

Planet Gas Limited and its Controlled Entities  
ABN 46 098 952 035



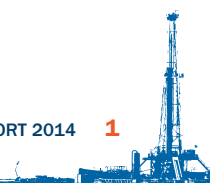
# 2014

ANNUAL REPORT



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# CHAIRMAN'S LETTER

Dear Fellow Shareholder,

Although the 2014 year was a challenging year operationally along with the downturn in the energy markets towards the end of the year, the Company did have some very positive developments.

Early in the year, we were delighted to report the entry of Origin Energy Limited ('Origin') into PEL 638 in the Cooper Basin of South Australia. Origin and our partner Senex Energy Limited ('Senex') will jointly explore for natural gas. Origin has committed to substantial expenditure and 3D seismic programs have commenced.

Later in the year we announced the entry into the hydrocarbon royalty business in the United States of America. The royalties cover producing oil and gas wells located in Kansas, Pennsylvania and New York State. Subsequent to year end the purchase was finalised and we are very pleased that the Company now has its first revenue stream that we look to grow upon.

Unfortunately, Senex-operated oil exploration drilling in the Cooper Basin has been unsuccessful to date with two dry wells being completed during the year. Planet Gas will continue to be free carried for future exploration programs.

The ongoing strategy for the Company is to hold low risk exposure to attractive acreage positions. We view the Cooper Basin assets very favourably and, although the exploration for oil and gas in this region is of considerable risk, Planet Gas' interests are free carried and will continue to be so for the foreseeable future.

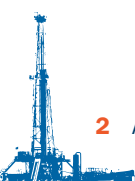
With regards to further acquisitions in the United States of America, the Company will continue to look for minimal risk royalty and other opportunities to expand upon our recently added cash flow. With the funding provided by Macquarie Bank Limited, we will continue to target further hydrocarbon opportunities in established producing oil and gas fields holding minimal risk.

We look forward to a productive 2015.

Yours sincerely



**Norman A. Seckold**  
Chairman



# REVIEW OF OPERATIONS

## Summary

During the 2014 year, Planet Gas Limited ('Planet Gas' or 'the Company') reached an understanding with Macquarie Bank Limited for the purchase of oil and gas royalties in the United States of America which will provide initial cash flows for the Company. The purchase has been partly funded by a debt facility which was established in October 2014. The transaction was completed in February 2015.

In the Cooper Basin of South Australia, the Company saw the continuation of oil exploration activities with Senex Energy Limited ('Senex') along with the entry of Origin Energy Limited ('Origin') into a substantial tight gas exploration program.

During 2014:

- The Company established a 5 year US\$15 million debt facility with Macquarie Bank Limited to assist with funding the purchase of oil and gas royalties in the United States of America. The first drawdown against the facility was made in February 2015 with the completion of the first oil and gas royalty transaction.
- Initial cash flows to the Company commenced in February 2015.
- Farm-in agreements were entered into with Origin and Senex providing for Planet Gas to be free carried for expenditure of up to \$80 million of tight gas exploration program expenditure.
- 'Cordillo' 3D seismic processing and interpretation covering 158.7 km<sup>2</sup> was completed.
- 'Dundinna' 3D seismic processing and interpretation covering 163.9 km<sup>2</sup> was completed.
- Drilling of Hathi-1 and Bagherra East-1 oil exploration wells was concluded.
- 'Jonothon' and 'Mudrangie' 3D seismic surveys were approved and scheduled for recording in the first half of 2015.



# REVIEW OF OPERATIONS

## Corporate Activities

### Oil and Gas Overriding Royalty Acquisition and Funding Facility

In August 2014, the Company reached an understanding with Macquarie Bank Limited for the purchase of a 3.0% Overriding Royalty Interest ('ORRI') over established oil and gas production assets in Kansas, Pennsylvania and New York State which total approximately 500,000 barrels of oil equivalent per annum.

In October 2014 the Company established a 5 year US\$15 million debt facility provided by Macquarie Bank Limited. At 31 December 2014 the facility was yet to be drawn down.

In February 2015, the purchase of the ORRI was finalised. The total purchase consideration of US\$4.45 million was funded by US\$1.25 million from the Company's existing cash reserves and US\$3.2 million drawdown on the Macquarie Bank Limited facility. The US\$3.2 million is to be repaid US\$150,000 per annum for four years and a final payment of US\$2.6 million in year 5.

### Origin Energy and Senex Energy PEL 638 Gas Farm-Out

In February 2014, Origin and Senex entered into a gas farm-out agreement over part of Planet Gas' acreage position in the Cooper Basin of South Australia. In June 2014, a further agreement between Origin, Senex and Planet Gas was reached for the Company's interest to be free carried for its share of up to \$80 million expenditure. The primary objective for the Origin/Senex/Planet Gas joint venture is tight gas sands.

As part of the agreements, a new permit, PEL 638, was excised from PEL 514 (now PRL 118 through PRL 128). PEL 638 is administered by two joint ventures; the PEL 638 Deeps joint venture (the subject of the farm-in by Origin) and the PEL 638 Shallows joint venture (subject to the farm-in by Senex).

The PEL 638 Deeps work program is split into Stage 1 and Stage 2 with total expenditure of up to \$80 million. Stage 1 will evaluate the potential of the tight gas sands, provide exposure to gas in shales and deep coal seams and provide proof of concept of the Permian system. Stage 2 would evaluate the commercial viability of the gas resource by undertaking extended flow testing through a separate pilot program.

Planet Gas' 12.5% interest in PEL 638 Deeps is free carried for its share of expenditure of up to \$80 million across the two Stages. In the event that Origin proceeds with Stage 2 of the farm-in program Planet Gas' interest will be reduced to 10%.

The existing farm-in arrangements between Planet Gas and Senex with regards to oil exploration will continue in PEL 638 Shallows and in PRL 118 through PRL 128 (previously called PEL 514). Planet Gas' 20% interest continues to be free carried by Senex for oil exploration.

### Expiration of Unlisted Options

In August 2014, 70,500,000 unquoted options expired unexercised and the Company now has no options on issue.



# REVIEW OF OPERATIONS

## Overriding Royalty Interest, United States of America

During 2014, the Company announced its plans to enter into an agreement with Macquarie Americas Corporation (a Macquarie Bank Limited subsidiary) for the purchase of a 3.0% Overriding Royalty Interest ('ORRI') over established oil and gas production assets in Kansas, Pennsylvania and New York State which total approximately 500,000 barrels of oil equivalent per annum (see Figure 1).

Purchase consideration was US\$4.45 million, with US\$1.25 million funded from the Company's existing cash reserves and US\$3.2 million by a drawdown from a 5 year US\$15.0 million debt facility provided by Macquarie Bank Limited which will be repaid US\$150,000 per annum for four years plus a final payment of US\$2.6 million.

Towards the end of the year, registration of each licence continued across each relevant county in Kansas, Pennsylvania and New York State to allow for final transfer to the Company and the transaction was completed in February 2015.

Initial cash flows to the Company commenced in the first quarter of 2015.

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

During the final quarter of 2014, crude oil price exhibited substantial volatility. The West Texas Intermediate Crude price dropped dramatically from approximately US\$90.00 per barrel in early October 2014 to approximately US\$55.00 per barrel by the end of December 2014. Over the same period, NYMEX natural gas prices fell from approximately US\$4.00 per million British Thermal Units ('MMBtu') to US\$3.00 per MMBtu. Such volatility will have a material effect on revenue receipts for the Company, however, with Planet Gas' cash flow interests being entirely from royalty interests, the Company's operational cost exposure from production operations is minimal.

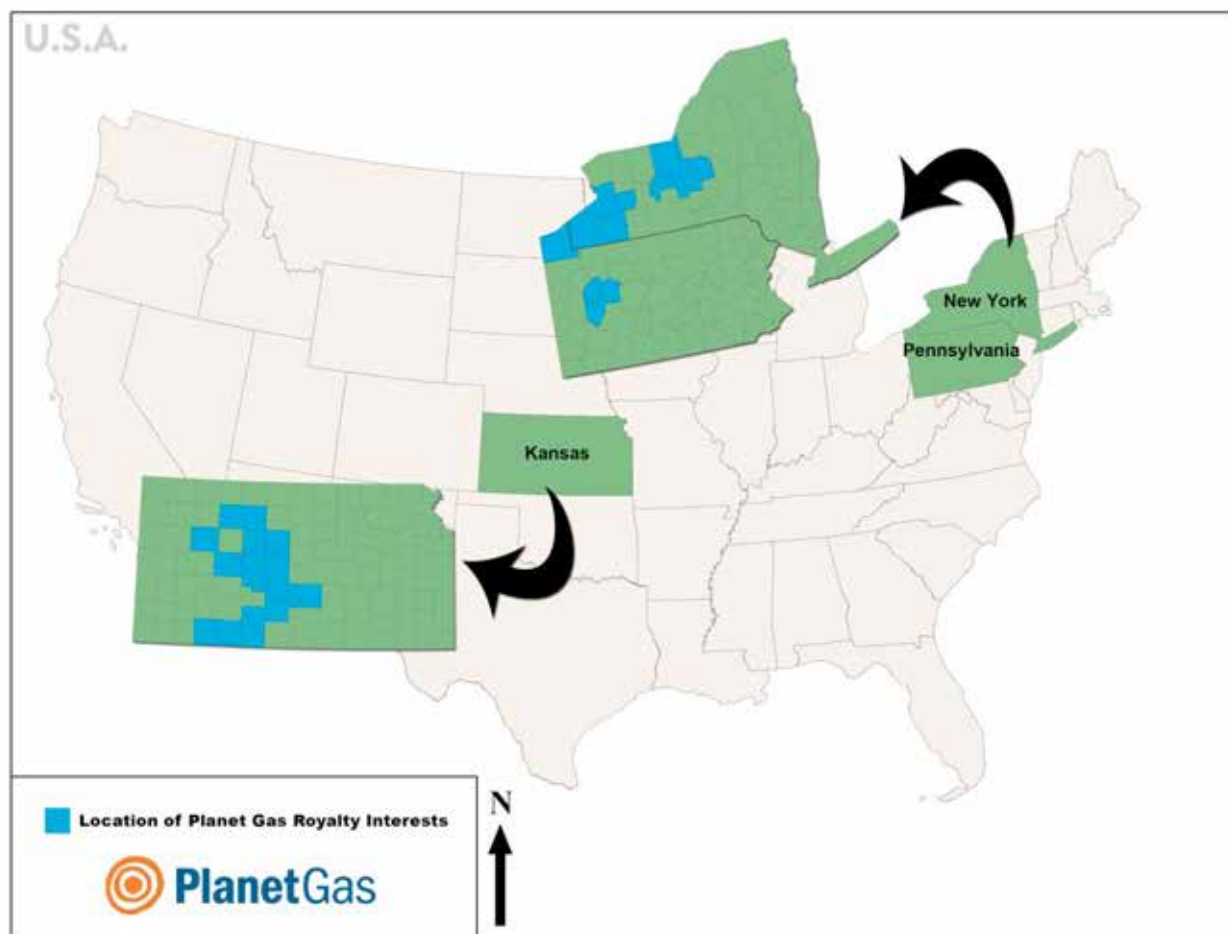


Figure 1. Location of Planet Gas' Royalty Interests in the United States of America

# REVIEW OF OPERATIONS

## Cooper Basin, South Australia

Planet Gas' acreage position in the Cooper Basin of South Australia includes PRL 118 through PRL 128 (previously called PEL 514) and PEL 638 ('the Licences'). The Licences cover 1,917 km<sup>2</sup> and contain an array of targets for conventional and unconventional hydrocarbon exploration (see Figure 2).

