

27 August 2004

The Manager - Companies
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

(20 pages by email)

Dear Madam,

RE: HALF YEAR REPORT

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D for the half year ended 30 June 2004.

The information contained in the attached Appendix 4D should be read in conjunction with the Company's most recent annual financial report.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn2669

Appendix 4D

Half Year Report

Name of entity

PLANET GAS LIMITED

ABN or equivalent company
reference

46 098 952 035

Financial year ended ('current period')

30 JUNE 2004

Results for announcement to the market

Revenues from ordinary activities	up	to	\$221,504
Profit (loss) from ordinary activities after tax attributable to members	up	to	\$ 52,176
Net profit (loss) for the period attributable to members	up	to	\$ 52,176
Dividends (distributions)	Amount per security		Franked amount per security
Final dividend	Nil¢		Nil¢
Interim dividend	Nil¢		Nil¢
Previous corresponding period			
Final dividend	Nil¢		Nil¢
Interim dividend	Nil¢		Nil¢
Record date for determining entitlements to the dividend.	N/A		
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:			
Refer attached Half Yearly Report.			
NTA backing	Current period		Previous corresponding period
Net tangible asset backing per ordinary security	10.8 cents		(1.6) cents

This document should be read in conjunction with the attached Half Yearly Report.

PLANET GAS LIMITED
and its controlled entities

A.C.N. 098 952 035

HALF YEAR
FINANCIAL REPORT
30 JUNE 2004

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

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PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present the consolidated financial report of Planet Gas Limited ('Planet Gas' or 'the Company') and its controlled entities for the half year ended 30 June 2004. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the Directors of the Company in office during or since the end of the half year are:

Norman Alfred Seckold, 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 20 years in the full time management of natural resource companies, both in Australia and overseas.

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

Mr Seckold is currently a director of Bolnisi Gold NL and Kings Minerals NL, Australian publicly listed mining companies.

Peter James Nightingale, Director and Secretary

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.

Mr Nightingale has, for the past 16 years, been a director or company secretary of a number of private and public listed companies in Australia, the USA and Europe including Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., Biotron Limited and ETT Limited. He is currently a director of Bolnisi Gold NL. Mr. Nightingale has been responsible for the financial control, administration, secretarial and in-house legal functions of these companies.

Anthony John McClure, Director

Director since 27 August 2003.

Anthony McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. Mr. McClure has almost 20 years extensive technical, management and financial experience in the resource sector within Australia, South America and Africa in project management and executive development roles. He has worked in the financial services sector and stockbroking, primarily as a resource analyst covering both mineral and energy sectors.

Mr McClure is currently an Executive Director of Kimberley Oil NL, a publicly listed company in Australia, whose main interests are in Coal Bed Methane projects in Europe.

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Anthony John McDonald, Director

Director since 19 November 2003.

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

Mr McDonald has been a director, secretary and/or legal advisor to a number of listed and unlisted public companies in the resources sector. He is currently an executive director and corporate secretary of Kings Minerals NL.

Bruce Fullerton Riederer, Director

Director since 10 September 2003.

Bruce Riederer graduated with a Bachelor of Geoscience (Geology) degree from the University of Arizona in 1974. Mr. Riederer is one of the original founders of Planet Gas Limited. He is a professional geologist and has over 29 years experience in the mining and resources industry.

For a number of years he has conducted a consulting practice in the management of CBM and conventional oil and gas exploration and development programs in the Powder River, Wind River and Green River Basins in Wyoming, the Cherokee Basin in Kansas, and the Gippsland and Otway Basins in Australia.

Norman Zillman, Director

Director since 20 August 2002.

Norman Zillman graduated with a Bachelor of Science Honours degree from the University of Queensland in 1966. Mr. Zillman is a professional geologist with over 35 years experience in the petroleum and coal industries in Australia and internationally. He has extensive worldwide experience in oil and natural gas exploration and production having worked in Australia, the United States, Asia, and Europe. His initial training was as a petroleum geologist with international companies Aquitaine Petroleum in Papua New Guinea and Union Oil Company of California (UNOCAL) in Indonesia.

