directors announced that the Company had entered into a formal agreement to acquire 100% of Gradient Energy Limited ('Gradient'), a Queensland based, public, unlisted geothermal exploration and development company.

The acquisition was part of an ongoing business strategy outlined at the Company's 2008 Annual General Meeting to:

- acquire a quality portfolio of Australian domestic energy assets, whilst
- undertaking a review of the Company's USA assets, in light of significant USA industry developments.

The acquisition of Gradient was by shares and cash, comprising:

- 39.0 million shares issued to Gradient shareholders which will be subject to a 12 month voluntary escrow; and
- \$1.35 million cash payment.

Gradient is a geothermal exploration and development company, with a projects covering 18,300 km² as detailed in the review of projects below.

Callabonna Uranium Limited Merger with ASX Listed MKY Resources Ltd

In July 2009, the shareholders of Callabonna Uranium Limited ('Callabonna Uranium'), including Planet Gas, entered into an agreement with ASX listed uranium exploration company MKY Resources Ltd ('MKY') to sell 100% of the issued capital of Callabonna Uranium to MKY.

The transaction was completed in September 2009, creating a new uranium focused exploration company with a very attractive portfolio of uranium properties in South Australia, the Northern Territory and Queensland.

Additionally, as part of the transaction, SK Energy International Pte Ltd, a part of the Korean SK Energy Co. Ltd group, one of the most significant enterprises in the Asia Pacific energy marketplace, subscribed for \$2.0 million of shares in MKY and is substantial shareholder and cornerstone investor in the company.

The expanded company has been renamed Callabonna Uranium Limited and changed its ASX stock code to CUU.

Pursuant to the share sale agreement, MKY issued 477 million MKY shares in exchange for 39.5 million Callabonna Uranium shares. The Company received 172.8 million MKY shares, representing approximately 15% of MKY's issued capital after completion of the transaction.

REVIEW OF OPERATIONS (CONT.)

PROJECTS

The Company has rights to the following projects:

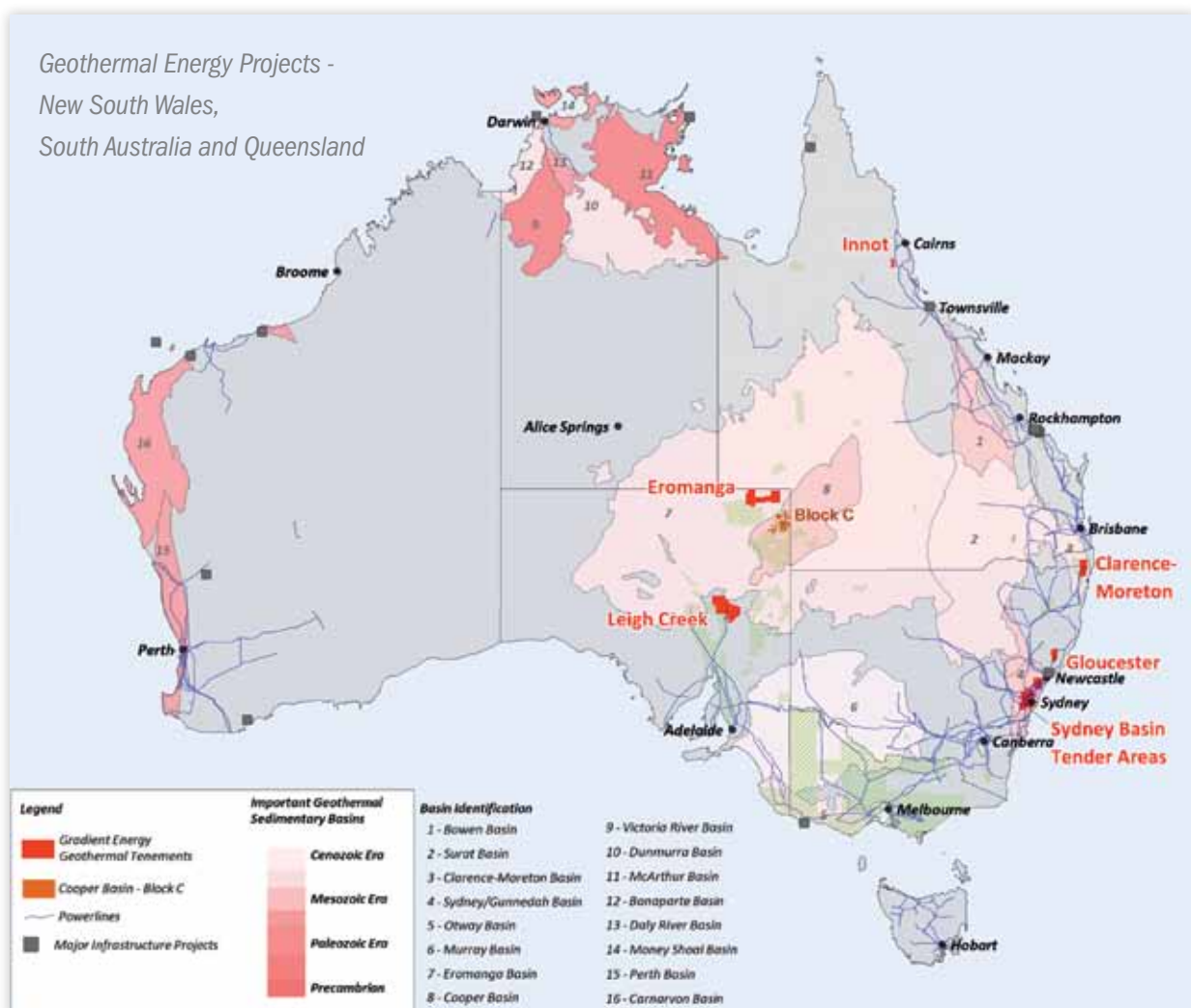
Australia

- Clarence/Moreton and Gloucester Basins geothermal projects, New South Wales
- Sydney Basin geothermal project, New South Wales
- Cooper/Eromanga Basin geothermal project, South Australia
- Leigh Creek geothermal project, South Australia
- Cooper Basin oil and gas project, South Australia

In addition, the Company has been appointed as preferred tenderer for the geothermal exploration rights to the Innot geothermal project in Queensland.

USA

- Esponda coal bed methane project, Powder River Basin, Wyoming
- Oriva project, Powder River Basin, Wyoming

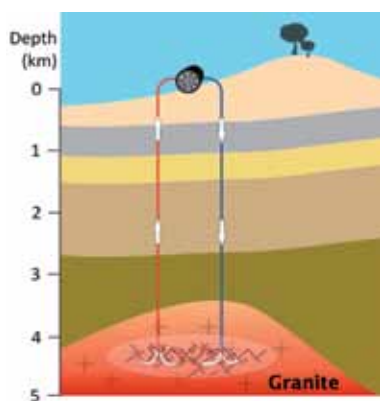


REVIEW OF OPERATIONS (CONT.)

There are a number of different geothermal energy sources which have different geologic settings and require different exploration approaches and development techniques. The following table compares three geothermal project types.

Hot Fractured Aquifer

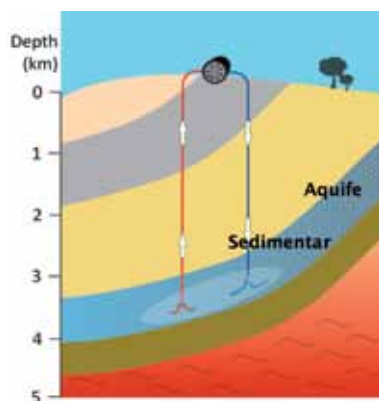
HFA



- Natural permeable reservoir due to fractures/faults
- Common geothermal system in active volcanic regions
- Low exploration and development costs
- Commercial plants in operation

Hot Sedimentary Aquifer

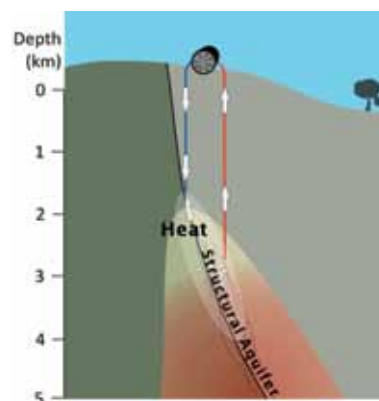
HSA



- Natural reservoir within porous/permeable sedimentary rocks
- Common in oil/gas basins
- Low exploration and development costs
- Commercial plants in operation

Enhanced Geothermal System

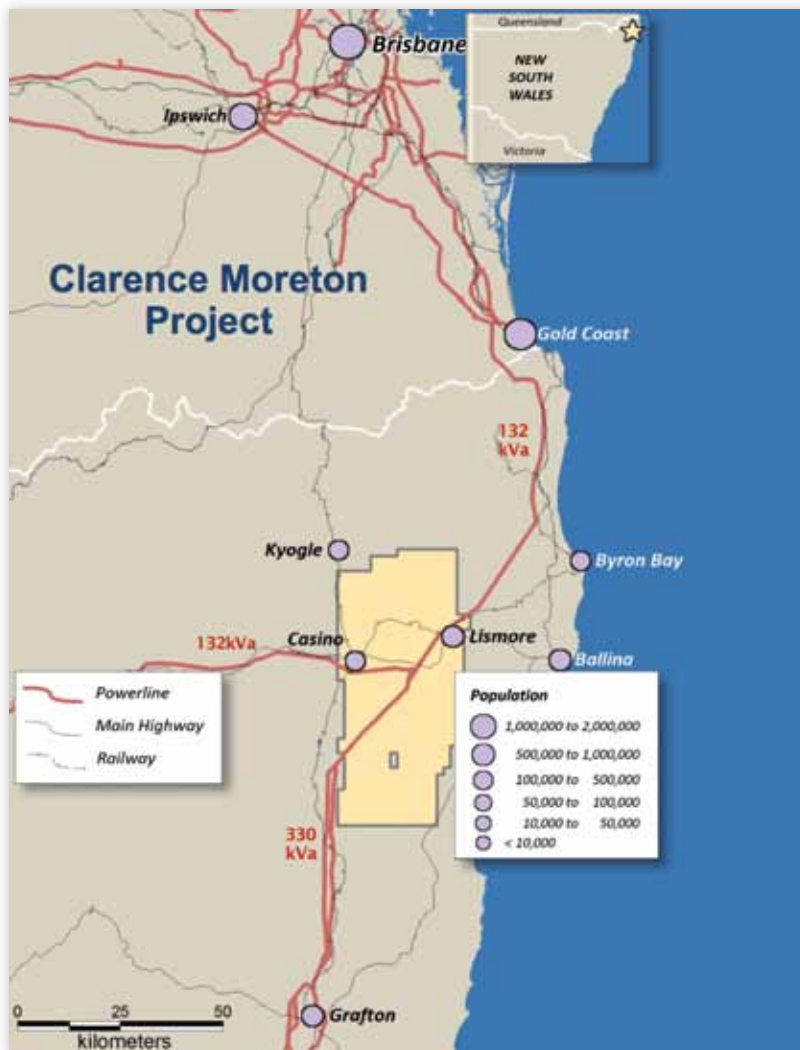
EGS (HFR & HEWI)



- Poor natural reservoir requires enhancement
- Large worldwide potential resource base
- Increase exploration and development costs
- Demonstration plants in operation



REVIEW OF OPERATIONS (CONT.)



The development of renewable and sustainable energy resources is imperative with the changing scene for carbon, and climate change.



NSW - Clarence/Moreton and Gloucester

Through the acquisition of Gradient, the Company has identified two separate geological basins in NSW it believes are prospective for geothermal energy resources. Both projects are near the east coast and close to significant population centres.