Conventional oil and gas prospectivity lies within the Jurassic and Cretaceous Namur and Hutton sandstones, the Murta Formation and also the Triassic sands, Permian gas in the Toolachee, Daralingie, Epsilon, Patchawarra and Tirrawarra Formations. The Birkhead channel sands are considered oil targets.

Tight gas in sands and gas in coals and shales are present across the area. Tight gas targets are considered in the deep Permian system of the Patchawarra Trough while coal seam gas potential is evidenced in the Cretaceous Winton, Permian Toolachee and Patchawarra formations. There is also shale gas potential in the Murteree shales.

Planet Gas' interests in the Cooper Basin are through two joint ventures.

### PEL 514 and PEL 638 Joint Ventures

PEL 638, which covers an area of 904 km<sup>2</sup> in the Patchawarra Trough, was excised from PEL 514 (now PRL 118 through PRL 128) to facilitate the administration of a new joint venture between Origin, Senex and Planet Gas. Prior to the excising of PEL 638, Planet Gas held a 20% interest in the Licences.

Further, PEL 638 is divided into two joint ventures; the PEL 638 Deeps joint venture (the subject of the farm-in by Origin) and the PEL 638 Shallows joint venture (the subject of the farm-in by Senex). A stratigraphic division separates the 'Deeps' and 'Shallows'.

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

- PRL 118 through PRL 128: 20.0% free carried.
- PEL 638 Shallows: 20.0% free carried.
- PEL 638 Deeps: 12.5% free carried reducing to 10% in the event that Origin proceeds with Stage 2 of the farm-in program.

### PEL 638 Deeps

Planet Gas initially held a 20% interest in the PEL 638 Deeps joint venture and, as announced in June 2014, the joint venture was renegotiated so that Planet Gas' interest was reduced to a 12.5% free carried interest which would further reduce to a 10% interest in the event that Origin proceeds with Stage 2 of the farm-in program.

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

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

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

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

Towards the end of the year, two 3D seismic surveys were approved by the PEL 638 Deeps joint venture.

The surveys comprise:

- Jonothon: 150 km<sup>2</sup>
- Mudrangie: 99 km<sup>2</sup>
- Total: 249 km<sup>2</sup> (see Figure 2)

The seismic data from these surveys will be used to identify PEL638 Deeps drilling targets.



# REVIEW OF OPERATIONS

## **PRL 118 through PRL 128 and PEL 638 Shallows**

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

### ***Seismic Surveys***

During the year, processing and interpretation of the 'Cordillo' 3D seismic data and the 'Dundinna' 3D seismic data covering 322.5 km<sup>2</sup> was completed. This work has identified several play types including Tinchoo Formation structural traps and Toolachee Formation stratigraphic traps.

### ***Drilling***

During the year, drilling of Hathi-1 and Baghera East-1 oil exploration wells was concluded. Both wells were plugged and abandoned with no significant hydrocarbons intersected.

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

Subject to joint venture approvals, the next phase of this campaign will involve applying AVO (Amplitude Versus Offset) and inversion processes to the Dundinna 3D seismic survey, using shear sonic data gained from the drilling program. The object of the program is to help identify potential stratigraphic traps within the Birkhead sands with favourable reservoir qualities.

In August 2013, Planet Gas reported initial undeveloped oil reserve estimates for the Sprigg field which were independently completed by DeGolyer and MacNaughton of Dallas, Texas, United States of America. The reserves comprised 2P 188.0 thousand barrels of crude oil ('Mbbls') gross (37.6 Mbbls net to Planet Gas) and 3P 725.6 Mbbls gross (145.1 Mbbls net to Planet Gas). There was no 1P component estimated. The Sprigg-1 exploration well located in PRL 124 was drilled in late 2013 and was tested in early 2014. As no significant hydrocarbons were intersected in the well over a four zone selective completion, the reserves were written off.



# REVIEW OF OPERATIONS

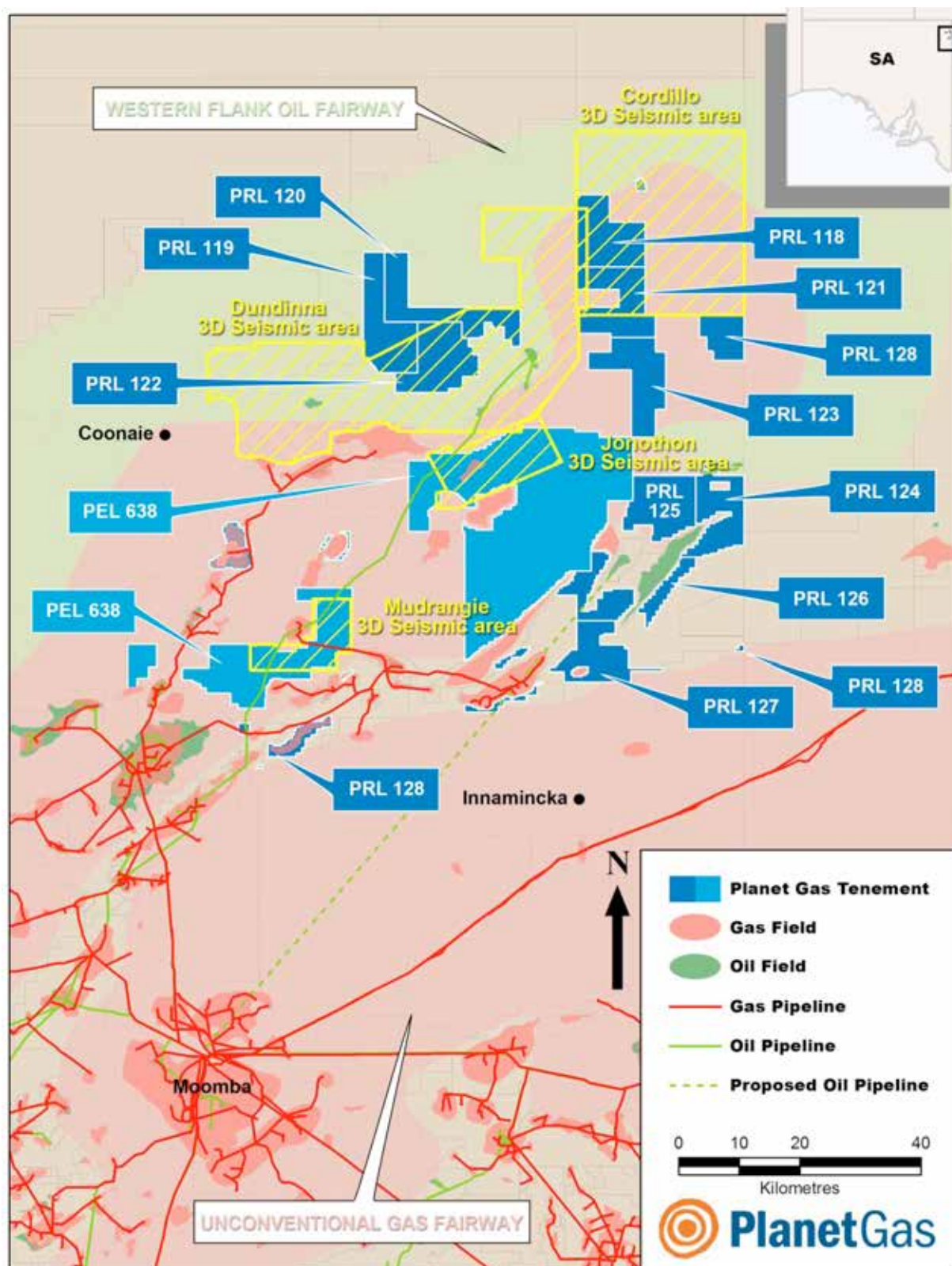


Figure 2. Location of Planet Gas' Interests in the Cooper Basin, South Australia

# REVIEW OF OPERATIONS

## Reserves and Resources Governance Arrangements

Senex is the operator of the Company's Licences and provides information to the Company with regards to that project. Reserve estimates for the Company have been independently completed by DeGolyer and MacNaughton of Dallas, Texas, United States of America.

Governance arrangements and internal controls by Planet Gas include annual reviews with respect to its estimates of petroleum reserves and the estimation process unless material information provides for such processes be conducted prior to each annual review.

Planet Gas has put in place an Estimation and Reporting of Reserves and Resources Guideline which sets out the governance arrangements and internal controls regarding the reported estimates of petroleum reserves and resources and the estimation process to apply at Planet Gas. The guideline provides for an annual review of all reserves and resources by the Company's consultants DeGolyer and MacNaughton of Dallas, Texas, USA and for an annual audit covering all material assets over a rolling three year period.

All audits will be undertaken by independent third party resource evaluators who are petroleum reserves and resources evaluators qualified in accordance with ASX Listing Rule requirements. Public reporting of all reserves or resources estimates is only permitted with the approval of the Board of Directors. All public reporting of the reserves or resources estimates is in accordance with the requirements set out in Chapter 5 of the ASX Listing Rules and the Company's Continuous Disclosure Policy.

The reserves and resources reported in the Annual Report were estimated and reviewed in accordance with these guidelines.

## Material Changes

The consent of the qualified petroleum reserve evaluator for the Reserves Statement in this Annual Report was provided in the market announcement dated 20 August 2013. Subsequently, as no significant hydrocarbons were intersected in the Sprigg-1 exploration well, the reserves were written off. Planet Gas confirms that it is not aware of any new information or data that materially affects the information included in this Annual Report and that all material assumptions and technical parameters underpinning the reserve statement of this Annual Report continue to apply.

## Compliance Statement

The reserve information in this report is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr R.M. Shuck, Professional Engineer who is a qualified petroleum reserves and resources evaluator, Senior Vice President, DeGolyer and MacNaughton, Dallas, Texas, United States of America and a member of Society of Petroleum Engineers and who consented as to the form and context in which the estimated petroleum reserves and supporting information are presented in this report.



# STATEMENT OF CORPORATE GOVERNANCE

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the Australian Securities Exchange ('ASX') Corporate Governance Council recommendations, unless otherwise stated.

## Corporate Governance Statement

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Group's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council ('Council'). Whilst the Group's practices are largely consistent with the Council's guidelines, the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Group's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Group and the best interests of shareholders as a whole. When the Group is not able to implement one of the Council's recommendations the Group applies the 'if not, why not' explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion outlines the ASX Corporate Governance Council's eight principles and associated recommendations and the extent to which the Group complies with those recommendations.

Details of all of the Council's recommendations can be found on the ASX website at <http://www.asx.com.au>

## Principle 1 – Lay solid foundations for management and oversight

### Board of Directors

The Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Group. The Board is also responsible for the overall corporate governance and management oversight of the Group and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Group as a whole.

The Board also ensures that the Group complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Group.

Where the Board considers that particular expertise or information is required, which is not available from within their members, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Group;
- the prudential control of the Group's finances and operations and monitoring the financial performance of the Group;
- the resourcing, review and monitoring of executive management;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market; and
- the establishment and maintenance of appropriate ethical standards.

The Group has followed Recommendation 1.1 by establishing the functions reserved to the Board and those delegated to senior executives as disclosed above.

The Group has followed Recommendation 1.2 by evaluating the performance of senior executives. The Board reviews the performance of the Group's senior executives on a face to face basis with the performance evaluation of the Managing Director being conducted by the Chairman of the Board.