Mr. Zillman was the CEO of Crusader Petroleum and was the Manager of the Petroleum Branch of the Queensland Department of Mines and Energy. Mr. Zillman's most recent position was Managing Director of Queensland Gas Company Limited, a publicly traded CBM company in Australia. He is currently the Non Executive Chairman of Great Artesian Oil and Gas Ltd, and a member of the Australasian Institute of Mining and Metallurgy and the Petroleum Exploration Society of Australia.

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Review of Operations

Corporate

Incorporated in New South Wales on 4 December 2001, the Company is an independent energy company engaged in the development, production, operation, exploration, and acquisition of oil, gas, and coal bed methane properties with rights to tenements in the USA and Australia as set out below.

Planet Gas successfully completed its initial public offering and was admitted for official quotation by the Australian Stock Exchange Limited ('ASX') on 11 March 2004.

Pursuant to the Company's prospectus dated 9 January 2004, 75 million new fully paid ordinary shares were issued at \$0.20 each to raise \$15 million. The offer was heavily oversubscribed, closed early and the Company was listed on the ASX on 11 March 2004.

During the half year ended 30 June 2004, the Company incorporated a wholly owned subsidiary in Australia, Sawells Pty Ltd to explore potential CBM acquisitions and joint ventures in Australia.

USA OPERATIONS

The Company has the rights to the Esponda, Whisky Draw and Oriva Projects in the Powder River Basin, Wyoming, USA and the Skull Creek Project in the Cherokee Basin, Kansas, USA.

The Powder River Basin encompasses approximately 67,000 square kilometres in the northern Rocky Mountains of the USA straddling the northeast of Wyoming and the southeast of Montana. The Powder River Basin is estimated to contain more than one trillion short tons (0.9 trillion tonnes) of coal with potential coal bed methane ('CBM') resources of over 25 trillion cubic feet. CBM production in the Powder River Basin has increased at a rapid rate since 1995 with production today of around 900 million cubic feet per day from over 10,000 producing wells.

Tertiary aged sediments host the sub-bituminous coals of the Fort Union and Wasatch Formations in the Powder River Basin. A complex of interbedded sand, clay and peat formed in a fluvial system which allowed extensive coal deposits to be generated with individual coal beds exceeding 50 metres.

The Cherokee Basin, part of the Western Interior Coal Basin, is a hydrocarbon bearing foreland province with abundant resources of coal, predominantly within the Cherokee Group (Desmoinesian Stage, Middle Pennsylvanian Series). The Cherokee Group is composed of deltaic shale, sandstone and coal. Coal resources in eastern Kansas are approximately 50 billion metric tons of mainly bituminous coal.

The Cherokee Basin contains nearly two dozen Pennsylvanian aged coals with thickness ranging up to 9 metres but more typically up to 4 metres with gas contents ranging from 150 to 375 standard cubic feet per tonne. The principal CBM target coal seams occur in the Cabaniss and Krebs Formations of the Cherokee Group at depths of approximately 600 metres.

The USA natural gas market continues to strengthen. Based on data from the US Federal Reserve Bank of St Louis, the Henry Hub pricing of natural gas has increased from a quarterly average price of US\$2.41 to US\$6.30 per million BTU from December 2001 to June 2004.

ESPONDA PROJECT, POWDER RIVER BASIN WYOMING, USA

In December 2001, the Company's wholly owned subsidiary, Pauper's Dream Company, a Nevada Corporation, entered into two Oil Gas and Coalbed Methane Leases with the Esponda Family Mineral Trust comprising the Esponda Project which covers 4,186 net hectares (10,344 net acres) and extends from surface to the base of the Lance Formation, or approximately 1,000 metres.

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The leases provide exclusivity to Pauper's Dream Company for the purposes of drilling, exploring, operating and producing oil, gas, including coal bed gases, liquid hydrocarbons and their respective constituent elements, casing head gas or other gaseous substances produced from the leased area.

