

28 October 2011

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(6 pages by email)

Dear Madam

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
30 SEPTEMBER 2011**

HIGHLIGHTS

- **PEL 514 farm-in by Senex Energy Limited carrying Planet for 100% of three wells.**
- **PEL 514 native title agreement finalised, facilitating the issuance of the petroleum exploration licence.**
- **PEL 468 Meads Crossing-1 exploration corehole completed intersecting 27.3 metres of coal.**

South Australia - Cooper Basin

During the quarter, Planet Gas Limited (the 'Company') signed a heads of agreement with Senex Energy Limited ('Senex') that will see Senex fund 100% of three wells in PEL 514. Senex is a well established operator in the Cooper Basin and under the executed agreement will farm-in to PEL 514 in two separate areas and will assume operatorship of the permit.

PEL 514 Northern Area

The Northern Area of PEL 514 adjoins Senex permits PEL 100, PEL 110 and PEL 90. The permit area includes Birkhead time structures capable of hosting Birkhead channel oil plays such as those discovered at Growler and Snatcher.

Oil discoveries in permits neighbouring PEL 514 also support the potential for hydrocarbons in the area.

Under the farm-in agreement, Senex has agreed to fund 100% of the cost of two wells to earn a 50% interest in the Northern Area.

PEL 514 Southern Area

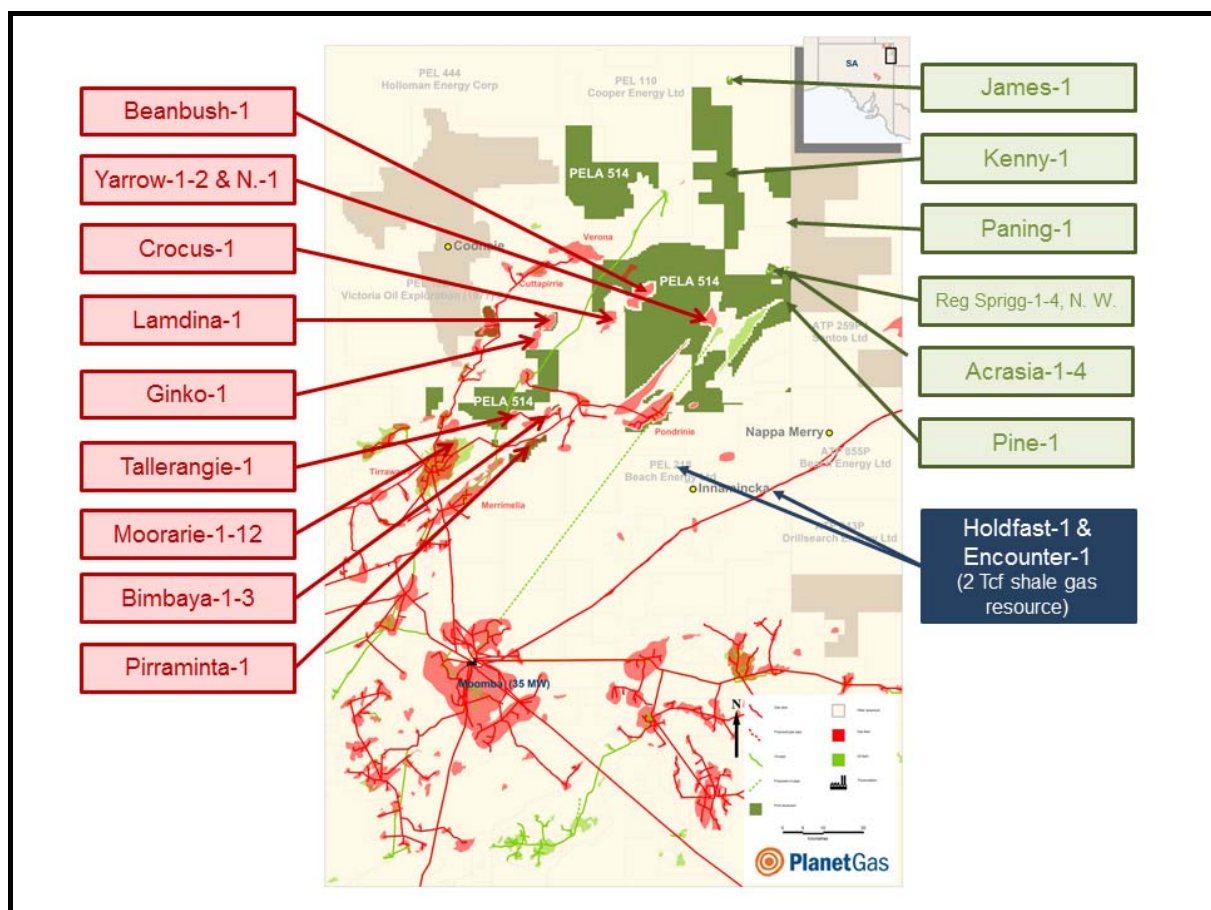
The Southern Area of PEL 514 is highly prospective for unconventional gas, containing measures of coal, tight sands and shales.

Significant thicknesses of coal in the Patchawarra and Toolachee formations have been recorded from wells drilled adjacent to, and within, the PEL 514 permit boundaries. The Murteree shales unit of the REM Shales is also present in this part of the Patchawarra Trough.

Senex has agreed to fund 100% of the cost of a third well to earn a 70% interest in the Southern Area.