The Group has taken the appropriate measure to provide each Director and senior executive with a copy of the Group's policies which spells out the rights, duties and responsibilities that they should follow.

The Group has followed Recommendation 1.3 by conducting the evaluations of senior executives in accordance with the process described above.

# STATEMENT OF CORPORATE GOVERNANCE

## Principle 2 – Structure the Board to add value

### Board of Directors - Composition, Structure and Process

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given the Group's current size, scale and nature of its activities.

#### *Independent Directors*

As only two of the Company's six Directors are classified as Independent Directors, the Group does not follow Recommendation 2.1. However, it is the Board's opinion that all Directors bring to the Board their independent judgement, irrespective of whether they are independent or not.

#### *Regular assessment of independence*

An independent Director, in the view of the Group, is a non-executive Director who:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Group, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional advisor or a material consultant to the Group, or an employee materially associated with a service provider;
- is not a material supplier or customer of the Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Group other than as a Director of the Group;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Group.

The composition of the Board is reviewed periodically with regards to the optimum number and skills of Directors required for the Board to properly perform its responsibilities and functions.

#### *Chairperson and Managing Director*

Norman A. Seckold, a non-independent Director, holds the office of Chair. The Group does not follow Recommendation 2.2 because the small size of the Group does not warrant the appointment of more Directors. However, the Board considers that Norman A. Seckold best serves the office of Chairman due to his extensive experience in the industry.

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable the Directors to perform their duties as a Board.

The Managing Director is responsible and accountable to the Board for the Group's management. Anthony J. McClure has been appointed as the Managing Director of the Group and performs the role of Chief Executive Officer. Therefore, the Group follows Recommendation 2.3.

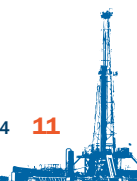
#### *Board nominations*

Having regard to the current membership of the Board and the size, organisational complexity and scope of operation of the Group, a Nomination Committee has not been established and therefore Recommendation 2.4 has not been followed.

#### *Performance review and evaluation*

The Group has followed Recommendations 2.5 and 2.6 by disclosing the process for evaluating the performance of the Board, and disclosure requirements under Principle 2 below.

It is the policy of the Board to ensure that the Directors and executives of the Group 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 Group 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 Chairman and the Board. The Chairman also speaks to Directors individually regarding their role as a Director.





# STATEMENT OF CORPORATE GOVERNANCE

## *Induction and education*

The Group has the policy to provide each new Director or officer with a copy of the following documents:

- Code of Conduct;
- Continuous Disclosure Policy;
- Share Trading Policy; and
- Shareholders Communication Policy.

## *Access to information*

Each Director has access to Board papers and all relevant documentation.

## *Skills, knowledge and experience*

Directors are appointed based on the specific corporate and governance skills and experience required by the Group. The Board consists of a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial management and public Group administration, and, director-level business or corporate experience required by the Group.

## *Professional advice*

Board members, with the approval of the Chairman, may seek from time to time external professional advice.

## *Term of appointment as a Director*

The Constitution of the Company provides that a Director, other than the Managing Director, may not retain office for more than three calendar years or beyond the third Annual General Meeting following his or her election, whichever is longer, without submitting himself or herself for re-election. One third of the Directors (excluding the Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each Annual General Meeting are those with the longest length of time in office since their appointment or last election.

## *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.

For details on the amount of remuneration and any amount of equity based executive remuneration payment for each Director, refer to the Key Management Personnel note to the financial statements and the Remuneration Report in the Directors' Report.

## *Internal controls*

The Board 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.

## **Principle 3 – Promote ethical and responsible decision making**

### **Code of Conduct and Ethical Standards**

All Directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, endeavouring at all times to enhance the reputation and performance of the Group. Every employee has direct access to a Director to whom they may refer any ethical issues that may arise from their employment. The Group has followed Recommendation 3.1 and has adopted a formal Code of Conduct.

### *Access to Group information and confidentiality*

All Directors have the right of access to all relevant Group books and to the Group's executive management. In accordance with legal requirements and agreed ethical standards, Directors and executives of the Group have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.



# STATEMENT OF CORPORATE GOVERNANCE

## *Share dealings and disclosures*

The Group has adopted a policy relating to the trading of Company securities. The Board restricts Directors, executives and employees from acting on material information until it has been released to the market. Executives, employees and Directors should consult with the Chairman prior to dealing in securities in the Company or other companies with which the Company has a relationship.

Share trading by Directors, executives or employees is not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

The trading windows for restricted persons are 60 days after the release of the half year results, the full year results or the holding of the Annual General Meeting. Restricted persons are prohibited from trading in the Company's securities outside these trading windows unless in special circumstances and with the approval of the Chairman.

## *Conflicts of interest*

To ensure that Directors are at all times acting in the best interests of the Group, Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Group; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot, or is unwilling to remove a conflict of interest then the Director must, as required by the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

## *Related party transactions*

Related party transactions include any financial transaction between a Director and the Group as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Group also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

## *Board diversity*

The Company's Board does take into account the gender, age, ethnicity and cultural background of potential Board members. However, given the small size of the Group and the role of the full Board, a formal diversity policy has not been established and therefore Recommendations 3.2, 3.3 and 3.4 have not been followed. The Company advises that no women are employed directly by the Company, including as key management personnel.

## **Principle 4 – Safeguard integrity in financial reporting**

### **Audit Committee**

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, an Audit Committee has not been established and therefore Recommendations 4.1, 4.2, 4.3 and 4.4 have not been followed.

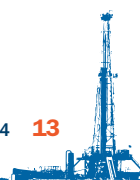
The objective of an Audit Committee is to make recommendations to the Board regarding various matters including the adequacy of the external audit, risk management and compliance procedures, to evaluate from time to time the effectiveness of the financial statements prepared for the Board and to ensure that independent judgement is always exercised. These functions of an Audit Committee are performed by the full Board.

## **Principle 5 – Make timely and balanced disclosure**

The Group has followed Recommendations 5.1 and 5.2 and has adopted a formal Continuous Disclosure Policy.

### **Continuous Disclosure to the ASX**

The Board has designated the Managing Director and CFO as being responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX. Accordingly the Company will notify the ASX promptly of information:



# STATEMENT OF CORPORATE GOVERNANCE

- 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.

Announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

## **Principle 6 – Respect the rights of shareholders**

The Company has followed Recommendations 6.1 and 6.2 and has designed a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings as disclosed below.

### **Communication to the market and shareholders**

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. The Board considers that information will be communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly financial statements;
- quarterly cash flow reports; and
- other announcements released to the ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders or made available through the Company's website.

The Company actively promotes communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements are made available on the Company's website, [www.planetgas.com](http://www.planetgas.com), and on the ASX website, [www.asx.com.au](http://www.asx.com.au), under ASX code 'PGS'.

## **Principle 7 – Recognise and manage risk**

The Group has followed Recommendation 7.1 and has designed policies for the oversight and management of material business risks as disclosed below.

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, Recommendation 7.2 is not relevant because the Board has the oversight function of risk management and internal control systems. Therefore, the risk management functions and oversight of material business risks are performed directly by the Board and not by management.

### *Internal control and risk management*

The Board reviews systems of external and internal controls and areas of significant operational, financial and property risk and ensures arrangements are in place to contain such risks to acceptable levels.

Appropriate insurance policies are kept current to cover all potential risks and maintaining Directors' and Officers' professional indemnity insurance.

### *Internal audit function*

The internal audit function is carried out by the Board. The Group does not have an internal audit department nor has an internal auditor. The size of the Group does not warrant the need or the cost of appointing an internal auditor.

### *CEO and CFO declarations*

The Group has followed Recommendation 7.3. The Board has determined that the Managing Director and the CFO are the appropriate persons to make the CEO and CFO declarations as required under section 295A of the Corporations Act. The Board is also satisfied that the internal control system is operating effectively in all material respects.

The Group has followed Recommendation 7.4 by disclosing the information above.

# STATEMENT OF CORPORATE GOVERNANCE

## Principle 8 – Remunerate fairly and responsibly

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, a Remuneration Committee has not been established and therefore Recommendations 8.1, 8.2, 8.3 and 8.4 have not been followed.

However, the functions and responsibilities listed below were carried out by the Board.

### *Remuneration responsibilities*

The role and responsibility of the Board is to review and make recommendations in respect of:

- executive remuneration policy;
- executive Director and senior management remuneration;
- executive incentive plan;
- non-executive Directors' remuneration;
- performance measurement policies and procedures;
- termination policies and procedures;
- equity based plans; and
- required remuneration and remuneration benefits public disclosure.

### *Remuneration policy*

The Directors' remuneration is adopted by shareholders at the Annual General Meeting. The salary and emoluments paid to officers are approved by the Board. Consultants are engaged as required pursuant to service agreements. The Group ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Group. All salaries of Directors and officers are disclosed in the Annual Report of the Group.

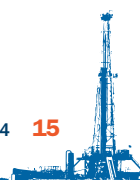
In line with Recommendation 8.2, the Group has a policy to remunerate its Directors and officers based on fixed and incentive component salary packages to reflect the short and long term objectives of the Group.

The salary component of the Managing Director's remuneration is made up of:

- fixed remuneration; and
- equity based remuneration when invited to participate by the Board in the executive share option plan of the Company.

The salary component of non-executive and executive Directors is made up of:

- fixed remuneration; and
- equity based remuneration when invited to participate by the Board in the executive share option plan of the Company.



# 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 2014. 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 end of 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 30 years in the full time management of natural resource companies, both in Australia and overseas, including the role of Chairman for 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.
- Bolnisi Gold N.L. which discovered and is currently operating the Palmarejo and Guadalupe gold and silver deposits in Mexico.
- Cockatoo Coal Limited, an Australian coal mining, exploration and project development company.
- Cerro Resources N.L., a precious metals exploration company with a development project in Mexico.
- Equus Mining Limited, a mineral and development company operating in Chile.

Mr Seckold is currently Chairman of the following listed companies:

- Augur Resources Ltd, a minerals exploration and development company operating in Australia and Indonesia.
- Santana Minerals Limited, a precious metals exploration company operating in Mexico.

He is also a director of the unlisted public companies Mekong Minerals Limited and Nickel Mines Limited.

### Anthony John McClure, Managing Director

Managing Director from 31 May 2012 and Director since 27 August 2003.

Anthony McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. Mr McClure has over 25 years' technical, management and financial experience in the resource sector worldwide in project management and executive development roles. He has also worked in the financial services sector and stockbroking, primarily as a resource analyst covering both mineral and energy sectors. Mr McClure is currently a director of unlisted public companies Mekong Minerals Limited and Nickel Mines Limited.

### Peter James Nightingale, Executive Director 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 more than 25 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 Bolnisi Gold N.L., Callabonna Uranium Limited, Cockatoo Coal Limited, Mogul Mining N.L., Pangea Resources Limited, Perseverance Corporation Limited, Sumatra Cooper & Gold plc, Timberline Minerals Inc. and Valdora Minerals N.L..

Mr Nightingale is currently a director of Augur Resources Ltd and unlisted public companies Nickel Mines Limited and Prospech Limited.

# DIRECTORS' REPORT

## Robert Michael Bell, Independent and Non-Executive Director

Director since 30 October 2007.

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 was one of the founders of Queensland Gas Company which was bought by British Gas in 2009. His directorship over the last three years includes Cerro Resources N.L. and Green Invest Limited.

## Anthony John McDonald, Independent and Non-Executive Director

Director since 19 November 2003.