The term of each lease is five years and if, during that five year period gas is produced from the leased area or on acreage pooled or unitized with the leased area the lease will continue whilst soever gas is being produced. If gas is not then being produced, the lease will only continue if Pauper's Dream Company is then engaged in drilling, reworking or dewatering operations on the leased area and in which case it will continue whilst those operations are continuously prosecuted.

Pauper's Dream Company will pay a 20% royalty to the Esponda Family Mineral Trust on the net proceeds realised by Pauper's Dream Company from the sale of gas at the well, including adjustments but such that any payment will be free and clear of all "costs of production" as defined in the Wyoming Royalty Payment Act.

Eastern Esponda

Under two separate arrangements, the eastern blocks, covering 469 net hectares (1,160 net acres), or approximately 11% of the Company's Esponda Project, have been drilled by the Company's partners, Kennedy Oil and Western Gas Resources Inc ('Western Gas').

Kennedy Oil

Kennedy Oil is earning an interest of approximately 60% of its joint venture area by sole risk drilling to test the 'Big George' coal member of the Fort Union Formation. The Company will receive a royalty equal to 1.5% of gross product until Kennedy Oil recoups its costs of drilling, testing and completing the wells. Then the Company is entitled to revert to a 40% working interest.

During the half year ended 30 June 2004, Kennedy Oil completed the twelve wells conventionally whereby the entire productive zone is penetrated, steel casing is cemented in place, and selective zones are perforated and water enhanced prior to gas recovery.

Kennedy Oil has completed the final well perforations and water enhancements, in-field gas and water gathering systems, electrical distribution and pump installations and water retention ponds and during the half year.

In anticipation of gas production before the end of the year, Kennedy Oil is finalising a gas compression contract and pipeline construction to enable gas production to be piped to the Fort Union Gas Gathering LLC's gas lines and thence to US markets.

Western Gas

The Company has various interests, which approximate a 25% working interest, in the Western Gas joint venture area. Western Gas has been appointed as operator and the parties are required to contribute in proportion to their respective percentage interests to all future expenditure. Subject to that contribution, any product won or recovered from the joint venture will be separately owned by those parties in their respective ownership proportions.

During the half year ended 30 June 2004, Western Gas completed eight wells by top-setting whereby the top of the productive coal is penetrated by a metre or two and steel casing is cemented in place with the coal zone being drilled out and under-reamed so that gas recovered via open hole.

The Western Gas wells are part of a much larger Western Gas program and indications are that Western Gas' additional drilling, in-field gathering and production/dewatering activities at Eastern Esponda will be completed before the end of the year.

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Gas-In-Place Resource

During the half year ended 30 June 2004, a Gas-In-Place ('GIP') resource estimate was completed for the Eastern Esponda block which represents approximately 11% of the Company's Esponda Project. As shown in the table below, the GIP resource estimate totalled 21.9 billion cubic feet ('Bcf') (gross) and 7.3 Bcf (net Company interest) within the Big George Seam.

This resource estimate is based upon volumetric calculations from the twenty well program conducted by Kennedy Oil and Western Gas.

The resource calculation was completed by Dr. Jimmy E. Goolsby of Goolsby, Finley & Associates ('GFA') of Casper Wyoming who are considered to be pre-eminent authorities on the CBM geology of the Powder River Basin, providing consulting services to the State's leading CBM producers and developers. Additionally the State of Wyoming retained GFA to conduct a study of the CBM reserve potential of the Powder River Basin.

The GIP resource was calculated using 80 acre blocks (legal drill spacing unit), the seam's thickness (closest neighbour interpolation) and a gas content factor of 100 standard cubic feet per ton ('Scf/t').

The gas content factor is an estimation based on a published study by Finley and Goolsby completed on behalf of the State of Wyoming. Although this is the maximum gas content value at these depths that GFA utilises in its GIP volumetric calculations, GFA have been apprised of proprietary gas desorption tests indicating values greater than 100 Scf/t in this general area of the Powder River Basin.

