



31 January 2014

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(5 pages by email)

Dear Madam,

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
31 DECEMBER 2013**

HIGHLIGHTS

- **Drilling of Sprigg-1 and Pirraminta-2.**
- **Sprigg-1 interpreted 6.3 metre pay zone, well cased pending further testing.**
- **Several key plays identified from Cordillo 3D seismic survey.**
- **Processing continues for Dundinnia 3D seismic program.**
- **Planning for 2014 drilling program commenced.**

PEL 514 Cooper Basin, South Australia

PEL 514 covers an area of 1,972 km² and is located in the Cooper Basin, South Australia. The PEL is in joint venture with Senex Energy Limited ("Senex") where Senex is the operator.

During the quarter, Senex completed the drilling of the Sprigg-1 and Pirraminta-2 exploration wells.

Sprigg-1

The Sprigg field is located in the central eastern sector of PEL 514 (see Figure 1) and is 4.5 kilometres west of Acrasia oil field.

The exploration well was drilled to a total depth of 2,472 metres testing the oil potential of the Tinchoo Formation up dip and 240 metres west south west of the Reg Sprigg North-1 well. Additional targets were also intersected through the Hutton Sandstone and the Arrabury Formation which have produced oil in nearby wells.

The well intersected oil shows in the Panning Member and the Murta Formation with 6.3 metres of interpreted net pay in the Murta Formation.

The running of 7" casing has been completed. Pending work-over rig availability, it is planned to flow test the Panning Member and the Murta Formation.

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Piraminta-2

During the quarter, the Piraminta-2 well was completed to a total depth of 1771 metres. The well failed to intersect hydrocarbons and has been cased and suspended as a future water well.

Seismic Surveys

During the quarter, interpretation and mapping of the "Cordillo" 3D seismic data covering 158.7 km² of the northern part of PEL 514 (see Figure 1) was progressed. This work has identified several key play types including Tinchoo Formation structural traps and Toolachee Formation stratigraphic traps. This area is of particular interest given oil shows in the previously drilled Kenny-1 well and oil flows from the James-1 well (both wells proximate to PEL 514) and the proximity of the Cuisinier oil field to the east.

The "Dundinna" 3D seismic data acquisition program covering 163.9 km² of PEL 514 (see Figure 1) was completed during the quarter ahead of schedule and on budget. Processing has commenced and is expected to be completed in the June quarter 2014.

Further Programs

In addition to the impending testing of Sprigg-1, the ongoing processing and interpretation of the Cordillo and Dundinnia seismic programs, a minimum of two wells are to be completed in prior to November 2014 along with 80 km² of 3D seismic. Planning for the 2014 work program has commenced.

As detailed below, Planet Gas' interest in PEL 514 is free carried.

Agreement

During the previous quarter all regulatory and government approvals were successfully achieved for the previously announced agreement with Senex for expanded exploration activities in PEL 514 ("the Agreement").

As part of the Agreement, Planet Gas transferred a 10% interest in PEL 514 North and a 30% interest in PEL 514 South to Senex. This Agreement reduces Planet Gas' interest in the entirety of PEL 514 to 20% with Senex holding the remaining 80%.

The consideration for the transfer was:

- \$5.0 million cash payment to Planet Gas; and
- Planet Gas to be free carried for a total of \$9.0 million of its share of oil exploration expenditure within the PEL.

The Agreement also specifies conditional payments of:

- A royalty to Planet Gas which is calculated as 2.0% of the net Well Head Value of all oil produced from PEL 514 capped at \$7.5 million; and
- Upon certification of 8 million barrels of Proved and Probable (2P) oil reserves in PEL 514, Planet Gas will receive a payment of \$5.0 million, and an addition payment of \$5.0 million upon certification of an additional 4 million barrels of 2P oil reserves in PEL 514.

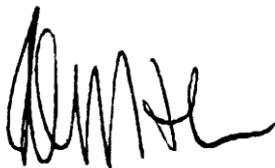
The consideration was in addition to Senex's farm in obligations in respect of PEL 514 including the completion of the Sprigg-1 and Pirraminta-2 exploration wells and the completion of the Cordillo 3D seismic program. This forms part of an Initial Agreement with Senex of December 2011.

The principal objective of the Agreement is the exploration of conventional stratigraphic and structural traps within the Jurassic sequence, including the Birkhead Formation, which are capable of hosting oil plays similar to those at the proven Growler and Snatcher oil fields to the southwest.

