PLANET GAS LIMITED
and its controlled entities

A.B.N. 46 098 952 035

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2008

PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES

CONTENTS

DIRECTORS' REPORT

The directors present their report together with the consolidated interim financial report and the auditors review report thereon for the half year ended 30 June 2008.

Directors

The names and particulars of the directors of the Company at any time during or since the end of the half year are:

Norman A. 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 over 27 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, Bolnisi Gold NL and Palmarejo Silver and Gold Corporation, which discovered and developed the Palmarejo and Guadalupe gold and silver projects in Mexico.

Mr Seckold is currently Chairman of Australian public listed mining companies Kings Minerals NL and Cockatoo Coal Limited and also Canadian public listed company San Anton Resources Inc.

Peter J. Nightingale, Executive Director, Company Secretary 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 the past 21 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 NL, Palmarejo Silver and Gold Corporation, Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L. and ETT Limited. Mr Nightingale is currently a director or company secretary of Biotron Limited and Cockatoo Coal Limited.

Robert M. 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 has a continuing interest in the Peat CBM field and was a founder of, and a major investor in, Queensland Gas Company.

Anthony J. McClure, Independent and Non-Executive Director

Director since 27 August 2003.

Anthony McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. Mr McClure has over 20 years of technical, management and financial experience in the resource sector within Australia, and internationally in project management and executive development roles. He has worked in the financial services sector and stockbroking, primarily as a resource analyst.

Mr McClure is currently a director of European Gas Limited.

Anthony J. McDonald, Independent and Non-Executive Director

Director since 19 November 2003.

Anthony 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.

Mr McDonald is currently a director of Deep Yellow Limited and Industrea Limited.

Bruce F. Riederer, Executive Director of Exploration and Development

Director from 10 September 2003 to 8 January 2008.

Bruce Riederer graduated with a Bachelor of Geoscience (Geology) degree from the University of Arizona in 1974. Mr Riederer is a professional geologist and has over 30 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.

Operating and Financial Review

The Company activities during the half year ended 30 June 2008 include the following highlights:

- Sale of Australian CBM assets completed following the listing of Greenpower Energy Limited (‘Greenpower’) in March 2008.
- Oriva Federal Farmout Agreement signed.
- West Esponda pilot production program dewatering continues.
- CBM gas prices in the USA remain strong.
- Support by SK Energy Co. Ltd of uranium spin-off IPO.
- Dr. Richard Haren appointed to the position of General Manager.

The Company is engaged in the acquisition, exploration, development, production and operation of oil, gas and coal bed methane ('CBM') properties. The Company has rights to the following tenements in the USA.

Block/Project	Location	Area Net Hectares
East Esponda	Powder River Basin, Wyoming	469
West Esponda	Powder River Basin, Wyoming	11,586
Oriva Throne	Powder River Basin, Wyoming	146
Oriva Federal	Powder River Basin, Wyoming	359
Skull Creek	Cherokee Basin, Kansas	11,573

POWDER RIVER BASIN, WYOMING, 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 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 1,100 million cubic feet per day from over 16,000 producing wells.