As the most populated state in Australia, NSW relies heavily on coal for electricity generation, particularly from the Hunter region. The development of renewable and sustainable energy resources is imperative with the changing scene for carbon, and climate change, and the Company will be

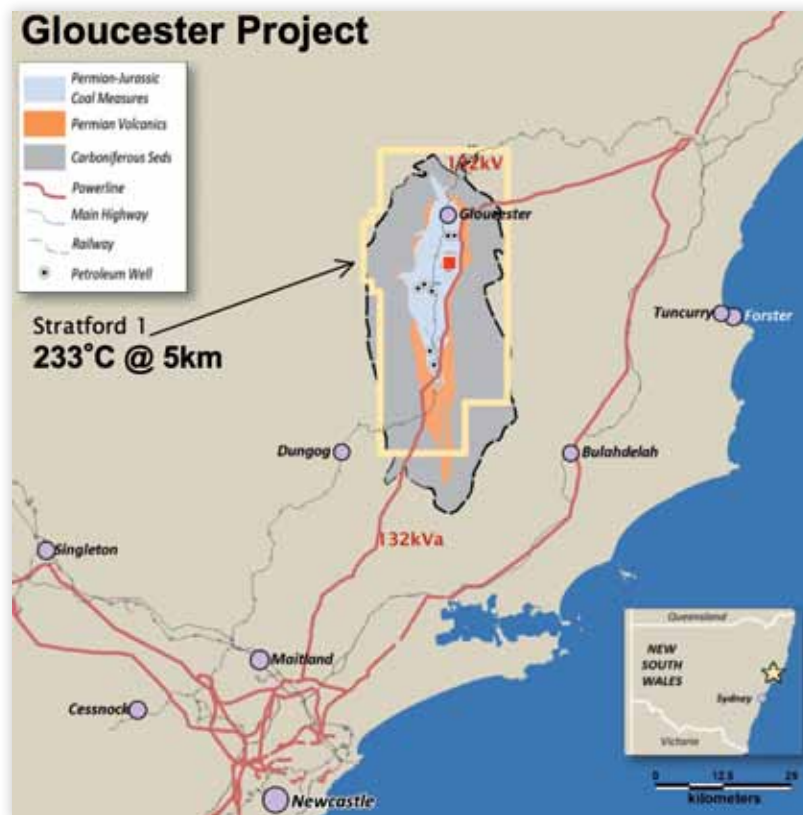
focusing its largest financial efforts on Gradient's NSW tenement holdings.

Clarence Moreton - EL 7146: Granted in May 2008, this is the largest geothermal licence granted in NSW to date, covering 1,942 km² of the Clarence Moreton Basin. The main east coast electricity transmission network passes through the tenement, which lies approximately 130 kilometres south of Brisbane, and is close to the Gold Coast and the regional cities of Lismore, Grafton and Coffs Harbour.

The Company will explore for shallow hot geothermal aquifer and hot fractured rock type geothermal resources in EL 7146.

REVIEW OF OPERATIONS (CONT.)

The Company will be seeking both hot aquifer and hot fractured rock resources, and the main focus will be co-generation of electricity through binary power systems, employing gas and geothermal energy to turn turbines.



Gloucester - EL 7350: Covering 1,277 km², representing approximately 90% of entire Gloucester Basin, this project is adjacent to the Hunter Valley, 66 kilometres from Newcastle and close to electricity infrastructure.

The Company will be seeking both hot aquifer and hot fractured rock resources, and the main focus will be co-generation of electricity through binary power systems, employing gas and geothermal energy to turn turbines.

NSW - Sydney Basin

Subsequent to the end of the year, the Company, through Gradient, was the successful bidder under competitive tender process by the New South Wales Department of Primary Industries for geothermal exploration licences G8TA_O, G8TA_R and G8TA_S, which cover approximately 5,077 km² of prospective ground in the Camden, Richmond and Ourimbah areas of the Sydney Basin.

The Company plans to target these areas for large scale hot sedimentary aquifer geothermal resources hosted by the geological sequences of the Illawarra Coal Measures and the Shoalhaven Group. Such resources could potentially deliver low carbon emission electrical power generation and industrial heating to serve Sydney's rapidly expanding electrical and energy demands. The proximity of the tenements to the large population centres of Sydney, Campbelltown, Camden, Gosford and Wyong gives the Company the opportunity to explore district heating and cooling opportunities powered by geothermal energy.

REVIEW OF OPERATIONS (CONT.)

A three year technical work program is in the process of being initiated to test for the presence of a hot sedimentary aquifer system, its temperature, flow rates, connectivity and the potential for geothermal power generation.

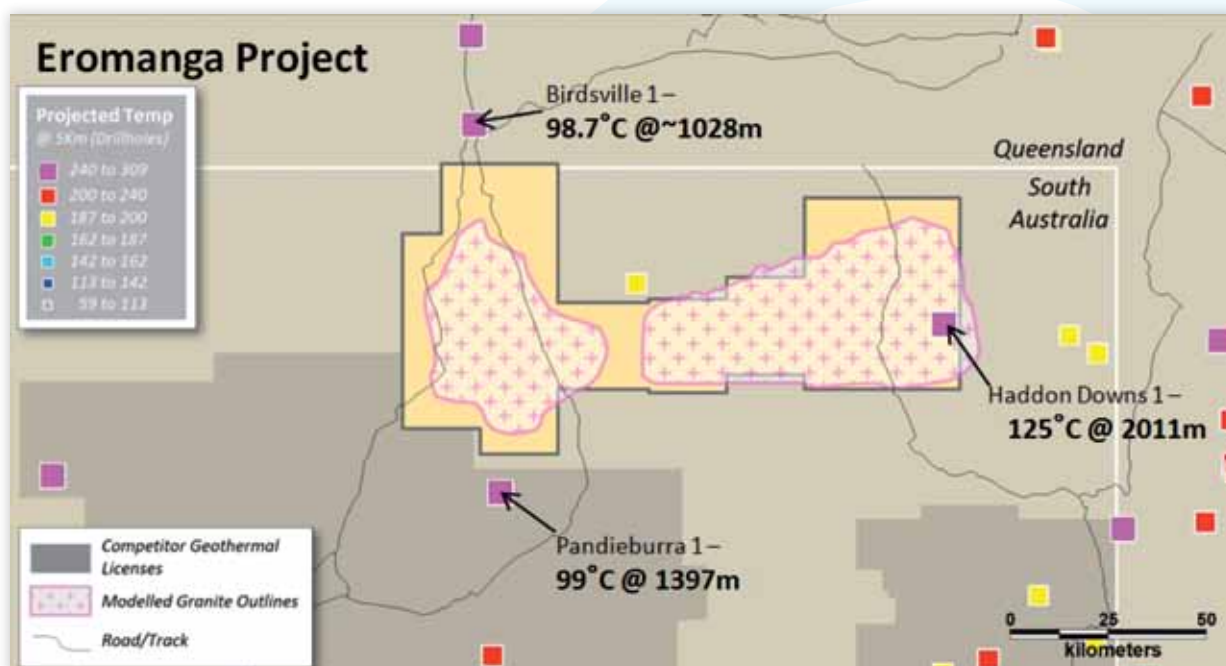
These licences are an encouraging next step in the Company's growth of a strategic portfolio of 'population/ infrastructure advantaged', geothermal projects in Australia.



South Australia - Cooper/Eromanga Basin

Through the acquisition of Gradient, the Company's licences in South Australia cover 6,115 km² of highly prospective ground in Australia's most advanced geothermal exploration province - the Cooper/Eromanga Basin. The Eromanga project is located north of Geodynamics flagship Habanero project, and near to Pacific Hydro's HSA project.

The licences in the Cooper/Eromanga Basin are considered highly prospective for both hot sedimentary aquifer and hot fractured rock resources. The licences cover two large gravity features, interpreted to be hot buried granites, capped by a thick sequence of sediments thought to host regionally extensive hot aquifer horizons.



REVIEW OF OPERATIONS (CONT.)

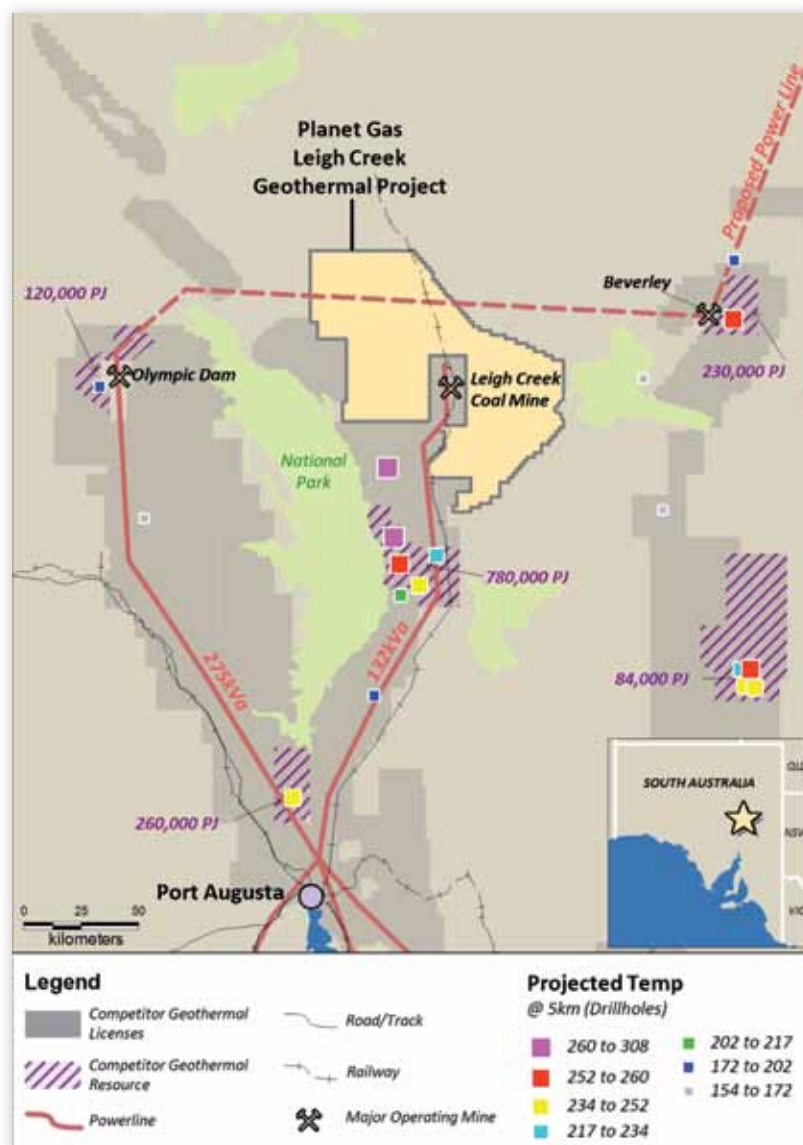
The Leigh Creek project is located within the South Australian heat flow anomaly, a highly prospective region for geothermal resources, where average crustal heat flow is almost double that seen in other parts of the world.

South Australia - Leigh Creek

In November 2009, 14 geothermal exploration licences (GELs 448 - 461), covering approximately 6,591 km² surrounding the Leigh Creek coal mine in South Australia, were granted to the Company's wholly owned controlled entity, Gradient. 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 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 a 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 Parachilna 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.

REVIEW OF OPERATIONS (CONT.)

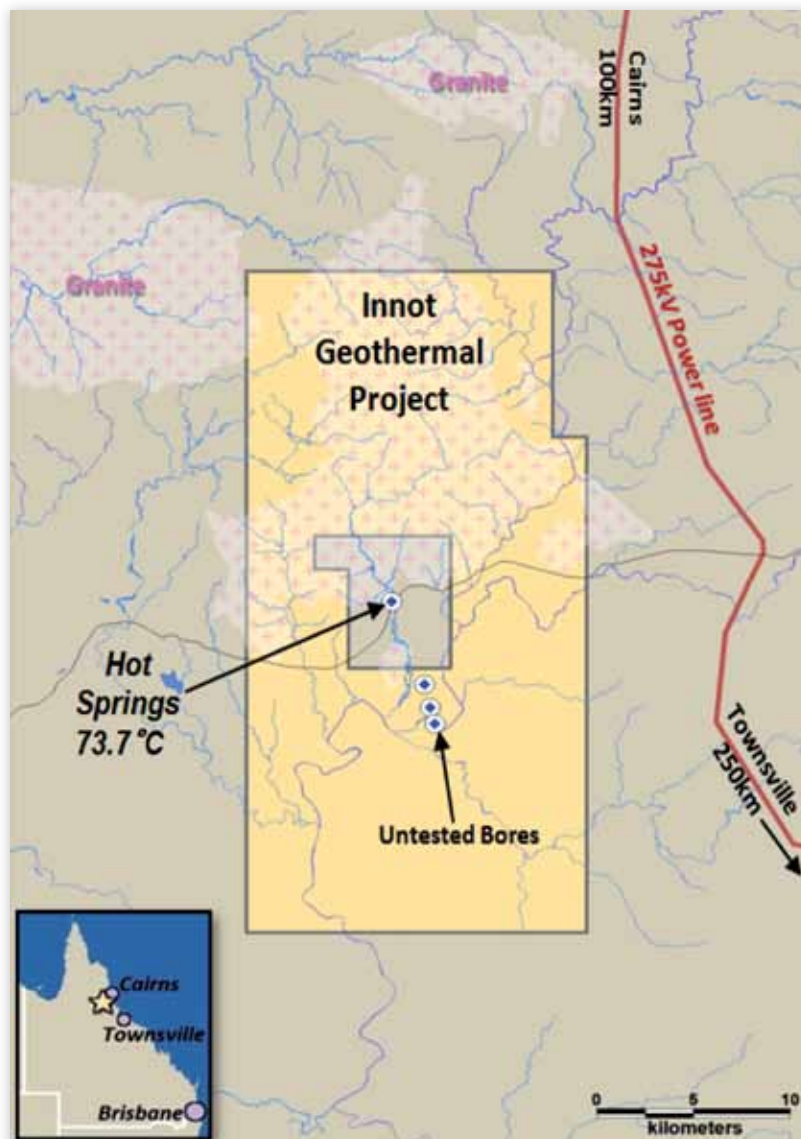
Queensland - Innot

The Innot project covers 596 km² and is located 10 kilometres from the east coast electricity transmission network, midway between Townsville and Cairns. The project surrounds, but does not include, the well known Innot Hot Springs that have temperatures at surface are up to 74°C, with indicated aquifer temperatures, at a yet to be defined depth, of 144°C to 165°C by fluid chemistry. These temperatures are amongst the hottest indicated aquifer temperatures in Australia, outside of the Cooper Basin, and are within the window for viable electricity generation using conventional binary geothermal power plant technology.