As elsewhere in the Cooper Basin, PEL 514 also contains considerable potential for unconventional gas including hydrocarbon rich shales, tight gas and gassy coals.

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

Yours sincerely



Peter J. Nightingale
Director

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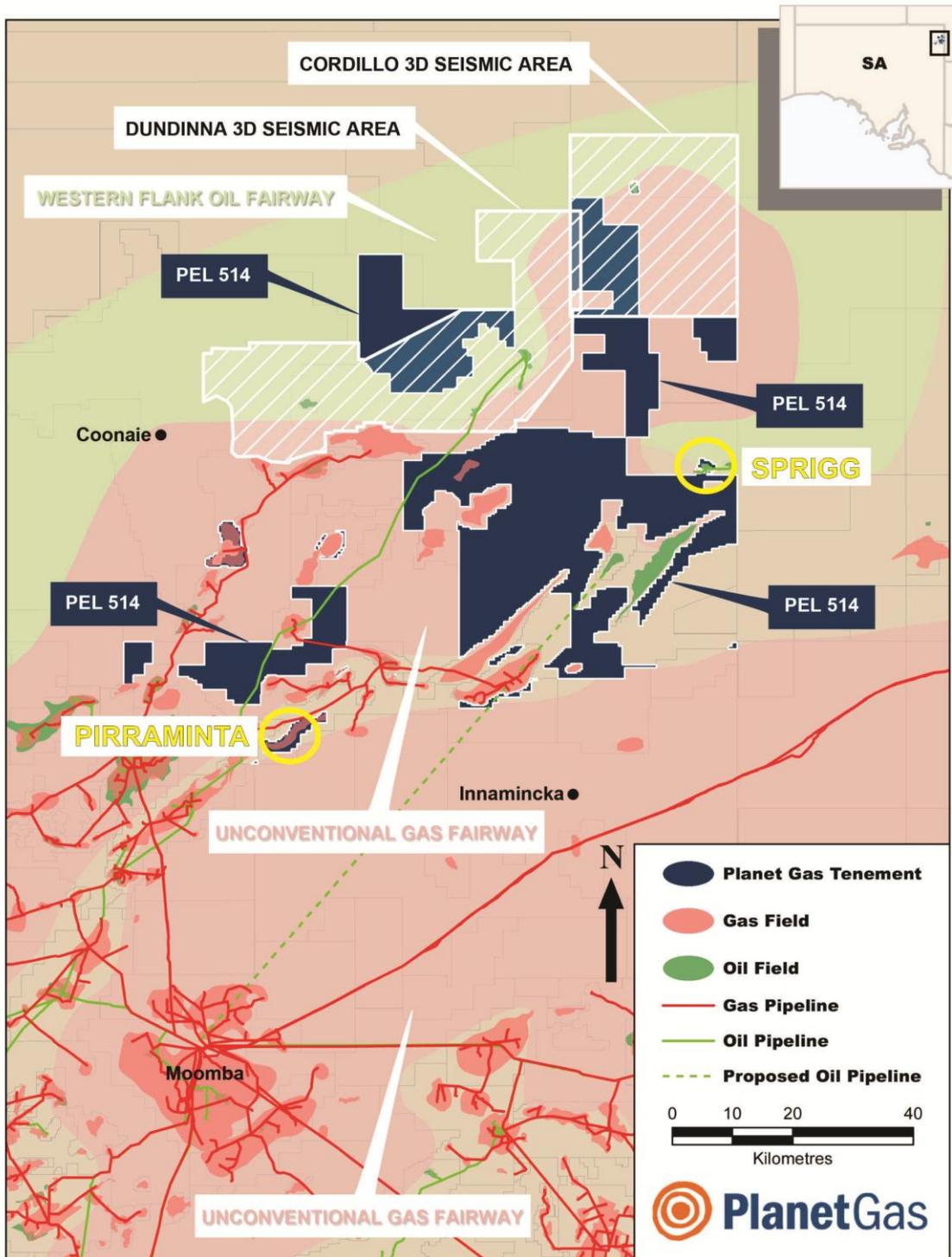


Figure 1. PEL 514 Cooper Basin, South Australia

TENEMENT INFORMATION (AS REQUIRED BY LISTING RULE 5.3.3)

TENEMENT	LOCATION	OWNERSHIP	CHANGE IN QUARTER
PEL 514	Cooper Basin. S.A.	20%	-