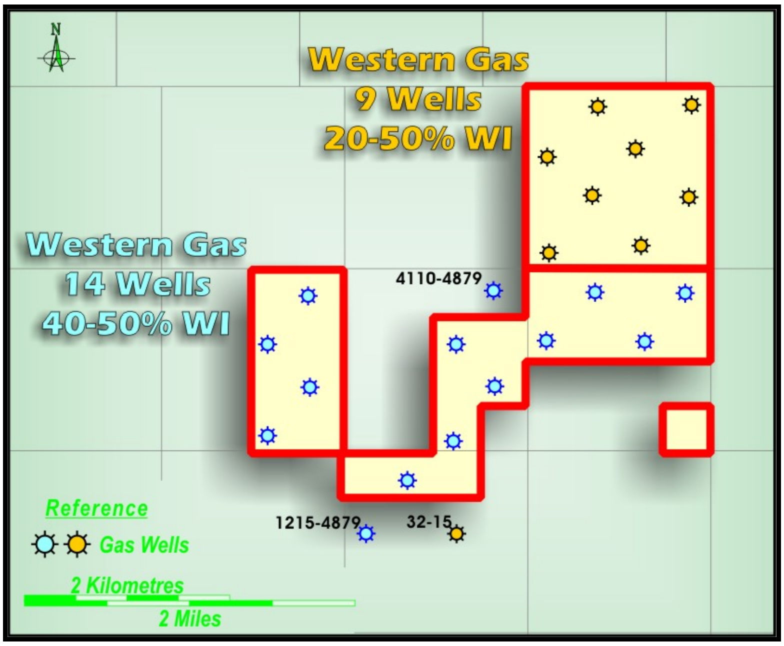
ESPONDA PROJECT

The Esponda Project comprises two project areas, East Esponda which has been developed under joint venture arrangements and is currently being dewatered in advance of the commencement of production and West Esponda which has begun to be developed by the completion of a pilot production program and an extension of that production program. The Esponda Project is located approximately 25 kilometres southeast of Buffalo, Wyoming, and totals 12,055 net hectares (29,789 acres) in Townships 47 to 50 North, Ranges 79 and 80 West, Johnson County, Wyoming.

The project lies near the Powder River Basin’s asymmetric structural axis, and is situated between the depositional centres of the stratigraphically higher Buffalo-Lake De Smet Coalfield to the west (Eocene Wasatch Formation) and the Gillette Coalfield (Paleocene Fort Union Formation) to the east. Thus, the more shallow Eocene-aged coals are being eroded to the east and south across the region and depositionally splitting with less ash content than its thickest member near Buffalo; and the Big George Coal, a part of the Gillette Coalfield, present at East Esponda is splitting towards the west.

East Esponda

The East Esponda project covers a total of 469 net hectares (1,160 acres). To date there have been 23 wells completed within the Company's East Esponda leasehold interests. These include 14 wells in the Big Cat Field and 9 in the Indian Creek Field. Although 3 wells are located exterior to the Company's leasehold (see diagram below), the Company retains an interest in these wells due to the State's mandated 32 hectare spacing orders in its proportional share.



Resources

A Gas-In-Place ('GIP') resource estimate has been completed on the Company's East Esponda Project by Dr. Jimmy E. Goolsby of Goolsby, Finley & Associates of Casper Wyoming, considered to be pre-eminent authorities on the CBM geology of the Powder River Basin.

As detailed below, the GIP resource estimate totalled 21.9 billion cubic feet ('Bcf') (gross) and 7.3 Bcf (net) (ie attributable to the Company) within the Big George Seam:

Project Area	Coal Seams	Gross GIP (MMcf)	Net GIP (MMcf)
East Esponda	Big George	21,912.6	7337.7

The resource estimate was based upon volumetric calculations derived from the well development program and 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 Goolsby, Finley & Associates completed on behalf of the State of Wyoming. Although this is the maximum gas content value at these depths that Goolsby, Finley & Associates utilises in its GIP volumetric calculations, Goolsby, Finley & Associates 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 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 24 metres, and where split its total thickness is approximately 20 metres.

West Esponda

The West Esponda Project is located approximately 110 kilometres west of Gillette, Wyoming, and totals 11,586 net hectares (28,629 acres) in Townships 47 to 50 North, Ranges 79 to 81 West, Johnson County. The West Esponda Project has the capacity for more than 340 wells on the State mandated 32 hectare (80 acre) spacing.

Geological mapping based on the Company's previous West Esponda pilot program wells and stratigraphic bores in this area of the deep Powder River Basin estimates that between 20 to 45 metres of coal is present. This estimate is supported by results from the Company's stratigraphic drilling program which intersected gassy coal with cumulative intersections of up to 50 metres and an average of 35.4 metres, of which the Big George coal seam intervals were between 17 to 22 metres, thereby indicating that the Big George coal horizon can be extended 16 kilometres to the northwest with a total thickness correlative to that present in the western portions of the Company's East Esponda project.

Development of the West Esponda project has begun in the northern portion of the West Esponda project where the Company's tenements have the capacity for approximately 100 contiguous or near contiguous well locations. To date, 10 wells have been completed in a pilot production program with an additional 8 production wells in an extension program having been drilled.

Gas-In-Place Resources

A GIP resource calculation, based upon volumetric calculations for the Company's new Federal lease interests, has been estimated for 3 of the 5 regionally correlated coal seams. These coal seams are the three (upper, middle and lower) units of the Big George seam.