The exploration and appraisal target at Innot is a pre-existing and structurally developed hot fractured aquifer system. Initial geothermal exploration by the Company will focus on shallower hot sedimentary aquifer and hot fractured aquifer targets.

Innot is well placed for future supply of power with the 275 kVa power lines of the main east coast grid located 10 kilometres from the project and the Company will also evaluate the potential for co-generation of electricity through binary power systems, employing gas and geothermal energy to drive turbines.

These targets are of the style that already supports electricity generation at Landau and Unterhaching in Germany, and have the potential to support commercial scale power generation in Australia. They can also be explored more rapidly and cost-effectively, and developed using conventional and existing technologies.



The exploration and appraisal target at Innot is a pre-existing and structurally developed hot fractured aquifer system. Initial geothermal exploration by the Company will focus on shallower hot sedimentary aquifer and hot fractured aquifer targets.

REVIEW OF OPERATIONS (CONT.)

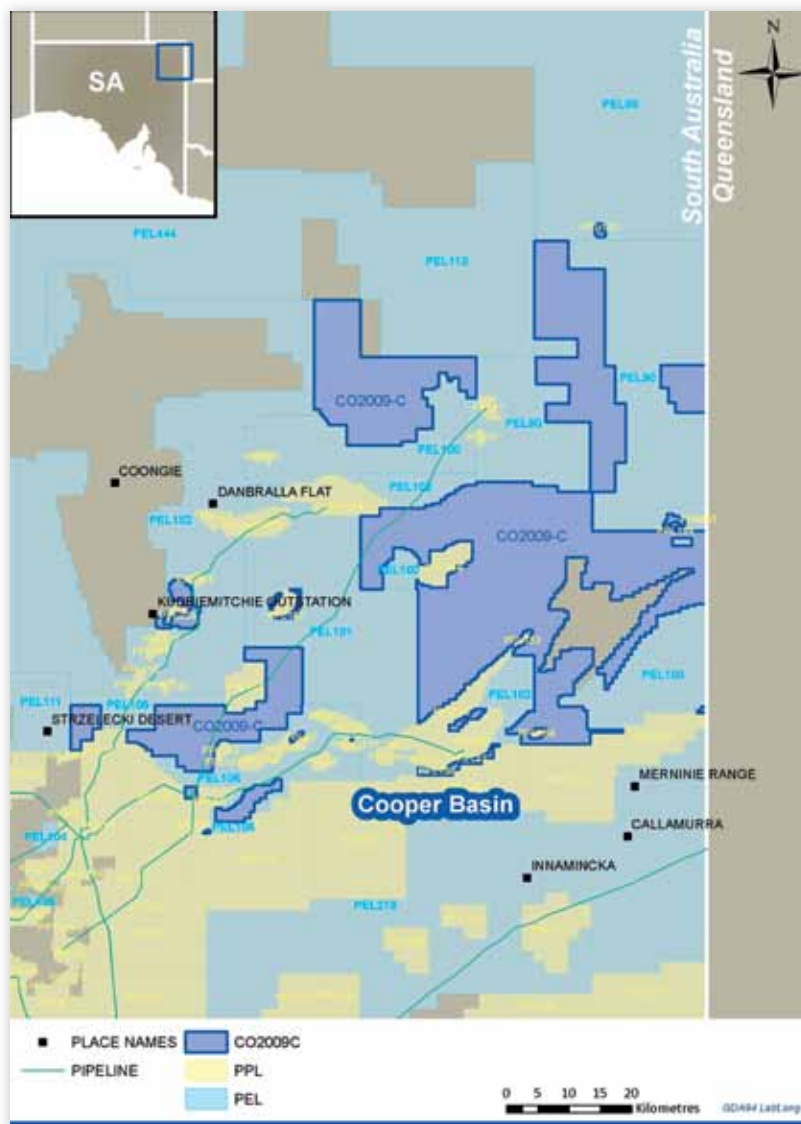
This petroleum licence area is in proximity to the Company's Eromanga geothermal project and the successful application marks another step in the Company's continuing process of refocusing its exploration, appraisal and development efforts towards eastern Australian energy projects.

PETROLEUM LICENCE CO2009-C-COOPER/EROMANGA BASINS, SOUTH AUSTRALIA

In December 2009, the Company was 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.

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, Teloepa, Cuttapiirrie, 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.

The Company'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, which have commenced and the payment of the required security bonds.

REVIEW OF OPERATIONS (CONT.)

COAL BED METHANE PROJECTS - POWDER RIVER BASIN, WYOMING, USA

During the year, Company Directors undertook a fact finding mission to assess the Company's USA assets held by the Company in the Powder River Basin and, due to inherent uncertainty over the ultimate recovery of the Company's USA assets, all assets in respect of the Esponda and Oriva projects have been fully impaired until such time as there is conclusive evidence the impairment has reversed.

The Company is currently continuing assessment of the technical merits of its Powder River Basin portfolio, including modelling the dewatering and projected economics of its pilot at West Esponda.

West Esponda

The Company's 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 (Palaeocene 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.

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.

To date, 10 wells have been completed in a pilot production program with an additional 8 production wells in an extension program having been drilled but not completed.

During the year, the Company:

- Renewed the project lease for an initial primary term of 2 years with the ability to extend the lease term. The leasing rate is US\$8 per acre per year, or an approximate annual cost is \$54,902. This is a significant saving compared to the original leasing costs.
- Reduced the West Esponda lease size to approximately 2,777 net hectares (6,863 acres), based on geological constraints, and interpreted coal thickness.
- Initiated field activities with the preparation for completion and testing of 2 Phase II wells. With this stimulation or water fracturing we are aiming for continued water production to ascertain the well economics for the West Esponda project.
- Initiated work over of 2 wells (16-5 and 16-1) in section 16.

The Company's immediate plan is to complete 2 of the production wells in the extension program with a greater fracture stimulation than previous well completions to test the dewatering characteristics of the coal seams and, based on these results, make a further investment decision in the West Esponda project.

East Esponda

To date there have been 23 wells completed within the Company's East Esponda leasehold interests.

During the year, and on the basis of recent previous production results and the current low gas prices in the Powder River Basin, the Company elected to reduce its interest to net royalty, by allowing Anadarko, the Company's partner in the East Esponda project, to sole risk and fund 100% of additional costs.

Oriva Project

The Oriva project comprises two project areas, Oriva Throne which is in production and Oriva Federal which includes a conventional oil and gas deep well. 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 CBM 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.

Due to low gas prices in the USA during the year, Oriva Throne wells have been put on care and maintenance and there has been minimal production.

Ongoing USA Activities

During the year, the Company undertook a fact finding mission to assess USA project opportunities and to determine a development strategy for the assets held by the Company in the Powder River Basin. This review is ongoing and the Directors expect to be able to make some strategic decisions regarding further investments in USA projects and the Company's existing USA projects in the near future.

STATEMENT OF CORPORATE GOVERNANCE

This statement outlines the main Corporate Governance practises that were in place throughout the financial year, unless otherwise stated.

Board of Directors

The Board is responsible for the overall Corporate Governance of the Group including its strategic direction, establishing goals for management and monitoring the achievement of these goals. Because of the small number of Directors, a Nomination Committee, a Remuneration Committee and an Audit Committee have not been established.

The Board of Directors has three executive and four non-executive Directors. The three executive Directors of the Company are actively involved in the operations of the Group. Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Company, the Board does not believe that having an independent Chairman is appropriate for the Company at this time.

The composition of the Board has been determined on the basis of providing the Group with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level. The names, terms of office, skills, experience and expertise of the Board are disclosed in the Directors' Report.

The Chairman reviews the composition of the Board annually to ensure that it provides the Group with the appropriate levels of both expertise and experience.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board identifies a panel of candidates with appropriate expertise and experience. A selection procedure is then completed and the Board appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Directors, other than the Managing Director, are subject to re-election by the shareholders at least every three years.

Each Director has the right to seek independent professional advice at the Group's expense. Prior approval of the Chairman is required, but such approval is not unreasonably withheld. A copy of the advice received by the Director is made available to all other members of the Board.

In the event that a potential conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter.

Remuneration

The remuneration of the Directors is determined by the Board as a whole, with the Director to whom a particular decision relates being absent from the meeting during the time that the remuneration level is discussed and decided upon. The Company ensure that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Company and that they are not excessive.

As stated above, given the nature of the Company the Board has chosen not to establish a Remuneration Committee.

For details on the amount of remuneration for each Director, refer to the Remuneration Report in the Directors' Report.

Internal Controls

The Board of Directors acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The system of internal control adopted by the Group seeks to provide an appropriate division of responsibility and careful selection and training of personnel relative to the level of activities and size of the Group.

The full Board takes responsibility for reviewing financial reporting procedures, internal controls and the performance of the financial management and the external auditors. The full Board reviews financial statements and other information distributed externally prior to distribution.

The CEO and CFO state in writing to the Board that the Company's financial statements present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

External Auditors

The Board reviews the performance of the external auditors and the Chairman and CFO meet with them at the commencement of the half yearly review and annual audit to discuss any issues that have arisen with respect to accounting policies, any significant operational issues and level of proposed audit fees.

The auditors also meet regularly with the CFO to discuss the scope of the audit work to be performed, and during the course of the audit.

Should a vacancy arise, through whatever reason, the Board will invite submissions from a panel of suitable firms to undertake the position of auditor, and having carried out a selection process, nominate the most suitable candidate for election at the next general meeting of shareholders. KPMG, the Company's auditors, were appointed in May 2005.

Continuous Disclosure to the ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company will notify the ASX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

STATEMENT OF CORPORATE GOVERNANCE (CONT.)

In addition, the company undertakes the following measures:

- promote understanding of compliance among Directors and Executives;
- promote internal procedures concerning disclosure obligations;
- monitoring compliance;
- implement measures to avoid false market; and
- safeguarding confidentiality of corporate information.

The Role of Shareholders

The Board ensures that the shareholders are informed of all major developments affecting the Group by the following means:

- distribution of the annual report to all shareholders which contains relevant information about the operations of the entity during the year in addition to disclosures required by the Corporations Act 2001;
- lodgement of the half yearly report with the ASX, which contains summarised and audit reviewed financial information. Copies of the half year financial statements prepared in accordance with the Corporations Act 2001, are available to any shareholder on request;
- lodgement of quarterly reports with the ASX which show summarised financial information and a report on operations for the quarter. Copies of these reports are available to shareholders on request;
- announcements to the ASX concerning any significant development in the Group's operations, financing and administration. All announcements are immediately available to the general public; and
- disclosure of all major announcements to the ASX on the Company's website.

The shareholders are responsible for voting on the appointment of Directors.

Performance Review and Evaluation

Given the nature of the Company, the Board has adopted an informal and continuous performance evaluation process of its key executives. The Company has not established formal performance review measures for the Board or key executives nor has it established a Nomination Committee.

It is the policy of the Board to ensure that the Directors and executives of the Company are equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and executives, there is on-going monitoring by the Chairperson and the Board. The Chairperson also speaks to Directors individually regarding their role as a Director.

Risk Management

Due to the size of the Company, the number of officers and employees and the nature of the Company's business, a formal risk management policy and internal compliance and control system has not been implemented. The Managing Director and CFO declare, in writing, to the Board that the system of risk management and internal compliance and control which implements the policies adopted by the Board has been assessed and found to be operating efficiently and effectively in all material respects.