Native title agreement

The Company has now executed native title agreements with the Native Title Claimants laying claim to areas within the boundaries of PEL 514. This has facilitated the offering of the petroleum exploration licence to the Company and subsequent commencement of field work.



Oil and gas discoveries in and around PEL 514

New South Wales - Sydney and Gunnedah Basins

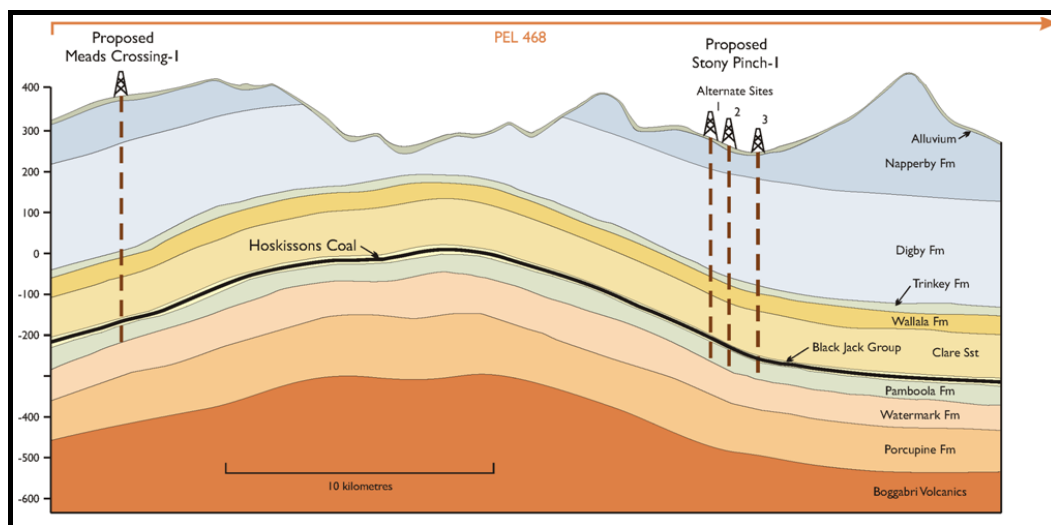
During the quarter, the first exploration corehole in PEL 468 was drilled to a total depth of 589 metres.

The well intersected six coal seams and total depth was called at the base of the Lithgow seam. The thickest individual coal unit cored was 10.9 metres of the Farmer's Creek formation. Gas was recorded visibly "bubbling" (desorbing) from the surface of some of the recovered cores.

Heat alteration caused by igneous intrusives has resulted in carbon dioxide contamination at some levels. Maximum methane of 54% was recorded from the State Mine Creek coals at 411 metres. Preliminary maximum gas content of 8.34 m³/t was recorded from the Irondale coals at 509 metres.

The well was plugged and the drilling rig demobilised from the site. Land rehabilitation of the well site has been completed.

The second exploration corehole, Stony Pinch-1, will be drilled in the Eastern part of PEL 468 and will target coal bed methane resources in the Illawarra Coal Measures. The purpose of the corehole is to confirm the presence, thickness and quality of these coals and undertake an analysis of gas present and concentration. The corehole will also test the permeability of the coals. Data collected from these combined efforts will be analysed, and used to derive a CBM Contingent Resource estimate. The figure below indicates the regional geology.



PEL 468 schematic cross-section.

For illustration only, drilling will test formations.

Environmental studies for Stony Pinch-1 were submitted to the Department Planning and Infrastructure during the quarter.

In PEL 470 (Mooki) the Company continued land access discussions with a number of landholders. Landholders have been selected based on the results of the Company's recently acquired seismic data, and has identified a number of geologically optimal locations.

Geothermal

Due to changed market sentiments towards geothermal energy and based on an assessment of the prospectivity of the tenements, during the quarter the Company relinquished geothermal exploration licences GEL 448 to GEL 461 and GEL 354 to GEL 365 and GEL 377 in South Australia.

Statement of Competent Person

The information in this report that relates to Exploration Results is based on information compiled by Mr Ian Halstead, geologist, who is a Member of the American Association of Petroleum Geologists. Ian Halstead is a full-time employee of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Halstead has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'PJN', written in a cursive style.

Peter J. Nightingale
Director

pjn6308

PLANET GAS PROJECT LIST

AUSTRALIA

State	Tenement	Resource	Project	Status	Granted	Expiry	Company	Area (km ²)
QLD	EPG29	Geothermal	Innot	Granted	13-Apr-10	30-Apr-15	Gradient Energy Ltd	596 km ²
SA	PEL514	Petroleum	Cooper Basin	Granted	Pending		Planet Cooper Basin Pty Ltd	1,917 km ²

FARM-IN AGREEMENTS

State	Tenement	Resource	Project	Status	Granted	Expiry	Company	Area (km ²)
NSW	PEL 468	CBM/Gas	Bylong	Farm-in stage 2	NA	NA	Planet Gas & CBM Pty Ltd	1,736 km ²
NSW	PEL 469	CBM/Gas	Shoalhaven	Farm-in stage 2	NA	NA	Planet Gas & CBM Pty Ltd	3,173 km ²
NSW	PEL 470	CBM/Gas	Mooki	Farm-in stage 2	NA	NA	Planet Gas & CBM Pty Ltd	745 km ²

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Figure 1 - Planet Gas tenement map