Tony McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981. He was admitted as a solicitor in 1982. He has been involved in the natural resources sector in Australia and internationally for many years and in the past 14 years has been actively involved in management in the resources sector. He is currently Managing Director of Santana Minerals Limited, a precious metals explorer with a Mexico focus and non-executive director of unlisted Mekong Minerals Limited. In the last 3 years he has also been a director of Industree Limited and was Managing Director of Cerro Resources NL.

## Robert Charles Neale, Non-Executive Director

Director since 20 November 2009.

Mr Neale is the immediate past Managing Director of New Hope Corporation Limited. He joined New Hope Corporation Limited in 1996 as General Manager, appointed as Executive Officer in 2005 and to the Board of Directors in November 2008 until his retirement in January 2014. Mr Neale has more than 45 years' experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. In the last 3 years he has also been the Chairman of Westside Corporation Limited and director of Dart Energy Limited.

## 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    | 4              | 4        |
| Anthony J. McClure   | 4              | 4        |
| Peter J. Nightingale | 4              | 4        |
| Robert M. Bell       | 4              | 4        |
| Anthony J. McDonald  | 4              | 4        |
| Robert C. Neale      | 4              | 4        |

# DIRECTORS' REPORT

## Directors' Interests

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

| Director             | Fully paid ordinary shares | Options over ordinary shares |
|----------------------|----------------------------|------------------------------|
| Norman A. Seckold    | 72,247,482                 | -                            |
| Anthony J. McClure   | 5,154,181                  | -                            |
| Peter J. Nightingale | 12,128,487                 | -                            |
| Robert M. Bell       | 1,250,000                  | -                            |
| Anthony J. McDonald  | 7,851,923                  | -                            |
| Robert C. Neale      | -                          | -                            |

## Option Holdings

### *Options granted to Directors' and officers'*

The Company did not grant any options over unissued ordinary shares during or since the end of the financial year to directors as part of their remuneration. The options held by Directors over unissued shares at the beginning of the year expired unexercised on 20 August 2014.

| Specified Directors  | Held at 1 January 2014 | Granted as remuneration | Expired   | Held at 31 December 2014 | Vested during the year | Vested and exercisable at date of report |
|----------------------|------------------------|-------------------------|-----------|--------------------------|------------------------|--|
| Norman A. Seckold    | -                      | -                       | -         | -                        | -                      | -  |
| Anthony J. McClure   | 2,000,000              | -                       | 2,000,000 | -                        | -                      | -  |
| Peter J. Nightingale | 8,000,000              | -                       | 8,000,000 | -                        | -                      | -  |
| Robert M. Bell       | 2,000,000              | -                       | 2,000,000 | -                        | -                      | -  |
| Anthony J. McDonald  | 8,000,000              | -                       | 8,000,000 | -                        | -                      | -  |
| Robert C. Neale      | -                      | -                       | -         | -                        | -                      | -  |

## Expiration of Unlisted Options

On 20 August 2014, 70,500,000 unquoted options expired unexercised. The Company does not have any other options on issue.



# DIRECTORS' REPORT

## Principal Activities

The Group is engaged in the acquisition and exploration of oil and assets.

## Financial Results

The consolidated loss after income tax attributable to members of the Company for the year was \$714,536 (2013 - \$4,029,945 profit).

## Review of Operations

The review of operations is set out on pages 3 to 9 of this Annual Report.

## Dividends

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2014. No dividends have been paid or declared during the financial year (2013 - \$nil).

## 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 2014 were as follows:

- The Company obtained a 5 year US\$15.0 million debt facility provided by Macquarie Bank Limited with the first drawdown of US\$3.2 million to be used towards the purchase of a 3.0% Overriding Royalty Interest over established oil and gas production assets in Kansas, Pennsylvania and New York State. The purchase was completed subsequent to year end for total consideration of US\$4.45 million, and the first drawdown of the facility occurred on 10 February 2015.
- Updated agreements were reached in June 2014 with Senex and Origin whereby Planet Gas is to be free carried for its share of \$80 million expenditure targeting tight gas sands. The new permit covering PEL 638 was excised from PEL 514 (now PRL 118 through PRL 128) in which Planet Gas retained a 20% participating interest.
- The PEL 638 Deeps work program is split into Stage 1 and Stage 2 with total expenditure of up to \$80 million, being \$40 million in each Stage. Under the amended agreement, Planet Gas' 20% interest reduced to 12.5% and in the event that Origin proceeds with Stage 2 of the farm-in program Planet Gas' interest will be reduced to 10%.
- The existing farm-in arrangements between Planet Gas and Senex with regards to oil exploration will continue in PEL 638 Shallows and PRL 118 through PRL 128. Planet Gas' 20% interest continues to be free carried by Senex for oil exploration.

## Environmental Regulations

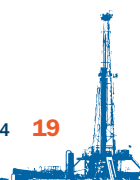
The Company's operations are subject to significant environmental regulations under both Australian Commonwealth and State legislation in relation to its activities.

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

On 10 February 2015, Planet Gas completed the acquisition of the ORRI in the United States of America from a subsidiary of Macquarie Bank Limited. The purchase consideration was US\$4.45 million, with US\$1.25 million paid from existing cash reserves and US\$3.2 million by a drawdown from the 5 year US\$15.0 million debt facility provided by Macquarie Bank Limited which will be repaid US\$150,000 per annum for four years plus a final payment of US\$2.6 million.

Other than the matters discussed above, no matters or circumstances have 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.



# DIRECTORS' REPORT

## Likely Developments

Planet Gas considers growth as a vital strategy for the Group taking into consideration its existing operations in the Cooper Basin in South Australia, the addition of oil and gas royalty interest in the United States of America or by the addition of new ventures, projects through mergers or acquisitions.

During the course of the 2015 financial year, the Group will continue to focus on its oil and gas interests in PRL 118 through PRL 128 and PEL 638 in the Cooper Basin of South Australia. The Directors expect to receive further results of the exploration programs which they will make public once the information is received, in accordance with ASX listing rules. In addition to the exploration interests, the Company will also focus on the newly acquired ORRI in the United States of America.

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 Group.

## 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 by 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.

## Remuneration Report - Audited

### *Principles of Compensation - Audited*

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of the Company and the Company Secretary. No other employees have been deemed to be key management personnel.

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. The Board is responsible for reviewing its own performance. The evaluation process is designed to assess the Group's business performance, whether long term strategic objectives are being achieved, and the achievement of individual performance objectives.

Remuneration generally comprises of salary and superannuation. Longer term incentives are able to be provided through the Company's share option program which acts to align the Director's and senior executive's actions with the interests of the shareholders. The remuneration disclosed below represents the cost to the Group for services provided under these arrangements.

No Directors or senior executives received performance related remuneration. Options issued in prior periods as remuneration were subject to minimum service periods being met. All outstanding options at the beginning of the financial year expired unexercised on 20 August 2014.

All Directors, except for Robert Neale who is paid through the Company's payroll, are compensated for their services by way of arrangements with related parties.

There were no remuneration consultants used by the Company during the year ended 31 December 2014, or in the prior year.

# DIRECTORS' REPORT

## Remuneration Report - Audited (Con't)

### Details of remuneration for the year ended 31 December 2014 - Audited

Details of the nature and amount of each major element of the remuneration of each Director of the Company and other key management personnel of the Group are:

|   | Year | Short-term employee benefit |               | Share based payments | Post Employment Benefit | Total   |
|---|------|-----------------------------|---------------|----------------------|-------------------------|---------|
|   |      | Primary fees/salary         | Share options | Share options        | Superannuation          |         |
|   |      | \$                          | \$            | \$                   | \$                      | \$      |
| <b>Specified Directors and Executives</b> |      |                             |               |                      |                         |         |
| <b>Executive Directors</b>                |      |                             |               |                      |                         |         |
| Norman A. Seckold (Chairman)              | 2014 | 90,000                      | -             | -                    | -                       | 90,000  |
|   | 2013 | 90,000                      | -             | -                    | -                       | 90,000  |
| Anthony J. McClure (Managing Director)    | 2014 | 270,000                     | -             | -                    | -                       | 270,000 |
|   | 2013 | 270,000                     | -             | -                    | -                       | 270,000 |
| Peter J. Nightingale (Director and CFO)   | 2014 | 75,000                      | -             | -                    | -                       | 75,000  |
|   | 2013 | 75,000                      | -             | -                    | -                       | 75,000  |
| <b>Non-executive Directors</b>            |      |                             |               |                      |                         |         |
| Robert M. Bell                            | 2014 | 24,000                      | -             | -                    | -                       | 24,000  |
|   | 2013 | 24,000                      | -             | -                    | -                       | 24,000  |
| Anthony J. McDonald                       | 2014 | 60,000                      | -             | -                    | -                       | 60,000  |
|   | 2013 | 60,000                      | -             | -                    | -                       | 60,000  |
| Robert C. Neale                           | 2014 | 24,000                      | -             | -                    | -                       | 24,000  |
|   | 2013 | 22,646                      | -             | -                    | -                       | 22,646  |
| Total all specified Directors             | 2014 | 543,000                     | -             | -                    | -                       | 543,000 |
|   | 2013 | 541,646                     | -             | -                    | -                       | 541,646 |

There are no service contracts and no bonuses or other performance related compensation payments were paid during the current year to Directors or executives. The Group employed no other key management personnel.

No shares were granted to key management personnel as compensation during the years ended 31 December 2014 or 31 December 2013.

### 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.

|  | 2014      | 2013      | 2012        | 2011        | 2010        |
|--|-----------|-----------|-------------|-------------|-------------|
|  | \$        | \$        | \$          | \$          | \$          |
| Net (loss)/profit attributable to equity holders of the parent | (714,536) | 4,029,945 | (5,563,010) | (7,324,678) | (5,316,871) |
| Dividends paid   | -         | -         | -           | -           | -           |
| Change in share price  | (0.01)    | 0.01      | (0.01)      | (0.01)      | (0.07)      |
| Return on capital employed*                                    | (16.23%)  | 78.48%    | (108.34%)   | (108.27%)   | (41.69%)    |

\* Return on capital employed is calculated by dividing the profit or loss for the year by total assets less current liabilities.

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

## Remuneration Report - Audited (Con't)

### Analysis of options and rights over equity instruments granted as compensation - Audited

Options granted in prior years as remuneration to each key management person and executive of the Group expired unexercised on 20 August 2014. No options were granted during 2014.

| Director/Executive   | Options granted |                | Financial year in which granted vested | Options expired    |                |
|----------------------|-----------------|----------------|--|--------------------|----------------|
|                      | Number          | Date           |  | Lapsed unexercised | Expiry date    |
| Anthony J. McClure   | 2,000,000       | 20 August 2009 | 31 December 2009                       | 2,000,000          | 20 August 2014 |
| Peter J. Nightingale | 8,000,000       | 20 August 2009 | 31 December 2009                       | 8,000,000          | 20 August 2014 |
| Robert M. Bell       | 2,000,000       | 20 August 2009 | 31 December 2009                       | 2,000,000          | 20 August 2014 |
| Anthony J. McDonald  | 8,000,000       | 20 August 2009 | 31 December 2009                       | 8,000,000          | 20 August 2014 |

No options vested or were forfeited in the year.