Each Director reviews the business risks affecting his particular area of expertise annually and reports to the Board. The Board then determines the appropriate actions to eliminate or minimise the identified business risks. The full Board oversees the establishment, implementation and ongoing review of the Group's risk management and internal control system. The internal control system covers financial, operational and compliance risks.

Recommendations made by external auditors and other external advisers are investigated by the Board and, where necessary, appropriate action is taken to ensure that the Group has the internal control environment to manage the key risks identified. Ways of enhancing existing risk management strategies, including segregation of duties, employment and training of suitably qualified and experienced personnel are investigated by the Board.

Ethical Standards

All Directors and executives are expected to act with the utmost integrity and objectivity, endeavouring at all times to enhance the performance and reputation of the Group. Each Director is expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

Directors and executives are permitted to trade in the Company's securities only in accordance with the provisions of the Corporations Act and ASX Listing Rules. The Directors are under an obligation to report any dealings in securities in the Company or other Companies in which the Company has a relationship.

The Company is focused on ensuring that all Directors, Executives, and Employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

The Company outlines:

- The practices necessary to maintain confidence in the company's integrity;
- The practices necessary to take into account legal obligations and reasonable expectations of stakeholders; and
- The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

DIRECTORS' REPORT

The Directors present the consolidated financial report of Planet Gas Limited ('Planet Gas' or 'the Company') and its controlled entities for the financial year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names and particulars of the Directors at any time during or since the financial year are:

Norman Alfred Seckold

Executive Chairman

Director since 4 December 2001.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 25 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden and Mogul Mining N.L., which drilled out the Magistral and Ocampo Gold deposits in Mexico and Bolnisi Gold N.L., which discovered and developed the Palmarejo and Guadalupe gold and silver deposits in Mexico.

Mr Seckold is currently a director of Cockatoo Coal Limited, an Australian coal exploration and project development company, Kings Minerals N.L., a company exploring for precious and base metals in Australia and its Canadian listed controlled entity San Anton Resources Inc which is exploring for precious and base metals in Mexico and Augur Resources Limited, a minerals exploration and development company operating in Australia and Indonesia.

Sharif A. Oussa

Managing Director and CEO

Director since 5 May 2009.

Mr Oussa is a geologist and former resources and finance analyst with more than 16 years experience in the mining and resources sector.

Formerly Head of Mining and Resources at D&D Tolhurst Limited, he focused significantly on financing and advising coal bed methane (CBM) companies. Mr Oussa later established himself as a leading CBM company founder and executive, playing key roles in the establishment of some of Australia's best known CBM companies, including Sydney Gas Company, Eastern Star Gas Limited and Queensland Gas Company.

He is also an original founder and former CEO and Managing Director of Blue Energy Limited, an original founder of Planet Gas Limited, Great Artesian Oil and Gas Limited, a conventional oil and gas company and a founder and former director of Hot Rock Limited, a company with geothermal development assets in Australia.

Peter James Nightingale

Executive Director, Secretary and CFO

Director since 4 December 2001.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for over 20 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Mogul Mining N.L. and Bolnisi Gold N.L. Mr Nightingale is currently Chairman of ASX listed Callabonna Uranium Limited and a director of Cockatoo Coal Limited and Augur Resources Limited.

Robert M. Bell

Independent and Non-Executive Director

Director since 30 October 2008.

Bob Bell graduated from Birmingham University in 1960 and moved to Australia in 1964, working as a geologist on the Roma gas fields. After a time with the Queensland Government Mines Department in the late 1970s he established his own consultancy business, specialising in oil and gas exploration in Australia and overseas. He was one of the first geologists in Australia to recognise the enormous potential of CBM in Queensland.

He has a continuing royalty interest in the Peat CBM field operated by Origin Energy and was one of the founders of Queensland Gas Company which was bought by British Gas in 2009.

DIRECTORS' REPORT (CONT.)

Anthony John McClure

Independent and Non-Executive Director

Director since 27 August 2003.

Anthony McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. Mr McClure has over 20 years technical, management and financial experience in the resource sector within Australia, Africa and the Americas in project management and executive development roles, including being Managing Director of European Gas Limited until October 2009. He has also worked in the financial services sector and stockbroking, primarily as a resource analyst covering both mineral and energy sectors.

Anthony John McDonald

Independent and Non-Executive Director

Director since 19 November 2003.

Anthony McDonald graduated with a Bachelor of Laws degree from the Queensland University of Technology in 1981. He was admitted as a solicitor in 1982 and has been in private legal practice in Brisbane since that time.

Mr McDonald has been a director, secretary and/or legal advisor to a number of listed and unlisted public companies in the resources sector. He is currently a director of Deep Yellow Limited and Industrea Limited.

Robert C. Neale

Independent and Non-Executive Director

Director since 20 November 2009.

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.

Directors' and Executives' Remuneration

For details on the amount of remuneration for each Director, refer to the Remuneration Report below.

Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors (while they were a Director) of the Company during the year are:

Director	Board Meetings	
	Held	Attended
Norman A. Seckold	5	5
Sharif Oussa	5	5
Peter J. Nightingale	5	5
Robert M. Bell	5	5
Anthony J. McClure	5	4
Anthony J. McDonald	5	5
Robert C. Neale	1	1

Directors' Interests

Directors' beneficial shareholdings at the date of this report are:

Director	Fully Paid Ordinary Shares	Options
Norman A. Seckold	71,514,309	-
Sharif A. Oussa	3,862,500	40,000,000
Peter J. Nightingale	11,200,001	8,000,000
Robert M. Bell	1,250,000	2,000,000
Anthony J. McClure	5,154,181	2,000,000
Anthony J. McDonald	7,275,000	8,000,000
Robert C. Neale	-	-

DIRECTORS' REPORT (CONT.)

Option Holdings

Options granted to Directors

At the date of this report, the beneficial interests of each Director of the Company in options over the unissued share capital of the Company are:

Specified Directors	Held at 31 December 2008	Granted as remuneration	Expired	Held at date of report	Vested and exercisable at date of report
Norman A. Seckold	-	-	-	-	-
Sharif A. Oussa	-	40,000,000	-	40,000,000	40,000,000
Peter J. Nightingale	-	8,000,000	-	8,000,000	8,000,000
Robert M. Bell	-	2,000,000	-	2,000,000	2,000,000
Anthony J. McClure	-	2,000,000	-	2,000,000	2,000,000
Anthony J. McDonald	-	8,000,000	-	8,000,000	8,000,000
Robert C. Neale	-	-	-	-	-

All options granted during the year vested immediately and were provided at no cost to the recipients. No options have been granted to Directors subsequent to year end.

Unissued shares under option

At the date of this report, unissued ordinary shares of the Company under option are:

Number of options	Exercise price	Expiry date
60,000,000	\$0.132	20 August 2014

Details of options issued by the Company are set out in the reserves note to the financial report. The names of persons who currently hold options are entered in the register of options kept by the Company pursuant to the Corporations Act 2001. This register may be inspected free of charge.

The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of any other body corporate.

Principal Activities

The Company is engaged in the acquisition, exploration, development, production and operation of oil, gas, geothermal energy and coal bed methane projects.

Financial Results

The consolidated loss after income tax attributable to members of the Company for the year was \$10,282,193 (2008 - \$17,067,776 loss).

DIRECTORS' REPORT (CONT.)

Review of Operations

The review of operations is set out on pages 2 to 13 of this Annual Report.

Dividends

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2009. No dividends have been paid or declared during the financial year.

Changes in State of Affairs

In the opinion of the Directors, significant changes in the state of affairs of the Group that occurred during the year ended 31 December 2009 were as follows:

- Recapitalisation of the Company.
- Appointment of a new Managing Director and CEO.
- New Hope Corporation Limited takes a strategic stake in the Company.
- Acquisition of Gradient Energy Limited.
- Callabonna Uranium Limited merged with ASX listed MKY Resources Ltd.
- Impairment write-off of the Esponda project.
- Impairment write-off of the Oriva project.

Environmental Regulations

The Company's operations are subject to significant environmental regulations under both Australian Commonwealth and State legislation in relation to its activities.

The Board of Directors regularly monitors compliance with environmental regulations. The Directors are not aware of any breaches of these regulations up to the date of this report.

Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely Developments

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years has not been included in this report because disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Indemnification of Officers and Auditors

During or since the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

DIRECTORS' REPORT (CONT.)

Remuneration Report - Audited

The remuneration policy of Directors and senior executives is to ensure the remuneration package properly reflects the persons' duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Other than the Managing Director, the Directors are not employed directly by the Group. Their services are provided by way of arrangements with related parties. The remuneration disclosed below represents the cost to the Group for the services provided under these fee arrangements.

Details of the nature and amount of each major element of the remuneration of each Director of the Company and each of the named executive officers of the Company and Group are:

Specified Directors and Executives	Year	Primary Fees/Salary \$	Superannuation \$	Fair value of Options	Total \$	Options as % of Remuneration
Executive Directors						
Norman A. Seckold (Chairman)	2009	90,000	-	-	90,000	-
	2008	90,000	-	-	90,000	-
Sharif Oussa	2009	147,948	13,315	2,547,802	2,709,065	94%
	2008	-	-	-	-	-
Peter J. Nightingale (Director, Secretary and CFO)	2009	75,000	-	509,561	584,561	87%
	2008	75,000	-	-	75,000	-
Non-executive Directors						
Robert M. Bell	2009	24,000	-	127,390	151,390	84%
	2008	24,000	-	-	24,000	-
Anthony J. McClure	2009	24,432	-	127,390	151,822	84%
	2008	25,000	-	-	25,000	-
Anthony J. McDonald	2009	60,000	-	509,561	569,561	89%
	2008	60,000	-	-	60,000	-
Robert C. Neale	2009	-	-	-	-	-
	2008	-	-	-	-	-
Total, all specified Directors	2009	421,380	13,315	3,821,704	4,256,399	90%
	2008	274,000	-	-	274,000	-
Executives						
Dr. Richard Haren (1)	2009	55,517	-	-	55,517	-
	2008	60,986	-	-	60,986	-
Total, all specified executives	2009	55,517	-	-	55,517	-
	2008	60,986	-	-	60,986	-

(1) Fees paid to termination of appointment as General Manager on 30 June 2009.

No bonuses were granted to Directors or executive officers as part of their remuneration.

There are no executives of the Company or Group that are not Directors and no Directors receive performance related remuneration. There are no service contracts and no bonuses or other performance related compensation paid. No shares were granted to key management personnel during the year ended 31 December 2009 or 31 December 2008 as compensation.

DIRECTORS' REPORT (CONT.)

Options granted as compensation - Audited

Details of options that were granted as compensation to each key management person during the reporting period and details of options that vested during the reporting period are as follows:

	Number of options granted	Grant date	Fair value at grant date	Exercise price	Expiry date	Options vested	Options exercised	Options lapsed	Options forfeited
Norman A. Seckold	-	-	-	-	-	-	-	-	-
Sharif A. Oussa	40,000,000	20 August 2009	\$2,547,802	\$0.132	20 August 2014	40,000,000	-	-	-
Peter J. Nightingale	8,000,000	20 August 2009	\$509,561	\$0.132	20 August 2014	8,000,000	-	-	-
Robert M. Bell	2,000,000	20 August 2009	\$127,390	\$0.132	20 August 2014	2,000,000	-	-	-
Anthony J. McClure	2,000,000	20 August 2009	\$127,390	\$0.132	20 August 2014	2,000,000	-	-	-
Anthony J. McDonald	8,000,000	20 August 2009	\$509,561	\$0.132	20 August 2014	8,000,000	-	-	-
Robert C. Neale	-	-	-	-	-	-	-	-	-

There were no options exercised, forfeited or lapsed unexercised during the year. All options granted during the year vested immediately and were provided at no cost to the recipients. No options have been granted subsequent to year end.

In the event that the employment or office of the option holder is terminated, any options which have not reached their vesting date will lapse and any options which have reached their vesting date may be exercised within one month from the date of termination of employment. Vesting conditions relate solely to service periods.

The fair value of the options at grant date was determined based on the Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The Black-Scholes formula model inputs were the Company's share price of \$0.102 at the grant date, a volatility factor of 79.94% based on historic share price performance and a risk free interest rate of 5.28% based on the 10 year government bond rate.

Consequences of performance on shareholders' wealth - Audited

In considering the Group's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current financial year and the previous four financial years.