The Company's new Federal lease interests add 89.6 billion cubic feet ('Bcf') (gross) (72.5 Bcf net) to the Company's West Esponda project's GIP resources.

The following tabulates the West Esponda project's GIP resource estimation completed by Dr. Jimmy Goolsby of Goolsby, Finley & Associates:

New Federal Area Gross GIP (MMcf)	Previous Esponda Area Gross GIP (MMcf)	Total Gross GIP (MMcf)	Total Net GIP (MMcf)
89,577.8	158,650.5	248,228.3	173,846.1

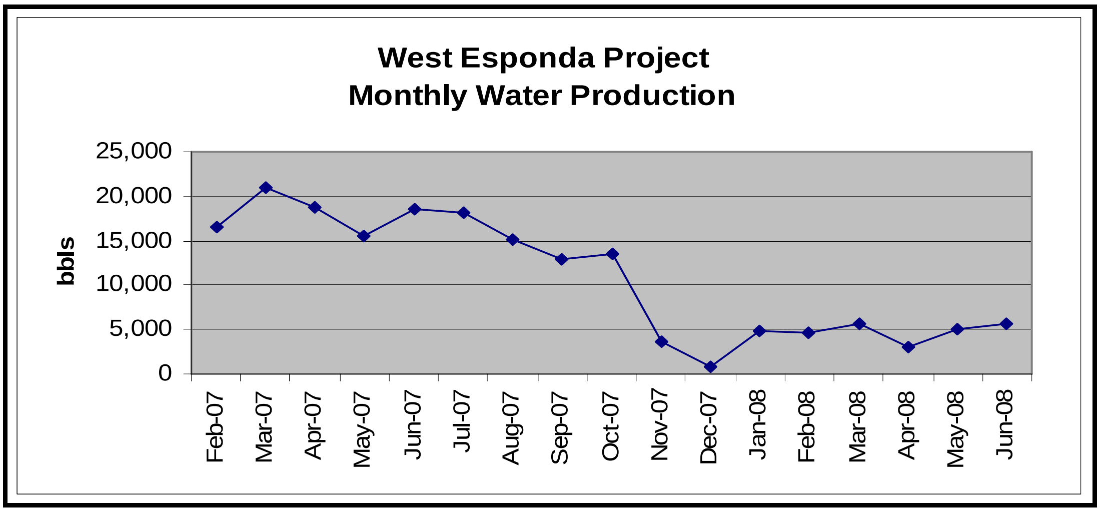
The GIP resource was calculated using 32 hectare (80 acre) blocks (legal drill spacing units), the seams' thicknesses (contour interpolation) and a gas content factor of up 100 Scf/t depending on each coal seam's depth. The gas content factor is an estimation based on a published study by Goolsby, Finley & Associates completed on behalf of the State of Wyoming.

Pilot Production Program

Located in the northern portion of the West Esponda project, a pilot production program, comprising 10 wells, has been developed and continues to dewater. The commencement of production from these wells will be assisted by the development of the 8 well extension program.

The sole focus of the pilot production program is CBM production from the Big George coal seam. Stratigraphic and pilot production program drilling has indicated that the Big George coal seam at the West Esponda Project is 17 to 22 metres thick. In addition, coals of 17 to 24 metres in total thickness overly the Big George coal seam. Whilst these are not intended to be produced from at this time, they will be 'behind pipe' so they can be readily accessed in the future. The stratigraphic program also intersected deeper coal units which will be valid targets for the future.

The pilot production program not only tests the most westerly extensions of the Big George coal seam in the Powder River Basin, but will provide invaluable site specific technical knowledge of the reservoir by its initial development, dewatering and production and will provide an evaluation of the completion methodologies.



Extension Program

The extension program, which comprises 8 wells drilled in a staggered offsetting pattern, totals approximately 5,400 metres of drilling. This development is situated immediately northwest of the existing 10 well pilot production program at West Esponda.

