



31 October 2017

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(5 pages by email)

Dear Madam,

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
30 SEPTEMBER 2017**

HIGHLIGHTS

- **Overriding Royalty Interest ('ORRI') in Kansas, Pennsylvania and New York State, USA production revenues increased slightly when compared to the previous quarter.**
- **The Origin/Senex/Planet Gas joint venture in the Cooper Basin is currently evaluating the forward work program**
- **Silver Star-1 well has been suspended after the horizontal drilling encountered mechanical issues while running production casing.**
- **Well is part of the Origin/Senex/Planet Gas Joint Venture in PEL 638, Cooper Basin.**
- **Pending sale of Origin's interests to Beach Energy.**

OVERRIDING ROYALTY INTEREST, USA

Planet Gas Limited ('Planet Gas' or 'the Company') holds a 3% Overriding Royalty Interest ('ORRI') over established oil and gas production assets in Kansas, Pennsylvania and New York State in the United States of America. The ORRI is over approximately 450,000 barrels of oil equivalent per annum (see Figure 1).

During the quarter ORRI revenue was as follows:

	September Quarter	YTD
Planet Gas ORRI (US\$)	68,553	202,667

Revenues during the September 2017 quarter increased slightly when compared to the previous quarter. During the September quarter, crude oil prices remained volatile with West Texas Intermediate Crude ("WTI") prices ranging from approximately US\$44 per barrel to US\$52 per barrel. During the quarter, NYMEX natural gas prices remained stable averaging approximately US\$2.90 per MMBtu.

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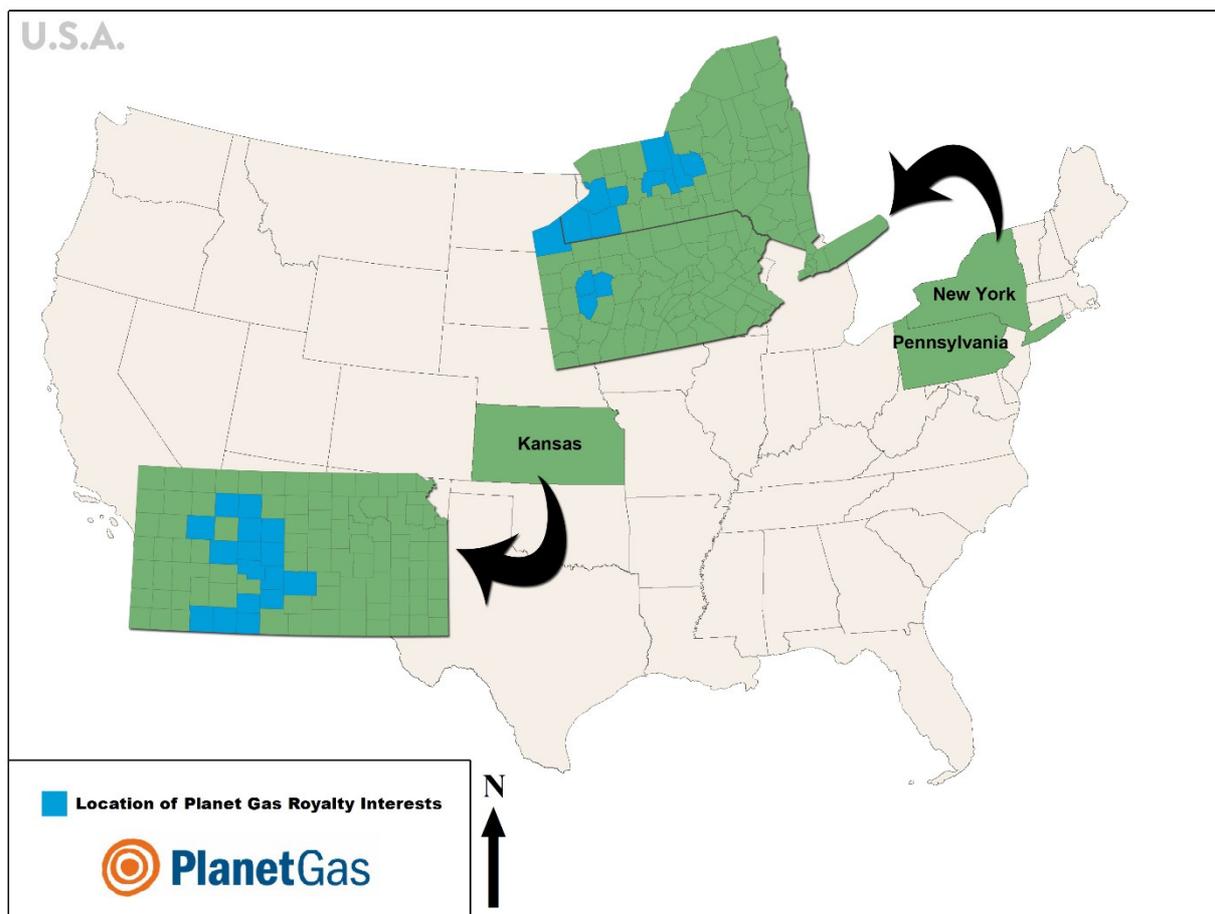