	2009	2008	2007	2006	2005
Net loss attributable to equity holders of the parent	10,282,193	17,067,776	1,867,776	1,684,394	854,672
Dividends paid	-	-	-	-	-
Change in share price	\$0.110	(\$0.117)	(\$0.130)	\$0.105	(\$0.045)

The overall level of key management personnel's compensation has been determined based on market conditions and advancement of the Group's projects.

DIRECTORS' REPORT (CONT.)

Non-audit Services

During the year ended 31 December 2009 KPMG, the Company's auditor has not performed other services in addition to their statutory audit duties.

Statutory Audit

	2009 \$	2008 \$
Auditors of the Company		
- audit and review of financial reports	69,116	49,670

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 23 and forms part of the Directors' report for the year ended 31 December 2009.

Signed at Sydney this 31st day of March 2010 in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Director



Peter J. Nightingale
Director

LEAD AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Planet Gas Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 December 2009, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in grey ink that reads 'KPMG'.

KPMG

A handwritten signature in grey ink that reads 'S.J. Board'.

S.J. Board
Partner

31 March 2010

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Revenue from the sale of coal bed methane		73,666	392,014	-	-
Revenue from the sale of oil and gas		-	9,525	-	-
		73,666	401,539	-	-
Financial income	4	110,695	2,480	84,247	2,461
Financial expenses	4	(191)	(192,200)	(16)	(725)
Net finance income/(expense)		110,504	(189,720)	84,231	1,736
Other income	4	3,774,874	-	3,279,491	-
Production and transport costs		(171,622)	(465,749)	-	-
Consultants' and administration expenses		(1,505,235)	(573,972)	(1,368,143)	(566,501)
Share based remuneration	25	(3,821,704)	-	(3,821,704)	-
Depreciation expense	4	(2,960)	(4,020)	(1,570)	(2,084)
Amortisation expense	4	(78,838)	(187,722)	-	-
Prelicence costs - exploration expenditure		(315,995)	-	-	-
Impairment loss - investments	7	(1,930,200)	(1,000,000)	(13,266,606)	(12,057,222)
Impairment loss - write-off of exploration and evaluation expenditure	10	-	(2,413,243)	-	-
Impairment loss - write-off of development expenditure	9	(1,656,758)	(12,618,523)	-	-
Impairment loss - write-off of production expenditure	9	(2,456,383)	-	-	-
Impairment loss - goodwill	24	(2,028,000)	-	-	-
Share of profit/(loss) in associate	8	(92,859)	47,700	-	-
Other expenses		(180,683)	(64,066)	(206,482)	(42,753)
Loss before income tax expense		(10,282,193)	(17,067,776)	(15,300,783)	(12,666,824)
Income tax expense	5	-	-	-	-
Loss for the period		(10,282,193)	(17,067,776)	(15,300,783)	(12,666,824)
Other comprehensive income					
Foreign currency translation differences for foreign operations	16	(524,112)	1,221,911	-	-
Net change in fair value of available-for-sale financial assets	7	(1,930,200)	(1,000,000)	(1,930,200)	(1,000,000)
Net change in fair value of available-for-sale financial assets transferred to profit or loss	7	1,930,200	1,000,000	1,930,200	1,000,000
Total comprehensive loss for the period		(10,806,305)	(15,845,865)	(15,300,783)	(12,666,824)
Basic loss per share	17	3.58 cents	8.43 cents		
Diluted loss per share	17	3.58 cents	8.43 cents		

The above statements of comprehensive income should be read in conjunction with accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

Consolidated	Attributable to equity holders of the Company				Total equity
	Issued capital	Option premium reserve	Accumulated losses	Foreign currency translation reserve	
	\$	\$	\$	\$	\$
Balance at 1 January 2009	28,539,389	-	(22,073,111)	(2,188,902)	4,277,376
Total comprehensive income for the period					
Loss for the year	-	-	(10,282,193)	-	(10,282,193)
Share based remuneration	-	3,821,704	-	-	3,821,704
Other comprehensive income - foreign currency translation differences	-	-	-	(524,112)	(524,112)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	20,489,859	-	-	-	20,489,859
Cost of issue	(363,964)	-	-	-	(363,964)
Balance at 31 December 2009	48,665,284	3,821,704	(32,355,304)	(2,713,014)	17,418,670
Balance at 1 January 2008	28,539,389	46,058	(5,051,393)	(3,410,813)	20,123,241
Total comprehensive income for the period					
Loss for the year	-	-	(17,067,776)	-	(17,067,776)
Share based remuneration	-	(46,058)	46,058	-	-
Other comprehensive income - foreign currency translation differences	-	-	-	1,221,911	1,221,911
Balance at 31 December 2008	28,539,389	-	(22,073,111)	(2,188,902)	4,277,376

The above statements of changes in equity should be read in conjunction with accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

Company	Attributable to equity holders of the Company			
	Issued capital	Option premium reserve	Accumulated losses	Total equity
	\$	\$	\$	\$
Balance at 1 January 2009	28,539,389	-	(23,989,420)	4,549,969
Total comprehensive income for the period				
Loss for the year	-	-	(15,300,783)	(15,300,783)
Share based remuneration	-	3,821,704	-	3,821,704
Transactions with owners, recorded directly in equity				
Issue of ordinary shares	20,489,859	-	-	20,489,859
Cost of issue	(363,964)	-	-	(363,964)
Balance at 31 December 2009	48,665,284	3,821,704	(39,290,203)	13,196,785
Balance at 1 January 2008	28,539,389	46,058	(11,368,654)	17,216,793
Total comprehensive income for the period				
Loss for the year	-	-	(12,666,824)	(12,666,824)
Share based remuneration	-	(46,058)	46,058	-
Balance at 31 December 2008	28,539,389	-	(23,989,420)	4,549,969

The above statements of changes in equity should be read in conjunction with accompanying notes.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Notes	Consolidated		Company	
		2009	2008	2009	2008
		\$	\$	\$	\$
Current assets					
Cash and cash equivalents	18	10,149,455	31,971	9,708,453	18,324
Trade and other receivables	6	86,679	73,879	74,863	10,175
Other	11	321,974	-	3,498	-
Total current assets		10,558,108	105,850	9,786,814	28,499
Non-current assets					
Investments	7	3,889,800	1,500,000	4,272,165	6,686,447
Investments in equity accounted investees	8	-	1,107,656	-	-
Property, plant and equipment	9	8,678	4,087,585	6,208	4,005
Exploration and evaluation expenditure	10	3,657,239	-	-	-
Other	11	353,573	293,507	-	-
Total non-current assets		7,909,290	6,988,748	4,278,373	6,690,452
Total assets		18,467,398	7,094,598	14,065,187	6,718,951
Current liabilities					
Borrowings	14	-	1,248,737	-	1,075,000
Trade and other payables	12	938,854	1,439,329	868,402	1,093,982
Total current liabilities		938,854	2,688,066	868,402	2,168,982
Non-current liabilities					
Provisions	13	109,874	129,156	-	-
Total non-current liabilities		109,874	129,156	-	-
Total liabilities		1,048,728	2,817,222	868,402	2,168,982
Net assets		17,418,670	4,277,376	13,196,785	4,549,969
Equity					
Issued capital	15	48,665,284	28,539,389	48,665,284	28,539,389
Option premium reserve	16	3,821,704	-	3,821,704	-
Foreign currency translation reserve	16	(2,713,014)	(2,188,902)	-	-
Accumulated losses		(32,355,304)	(22,073,111)	(39,290,203)	(23,989,420)
Total equity		17,418,670	4,277,376	13,196,785	4,549,969

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Consolidated		Company	
		2009 \$	2008 \$	2009 \$	2008 \$
Cash flows from operating activities					
Cash receipts from customers		129,050	447,698	-	-
Cash paid to suppliers		(2,037,690)	(198,324)	(1,366,753)	(131,711)
Payments for production		(52,241)	(467,867)	-	
Cash generated/(used) in operations		(1,960,881)	(218,493)	(1,366,753)	(131,711)
Interest received		85,118	2,480	84,247	2,461
Net cash used in operating activities	18	(1,875,763)	(216,013)	(1,282,506)	(129,250)
Cash flows from investing activities					
Investments in controlled entities		-	-	(1,695,884)	(699,135)
Payments for development		(547,336)	(629,021)	-	-
Payments for exploration and evaluation		(132,687)	(63,354)	-	(831)
Payments for deferred expenditure		-	(135,533)	-	(9,350)
Payments for property, plant and equipment		(3,773)	-	(3,773)	
Payments for security deposits		(62,000)	-	-	-
Payments for acquisition of controlled entity	24	(1,350,000)	-	(1,350,000)	-
Cash acquired from acquisition of controlled entity	24	66,926	-	-	-
Net cash used in investing activities		(2,028,870)	(827,908)	(3,049,657)	(709,316)
Cash flows from financing activities					
Proceeds from issue of shares		14,275,939	-	14,275,939	-
Costs of issue of shares		(363,964)	-	(363,964)	-
Interest paid		(191)	(1,885)	(16)	(725)
Proceeds from borrowings	14	1,500,000	998,737	1,500,000	825,000
Repayment of borrowings	14	(1,300,000)	-	(1,300,000)	-
Net cash provided by financing activities		14,111,784	996,852	14,111,959	824,275
Net decrease in cash held		10,207,151	(47,069)	9,779,796	(14,291)
Cash and cash equivalents at 1 January		31,971	84,485	18,324	38,060
Effect of exchange rate adjustments on cash held		(89,667)	(5,445)	(89,667)	(5,445)
Cash and cash equivalents at the end of the financial year	18	10,149,455	31,971	9,708,453	18,324

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

Planet Gas Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 2, 66 Hunter Street, Sydney, NSW, 2000. The consolidated financial report of the Company for the year ended 31 December 2009 comprises the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates. The Group is primarily engaged in the acquisition, exploration, development, production and operation of oil, gas, geothermal energy and CBM properties in Australia and USA.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report was authorised for issue by the Directors on 31 March 2010.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

- Investment - Available-for-sale financial assets at fair value

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 5 - Unrecognised deferred tax asset
- Note 7 - Investments
- Note 9 - Property, plant and equipment
- Note 10 - Exploration and evaluation expenditure
- Note 13 - Provisions
- Note 24 - Controlled entities

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by entities in the Group.

Revenue recognition

Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Sale of coal bed methane and oil and gas

Revenue from the sale of coal bed methane and oil and gas is recognised in the comprehensive income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the Australian Tax Office ('ATO'). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the ATO are classified as operating cash flows.

Exploration expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as intangible exploration and evaluation assets on an area of interest basis, less any impairment losses. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the comprehensive income statement.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to developing mine properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Property, plant and equipment

Developing mine properties

Developing mine properties represents the accumulation of all exploration and evaluation expenditure and development expenditure incurred by or on behalf of the entity in relation to its area of interest, less any impairment losses.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

Producing mine properties

Producing mine properties represents the accumulation of all exploration and evaluation expenditure and development expenditure incurred by or on behalf of the entity in relation to an area of interest that has commenced production, less any impairment losses.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the cost of that mine property only when substantial future economic benefits are established, otherwise such expenditure is expensed.

Producing mine properties are amortised on a units of production basis over the life of the mine properties' reserves.

Depreciation

Items of plant and equipment are initially recorded at cost and are depreciated over their estimated useful lives using the declining balance method from the date of acquisition.

Office equipment is depreciated at rates between 30% and 60% per annum.

Plant and equipment is depreciated at a rate of 33.3% per annum.

Acquisition of assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Rehabilitation costs

In accordance with applicable legal requirements, a provision for the estimated cost of rehabilitation has been made for all areas disturbed during operations based on the current estimates of costs to rehabilitate such areas, discounted to their present value. Significant uncertainty exists as to the amount of rehabilitation obligation which will be incurred due to the impact of changes in environmental legislation.

The provision is recognised as a liability with the corresponding asset included in exploration and evaluation expenditure.

The amount of the provision relating to rehabilitation is recognised at the commencement of the development project where a legal or constructive obligation exists at that time. At each reporting date, the rehabilitation liability is remeasured and changes in the liability are added to or deducted from the related asset.

Financial instruments issued by the Company

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement. Interest and dividends are classified as expenses or as distributions of profit, consistent with the Statement of Financial Position classification of the related debt or equity instruments. Costs associated with the issue of equity are offset against equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Basis of consolidation

Accounting for acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements, less impairment losses.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

Jointly controlled operations

The interest of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls and the liabilities that it incurs, and the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the Group's interest in such entities is disposed.