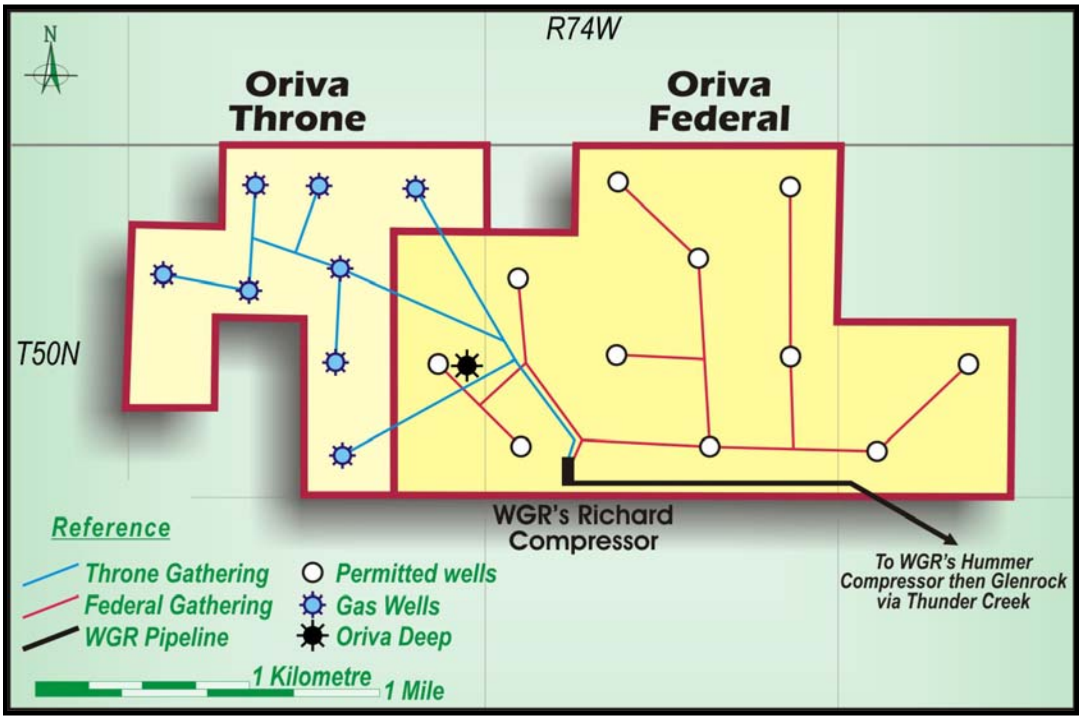
All wells have been fully cased on reaching total depth. Well completions, including downhole cleanup, seam perforations, formation enhancement, pump installation, and in-field reticulation are anticipated to begin in the near future.

Wells drilled to date have recorded the following coal seam intercept results:

Well Name	Total Logged Depth (metres)	Total Coal Intercepts (metres)	Total Big George Interval (metres)
Esponda 9-5	700.3	31.1	14.6
Esponda 9-9	671.5	32.9	14.9
Esponda 9-7	662.3	35.7	17.7
Esponda 9-1	662.1	31.4	13.1
Esponda 8-1	680.8	29.0	13.7
Esponda 9-3	671.8	39.6	21.0
Esponda 4-15	671.8	35.1	15.8
Esponda 4-13	662.6	33.2	16.6

ORIVA PROJECT

The Oriva Project comprises two contiguous project areas, Oriva Throne which is in production and Oriva Federal which is in the permitting phase. The Oriva Project is located approximately 21 kilometres west of Gillette, Wyoming, and totals 505 net hectares (1,248 acres) in Sections 8, 9 and 10, Township 50 North, Range 74 West, Campbell County.



The Oriva Project contains nearly all productive coals in the Powder River Basin: Felix, Smith, and Anderson seams (depths 60 to 300 metres), Canyon/Cook and Wall seams (depths 300 to 500 metres). In addition to these primary coal bed targets, there are two deeper seams, Moyer & Danner at depths of approximately 750 metres.

The proximity of Oriva Throne to Oriva Federal is of strategic importance, not only for the addition of reserves but to the overall project development with access to existing infrastructure and operations.

In addition to the CBM potential of the Oriva Project, a conventional oil and gas prospect in the Lower Cretaceous Muddy Formation may be developed.

The proximity of Oriva Throne to Oriva Federal is of strategic importance, not only for the addition of reserves but to the overall project development with access to existing infrastructure and operations.