### Analysis of movements in options – Audited

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person and executive is detailed below.

| Key management personnel | Held at 1 January 2014 | Granted as remuneration | Expired   | Exercised | Held at 31 December 2014 |
|--------------------------|------------------------|-------------------------|-----------|-----------|--------------------------|
| Norman A. Seckold        | -                      | -                       | -         | -         | -                        |
| Anthony J. McClure       | 2,000,000              | -                       | 2,000,000 | -         | -                        |
| Peter J. Nightingale     | 8,000,000              | -                       | 8,000,000 | -         | -                        |
| Robert M. Bell           | 2,000,000              | -                       | 2,000,000 | -         | -                        |
| Anthony J. McDonald      | 8,000,000              | -                       | 8,000,000 | -         | -                        |
| Robert C. Neale          | -                      | -                       | -         | -         | -                        |

During the year ended 31 December 2014, all options granted over ordinary shares of the Company lapsed as they were not exercised during the year ended 31 December 2014.

No terms of equity-settled share based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the issuing entity during the 2014 financial year.

### Analysis of movement in shares - Audited

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| Key management personnel | Held at 1 January 2014 | Purchased shares | Sales | Held at 31 December 2014 |
|--------------------------|------------------------|------------------|-------|--------------------------|
| Norman A. Seckold        | 72,247,482             | -                | -     | 72,247,482               |
| Anthony J. McClure       | 5,154,181              | -                | -     | 5,154,181                |
| Peter J. Nightingale     | 12,128,487             | -                | -     | 12,128,487               |
| Robert M. Bell           | 1,250,000              | -                | -     | 1,250,000                |
| Anthony J. McDonald      | 7,851,923              | -                | -     | 7,851,923                |
| Robert C. Neale          | -                      | -                | -     | -                        |

# DIRECTORS' REPORT

## Remuneration Report - Audited (Con't)

### *Key management personnel transactions – Audited*

#### **Other transactions with key management personnel - Audited**

A number of key management personnel or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

During the year ended 31 December 2014, Norman A. Seckold and Peter J. Nightingale had joint control of 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 amounted to \$234,000 (2013 - \$300,011). At the end of the year the amount outstanding was \$nil (2013 - \$18,000). These services are invoiced monthly in advance and payable within 30 days.



# DIRECTORS' REPORT

## Non-audit Services

During the year ended 31 December 2014 KPMG, the Group's auditor, did not perform other services in addition to the audit and review of the financial statements.

Details of the amounts paid to KPMG and its related practices for audit and non-audit services provided during the year are set out below.

|   | 2014          | 2013          |
|---|---------------|---------------|
|   | \$            | \$            |
| <b>Statutory Audit</b>                  |               |               |
| Auditors of the Company                 |               |               |
| - audit and review of financial reports | <u>57,550</u> | <u>53,150</u> |

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

The lead auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the year ended 31 December 2014.

Signed at Sydney this 27th day of March 2015  
in accordance with a resolution of the Board of Directors:



**Norman A. Seckold**  
Chairman



**Anthony J. McClure**  
Managing 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 2014, 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.

KPMG

KPMG

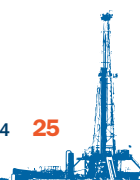
A handwritten signature in black ink, appearing to read 'Adam Twemlow', with a long horizontal stroke extending to the right.

**Adam Twemlow**  
Partner

**27 March 2015**

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

|  | Notes | 2014<br>\$       | 2013<br>\$       |
|--|-------|------------------|------------------|
| Revenue from the sale of coal bed methane                          |       | 4,098            | 2,544            |
| <b>Total revenue</b>   |       | <b>4,098</b>     | <b>2,544</b>     |
| Finance income   | 4     | 99,250           | 54,572           |
| <b>Net finance income</b>  |       | <b>99,250</b>    | <b>54,572</b>    |
| Other income   | 4     | -                | 4,866,326        |
| Consultants' and administration expenses                           |       | (784,338)        | (796,220)        |
| Depreciation expense   |       | (698)            | (33,986)         |
| Pre-licence costs - exploration expenditure                        |       | -                | (239)            |
| Other expenses   |       | (32,848)         | (63,052)         |
| <b>Profit/(loss) before income tax expense</b>                     |       | <b>(714,536)</b> | <b>4,029,945</b> |
| Income tax expense   | 5     | -                | -                |
| <b>Profit/(loss) for the year</b>                                  |       | <b>(714,536)</b> | <b>4,029,945</b> |
| <b>Other comprehensive income</b>                                  |       |                  |                  |
| <b>Items that may be classified subsequently to profit or loss</b> |       |                  |                  |
| Foreign currency translation differences - foreign operations      | 13    | 11,530           | 1,391            |
| Net change in fair value of available-for-sale financial assets    | 13    | (29,565)         | (2,293)          |
| <b>Total other comprehensive loss</b>                              |       | <b>(18,035)</b>  | <b>(902)</b>     |
| <b>Total comprehensive income/(loss) for the year</b>              |       | <b>(732,571)</b> | <b>4,029,043</b> |
| <b>Basic and diluted profit/(loss) per share (cents)</b>           | 14    | <b>(0.13)</b>    | <b>0.75</b>      |

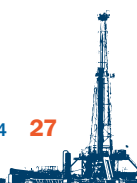
The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with accompanying notes.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2014

|  | Notes | 2014<br>\$       | 2013<br>\$       |
|--|-------|------------------|------------------|
| <b>Current assets</b>                  |       |                  |                  |
| Cash and cash equivalents              | 15    | 3,471,201        | 4,414,517        |
| Trade and other receivables            | 6     | 8,260            | -                |
| Other assets                           | 9     | 14,570           | 28,781           |
| <b>Total current assets</b>            |       | <b>3,494,031</b> | <b>4,443,298</b> |
| <b>Non-current assets</b>              |       |                  |                  |
| Investments                            | 7     | 990              | 30,555           |
| Property, plant and equipment          | 10    | -                | 698              |
| Exploration and evaluation expenditure | 8     | 951,987          | 756,780          |
| Other assets                           | 9     | -                | 50,000           |
| <b>Total non-current assets</b>        |       | <b>952,977</b>   | <b>838,033</b>   |
| <b>Total assets</b>                    |       | <b>4,447,008</b> | <b>5,281,331</b> |
| <b>Current liabilities</b>             |       |                  |                  |
| Trade and other payables               | 11    | 44,830           | 146,582          |
| <b>Total current liabilities</b>       |       | <b>44,830</b>    | <b>146,582</b>   |
| <b>Total liabilities</b>               |       | <b>44,830</b>    | <b>146,582</b>   |
| <b>Net assets</b>                      |       | <b>4,402,178</b> | <b>5,134,749</b> |
| <b>Equity</b>                          |       |                  |                  |
| Issued capital                         | 12    | 49,781,972       | 49,781,972       |
| Option premium reserve                 | 13    | -                | 4,379,880        |
| Fair value reserve                     | 13    | 990              | 30,555           |
| Foreign currency translation reserve   | 13    | (2,774,502)      | (2,786,032)      |
| Accumulated losses                     |       | (42,606,282)     | (46,271,626)     |
| <b>Total equity</b>                    |       | <b>4,402,178</b> | <b>5,134,749</b> |

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 DECEMBER 2014

### Attributable to equity holders of the Company

|   | Issued<br>capital | Accumulated<br>losses | Option<br>premium<br>reserve | Fair<br>value<br>reserve | Foreign<br>currency<br>translation<br>reserve | Total<br>equity  |
|---|-------------------|-----------------------|------------------------------|--------------------------|---|------------------|
|   | \$                | \$                    | \$                           | \$                       | \$  | \$               |
| Balance at 1 January 2013                                   | 49,781,972        | (50,378,192)          | 4,456,501                    | 32,848                   | (2,787,423)                                   | 1,105,706        |
| <b>Total comprehensive income for the year</b>              |                   |                       |                              |                          |   |                  |
| Profit for the year   | -                 | 4,029,945             | -                            | -                        | -   | 4,029,945        |
| Total other comprehensive income/(loss)                     | -                 | -                     | -                            | (2,293)                  | 1,391   | (902)            |
| Total comprehensive income/(loss) for the year              | -                 | 4,029,945             | -                            | (2,293)                  | 1,391   | 4,029,043        |
| <b>Transactions with owners recorded directly in equity</b> |                   |                       |                              |                          |   |                  |
| <b>Contribution by and distribution to owners</b>           |                   |                       |                              |                          |   |                  |
| Transfer of expired options                                 | -                 | 76,621                | (76,621)                     | -                        | -   | -                |
| <b>Balance at 31 December 2013</b>                          | <b>49,781,972</b> | <b>(46,271,626)</b>   | <b>4,379,880</b>             | <b>30,555</b>            | <b>(2,786,032)</b>                            | <b>5,134,749</b> |
| Balance at 1 January 2014                                   | 49,781,972        | (46,271,626)          | 4,379,880                    | 30,555                   | (2,786,032)                                   | 5,134,749        |
| <b>Total comprehensive income for the year</b>              |                   |                       |                              |                          |   |                  |
| Loss for the year   | -                 | (714,536)             | -                            | -                        | -   | (714,536)        |
| Total other comprehensive loss                              | -                 | -                     | -                            | (29,565)                 | 11,530  | (18,035)         |
| Total comprehensive loss for the year                       | -                 | (714,536)             | -                            | (29,565)                 | 11,530  | (732,571)        |
| <b>Transactions with owners recorded directly in equity</b> |                   |                       |                              |                          |   |                  |
| <b>Contribution by and distribution to owners</b>           |                   |                       |                              |                          |   |                  |
| Transfer of expired options                                 | -                 | 4,379,880             | (4,379,880)                  | -                        | -   | -                |
| <b>Balance at 31 December 2014</b>                          | <b>49,781,972</b> | <b>(42,606,282)</b>   | <b>-</b>                     | <b>990</b>               | <b>(2,774,502)</b>                            | <b>4,402,178</b> |

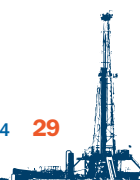
The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 DECEMBER 2014

|   | Notes | 2014<br>\$ | 2013<br>\$ |
|---|-------|------------|------------|
| <b>Cash flows from operating activities</b>                       |       |            |            |
| Cash receipts from customers                                      |       | 4,098      | 2,544      |
| Cash payments in the course of operations                         |       | (901,457)  | (870,313)  |
| Cash used in operations   |       | (897,359)  | (867,769)  |
| Interest received   |       | 99,250     | 54,572     |
| <b>Net cash used in operating activities</b>                      | 15    | (798,109)  | (813,197)  |
| <b>Cash flows from investing activities</b>                       |       |            |            |
| Payments for exploration and evaluation                           |       | (195,207)  | (214,140)  |
| Receipt from the sale of plant and equipment                      |       | -          | 300        |
| Receipt on disposal of exploration asset                          |       | -          | 5,000,000  |
| Receipts from security deposits                                   |       | 50,000     | -          |
| <b>Net cash from/(used) in investing activities</b>               |       | (145,207)  | 4,786,160  |
| <b>Cash flows from financing activities</b>                       |       |            |            |
| Proceeds from issue of shares                                     |       | -          | -          |
| Transaction costs on share issue                                  |       | -          | -          |
| <b>Net cash provided by financing activities</b>                  |       | -          | -          |
| <b>Net increase/(decrease) in cash held</b>                       |       | (943,316)  | 3,972,963  |
| <b>Cash and cash equivalents at 1 January</b>                     |       | 4,414,517  | 441,484    |
| <b>Effect of exchange rate adjustments on cash held</b>           |       | -          | 70         |
| <b>Cash and cash equivalents at the end of the financial year</b> | 15    | 3,471,201  | 4,414,517  |

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 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 statements of the Company for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity, primarily engaged in the acquisition, exploration and development of oil and gas assets in Australia and the USA.