The following table summarises the Gross GIP by Operator and that attributable to Planet Gas (Net GIP):

Operator	Seam	Gross GIP (Mcf)	Net GIP (Mcf)
Kennedy Oil	Big George (merged & upper/lower)	12,397,080	4,958,832
Western Gas	Big George (merged)	9,515,520	2,378,880
Totals		21,912,600	7,337,712

The Big George Seam is completely merged in the Western Gas area but splits into an upper and lower unit in the western portion of Kennedy Oil's area. Where the Big George Seam is merged, its thickness is greater than 80 feet, and where split its total thickness is approximately 65 feet.

Western Esponda

The Company plans to drill up to eight stratigraphic wells for 7,300 metres on its remaining Western Esponda leasehold in the Powder River Basin. The Company is currently sourcing drill rigs, preparing a development drilling program for lodgement with the appropriate State governmental agencies and completing administrative matters such as contract preparation and insurance placement.

Within the remaining acreage approximately one hundred well sites may be drilled under current well spacing orders.

WHISKY DRAW PROJECT, POWDER RIVER BASIN WYOMING, USA

During half year, the Company acquired the Whisky Draw project, a State lease comprising 259 hectares (640 acres) ten kilometres directly south of the Company's East Esponda tenements. This acquisition further consolidates the Company's CBM acreage in proximity to the Esponda Project.

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

This lease is not restricted to CBM but conveys all oil and gas rights. The primary term of this lease is five years and subject to a 16.67% State royalty. The primary target for CBM is the Big George Seam at depths of approximately 600 metres. This project is adjacent to Kennedy Oil's Big Cat Federal CBM field which is currently being brought into production. Although State mandated 80 acre (33 hectare) well spacing allows up to eight well locations to be completed, if multiple seams are encountered and downhole conditions warrant then more than one well per location may be completed.

ORIVA PROJECT, POWDER RIVER BASIN WYOMING, USA

During the half year, the Company acquired the Oriva Project, a Federal lease comprising 359 hectares (887 acres) located twenty one kilometres west of Gillette, Wyoming.

This lease is not restricted to coal bed methane (CBM) but conveys all oil and gas rights which are potentially prospective for conventional oil and/or gas.

The primary term of the lease is 10 years and subject to a 12.5% Federal royalty. The Oriva Project is located in a premium CBM production region of the Powder River Basin in the immediate vicinity of substantial drilling completed by Kennedy Oil, Williams Production RMT Company, Prima Oil and Gas Company and Emerald Operating Company.

The Oriva Project contains nearly all productive coals in the Powder River Basin: Felix, Smith, and Anderson Seams (depths 60 - 300 metres), Canyon/Cook and Wall Seams (depths 300 - 500 metres). In addition to these primary coal bed targets, there are two deeper seams, Moyer & Danner at depths of approximately 750 metres. State mandated 33 hectare (80 acre) well spacing allows eleven well locations to be completed and the multiple seams present will likely warrant a minimum of two wells per location be completed.

The Company is assessing its options for the completion of eleven multiple well locations to be conducted under a Development and Water Management Plan which is currently being prepared for Federal and State approvals.

The total lease premium paid for the Whisky Draw and Oriva Projects was US\$572,000. In addition to the State and Federal Royalties, a 2% overriding royalty is payable.

SKULL CREEK PROJECT, CHEROKEE BASIN KANSAS, USA

In July 2004, the Company entered into an agreement to purchase a 100% working interest (80% net revenue interest) of the Ferguson/Bannon Ranches leases in Cowley and Elk Counties, Kansas, USA. Known as the Skull Creek Project, the leases are not restricted to coal bed methane (CBM), but convey all oil and gas rights to the Company.

These leases, which cover 11,573 hectares (28,598 acres), are located in the western portion of the Cherokee Basin of southeastern Kansas near existing infrastructure and within a receptive State regulatory regime.

The project lies to the west and north of CBM projects currently being drilled by J M Huber, Amvest, Layne Christensen and others where at least three to five coal seams of the Cherokee Group are present and productive. The Skull Creek Project area lies across two existing major pipeline systems.