Transactions eliminated on consolidation

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity with adjustments made to the 'Investment in associates' and 'Share of associates net profits' accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Trade and other receivables/payables

Trade receivables/payables are carried at amortised cost. For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The carrying amounts of the Group's assets, other than exploration and evaluation expenditure, inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of the Group's investments in receivables carried at amortised cost are calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a conclusive change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial statements of foreign operations

The assets and liabilities of foreign entities are translated to Australian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in foreign currency translation reserve (FCTR), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

Any references to functional currency, unless otherwise stated, are to the functional currency of the Company, Australian dollars.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 January 2004, the Group's date of transition to AASBs, such differences have been recognised in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

Income tax

Income tax on the statement of comprehensive income for the periods presented comprises current and deferred tax. Income tax is recognised in the comprehensive income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Intercompany loans

Loans made to controlled entities which are interest free, unsecured, of no fixed term, and repayable only out of potential future profits are classified as investments.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Investments in controlled entities

The recoverability of investments in controlled entities is assessed using a discounted cash flow model of the underlying assets held by the relevant entity.

Due to inherent uncertainty over the ultimate recovery of exploration assets, the Company impairs intercompany investments in exploration and evaluation expenditure, until such time that there is conclusive evidence that the impairment loss may no longer exist, at which time the loss is partially or fully reversed.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

Compound financial instruments

Compound financial instruments issued by the Group comprise a convertible loan facility that can be converted to share capital at the option of either the Group or the holder.

The liability is recognised at the face value of a convertible note that does not have an equity conversion option as the option available to the noteholder is not considered material. Up front costs associated with the liability are capitalised and amortised over the period of the liability.

Change in accounting policies

Business combinations

The Group has adopted revised AASB 3 Business Combinations (2008) and amended AASB 127 Consolidated and Separate Financial Statements (2008) for business combinations occurring in the financial year starting 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no material impact on earnings per share.

The Group has applied the acquisition method for the business combination disclosed in Note 24.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Share-based payment awards

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Accounting for acquisitions of non-controlling interests

The Group has adopted AASB 3 Business Combinations (2008) and AASB 127 Consolidated and Separate Financial Statements (2008) for acquisitions of non-controlling interests occurring in the financial year starting 1 January 2009. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a controlled entity; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. The change in accounting policy was applied prospectively and had no material impact on earnings per share.

Presentation of financial statements

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

Segment reporting

Determination and presentation of operating segments

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 Operating Segments. Previously, operating segments were determined and presented in accordance with AASB 114 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, and willingly.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), expected dividends, and the risk-free interest rate (based on government bonds).

New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 31 December 2009, but have not been applied in preparing this financial report:

- AASB 2009-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process and 2009-6 Further Amendments to Australian Accounting Standards arising from The Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 31 December 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions* resolves diversity in practise regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI 11 *AASB 2 - Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Group's 31 December 2010 financial statements, are not expected to have a significant impact on the financial statements.

4. LOSS FROM OPERATING ACTIVITIES

Loss from ordinary activities includes the following items of revenue and expense:

Other Income

Gain on disposal of investment	3,324,650	-	3,279,491	-
Reversal of liability	450,224	-	-	-

Financial income and expense

Interest revenue	85,118	2,480	84,247	2,461
Interest expense	(191)	(1,885)	(16)	(725)
Unwind of fair value discount	25,577	(190,315)	-	-

Expenses

Amortisation of producing mine properties	78,838	187,722	-	-
Auditors' remuneration				
- audit and review of financial reports	69,116	49,670	69,116	49,670
Depreciation of plant and equipment				
- office equipment	1,241	1,592	1,241	1,592
- plant and equipment	1,719	2,428	329	492

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

5. INCOME TAX EXPENSE

Current tax expense

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Current year	(1,595,784)	782,755	(1,652,110)	216,442
Adjustments for prior year	(714,019)	-	(7,248)	-
Losses not recognised	2,309,803	(782,755)	1,659,357	(216,422)
	-	-	-	-

Numerical reconciliation of income tax expense to prima facie tax payable:

Loss before tax	(10,282,193)	(17,067,776)	(15,300,783)	(12,666,824)
Prima facie income tax benefit at the Australian tax rate of 30% (2008 - 30%)	(3,084,658)	(5,120,333)	(4,590,235)	(3,800,047)
Increase/(decrease) in income tax expense due to:				
- capital gain on disposals	-	375,726	-	375,726
- non-deductible expenses	639,575	(11,625)	1,965,561	(736,283)
- tax losses not recognised/(utilised)	1,595,784	(923,214)	1,652,111	(216,442)
- net loss of tax group	-	-	(102,700)	(369)
- effect of net deferred tax assets not brought to account	849,299	5,679,446	1,075,263	4,377,415
Income tax expense	-	-	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

Tax losses	5,689,616	3,379,814	2,884,034	1,224,677
Net deductible temporary differences	2,768,240	2,668,884	6,464,237	6,138,974
Potential tax benefit at 30%	8,457,856	6,048,698	9,348,271	7,363,651

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
6. RECEIVABLES				
Other debtors	128	63,704	-	-
GST receivable	86,551	10,175	74,863	10,175
	<u>86,679</u>	<u>73,879</u>	<u>74,863</u>	<u>10,175</u>
7. INVESTMENTS				
Investment in controlled entities - at cost	-	-	31,182,208	23,542,228
Less cumulative impairment losses	-	-	(30,799,843)	(19,463,437)
	-	-	<u>382,365</u>	<u>4,078,791</u>
Investments - available-for-sale at fair value	3,889,800	1,500,000	3,889,800	1,500,000
Investments - associate at cost (refer Note 8)	-	-	-	1,107,656
	<u>3,889,800</u>	<u>1,500,000</u>	<u>4,272,165</u>	<u>6,686,447</u>

Investments in controlled entities

At 31 December 2009 and 31 December 2008, the Directors assessed the recoverability of investments in controlled entities. Due to inherent uncertainty over the ultimate recovery of development assets at the Esponda project, the Company has impaired all intercompany investments, apart from cash balances held in subsidiaries, in respect of the Esponda project, until such time as there is conclusive evidence the impairment has reversed. The Company has also impaired the carrying value of the investment in the controlled entity which holds the Oriva project, apart from cash balances held in subsidiaries, as a result of the Group's reduced revenue interest in the project.

The Company has in prior years and for the year ended 31 December 2009, impaired all intercompany investments in relation to exploration and evaluation expenditure, apart from cash balances held in subsidiaries, due to the inherent uncertainty over the ultimate recovery of this expenditure.

Investments - available-for-sale

During the year ended 31 December 2009, the Company, together with the shareholders of Callabonna Uranium Limited ('Callabonna Uranium'), entered into an agreement with ASX listed uranium exploration company MKY Resources Ltd ('MKY') to sell 100% of the issued capital of Callabonna Uranium to MKY.

The transaction was completed on 23 September 2009, creating a new uranium focused exploration company with an attractive portfolio of uranium properties in South Australia, the Northern Territory and Queensland.

The expanded company has been renamed Callabonna Uranium Limited and changed its ASX stock code to CUU. The revised Board has Planet Gas director Peter Nightingale as its Chairman.

As per the agreement, MKY issued 477 million MKY shares in exchange for 39.5 million Callabonna Uranium shares. The Company received 172.8 million MKY shares, representing approximately 15% of MKY's issued capital after completion of the transaction. The closing share price of MKY shares on 23 September 2009 was 2.5 cents, giving a value to the Company's holding of \$4,320,000 at acquisition.

At 31 December 2009 the Directors compared the carrying value of the investment in MKY to market value of the investment and recorded an impairment loss of \$1,555,200. This was based on a closing share price of 1.6 cents at 31 December 2009.

The Company holds 12,500,000 shares in Greenpower Energy Limited ('Greenpower'). At 31 December 2009 the Directors compared the carrying value of the investment to market value and recorded an impairment loss of \$375,000 (2008 - \$1,000,000). This was based on a closing share price of 9 cents at 31 December 2009 (2008 - 12 cents).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

8. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

Investments in equity accounted investees

Consolidated		Company	
2009	2008	2009	2008
\$	\$	\$	\$
-	1,107,656	-	-

On 23 September 2009, the Company received 172.8 million MKY shares, as per the agreement referred to in Note 7, in exchange for the 14.4 million shares in Callabonna Uranium held by the Company. The MKY shares received represents approximately 15% of MKY's issued capital after completion of the transaction.

Gain on disposal of investment in Callabonna Uranium is \$3,324,650 and share of loss in associate up to disposal date was \$92,859.

Summary financial information for equity accounted investees as at 23 September 2009, not adjusted for the percentage ownership held by the Group:

Ownership of Callabonna Uranium

Limited at 23 September 2009

32%

For the period from 1 January 2009 to 23 September 2009

Current assets

7,765

Revenues

57,894

Non-current assets

3,323,567

Expenses

(351,989)

Total assets

3,331,332

Loss

(294,095)

Current liabilities

(219,400)

Non-current liabilities

(18,745)

Total liabilities

(238,145)

9. PROPERTY, PLANT AND EQUIPMENT

Office equipment - at cost

47,325

43,551

47,325

43,551

Accumulated depreciation

(41,774)

(40,532)

(41,774)

(40,532)

Net book value

5,551

3,019

5,551

3,019

Plant and equipment - at cost

16,819

20,580

3,985

3,985

Accumulated depreciation

(13,692)

(14,806)

(3,328)

(2,999)

Net book value

3,127

5,774

657

986

Developing mine properties - at cost

14,918,789

15,398,613

-

-

Impairments

(14,918,789)

(14,222,885)

-

-

Net book value

-

1,175,728

-

-

Producing mine properties - at cost

3,176,208

4,101,504

-

-

Impairments

(2,179,418)

-

-

-

Accumulated amortisation

(996,790)

(1,198,440)

-

-

Net book value

-

2,903,064

-

-

Total property, plant and equipment

8,678

4,087,585

6,208

4,005

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

9. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Expenditure in respect of exploration and evaluation expenditure that was transferred to developing mine properties in previous years was subject to impairment testing to ensure the carrying value was not in excess of the present value of estimated future cash flows (value in use). The Directors have determined that, given the ongoing nature of the dewatering process at the Esponda project and uncertainty regarding the financing necessary to progress the Esponda project from development into production, the full carrying value of the project be fully impaired at year end resulting in an impairment loss of \$1,656,758.

At 31 December 2009, impairment testing was conducted on the Oriva project and it was determined to fully impair the carrying value of the project, following the decision by the Company and its joint operating partner to shut in the wells due to the low gas prices being received resulting in an impairment loss of \$2,456,383.

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:				
Office equipment				
Carrying amount at beginning of year	3,019	4,611	3,019	4,611
Additions	3,773	-	3,773	-
Depreciation	(1,241)	(1,592)	(1,241)	(1,592)
Net book value	5,551	3,019	5,551	3,019
Plant and equipment				
Carrying amount at beginning of year	5,774	7,133	986	1,478
Depreciation	(1,719)	(2,428)	(329)	(492)
Net foreign currency differences on translation	(928)	1,069	-	-
Net book value	3,127	5,774	657	986
Developing mine properties				
Carrying amount at beginning of year	1,175,728	14,183,000	-	-
Additions	547,336	883,493	-	-
Provision for rehabilitation	5,158	9,173	-	-
Impairments	(1,656,758)	(14,222,885)	-	-
Net foreign currency adjustment on translation	(71,464)	322,947	-	-
Net book value	-	1,175,728	-	-
Producing mine properties				
Carrying amount at beginning of year	2,903,064	2,465,876	-	-
Provision for rehabilitation	6,100	2,536	-	-
Impairments	(2,456,383)	-	-	-
Net foreign currency adjustment on translation	(373,943)	622,374	-	-
Amortisation	(78,838)	(187,722)	-	-
Net book value	-	2,903,064	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
10. EXPLORATION AND EVALUATION EXPENDITURE				
Carrying amount at beginning of year	-	2,353,256	-	-
Additions	323,772	28,364	-	-
Acquired through acquisition of controlled entity	3,333,467			
Net foreign currency adjustment on translation	-	31,623	-	-
Impairments	-	(2,413,243)	-	-
Net book value	3,657,239	-	-	-

During the year ended 31 December 2008 the Directors wrote off the carrying value of exploration and evaluation expenditure totalling \$2,413,243 associated with the Company's Skull Creek project following the decision of the Company and its joint venture partner not to renew the leases underlying the project. The Company assessed that the expenditure of further money was not justified on a risk reward basis.

During the year ended 31 December 2009, the Company completed the acquisition of Gradient, a geothermal exploration and development company, with a projects covering 18,300 km².