Figure 1: Location of Planet Gas Royalty Interests, United States of America

COOPER BASIN, SOUTH AUSTRALIA

PRL 118 through PRL 128 (previously PEL 514) and PEL 638

PRL 118 through PRL 128 and PEL 638 cover a combined area of 1,917 km² in the Cooper Basin of north eastern South Australia, hosting an array of exploration targets for conventional and unconventional hydrocarbons (see Figure 2).

Previously, PEL 638, which covers an area of 904 km² in the Patchawarra Trough, was excised from PEL 514 to facilitate the administration of a new joint venture between Origin Energy Limited ('Origin', ASX: ORG), Senex Energy Limited ('Senex', ASX: SXY) and Planet Gas. Prior to the excising of PEL 638, Planet Gas held a 20% interest in PEL 514.

PEL 638 is divided into two joint ventures; the PEL 638 Deeps¹ joint venture (the subject of the farm-in by Origin) and the PEL 638 Shallows¹ joint venture.

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

- PRL 118 through PRL 128 20% free carried.
- PEL 638 Shallows 20% 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.

¹ A stratigraphic division separates the 'Deeps' and 'Shallows' with the Origin agreement relating to the Deeps of the Permian system.

PEL 638 Deeps

As previously announced, Planet Gas' 20% interest in PEL 638 was reduced to a 12.5% free carried interest and would further reduce to a 10% interest based on work program expenditures by Origin and Senex 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 up to \$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 exploration and appraisal wells and, in the event of potentially producible hydrocarbons, fracture stimulation and flow testing. Stage 1 will evaluate the potential of the tight gas sands 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.

The Silver Star-1 gas exploration well was spudded on 17 March 2017 with the Easternwell 106 rig specifically chosen to accommodate the technical specifications of the well.

On 23 April 2017, the well had reached the planned Total Depth of 3,770 metres with several gas shows encountered in primary and secondary targets.

The properties of the reservoir successfully met certain criteria and a horizontal section of 1,180 metres was drilled through the Patchawarra Formation.

While running production casing into the well, unstable coals through the horizontal section collapsed and damaged the casing. The well is currently suspended while a forward plan is finalised.

The joint venture remains committed to evaluating material gas resources in this basin centred play including further drilling and fracture stimulation and testing in FY18.

As at the date of reporting Origin had entered into a transaction for the sale of its subsidiary Lattice Energy Limited that includes certain assets including interests in PEL 638 to Beach Energy Limited.

PRL 118 through PRL 128 (previously PEL 514) and PEL 638 Shallows

Limited work was completed during September 2017 quarter and no exploration drilling is currently scheduled.