### 2. Basis of preparation

#### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the Directors on 27 March 2015.

#### (b) Basis of measurement

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

- Investments - available-for-sale financial assets are measured at fair value.

#### (c) Functional and presentation currency

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

#### (d) Use of estimates and judgements

The preparation of the consolidated 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 consolidated financial statements are described in the following notes:

- Note 5 - Unrecognised deferred tax assets; and
- Note 8 - Exploration and evaluation expenditure.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 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 all entities in the Group.

#### (a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entities and the revenue can be reliably measured.

##### *Sale of oil, gas and coal bed methane*

Revenue from the sale of oil, gas and coal bed methane is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

#### (b) Exploration and evaluation 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 profit or loss.

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.

#### (c) Property, plant and equipment

##### *Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

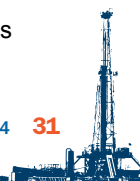
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

##### *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 and software is depreciated at rates between 30% and 60% per annum. Plant and equipment is depreciated at a rate of 33.3% per annum.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Significant accounting policies (Cont.)

#### (d) Financial instruments

##### ***Non-derivative financial assets***

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories:

##### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which take into account any dividend income, are recognised in profit or loss.

##### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

##### ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

##### ***Available-for-sale financial assets***

The Group's investments in equity securities are classified as available-for-sale financial assets. Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. 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 in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss is reclassified to profit or loss.

##### ***Non-derivative financial liabilities***

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Significant accounting policies (Cont.)

#### (e) Share capital

##### *Ordinary Shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

#### (f) Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### *Transactions eliminated on consolidation*

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

#### (g) Impairment

##### *Non-derivative financial assets*

A financial asset not classified at fair value through profit or loss 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.

For an investment in an equity security classified as available-for-sale, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group consider a decline of 20 per cent to be significant and a period of 9 months to be prolonged.

##### *Financial assets measured at amortised cost*

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.

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. Losses are recognised within profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Available-for-sale financial assets*

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

##### *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Significant accounting policies (Cont.)

#### (g) Impairment (Cont.)

##### *Non-financial assets (Cont.)*

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

##### *Reversals of impairment*

An impairment loss in respect of a financial asset 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.

In respect of non-financial 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.

#### (h) Cash and cash equivalents

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

#### (i) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

##### *Current tax*

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

##### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; or
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Planet Gas Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Significant accounting policies (Cont.)

#### (j) 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 translated to the functional currency at the exchange rate at that date. Foreign currency differences are generally recognised in the profit or loss. 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 translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation 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.

#### (k) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income 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 the 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.

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.

#### (l) Segment reporting

##### *Determination and presentation of operating segments*

The Group determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Group's chief operating decision maker.

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 Managing Director 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 Managing Director 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.

#### (m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. 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 in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Significant accounting policies (Cont.)

#### (n) Employee benefits

##### *Share-based payment transactions*

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

#### (o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

##### *Site restoration*

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

#### (p) 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. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

##### *Investments in equity securities*

The fair value of listed available-for-sale financial assets is determined by reference to their closing price at the reporting date.

##### *Share-based payment transactions*

The fair value of the employee share options is measured using the Black-Scholes formula, taking into account the terms and conditions upon which the options were granted. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on historic share performance), risk-free interest rate (based on government bonds), and a dividend yield.

#### (q) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income and gains on the disposal of available-for-sale financial assets. 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 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 on financial assets and financial liabilities are reported on a net basis.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 3. Significant accounting policies (Cont.)

#### (r) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

##### *AASB 9 Financial Instruments*

AASB 9 replaces existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss mode for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

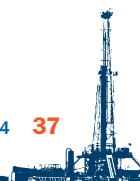
The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 9.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

##### *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and AASB Interpretation 13 *Customer Loyalty Programmes*.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

|   | 2014<br>\$ | 2013<br>\$  |
|---|------------|-------------|
| <b>4. Profit/(loss) from operating activities</b>   |            |             |
| Profit/(loss) from operating activities before income tax includes the following items of income and expense: |            |             |
| Depreciation of non-current assets  |            |             |
| - plant and equipment   | 698        | 33,986      |
| Foreign exchange gain   | -          | (70)        |
| Other income  |            |             |
| - gain on sale of exploration tenement  | -          | (4,866,326) |
| Auditors' remuneration  |            |             |
| - audit and review of financial reports   | 57,550     | 53,150      |
| <b>Financial income and expense</b>   |            |             |
| <b>Recognised in profit or loss</b>   |            |             |
| Interest revenue  | 99,250     | 54,572      |
| <b>Recognised in other comprehensive income</b>   |            |             |
| Net change in fair value of available-for-sale financial assets   | (29,565)   | (2,293)     |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

|   | 2014<br>\$        | 2013<br>\$        |
|---|-------------------|-------------------|
| <b>5. Income tax expense</b>  |                   |                   |
| <b>Current tax expense</b>  |                   |                   |
| Current year  | (271,344)         | 1,209,233         |
| Adjustments for prior year  | (1,758,449)       | (432,378)         |
| Tax (profit)/losses not recognised  | <u>2,029,793</u>  | <u>(776,855)</u>  |
|   | -                 | -                 |
| <i>Numerical reconciliation of income tax expense to prima facie tax payable:</i>   |                   |                   |
| Profit/(loss) before tax  | <u>(714,536)</u>  | <u>4,029,945</u>  |
| Prima facie income tax liability/(benefit) at the Australian tax rate of 30% (2013 - 30%)   | (214,361)         | 1,208,984         |
| Adjustments to prima facie tax due to:  |                   |                   |
| - non-deductible expenses   | 1,289             | 34,915            |
| - effect of DTAs on tax (gains)/losses not brought to account   | 271,344           | (1,209,233)       |
| - effect of DTAs on temporary differences not brought to account  | <u>(58,272)</u>   | <u>(34,666)</u>   |
| Tax expense   | -                 | -                 |
| <b>Unrecognised deferred tax assets</b>   |                   |                   |
| Deferred tax assets have not been recognised in respect of the following items:   |                   |                   |
| Capital losses  | 781,964           | 781,964           |
| Tax losses  | 13,301,500        | 11,381,366        |
| Net deductible temporary differences  | <u>2,715,798</u>  | <u>2,774,071</u>  |
| Potential tax benefit at 30%  | <u>16,799,262</u> | <u>14,937,401</u> |
| 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 tax benefits. |                   |                   |
| <b>6. Trade and other receivables</b>   |                   |                   |
| GST receivable  | <u>8,260</u>      | -                 |
| <b>7. Investments</b>   |                   |                   |
| Investments - available-for-sale at fair value  | <u>990</u>        | <u>30,555</u>     |

At 31 December 2014 the Directors compared the carrying value of the investment to market value and recorded a reduction in fair value within equity of \$29,565 (2013 - \$2,293). This was based on a closing bid price of \$0.002 at 31 December 2014.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

|  | 2014<br>\$     | 2013<br>\$     |
|--|----------------|----------------|
| <b>8. Exploration and evaluation expenditure</b>                           |                |                |
| Carrying amount at beginning of year PRL 118 to PRL 128 (formerly PEL 514) | 756,780        | 676,314        |
| Additions PRL 118 to PRL 128 (formerly PEL 514)                            | 178,789        | 214,140        |
| Additions PEL 638  | 16,418         | -              |
| Disposal   | -              | (133,674)      |
| Net book value   | <u>951,987</u> | <u>756,780</u> |

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

During the year ended 31 December 2014, the Group assessed its exploration and evaluation expenditure assets for impairment and recorded no impairment.

### 9. Other assets

#### Current assets

|             |               |               |
|-------------|---------------|---------------|
| Prepayments | <u>14,570</u> | <u>28,781</u> |
|-------------|---------------|---------------|

#### Non-current assets

|                   |          |               |
|-------------------|----------|---------------|
| Security deposits | <u>-</u> | <u>50,000</u> |
|-------------------|----------|---------------|

### 10. Property, plant and equipment

|                              |          |            |
|------------------------------|----------|------------|
| Office equipment - at cost   | 75,228   | 75,228     |
| Accumulated depreciation     | (75,228) | (74,166)   |
| Disposal of office equipment | -        | (364)      |
| Net book value               | <u>-</u> | <u>698</u> |

|                          |          |          |
|--------------------------|----------|----------|
| Software - at cost       | 53,324   | 53,324   |
| Accumulated depreciation | (53,324) | (53,324) |
| Net book value           | <u>-</u> | <u>-</u> |

|                                     |          |            |
|-------------------------------------|----------|------------|
| Total property, plant and equipment | <u>-</u> | <u>698</u> |
|-------------------------------------|----------|------------|

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

#### Office equipment

|                                      |          |            |
|--------------------------------------|----------|------------|
| Carrying amount at beginning of year | 698      | 12,175     |
| Depreciation                         | (698)    | (11,113)   |
| Disposal                             | -        | (364)      |
| Net book value                       | <u>-</u> | <u>698</u> |

#### Software

|                                      |          |          |
|--------------------------------------|----------|----------|
| Carrying amount at beginning of year | -        | 22,873   |
| Depreciation                         | -        | (22,873) |
| Net book value                       | <u>-</u> | <u>-</u> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

|                                     | 2014   | 2013    |
|-------------------------------------|--------|---------|
|                                     | \$     | \$      |
| <b>11. Trade and other payables</b> |        |         |
| <b>Current liabilities</b>          |        |         |
| Creditors and accruals              | 44,830 | 146,582 |

|                                   | 2014        | 2013       |
|-----------------------------------|-------------|------------|
|                                   | No.         | No.        |
|                                   | \$          | \$         |
| <b>12. Issued capital</b>         |             |            |
| <b>Fully paid ordinary shares</b> |             |            |
| Balance at 31 December            | 537,622,535 | 49,781,972 |

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

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at 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.

The following options were on issue at 31 December 2014, each exercisable to acquire one ordinary share:

| Grant date     | Expiry date    | Exercise price | Balance at start of the year | Granted during the year | Exercised during the year | Expired/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                        | -                          | -                              |
| 28 May 2010    | 20 August 2014 | 0.132          | 8,000,000                    | -                       | -                         | 8,000,000                         | -                          | -                              |
| 17 August 2010 | 20 August 2014 | 0.132          | 2,500,000                    | -                       | -                         | 2,500,000                         | -                          | -                              |
|                |                |                | <b>70,500,000</b>            | -                       | -                         | <b>70,500,000</b>                 | -                          | -                              |

The following options were on issue at 31 December 2013, each exercisable to acquire one ordinary share:

| Grant date     | Expiry date    | Exercise price | Balance at start of the year | Granted during the year | Exercised during the year | Expired/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                     |
| 28 May 2010    | 20 August 2014 | 0.132          | 8,000,000                    | -                       | -                         | -                                 | 8,000,000                  | 8,000,000                      |
| 17 August 2010 | 20 August 2014 | 0.132          | 4,500,000                    | -                       | -                         | 2,000,000                         | 2,500,000                  | 2,500,000                      |
|                |                |                | <b>72,500,000</b>            | -                       | -                         | <b>2,000,000</b>                  | <b>70,500,000</b>          | <b>70,500,000</b>              |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

|                                | 2014<br>\$  | 2013<br>\$ |
|--------------------------------|-------------|------------|
| <b>13. Reserves</b>            |             |            |
| <b>Option premium reserve</b>  |             |            |
| Opening balance                | 4,379,880   | 4,456,501  |
| Expiry/cancellation of options | (4,379,880) | (76,621)   |
| Closing balance                | -           | 4,379,880  |

The option premium reserve is used to recognise the grant date fair value of options issued but not exercised. Refer to Note 21 for further details on share based payments.

|   |          |         |
|---|----------|---------|
| <b>Fair value reserve</b>                                       |          |         |
| Opening balance   | 30,555   | 32,848  |
| Net change in fair value of available-for-sale financial assets | (29,565) | (2,293) |
| Closing balance   | 990      | 30,555  |

Changes in fair value of investments, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired. Refer to Note 7 for further details on investments.

|  |             |             |
|--|-------------|-------------|
| <b>Foreign currency translation reserve</b>                  |             |             |
| Opening balance  | (2,786,032) | (2,787,423) |
| Translation adjustment on foreign operations during the year | 11,530      | 1,391       |
| Closing balance  | (2,774,502) | (2,786,032) |

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.