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

11. OTHER

Current

Prepayments	321,974	-	3,498	-
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Non-current

Security deposits	353,573	293,507	-	-
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Non-interest bearing security deposits have been fair valued over the period which the deposit is expected to remain outstanding. A discount rate of 10% has been used.

12. TRADE AND OTHER PAYABLES

Current

Creditors and accruals	938,854	1,439,329	868,402	1,093,982
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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
13. PROVISIONS				
A provision has been made in respect of the Group's obligation to rectify any environmental footprint left following the shut down of any of its wells. The provision has been calculated using a discount rate of 10%. The Group has assumed that the sites will be restored with technology and materials that are currently available.				
Rehabilitation provision				
Carrying amount at beginning of year	129,156	88,224	-	-
Additions	-	5,976	-	-
Net foreign currency adjustment on translation	(30,540)	32,110	-	-
Unwind of fair value discount	11,258	2,846	-	-
Net book value	109,874	129,156	-	-
14. BORROWINGS				
Current				
Other - director loan	-	1,248,737	-	1,075,000

During the year ended 31 December 2009 Norman Seckold, a Director, advanced an additional \$1,500,000 (2008 - \$173,737) to the Company to fund ongoing working capital requirement and to fund the acquisition of Gradient. The total outstanding loan amount to the Company and its controlled entities of \$2,748,460 was interest free and was repaid by the issue of 28,969,210 shares in the Company and a cash payment of \$1,300,000.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

15. ISSUED CAPITAL

493,853,305 (2008 - 202,384,903) fully paid ordinary shares

Consolidated		Company	
2009	2008	2009	2008
\$	\$	\$	\$
48,665,284	28,539,389	48,665,284	28,539,389

Fully paid ordinary shares

Balance at beginning of financial year

Issue of shares

Less costs of issue

Balance at end of financial year

2009		2008	
No.	\$	No.	\$
202,384,903	28,539,389	202,384,903	28,539,389
291,468,402	20,489,859	-	-
-	(363,964)	-	-
493,853,305	48,665,284	202,384,903	28,539,389

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

During the year ended 31 December 2009:

- The Company issued 30,357,720 ordinary shares at \$0.05 for cash totalling \$1,517,886. There were no amounts unpaid on shares issued. Share issue costs amounted to \$62,955.
- The Company issued 39,000,000 ordinary shares for \$3,978,000 as part consideration of the acquisition of Gradient.
- The Company issued 44,718,390 ordinary shares at \$0.05 totalling \$2,235,920 to retire outstanding liabilities.
- The Company issued 86,409,751 ordinary shares at \$0.095 for cash totalling \$8,208,926. There were no amounts unpaid on shares issued. There were no share issue costs.
- The Company issued 90,982,541 ordinary shares at \$0.05 for cash totalling \$4,549,127. There were no amounts unpaid on shares issued. Share issue costs amounted to \$301,009.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

No shares were issued during the year ended 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

16. RESERVES

Option premium reserve

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Opening balance	-	46,058	-	46,058
Issue of options	3,821,704	-	3,821,704	-
Transfer to accumulated losses on lapse of options	-	(46,058)	-	(46,058)
Closing balance	3,821,704	-	3,821,704	-

The issue of Company options results in a credit to the option premium reserve representing the fair value of the options granted. The exercise of Company options results in a debit to the option premium reserve. During the year ended 31 December 2009, the Company granted 60,000,000 options exercisable at 13.2 cents each to acquire one fully paid ordinary share expiring on 20 August 2014. Refer Note 25.

Foreign currency translation reserve

Opening balance	(2,188,902)	(3,410,813)	-	-
Translation adjustment on controlled foreign entities financial statements during the year	(524,112)	1,221,911	-	-
Closing balance	(2,713,014)	(2,188,902)	-	-

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

17. LOSS PER SHARE

Basic and diluted earnings per share have been calculated using:

Net loss for the year attributable to equity holders of the parent	10,282,193	17,067,776
Weighted average number of ordinary shares		
Issued ordinary shares at beginning of year	202,384,903	202,384,903
Effect of shares issued	85,132,915	-
Weighted average ordinary shares at the end of the year	287,517,818	202,384,903
Weighted average number of ordinary shares (diluted)		
Weighted average ordinary shares at the end of the year	287,517,818	202,384,903
Effect of share options on issue	-	-
Weighted average number of ordinary shares (diluted) at year end	287,517,818	202,384,903

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
18. STATEMENTS OF CASH FLOWS				
Reconciliation of net loss from operating activities after tax to net cash used in operating activities				
Loss from operating activities after tax	(10,282,193)	(17,067,776)	(15,300,783)	(12,666,824)
Items classified as investing/financing activities				
Borrowing costs	191	1,885	16	725
Non-cash items				
Gain on disposal of investment	(3,324,650)	-	(3,279,491)	-
Other income	(450,224)	-	-	-
(Profit)/loss of associate equity accounted	92,859	(47,700)	-	-
Unwind of fair value discount	(25,577)	190,315	-	-
Depreciation of plant and equipment	2,960	4,020	1,570	2,084
Amortisation of areas in production	78,838	187,722	-	-
Foreign exchange loss on cash	89,667	5,445	89,667	5,445
Impairment losses	8,071,341	16,031,767	13,266,606	12,057,222
Loss on disposal of controlled entity	-	8,018	-	34,404
Share based payments	3,821,704	-	3,821,704	-
Changes in assets and liabilities				
Trade and other receivables	36,170	26,016	(64,688)	11,537
Other assets	47,658	-	(3,498)	-
Trade and other payables	(45,765)	444,275	186,391	426,157
Provisions	11,258	-	-	-
Net cash used in operating activities	(1,875,763)	(216,013)	(1,282,506)	(129,250)
Reconciliation of cash				
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and cash on deposit net of bank overdrafts and excluding security deposits. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash	10,149,455	31,971	9,708,453	18,324

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

There are no key management personnel of the Company or Group that are not Directors. Information regarding individual key management personnel's compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 are provided in the Remuneration Report Section of the Director's Report on pages 20 to 21.

The Board reviews remuneration arrangements annually based on services provided.

Movement in Shares

Key management personnel	Held at 31 December 2008	Purchased shares	Sales	Held at 31 December 2009
Norman A. Seckold	23,250,003	48,264,306	-	71,514,309
Sharif A. Oussa	1,890,000 [^]	1,972,500	-	3,862,500
Peter J. Nightingale	3,625,001	7,575,000	-	11,200,001
Robert M. Bell	200,000	1,050,000	-	1,250,000
Anthony J. McClure	3,000,000	2,154,181	-	5,154,181
Anthony J. McDonald	3,000,000	4,275,000	-	7,275,000
Robert C. Neale	-	-	-	-
Executives				
Dr. Richard Haren+	150,000	-	-	150,000

[^] Number held at the date of appointment as Managing Director.

+ Ceased being an Executive during the year.

Key management personnel	Held at 31 December 2007	Purchased shares	Sales	Held at 31 December 2008
Norman A. Seckold	23,250,003	-	-	23,250,003
Peter J. Nightingale	3,625,001	-	-	3,625,001
Robert M. Bell	-	200,000	-	200,000
Anthony J. McClure	3,000,000	-	-	3,000,000
Anthony J. McDonald	3,000,000	-	-	3,000,000
Bruce F. Riederer*	4,000,000	-	-	-
Executives				
Dr. Richard Haren	150,000	-	-	150,000

* Ceased to be a Director during the year.

Movement in options

Key management personnel	Held at 31 December 2008	Granted as remuneration	Exercised	Held at 31 December 2009
Norman A. Seckold	-	-	-	-
Sharif A. Oussa	-	40,000,000	-	40,000,000
Peter J. Nightingale	-	8,000,000	-	8,000,000
Robert M. Bell	-	2,000,000	-	2,000,000
Anthony J. McClure	-	2,000,000	-	2,000,000
Anthony J. McDonald	-	8,000,000	-	8,000,000
Robert C. Neale	-	-	-	-

There were no options held or granted during the year ended 31 December 2008.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONT.)

Key management personnel compensation

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Primary fees/salary	421,380	274,000	421,380	274,000
Superannuation	13,315	-	13,315	-
Share based remuneration	3,821,704	-	3,821,704	-
	4,256,399	274,000	4,256,399	274,000

Apart from the details disclosed in this note and Note 20, no Director has entered into a contract with the Company during the year and there were no contracts involving Directors' interests subsisting at year end.

20. RELATED PARTY DISCLOSURES

During the year ended 31 December 2009, Norman A. Seckold and Peter J. Nightingale had an interest in an entity, Mining Services Trust, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the Group. Fees paid to Mining Services Trust during the year, which were in the ordinary course of business and on normal terms and conditions, amounted to \$181,108 (2008 - \$136,978). There were no amounts outstanding as at year end (2008 - \$183,550).

During the year ended 31 December 2009, Anthony J. McDonald provided legal services to the Group. Fees paid to Anthony J. McDonald during the year, which were in the ordinary course of business and on normal terms and conditions, amounted to \$70,000 (2008 - nil). There were no amounts outstanding as at year end.

During the year ended 31 December 2009, Robert M. Bell had an interest in an entity, GFK Investment Group Pty Ltd, which provided geological and consulting services to the Group. Fees paid to GFK Investment Group Pty Ltd during the year, which were in the ordinary course of business and on normal terms and conditions, amounted to \$33,636 (2008 - nil). At 31 December 2009 \$33,636 (2008 - nil) was outstanding.

During the year ended 31 December 2009 Norman A. Seckold had an interest in an entity, Permgold Pty Ltd ('Permgold') which entered into an underwriting agreement on arm's length commercial terms with the Company to fully underwrite the Company's 1 for 4 non-renounceable entitlement issue of 90,982,541 fully paid ordinary shares at \$0.05 per share. Permgold received an underwriting fee of \$1 and subscribed for 34,041 shares pursuant to the underwriting agreement.

During the year ended 31 December 2009 Norman Seckold, a Director, advanced an additional \$1,500,000 (2008 - \$173,737) to the Company to fund ongoing working capital requirement and to fund the acquisition of Gradient. The total outstanding loan amount to the Company and its controlled entities of \$2,748,460 was interest free and was repaid by the issue of 28,969,210 shares in the Company and a cash payment of \$1,300,000.

Controlled entities

At 31 December 2009 the Company had amounts receivable from Pauper's Dream Company totalling \$21,924,688 (2008 - \$20,824,248), Planet Gas Resources LLC totalling \$2,729,624 (2008 - \$2,716,511), Planet Gas Properties LLC totalling \$1,466 (2008 - \$1,466), Planet Cooper Basin Pty Limited \$1,980 and Gradient Energy Limited \$1,196,446. These amounts are classified as investments as they are interest free, unsecured, there is no fixed term of repayment, and they are repayable out of profits (refer Note 7).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE

The activities of the Group expose it to the following financial risks:

- Credit risk.
- Liquidity risk.
- Market risk.

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities.

Credit risk

Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the Group's receivables from customers and bank balances. For the Company it arises from receivables due from subsidiaries and bank balances. The Group mitigates credit risk on cash balances by dealing with regulated banks in western countries.

Trade and other receivables

The Group's exposure to credit risk for trade receivables is mitigated by the fact that any revenues arising from production at its producing assets at Oriva Throne are paid by Sabine Pipeline Company, an affiliated company of Chevron Corporation to the Group's joint operating partners Emerald Operating Company and Rocky Mountain Exploration. Sabine Pipeline Company is the pipeline operator into which production from Oriva Throne is pumped. Additionally revenues from the Oriva Federal Conventional Oil and Gas project are also first collected by Carpenter and Sons and North Finn, the Group's partner in a farmout agreement, prior to being collected by the Group.

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date as a result of other receivables was \$128 (2008 - \$63,704).

The Company impairs all intercompany investments in respect of exploration and evaluation expenditure, until such time as there is conclusive evidence the impairment has been reversed. Following the Director's decision during the year ended 31 December 2009 to fully impair capitalised development expenditure on the Esponda project, expenditure by the Company in relation to the Esponda project has also been fully impaired.

Impairment losses

None of the Company's receivables are past due (2008 - nil). No impairment has been taken up against other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Less than one year	938,854	2,688,066	868,402	2,168,982

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate banking and borrowing facilities and through the monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on sales, security deposits, purchases, borrowings and rehabilitation provision that are denominated in United States currency. The Group has not entered into derivative financial instruments to hedge purchases and sales denominated in foreign currencies.