Conventional oil and gas targets may also exist in the Skull Creek Project. Underlying the region are Mississippian and Ordovician aged carbonates that yield conventional hydrocarbons. Also, the Ordovician sediments serve as a water disposal zone for co-produced coalbed methane water. Additional conventional hydrocarbon occurrences in the overlying strata of the Kansas City-Lancing Group are potential targets.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

An initial payment of US\$500,000 earned the Company a 33.33% interest which is increased to a 50% working interest by the Company completing six test wells during a six month evaluation period and making an additional payment of US\$250,000 within 60 days of completion of the test wells. The Company's working interest is increased to 75% by completion of a five well pod within six months of making the US\$250,000 payment. The Company is able to earn its 100% working interest in the un-drilled leasehold area by making a final payment to the vendor of US\$750,000 or by incurring certain additional project drilling and well completion expenditures.

Depending on drill rig availability, the Company plans to commence the initial test well drilling program at the Skull Creek Project in the current calendar year.

AUSTRALIAN OPERATIONS

The Company holds rights to prospective CBM projects in the Gippsland and Otway Basins of Victoria, the Eromanga and Willochra Basins of South Australia and the Gunnedah Basin of New South Wales.

All are relatively early stage exploration projects with a data collation program underway leading to the development of initial exploration programs which may include the drilling of appraisal wells.

In the Gippsland Basin the Company plans the drilling of up to eighteen test wells to verify the economic viability of the drilling of production wells. The results from this initial program, which is planned over a six to eight month period, will determine the subsequent exploration and development program.

During the half year ended 30 June 2004, the Company progressed the draft Work Plan Application with the Victorian Department of Primary Industries which had been lodged by the Company to permit drilling in the Gippsland Basin. The process is anticipated to be completed shortly with drilling expected to be able to be commenced in the near future. Initially, eighteen wells will be permitted to obtain modern subsurface control. Data analysis is expected to continue through the remainder of this year.

The tenements in the Gippsland Basin, including recently applied for and now granted tenements, (ELs 4500, 4535, 4619, 4620, 4803, 4804, 4805, 4806, 4808, and 4809) have been amalgamated into a single, contiguous Exploration Licence (EL 4500) for operational and reporting considerations. A single tenement (EL 4807) remains outside the EL 4500 block.

During the half year, the Company extended its presence in the Otway Basin via the granting of a tenement, EL 4811, which comprises approximately 102,200 hectares.

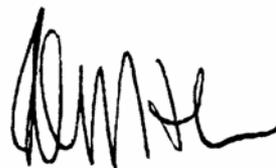
OTHER

The information in this report that relates to mineral resources is based on information compiled by Dr. Jimmy E. Goolsby of Goolsby, Finley & Associates and supervised by Dr. Richard Haren who is a Member of The Australasian Institute of Mining and Metallurgy and who is a competent person as defined by the 1999 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves.

Signed at Sydney this 27th day of August 2004
in accordance with a resolution of the Board of Directors.



Norman A. Seckold
Director



Peter J. Nightingale
Director

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 30 JUNE 2004**

	Note	Consolidated	
		Six Months Ended 30 June 2004 \$	Six Months Ended 30 June 2003 \$
Other revenue from ordinary activities		221,504	916
Total revenue		221,504	916
Administration and consultants' expenses		(120,361)	(8,249)
Audit fees		(7,500)	(10,000)
Borrowing costs		-	(7,349)
Depreciation		(2,437)	(7,409)
Travel		(22,860)	(7,090)
Other expenses from ordinary activities		(16,170)	(1,579)
Profit/(Loss) from ordinary activities before income tax	4	52,176	(40,760)
Income tax expense relating to ordinary activities		-	-
Net profit/(loss)		<u>52,176</u>	<u>(40,760)</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>52,176</u>	<u>(40,760)</u>
Basic profit/(loss) per share	2	<u>0.04 cents</u>	<u>(0.21) cents</u>
Diluted profit/(loss) per share	2	<u>0.04 cents</u>	<u>(0.21) cents</u>

Notes to the financial statements are included on pages 11 to 13.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004**