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

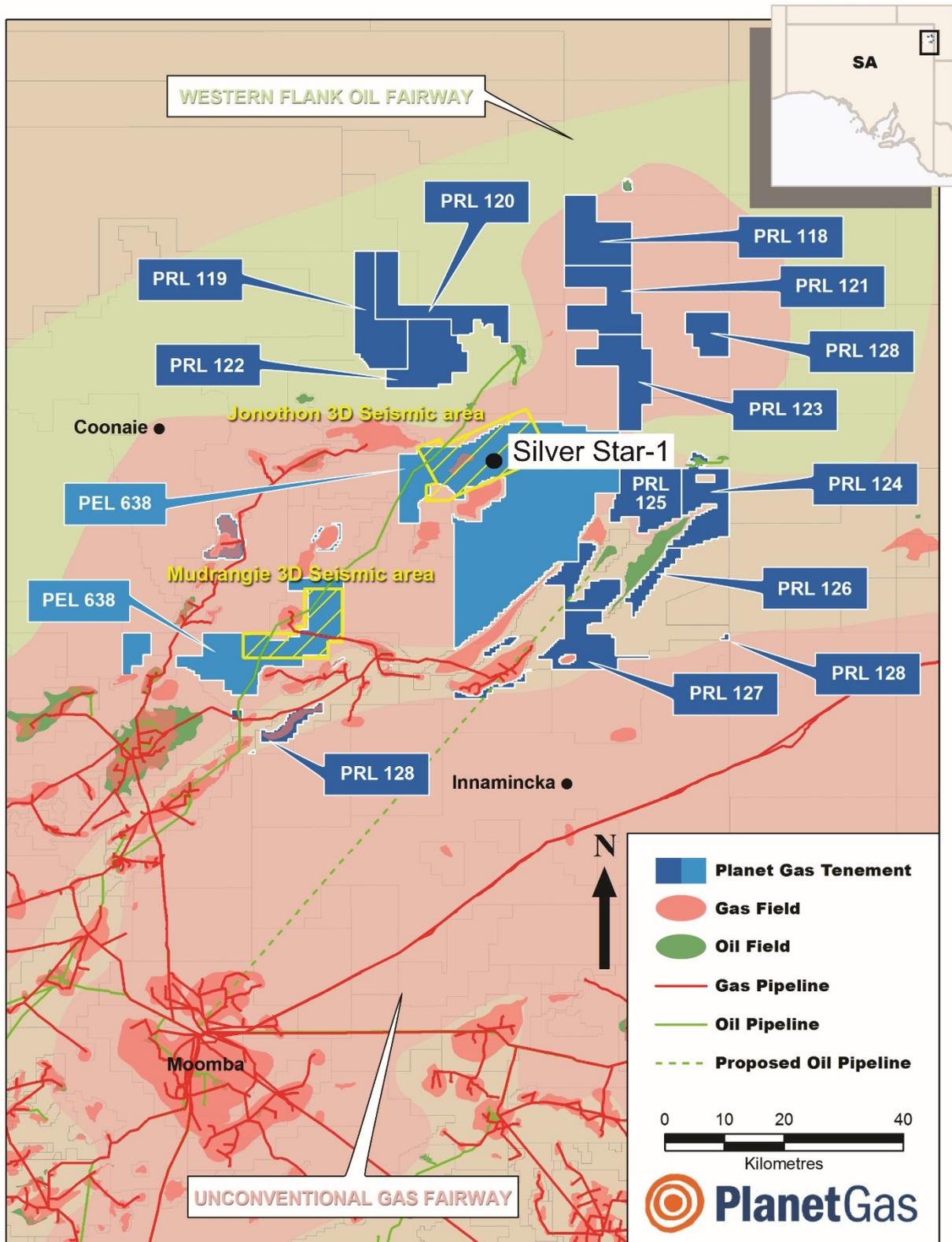


Figure 2: Location of PRL 118 through PRL 128 and PEL 638

TENEMENT INFORMATION

Tenement	Location	Ownership	Change in quarter
PRLs 118 through 128 (previously PEL 514)	Cooper Basin S.A.	20.0%	-
PEL 638 Shallows	Cooper Basin S.A.	20.0%	-
PEL 638 Deeps	Cooper Basin S.A.	12.5%	-

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

Yours sincerely



Peter J. Nightingale
Director

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