### 14. Profit/(loss) per share

**Basic and diluted profit/(loss) per share has been calculated using:**

|   |           |           |
|---|-----------|-----------|
| Net (loss)/profit for the year attributable to equity holders of the parent | (714,536) | 4,029,945 |
|---|-----------|-----------|

|   |             |             |
|---|-------------|-------------|
| <b>Weighted average number of ordinary shares (basic)</b>         |             |             |
| Issued ordinary shares at the beginning of the year (basic)       | 537,622,535 | 537,622,535 |
| Weighted average number of ordinary shares at the end of the year | 537,622,535 | 537,622,535 |

|   |             |             |
|---|-------------|-------------|
| <b>Weighted average number of ordinary shares (diluted)</b>                 |             |             |
| Weighted average number of ordinary shares at the end of the year           | 537,622,535 | 537,622,535 |
| Weighted average number of ordinary shares (diluted) at the end of the year | 537,622,535 | 537,622,535 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

|  | 2014<br>\$       | 2013<br>\$       |
|--|------------------|------------------|
| <b>15. Reconciliation of cash flows from operating activities</b>  |                  |                  |
| <b>Reconciliation of net loss from operating activities after tax to net cash used in operating activities</b> |                  |                  |
| Profit/(loss) from operating activities after tax  | <u>(714,536)</u> | <u>4,029,945</u> |
| <b>Non-cash items</b>  |                  |                  |
| Depreciation of plant and equipment  | 698              | 33,986           |
| Foreign exchange (gain)/loss on cash   | -                | (70)             |
| Gain on sale of exploration tenement   | -                | (4,866,326)      |
| <b>Changes in assets and liabilities</b>   |                  |                  |
| Trade and other receivables  | (8,260)          | 13,618           |
| Other assets   | 14,211           | 13,770           |
| Trade and other payables   | <u>(90,222)</u>  | <u>(38,184)</u>  |
| <b>Net cash used in operating activities</b>   | <u>(798,109)</u> | <u>(813,197)</u> |

### 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:

|             |                         |                         |
|-------------|-------------------------|-------------------------|
| <b>Cash</b> | <u><b>3,471,201</b></u> | <u><b>4,414,517</b></u> |
|-------------|-------------------------|-------------------------|

### 16. Related party disclosures

#### Parent and ultimate controlling party

Planet Gas Limited is both the parent and ultimate controlling party of the Group.

#### Key management personnel and Director transactions

During the year ended 31 December 2014, Norman A. Seckold and Peter J. Nightingale had joint control of 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 amounted to \$234,000 (2013 - \$300,011). At the end of the year the amount outstanding was \$nil (2013 - \$18,000). These services are invoiced monthly in advance and payable within 30 days.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 17. Key management personnel disclosures

Information regarding 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 Directors' Report.

|  | 2014           | 2013    |
|--|----------------|---------|
|  | \$             | \$      |
| <b>Key management personnel compensation</b> |                |         |
| Primary fees/salary                          | <b>543,000</b> | 541,646 |

At 31 December 2014 \$6,250 of fees were outstanding (2013 - \$6,250). There were no loans made to key management personnel or their related parties during the 2014 and 2013 financial years.

The Board reviews remuneration arrangements annually based on services provided. Apart from the details disclosed in this note and Note 16, 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.

All options held by key management personnel at the beginning of the year expired unexercised on 20 August 2014.

### 18. Financial risk management and financial instruments disclosures

The Group's financial instruments comprise deposits with banks, receivables, investments in available-for-sale financial assets, trade and other payables and from time to time short term loans from related parties. The Group does not trade in derivatives or in foreign currency.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

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 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 Group's activities. The primary responsibility to monitor the financial risks lies with the Managing Director and the CFO under the authority of the Board.

#### 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 Group monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Group. At balance date, the Group has available funds of \$3,471,201 for its immediate use.

Contractual maturities of financial liabilities are:

| Financial liabilities    | Carrying amount | Contractual cash flows | Less than 6 months | 6 to 12 months | 1 to 5 years | More than 5 years |
|--------------------------|-----------------|------------------------|--------------------|----------------|--------------|-------------------|
|                          | \$              | \$                     | \$                 | \$             | \$           | \$                |
| Trade and other payables |                 |                        |                    |                |              |                   |
| <b>31 December 2014</b>  | <b>44,830</b>   | <b>(44,830)</b>        | <b>(44,830)</b>    | -              | -            | -                 |
| 31 December 2013         | 146,582         | (146,582)              | (146,582)          | -              | -            | -                 |

The debt facility which has been disclosed at Note 23 had not been utilised by the Group and there were no contractual cash flows at 31 December 2014.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 18. Financial risk management and financial instruments disclosures (Cont.)

#### 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 obligations.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure as follows:

|                             | 2014             | 2013             |
|-----------------------------|------------------|------------------|
|                             | \$               | \$               |
| Cash and cash equivalents   | 3,471,201        | 4,414,517        |
| Trade and other receivables | 8,260            | -                |
| Other financial assets      | -                | 50,000           |
|                             | <u>3,479,461</u> | <u>4,464,517</u> |

#### Cash and cash equivalents

At 31 December 2014, the Group held cash and cash equivalents of \$3,471,201 (2013 - \$4,414,517), which represent its maximum credit exposure on these assets. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AA- based on rating agency Standard & Poor's.

#### Other financial assets

For the year ended 31 December 2013 these mainly represent environmental bond deposits with Australian banks.

#### 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.

#### 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.

At year end, the interest rate risk profile of the Group's interest bearing financial instruments was:

#### Variable rate instruments

|                           |                  |                  |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | 3,471,201        | 4,414,517        |
| Other financial assets    | -                | 50,000           |
|                           | <u>3,471,201</u> | <u>4,464,517</u> |

There are no fixed rate instruments during 2014 (2013 - \$nil).

The Group does not have interest rate swap contracts. The Group has a high interest yield account from which it draws cash when required to pay liabilities as they fall due. The Group normally invests its funds in the interest bearing account to maximise the available interest rates. The Group analyses its interest rate exposure when considering renewals of existing positions including alternative financing arrangements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 18. Financial risk management and financial instruments disclosures (Cont.)

#### Market risk (Cont.)

##### Interest rate risk (Cont.)

##### Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures at balance date.

At 31 December 2014, if the interest rates had moved, as illustrated in the table below, with all other variables held constant, the post-tax loss and equity would have been affected as follows:

|                             | Post-tax profit<br>Higher/(Lower) | Total equity<br>Higher/(Lower) |
|-----------------------------|-----------------------------------|--------------------------------|
|                             | 2014                              | 2014                           |
|                             | \$                                | \$                             |
| + 1.0% higher interest rate | 39,535                            | 39,535                         |
| - 0.5% lower interest rate  | (19,768)                          | (19,768)                       |

A change in the interest rate by the same amounts specified in the table above would have increased/(decreased) equity for the period by an equal and offsetting amount.

##### Currency risk

The Group is only exposed to currency risk on deposits paid that are denominated in United States currency. The Group's gross financial position exposure to foreign currency risk at balance date was US\$3,297 (2013 - US\$9,910).

##### Sensitivity analysis

A 10% strengthening of the Australian dollar against the United States dollar at 31 December 2014 would have decreased post-tax profit and net assets of the Group by an immaterial amount. A 10% weakening of the Australian dollar against the United States dollar at 31 December 2014 would have had the equal but opposite effect to the Group's post-tax profit and 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 |        |
|---------|--------------|--------|--------------------------|--------|
|         | 2014         | 2013   | 2014                     | 2013   |
| AUD/USD | 0.9024       | 0.9678 | 0.8156                   | 0.8873 |

##### Price risk

The Group is exposed to equity securities prices risk. This arises from investments held by the Group and classified in the balance sheet as available-for-sale assets. The Group is not exposed to commodity price risk.

As at 31 December 2014, the Group's investments in available-for-sale assets consists of an investment in Rampart Energy Limited (refer Note 7). A 10% increase/(decrease) in the price of this investment would result in an immaterial increase/(decrease) in equity.

##### Capital management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 18. Financial risk management and financial instruments disclosures (Cont.)

#### Estimation of fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

|                                     | Level 1 | Level 2 | Level 3 | Total  |
|-------------------------------------|---------|---------|---------|--------|
|                                     | \$      | \$      | \$      | \$     |
| <b>31 December 2014</b>             |         |         |         |        |
| Available-for-sale financial assets | 990     | -       | -       | 990    |
| <b>31 December 2013</b>             |         |         |         |        |
| Available-for-sale financial assets | 30,555  | -       | -       | 30,555 |

All available-for-sale financial assets relate to investments held in listed equity securities (designated as Level 1 financial assets). The fair value is based on quoted market prices at the end of the reporting period. The quoted market price used is the current bid price at the reporting date.

There have been no transfers between the levels of valuation method for each classification of financial asset held during the years ended 31 December 2014 and 31 December 2013.

### 19. Controlled entities

#### Parent entity

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

| Controlled entity                        | Country of incorporation | Ownership interest |      |
|--|--------------------------|--------------------|------|
|  |                          | 2014               | 2013 |
|  |                          | %                  | %    |
| Gradient Energy Pty Limited              | Australia                | 100                | 100  |
| Planet Cooper Basin Pty Limited          | Australia                | 100                | 100  |
| Planet Gas & CBM Pty Limited             | Australia                | 100                | 100  |
| Planet Unconventional Energy Pty Limited | Australia                | 100                | 100  |
| Planet Gas USA, Inc                      | USA                      | 100                | 100  |

### 20. Operating segments

All production and development activity ceased in prior years and the for the year ended 31 December 2014 Group now solely undertakes exploration and evaluation activities predominantly within Australia.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 21. 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 vesting conditions of options issued under the program are based on minimum service periods being achieved. There are no other vesting conditions attached to options issued under the program.

In the event that the employment or office of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse.

During the year ended 31 December 2014 no options were issued under the share option program (2013 - nil).

#### Options outstanding at 31 December 2014

No options were outstanding at 31 December 2014.