	Note	30 June 2004 \$	31 December 2003 \$
Consolidated			
CURRENT ASSETS			
Cash assets		13,908,459	816,322
Receivables		36,284	21,254
TOTAL CURRENT ASSETS		<u>13,944,743</u>	<u>837,576</u>
NON CURRENT ASSETS			
Plant and equipment		7,614	6,915
Exploration and evaluation expenditure		4,312,153	2,491,482
Other		20,000	20,000
TOTAL NON CURRENT ASSETS		<u>4,339,767</u>	<u>2,518,397</u>
TOTAL ASSETS		<u>18,284,510</u>	<u>3,355,973</u>
CURRENT LIABILITIES			
Payables		98,183	164,782
Other		-	2,500,000
TOTAL CURRENT LIABILITIES		<u>98,183</u>	<u>2,664,782</u>
TOTAL LIABILITIES		<u>98,183</u>	<u>2,664,782</u>
NET ASSETS		<u>18,186,327</u>	<u>691,191</u>
SHAREHOLDERS' EQUITY			
Contributed equity	3	18,765,014	1,322,054
Accumulated losses	4	(578,687)	(630,863)
TOTAL SHAREHOLDERS' EQUITY		<u>18,186,327</u>	<u>691,191</u>

Notes to the financial statements are included on pages 11 to 13.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2004**

	Consolidated	
Note	Six Months Ended 30 June 2004 \$	Six Months Ended 30 June 2003 \$
Cash flows from operating activities		
Payments to suppliers	(248,520)	(25,300)
Interest received	221,504	916
Net cash used in operating activities	<u>(27,016)</u>	<u>(24,384)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,320,671)	(18,445)
Payments for plant and equipment	(3,136)	-
Net cash used in investing activities	<u>(1,323,807)</u>	<u>(18,445)</u>
Cash flows from financing activities		
Proceeds from issue of shares	15,000,000	-
Share Issue Costs	(557,040)	-
Net cash provided by financing activities	<u>14,442,960</u>	<u>-</u>
Net increase in cash held	13,092,137	(42,829)
Cash at the beginning of the financial period	816,322	100,720
Cash at the end of the financial period	<u>13,908,459</u>	<u>57,891</u>

Notes to the financial statements are included on pages 11 to 13.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2004**

NOTE 1 - BASIS OF PREPARATION

The half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 'Interim Financial Reporting', the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half year financial report is to be read in conjunction with the 31 December 2003 Annual Financial Report and any public announcements by Planet Gas Limited and its controlled entities during the half year in accordance with continuous disclosure obligations arising under the ASX listing requirements.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those applied in the 31 December 2003 Annual Financial Report.

The half year report does not include full note disclosures of the type normally included in an annual financial report.

Consolidated

30 June 2004	30 June 2003
\$	\$

NOTE 2 - EARNINGS PER SHARE

Basic and diluted earnings per share have been calculated using:

Net profit/(loss) for the half year	52,176	(40,760)
Weighted average number of ordinary shares	119,669,172	19,140,005

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2004**

Consolidated

	30 June 2004	31 December 2003
	\$	\$

NOTE 3 - CONTRIBUTED EQUITY

Fully paid ordinary shares

168,800,005 (31 December 2003 - 60,750,005) fully paid ordinary shares	18,765,014	1,322,054
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Fully paid ordinary shares carry one vote per share and carry the right to dividends.

- During the half year to 30 June 2004: Pursuant to the company's listing on the ASX 75,000,000 fully paid ordinary shares at \$0.20 each were issued for cash totalling \$15,000,000.
- Pursuant to the company's listing on the ASX 1,800,000 shares were issued for \$500,000 as deferred consideration for the acquisition of the Company's wholly owned subsidiary, Greenpower Energy Pty Limited, which occurred in prior period.
- Pursuant to the company's listing on the ASX 5,000,000 Convertible Notes with a face value of \$2,500,000 were converted into 31,250,000 fully paid ordinary shares.