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash and cash equivalents	397,978	10,010	22,586	3,633
Trade and other receivables	128	63,705	-	-
Property, plant and equipment	2,470	4,083,579	-	-
Other non-current assets	249,686	293,508	-	-
Trade and other payables	(47,551)	(345,348)	-	-
Borrowings	-	(173,737)	-	-
Provisions	(109,875)	(129,156)	-	-
Gross financial position exposure	492,836	3,802,561	22,586	3,633

Sensitivity analysis

A 10% strengthening of the Australian dollar against the United States dollar at 31 December would have increased the net assets of the Group by \$54,760 (2008 - \$422,507) and the net assets of the Company by \$2,510 (2008 - nil). A 10% weakening of the Australian dollar against the United States dollar at 31 December 2009 would have had the equal but opposite effect to the Group's net assets, on the basis that all other variables remain constant. The analysis is performed on the same basis for the comparative period.

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2009	2008	2009	2008
AUD/USD	0.7924	0.8529	0.8931	0.6907

Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income and expenses from cash and cash equivalents.

With the exception of cash and cash equivalents, all the Company's and Group's financial assets and liabilities are non-interest bearing. At balance date, the Group and Company's cash and cash equivalents exposed to variable interest rate risk that are not designated as cash flow hedges were:

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Cash and cash equivalents	10,149,455	31,971	9,708,453	18,324

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS DISCLOSURE (CONT.)

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and loss for the period by an immaterial amount.

Other market price risk

Equity price risk arises from available-for-sale equity securities. As at 31 December 2009, the Group and Company's investments in available-for-sale assets consists of investment in Greenpower Energy Limited and in Callabonna Uranium Limited (refer Note 7). A 10% increase/decrease in these investments will result in a \$388,980 (2008 - \$150,000) increase/decrease in profit.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

22. JOINT VENTURE OPERATIONS

	Area	Output interest	
		2009	2008
		%	%
East Esponda - Sections 9, 10, 11 and 15 (Western Gas)	USA	0 [^]	40
East Esponda - Section 2 (Western Gas)	USA	0 [^]	20
Oriva Federal	USA	4.5*	4.5*
Oriva Throne	USA	61	61

[^] The Group's interest in East Esponda reverts to a 40% revenue interest for Sections 9, 10, 11 and 15 and a 20% revenue interest for Section 2 after all drilling, completion and production costs of the operating partner have been 300% repaid from production.

* The Group's interest in Oriva Federal reverts to a 23.625% revenue interest after all drilling, completion and production costs of the operating partner have been repaid from production.

The Group's interest in assets employed in the above joint venture operations includes capitalised exploration, evaluation and development expenditure totalling nil (2008 - \$4,078,791), following the underlying projects being fully impaired and current accounts receivable totalling \$128 (2008 - \$63,704). All joint venture operations are engaged in the evaluation, exploration, development and production of coal bed methane or oil and gas properties.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

23. SEGMENT REPORTING

Segment information is presented in respect of the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Geographical segments

The operating segment of oil and gas operates solely within the USA geographical segment and the operating segment of exploration and evaluation operates solely within the Australia geographical segment.

Segment reporting

The group has two reportable segments, as described below:

- Oil and gas - production and sale.
- Exploration and evaluation activities.

Operating segments

31 December 2009

Segment revenue

	Oil and gas \$	Exploration and evaluation \$	Unallocated \$	Consolidated total \$
Revenue - external	73,666	-	-	73,666
Other income	450,224	-	3,324,650	3,774,874
Share of loss in associate	-	-	(92,859)	(92,859)
Finance Income	25,577	-	85,118	110,695
Total revenue	549,467	-	(7,741)	541,726

Impairment losses	8,071,341	-	-	8,071,341
Amortisation	78,838	-	-	78,838
Depreciation	1,390	-	1,570	2,960
Finance expense	175	-	16	191

Segment result	(3,911,903)	(364,428)	(6,370,293)	(10,282,193)
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Segment assets	627,675	1,065,899	16,773,824	18,467,398
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31 December 2008

Segment revenue

Revenue - external	401,539	-	-	401,539
Share of profit in associate	-	-	47,700	47,700
Finance Income	-	-	2,480	2,480
Total revenue	401,539	-	50,180	451,719

Impairment losses	12,618,523	2,413,243	1,000,000	16,031,766
Amortisation	187,722	-	-	187,722
Depreciation	1,936	-	2,084	4,020
Finance expense	190,315	-	1,885	192,200

Segment result	(13,071,317)	-	(592,603)	(17,067,776)
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Segment assets	4,454,438	-	2,640,160	7,094,598
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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

24. CONTROLLED ENTITIES

Parent entity

Planet Gas Limited is an Australian incorporated company listed on the Australian Stock Exchange.

Wholly owned controlled entities	Country of incorporation	Ownership Interest	
		2009 %	2008 %
Gradient Energy Limited	Australia	100	-
Planet Cooper Basin Pty Limited	Australia	100	-
Pauper's Dream Company	USA	100	100
Planet Gas Properties LLC	USA	100	100
Planet Gas Resources LLC	USA	100	100

The functional currency for Pauper's Dream Company, Planet Gas Properties LLC and Planet Gas Resources LLC is United States Dollars. The functional currency for Gradient Energy Limited and Planet Cooper Basin Pty Limited is Australian Dollars.

Acquisition of controlled entities

During the year ended 31 December 2009, the Company incorporated Planet Cooper Basin Pty Limited, an Australian wholly owned controlled entity, with an initial investment of \$100.

During the year ended 31 December 2009, the Company successfully completed the acquisition of Gradient Energy Limited ('Gradient'), a Queensland based, public, unlisted geothermal exploration company. Gradient is now a wholly owned controlled entity and is the Company's operating entity for the geothermal activities in Australia.

The agreement to acquire 100% of Gradient was by means of scrip and cash, and comprised 39.0 million shares issued to Gradient shareholders, which are be subject to a 12 month voluntary escrow; and \$1.35 million cash.

For the period 21 August 2009 to 31 December 2009 the controlled entity contributed a net loss of \$364,428 and goodwill impairment of \$2,028,000. Total consideration was \$5,328,000. If the acquisition had occurred on 1 January 2009, management estimates that consolidated loss for the period would have been \$10,889,573 which includes goodwill impairment amount of \$2,028,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2009.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Gradient carrying amounts \$	Fair value adjustments \$	Recognised fair values on acquisition \$
Cash and cash equivalent	66,926	-	66,926
Trade and other receivables	40,778	-	40,778
Exploration and evaluation expenditure	242,465	3,091,002	3,333,467
Other non-current assets	41,887	-	41,887
Trade and other payables	(183,058)	-	(183,058)
Goodwill	-	2,028,000	2,028,000
Net identifiable assets and liabilities	208,998	5,119,002	5,328,000
Cash consideration paid			1,350,000
Cash acquired			(66,926)
Net cash outflow			1,283,074

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

24. CONTROLLED ENTITIES (CONT.)

The value of assets and liabilities recognised on acquisition are their estimated fair values.

An impairment assessment was performed at 31 December 2009 in relation to goodwill. Given that Gradient is in the exploration phase of operations, and there is uncertainty in the reliability of any discounted cash flow calculations to support the recoverability of goodwill, the Directors have resolved to fully impair the carrying value of goodwill.

The fair values of assets and liabilities acquired have been determined provisionally at 31 December 2009. Accordingly, recognised fair values may require adjustments.

25. SHARE BASED PAYMENTS

The Company has a share option program that entitles key management personnel, senior employees and consultants to purchase shares in the entity.

The terms and conditions of the grants made during the year ended 31 December 2009 are as follows:

Grant date	Expiry date	Exercise price	Granted during the year	Balance at start of the year	Exercised during the year	Cancelled during the year	Balance at end of the year	Exercisable at end of the year
		\$	Number	Number	Number	Number	Number	Number
20 August 2009	20 August 2014	0.132	60,000,000	-	-	-	60,000,000	60,000,000

All options granted during the year ended 31 December 2009 vested immediately and were provided at no cost to the recipients.

There were no options granted during the year ended 31 December 2008.

Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the key management and senior employees become unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

The fair value of options granted during the year ended 31 December 2009 was \$3,821,604. The Black-Scholes formula model inputs were the Company's share price of \$0.102 at the grant date, a volatility factor of 79.94% based on historic share price performance and a risk free interest rate of 5.28% based on the 10 year government bond rate.

Expenses arising from share-based payment transactions

Total expenses arising from share based payment transactions recognised during the year ended 31 December 2009 as part of share based remuneration expense was \$3,821,704 (2008 - nil).

DIRECTORS' DECLARATION

In the opinion of the Directors of Planet Gas Limited:

- (a) the financial statements and notes thereto, set out on pages 24 to 54, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and Group as at 31 December 2009 and of their performance, for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (d) the Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 31 December 2009 pursuant to Section 295A of the Corporations Act 2001.

Signed at Sydney this 31st day of March 2010 in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Director



Peter J. Nightingale
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PLANET GAS LIMITED



We have audited the accompanying financial report of Planet Gas Limited (the "Company"), which comprises the statements of financial position as at 31 December 2009, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory Notes 1 to 25 and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PLANET GAS LIMITED (CONT.)

Auditor's opinion

In our opinion:

- (a) the financial report of Planet Gas Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2009 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 20 to 21 of the Directors' Report for the year ended 31 December 2009. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Planet Gas Limited for the year ended 31 December 2009 complies with Section 300A of the Corporations Act 2001.



KPMG
31 March 2010



S.J. Board
Partner

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information as at 28 February 2010 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

Home Exchange

The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

Audit Committee

As at the date of the Directors' Report, there was no audit committee of the Board of Directors, because the small number of Directors comprising the Board does not warrant the formal constitution of such a committee.

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

Subject to Escrow Restrictions

At 28 February 2010, the Company had the following fully paid ordinary shares subject to escrow restrictions:

Number of fully paid ordinary shares	Escrow period to
39,000,000	20 August 2010

Distribution of Shareholders

As at 28 February 2010, the total distribution of fully paid shareholders, being the only class of equity, was as follows:

Range	Total Holders	Units	% Issued Capital
1 - 1,000	47	3,760	0.00%
1,001 - 5,000	152	501,837	0.11%
5,001 - 10,000	181	1,484,616	0.33%
10,001 - 100,000	803	32,525,468	7.15%
100,001 and over	408	459,337,624	92.41%
Total	1,589	493,853,305	100.00%

As at 28 February 2010 162 shareholders held less than marketable parcels of 4,546 shares.

On Market Buy Back

There is no on market buy-back.

ADDITIONAL STOCK EXCHANGE INFORMATION (CONT.)

Twenty Largest Shareholders

As at 28 February 2010 the twenty largest quoted shareholders held 44.09% of the fully paid ordinary shares as follows:

	Name	Number	%
1	Hueridge Pty Ltd	98,277,039	19.90
2	Permgold Pty Ltd <The Seckold Family S/F A/C>	51,286,514	10.38
3	Permgold Pty Limited	15,690,293	3.18
4	Mr Francesco Paul Violi	9,891,790	2.00
5	Rosignol Pty Ltd <Nightingale Family A/C>	7,418,750	1.50
6	Trio Investments Pty Limited	7,275,000	1.47
7	Frere & Associates Pty Limited <Derick Frere Super Fund A/C>	7,098,770	1.44
8	Frere & Associates Pty Limited <Derick Frere Super Fund A/C>	6,476,741	1.31
9	Mr Anthony Sheridan + Mrs Patricia Sheridan <Triston Superfund>	6,325,000	1.28
10	Rigi Investments Pty Ltd	6,294,220	1.27
11	Berpaid Pty Ltd	4,625,000	0.94
12	Evenlen Pty Limited	4,537,500	0.92
13	Removale Pty Ltd	4,250,000	0.86
14	Graywood Towers Pty Ltd	4,179,950	0.85
15	Mr Bruce Riederer	4,000,000	0.81
16	Rosignol Consultants Pty Ltd	3,781,250	0.77
17	Mr Anthony J McClure	3,750,000	0.76
18	Umbiram Pty Ltd <Michael Hoy Superfund A/C>	3,750,000	0.76
19	Mr Tony Valeri	3,488,351	0.71
20	Ringwood Agricultural Company Pty Ltd	3,180,000	0.64

Options

Number of holders	Number of options	Grant date	Vesting date	Exercise price	Expiry date
5	60,000,000	20 August 2009	20 August 2009	\$0.132	20 August 2014

CORPORATE DIRECTORY

DIRECTORS

Mr Norman A. Seckold (Chairman)

Mr Sharif Oussa

Mr Peter J. Nightingale

Mr Robert M. Bell

Mr Anthony J. McClure

Mr Anthony J. McDonald

Mr Robert C. Neale

COMPANY SECRETARY

Mr. Peter J. Nightingale

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