#### Movement of options during the year ended 31 December 2014

| Outstanding at the beginning of the year | Granted during the year | Cancelled during the year | Exercised during the year | Expired during the year | Outstanding at the end of the year | Vested and exercisable at the end of the year |
|--|-------------------------|---------------------------|---------------------------|-------------------------|------------------------------------|---|
| 60,000,000                               | -                       | -                         | -                         | 60,000,000              | -                                  | -   |
| 8,000,000                                | -                       | -                         | -                         | 8,000,000               | -                                  | -   |
| 2,500,000                                | -                       | -                         | -                         | 2,500,000               | -                                  | -   |
| <b>70,500,000</b>                        | <b>-</b>                | <b>-</b>                  | <b>-</b>                  | <b>70,500,000</b>       | <b>-</b>                           | <b>-</b>                                      |

#### Options outstanding at 31 December 2013

| Grant date     | Number of options | Exercise price | Price volatility | Fair value at Grant date | Contractual life of options | Vesting date*    |
|----------------|-------------------|----------------|------------------|--------------------------|-----------------------------|------------------|
| 20 August 2009 | 60,000,000        | \$0.132        | 79.94%           | \$0.064                  | 5.00 years                  | 20 August 2009   |
| 28 May 2010    | 8,000,000         | \$0.132        | 79.94%           | \$0.057                  | 4.23 years                  | 6 September 2011 |
| 17 August 2010 | 2,500,000         | \$0.132        | 55.68%           | \$0.038                  | 4.01 years                  | 6 September 2011 |

\* Vesting conditions are based on minimum service periods being achieved.

#### Movement of options during the year ended 31 December 2013

| Outstanding at the beginning of the year | Granted during the year | Cancelled during the year | Exercised during the year | Expired during the year | Outstanding at the end of the year | Vested and exercisable at the end of the year |
|--|-------------------------|---------------------------|---------------------------|-------------------------|------------------------------------|---|
| 60,000,000                               | -                       | -                         | -                         | -                       | 60,000,000                         | 60,000,000                                    |
| 8,000,000                                | -                       | -                         | -                         | -                       | 8,000,000                          | 8,000,000                                     |
| 4,500,000                                | -                       | 2,000,000                 | -                         | -                       | 2,500,000                          | 2,500,000                                     |
| <b>72,500,000</b>                        | <b>-</b>                | <b>2,000,000</b>          | <b>-</b>                  | <b>-</b>                | <b>70,500,000</b>                  | <b>70,500,000</b>                             |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 21. Share based payments (Cont.)

#### Weighted average exercise price of options

| Year | Outstanding at the beginning of the year | Granted during the year | Forfeited during the year | Exercised during the year | Expired during the year | Outstanding at the end of the year | Exercisable at the end of the year |
|------|--|-------------------------|---------------------------|---------------------------|-------------------------|------------------------------------|------------------------------------|
| 2014 | \$0.132                                  | -                       | -                         | -                         | \$0.132                 | -                                  | -                                  |
| 2013 | \$0.132                                  | -                       | -                         | -                         | \$0.132                 | \$0.132                            | 0.132                              |

The Option Premium Reserve is used to record the options issued to key management personnel, senior employees and consultants. Options are valued using the Black-Scholes option pricing model.

#### 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 personnel, senior employees and consultants become unconditionally entitled to the options. The fair value of the options granted is measured using Black-Scholes formulas 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.

#### Expenses arising from share-based payment transactions

During the year ended 31 December 2014 there were no share-based payment transactions and share-based remuneration expenses were nil (2013 - \$nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2014

### 22. Parent entity disclosures

As at 31 December 2014 the parent entity of the Group was Planet Gas Limited.

|  | Company          |                  |
|--|------------------|------------------|
|  | 2014             | 2013             |
|  | \$               | \$               |
| <b>Result of the parent entity</b>                         |                  |                  |
| Net loss   | (676,508)        | (825,743)        |
| Other comprehensive loss                                   | (29,565)         | (2,293)          |
| <b>Total comprehensive loss</b>                            | <b>(706,073)</b> | <b>(828,036)</b> |
| <b>Financial position of the parent entity at year end</b> |                  |                  |
| Current assets   | 3,484,993        | 4,426,955        |
| Non-current assets   | 993              | 31,253           |
| <b>Total assets</b>  | <b>3,485,986</b> | <b>4,458,208</b> |
| Current liabilities  | 3,547,050        | 3,813,199        |
| <b>Total liabilities</b>                                   | <b>3,547,050</b> | <b>3,813,199</b> |
| <b>Net assets</b>  | <b>(61,064)</b>  | <b>645,009</b>   |
| <b>Equity</b>  |                  |                  |
| Share capital  | 49,781,972       | 49,781,972       |
| Reserves   | 990              | 4,410,435        |
| Accumulated losses   | (49,844,027)     | (53,547,398)     |
| <b>Total equity</b>  | <b>(61,064)</b>  | <b>645,009</b>   |

The Directors are of the opinion that no contingencies existed at, or subsequent to, year end.

The Company had no capital commitments at the balance date.

### 23. Undrawn loan facility

On 14 October 2014 the Company established a 5-year US\$15.0 million restricted debt facility provided by Macquarie Bank Limited. The first drawdown of the facility, totalling \$3.2 million was utilised in February 2015 for the purchase of a 3.0% Overriding Royalty Interest ('ORRI') over established oil and gas production assets in Kansas, Pennsylvania and New York State which total approximately 500,000 barrels of oil equivalent per annum. The first drawdown is secured by the ORRI. The facility has been established for the purpose of acquiring additional assets and all draw downs require approval from the financier.

At 31 December 2014 the facility was yet to be drawn down.

### 24. Subsequent events

On 10 February 2015, Planet Gas completed the acquisition of the ORRI in the United States of America from a subsidiary of Macquarie Bank Limited. The purchase consideration was US\$4.45 million, with US\$1.25 million paid from existing cash reserves and US\$3.2 million by a drawdown from the 5 year US\$15.0 million debt facility provided by Macquarie Bank Limited which will be repaid US\$150,000 per annum for four years plus a final payment of US\$2.6 million.

Other than the matters discussed above, no matters or circumstances have 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.

# DIRECTORS' DECLARATION

1. In the opinion of the Directors of Planet Gas Limited:
  - (a) the consolidated financial statements and notes thereto, set out on pages 26 to 50, and the Remuneration Report as set out on pages 20 to 23 of the Directors' Report are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the financial position of the Group as at 31 December 2014 and of its performance, for the year ended on that date;
    - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required under section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2014.
3. The directors draw attention to note 2(a) of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 27th day of March 2015 in accordance with a resolution of the Board of Directors:



**Norman A. Seckold**  
Chairman



**Anthony J. McClure**  
Managing Director





# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF PLANET GAS LIMITED



### Report on the financial report

We have audited the accompanying financial report of Planet Gas Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2 (a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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, a true and fair view which is consistent with our understanding of the Group's financial position and of its 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.

### Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF PLANET GAS LIMITED



### Report on the remuneration report

We have audited the Remuneration Report included in pages 20 to 23 of the directors' report for the year ended 31 December 2014. 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 2014 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Adam Twemlow', written over a horizontal line.

**Adam Twemlow**  
**Partner**  
**27 March 2015**



# ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information as at 28 February 2015 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.

## 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.

## Distribution of Shareholders

As at 28 February 2015, the total distribution of fully paid shareholders, being the only class of equity, was as follows:

| Range            | Total Holders | Number of shares |
|------------------|---------------|------------------|
| 1 - 1,000        | 70            | 5,854            |
| 1,001 - 5,000    | 107           | 359,505          |
| 5,001 - 10,000   | 137           | 1,137,644        |
| 10,001 - 100,000 | 641           | 27,576,912       |
| 100,001 and over | 411           | 508,542,620      |
| Total            | 1,366         | 537,622,535      |

As at 28 February 2015, 875 shareholders held less than marketable parcels of 83,334 shares.

## On Market Buy Back

There is no on market buy-back.

## Substantial Holders

Holdings of substantial shareholders are set out below.

| Ordinary Shares                                       | Quantity    |
|---|-------------|
| Hueridge Pty Ltd                                      | 107,315,500 |
| Archimedes Securities Pty Ltd <Golden Valley S/F A/C> | 72,247,480  |

# ADDITIONAL STOCK EXCHANGE INFORMATION

## Twenty Largest Shareholders

As at 28 February 2015 the twenty largest quoted shareholders held 56.05% of the fully paid ordinary shares as follows:

|    | Name   | Quantity    | %     |
|----|--|-------------|-------|
| 1  | Hueridge Pty Ltd   | 107,315,500 | 19.96 |
| 2  | Archimedes Securities Pty Ltd <Golden Valley S/F A/C>                            | 72,247,480  | 13.44 |
| 3  | Lytic-Pasan Pty Ltd <Holt Superannuation fund A/C>                               | 20,000,000  | 3.72  |
| 4  | Rigi Investments Pty Limited   | 17,000,000  | 3.16  |
| 5  | Mr Graham Leslie Smith   | 9,123,278   | 1.70  |
| 6  | Rosignol Pty Ltd <Nightingale Family A/C>  | 7,995,673   | 1.49  |
| 7  | Trio Investments Pty Limited   | 7,851,923   | 1.46  |
| 8  | Benjamin Shaw  | 6,600,000   | 1.23  |
| 9  | Removale Pty Ltd   | 6,090,000   | 1.13  |
| 10 | Mr Peter Zardo & Mrs Phoebe Anne Zardo <Zardo Super Fund A/C>                    | 5,849,579   | 1.09  |
| 11 | Berpaid Pty Ltd  | 5,375,000   | 1.00  |
| 12 | Mr Dallas John William Allman & Mrs Judith Dawn Allman <DJW & JD Allman S/F A/C> | 5,000,000   | 0.93  |
| 13 | Serlett Pty Ltd <Diligent Inv Superfund A/C>                                     | 4,300,000   | 0.80  |
| 14 | Bruce Riederer   | 4,000,000   | 0.74  |
| 15 | Dr Andrew Solomons   | 3,851,547   | 0.72  |
| 16 | Frere & Associates Pty Limited <Derick Frere Super Fund A/C>                     | 3,833,316   | 0.71  |
| 17 | Rosignol Consultants Pty Ltd   | 3,781,250   | 0.70  |
| 18 | Mr Anthony J McClure   | 3,750,000   | 0.70  |
| 19 | Umbiram Pty Ltd <Michael Hoy Superfund A/C>                                      | 3,750,000   | 0.70  |
| 20 | National Nominees Limited  | 3,600,000   | 0.67  |

## Tenements Held

As at 27 March 2015 the Company held the following tenements:

| Project          | Location                        | Ownership | Type of Tenement |
|------------------|---------------------------------|-----------|------------------|
| PRLs 118 to 128  | Cooper Basin<br>South Australia | 20.0%     | Exploration      |
| PEL 638 Shallows | Cooper Basin<br>South Australia | 20.0%     | Exploration      |
| PEL 638 Deeps    | Cooper Basin<br>South Australia | 12.5%     | Exploration      |

# CORPORATE DIRECTORY

## **Directors:**

Mr Norman A. Seckold (Chairman)  
Mr Anthony J. McClure (Managing Director)  
Mr Peter J. Nightingale  
Mr Robert M. Bell  
Mr Anthony J. McDonald  
Mr Robert C. Neale

## **Company Secretary:**

Mr Marcelo Mora

## **Principal Place of Business and Registered Office:**

Level 2, 66 Hunter Street  
SYDNEY NSW 2000  
Phone: +61 2 9300 3322  
Facsimile: +61 2 9221 6333

## **Auditors:**

KPMG  
Level 16, Riparian Plaza  
71 Eagle Street  
BRISBANE QLD 4000

## **Solicitors:**

Minter Ellison  
88 Phillip Street  
SYDNEY NSW 2000

## **Share Registrars:**

Computershare Investor Services Pty Limited  
Level 4  
60 Carrington Street  
Sydney NSW 2000  
Phone: 1300 787 272  
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