Consolidated

	Six Months Ended 30 June 2004	Six Months Ended 30 June 2003
	\$	\$

NOTE 4 - ACCUMULATED LOSSES

Accumulated losses at the beginning of the half year	(630,863)	(537,604)
Net profit attributable to members of the parent entity	52,176	(40,760)
Accumulated losses at the end of the half-year	(578,687)	(578,364)

NOTE 5 - COMMITMENTS & CONTINGENCIES

Kennedy Oil

In June 2003, the Company entered into a farmout agreement with Kennedy Oil of Wyoming, USA whereby Kennedy Oil is earning an interest of approximately 60% of its joint venture area in the Company's Esponda Project in the Powder River Basin by sole risk drilling to test the 'Big George' coal member of the Fort Union Formation. The Company will receive a royalty equal to 1.5% of gross product until Kennedy Oil recoups its costs of drilling, testing and completing the wells. Then the Company is entitled to revert to a 40% working interest. During the half year ended 30 June 2004, Kennedy Oil completed all twelve wells as future gas producers.

Western Gas Resources Inc

Western Gas Resources Inc ('Western Gas') is continuing management of the development of 8 wells in one section at the Company's Esponda Project in the Powder River Basin. The Company reimburses Western Gas for its 25% working interest in this section.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2004**

NOTE 6 - FINANCIAL REPORTING BY SEGMENTS

The consolidated entity operates wholly within the mining industry in Australia and the United States of America, with the major product being coal bed methane. Operations to date have been primarily exploration and evaluation, which have been capitalised to the Statement of Financial Position. Accordingly, the revenues and expenditures of the consolidated entity to date have not been allocated to a geographical segment.

NOTE 7 - CONTROLLED ENTITIES

Parent Entity

Planet Gas Limited, now a listed public company, is incorporated in Australia.

Wholly Owned Controlled Entities

Davidson Prospecting Pty Limited, incorporated in Australia.

Greenpower Energy Pty Limited, incorporated in Australia.

Sawells Pty Limited, incorporated in Australia.

Pauper's Dream Company, incorporated in the United States of America.

During the half year ended 30 June 2004, the Company incorporated, Sawells Pty Limited, with an initial investment of \$100.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

In the opinion of the Directors of Planet Gas Limited:

- (a) the attached financial statements and notes thereto:
 - (i) give a true and fair view of the financial position of the consolidated entity as at 30 June 2004 and of its performance for the period ended on that date;
 - (ii) comply with Australian Accounting Standards in Australia; and
 - (iii) are in accordance with the Corporations Act 2001
- (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.

Signed at Sydney this 27th day of August 2004
in accordance with a resolution of the Board of Directors.



Norman A. Seckold
Director



Peter J. Nightingale
Director

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF PLANET GAS LIMITED

Scope

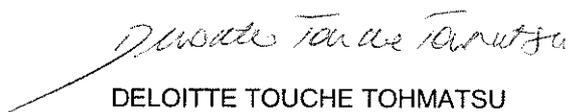
We have reviewed the financial report of Planet Gas Limited for the half year ended 30 June 2004 as set out on pages 8 to 14. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have conducted an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 'Interim Financial Reporting' and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

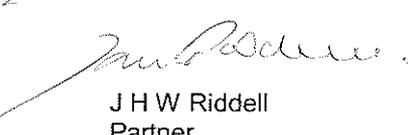
Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Planet Gas Limited is not in accordance with:

- a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2004 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 1029 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- b) other mandatory professional reporting requirements in Australia.


DELOITTE TOUCHE TOHMATSU


J H W Riddell
Partner
Chartered Accountants

Sydney, 27 August 2004

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

CORPORATE DIRECTORY

Directors:

Mr Norman A. Seckold (Chairman)
Mr Peter J. Nightingale
Mr Anthony J. McClure
Mr Anthony J. McDonald
Mr Bruce F. Riederer
Mr Norman J. Zillman

Company Secretary:

Mr Peter J. Nightingale

Principal Place of Business and Registered Office:

Level 8, 261 George Street
SYDNEY NSW 2000
Phone: +61-2 9247 5112
Fax: +61-2 9247 3932

Auditors:

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000