Oriva Throne

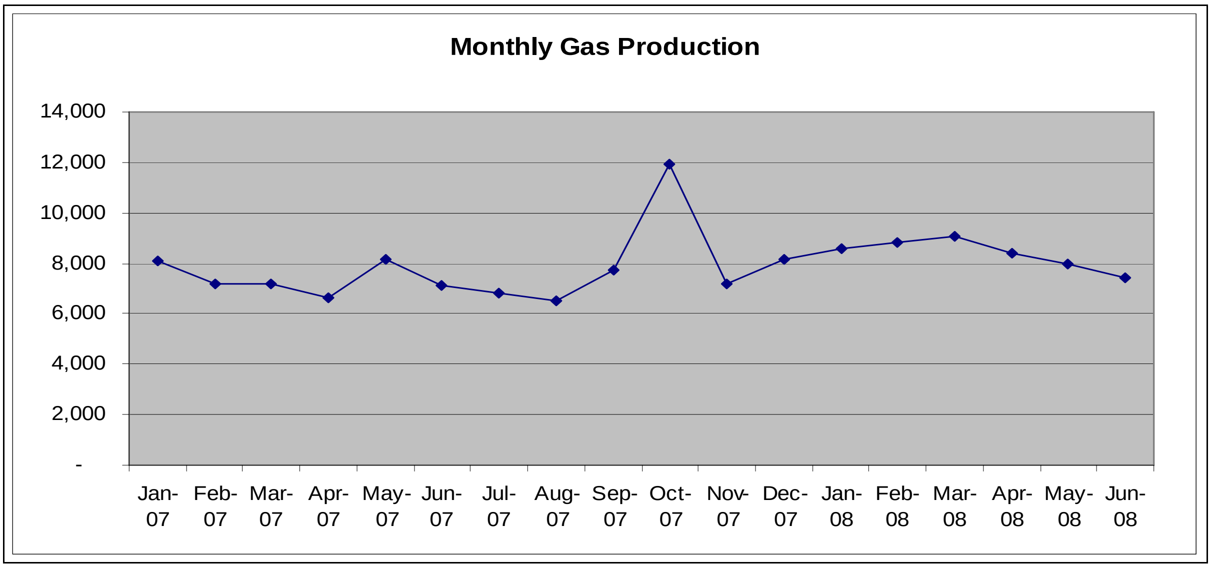
The Company holds a 75.975% Working Interest (60.75% NRI) in the Oriva Throne tenements which total 146 net hectares (361 acres). Oriva Throne is operated by Emerald Operating Company and Rocky Mountain Exploration, Inc. ('EOCRMEI') of Denver, Colorado which holds the remaining 24.025% Working Interest (19.25% NRI). The entire leasehold interest is subject to a 20% land/mineral owner royalty.

Production during the half year at Oriva Throne was from the 5 state mandated 32 hectare (80 acre) spacing CBM pad sites each of which have been developed with 3 wells, producing CBM from the Felix, Smith, Anderson and Wall Coal seams plus 3 ‘exception location’ Wall seam wells.

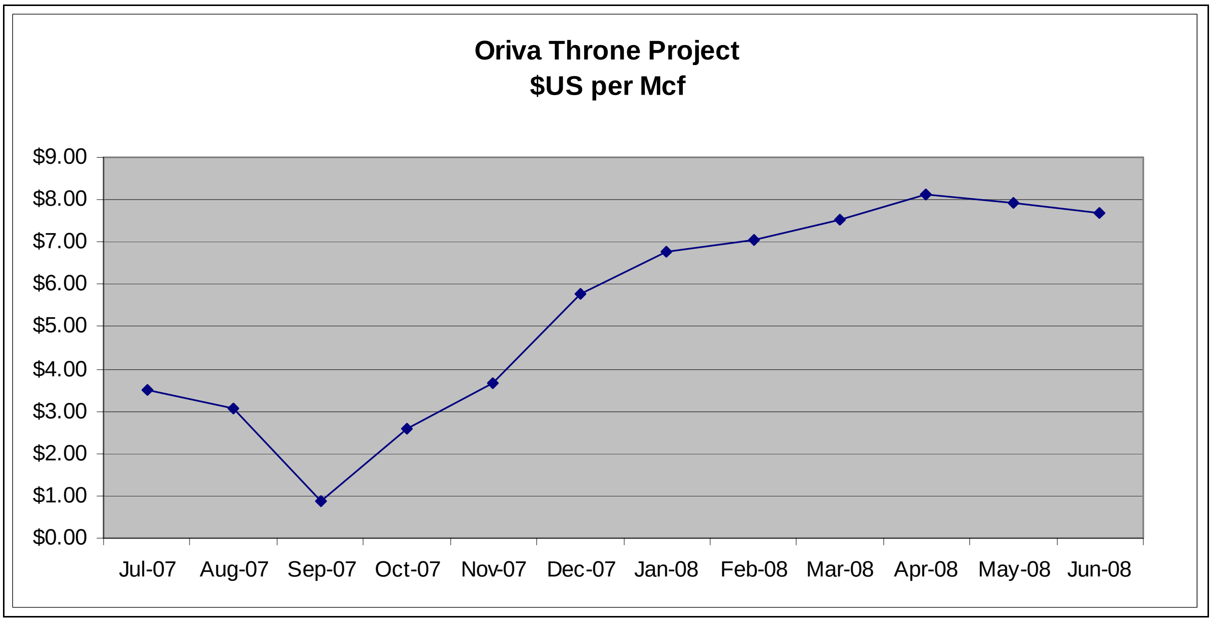
CBM production for the half year was as follows:

Coal Seam	CBM Production (Mcf)	Net Revenue Interest (Mcf)
Anderson	41,954	25,487
Felix	3,808	2,314
Wall	4,543	2,760
Total	**50,305**	**30,560**

During the half year, CBM production was sold for an average of US$7.49 per Mcf for total net revenues of US$229,001.



The chart below shows that the price per Mcf being received has showed significant improvement following the clearing of pipeline capacity constraints in September 2007.



Oriva Federal

The Company held a 100% Working Interest (85.5% NRI) in the Oriva Federal tenements which total 359 net hectares (887 acres). The entire leasehold interest is subject to a 12.5% mineral owner royalty and a 2% overriding royalty. On the basis of the State mandated 32 hectare (80 acre) well spacing, the Oriva Federal tenements have the capacity for 11 pad sites.

During the half year ended 30 June 2008, the Company entered into an agreement with EOCRMEI, the operators of the Company's Oriva Throne project, which will facilitate and expedite the development of the Oriva Federal project. Under the agreement EOCRMEI agrees to drill or cause the drilling of a test well in search of oil and gas on the Oriva Federal project. EOCRMEI will have the exclusive right to drill further wells. EOCRMEI will fund 100% of all drilling and well completion costs.

Costs and revenues will be shared as follows:

- Before the wells pay out all the drilling, completion and producing costs

Working Interests:	100% EOCRMEI
Revenue Interests:	81% EOCRMEI 4.5% Planet Gas 12.5% Federal Royalty 2% Overriding Royalty

- After the wells pay out all the drilling, completion and producing costs

Working Interests:	75% EOCRMEI 25% Planet Gas
Revenue Interests:	61.875% EOCRMEI 23.625% Planet Gas 12.5% Federal Royalty 2% Overriding Royalty

CBM Development

The fully permitted Oriva Federal project will develop 11 pad sites on the State mandated 32 hectare well spacing with three CBM production wells on each pad. Overall project development will involve the drilling of 33 wells totalling approximately 13,400 metres (44,000 feet), in-field piping for gas and water gathering of 20,000 metres (66,000 feet), underground electrification for its pumping requirements and construction of multiple water retention reservoirs and pits. The Company's Water Management Plan provides for standard CBM style reservoirs either along or in ephemeral channels with the project designed to fully contain its water output of nearly 25,000 barrels of water per day in constructed earthen pits, called Off-Channel Containment Pits. In addition, two contracts for in-field gas compression and gas transportation to markets are in place.

Conventional Oil and Gas Development

Under the terms of the Conventional Oil and Gas Farmout Agreement, Carpenter & Sons and North Finn ('C&S-NF') of Casper Wyoming, as Operator, will earn an 81% Net Revenue Interest to conventional oil and gas (not CBM which is retained by the Company as described above) production in one half of the Oriva Federal leasehold by drilling this test well. The completion of a second well will earn-in C&S-NF to the remaining leasehold interest.

The Company retains a 19% Net Revenue Interest which will cover all royalties (totalling 14.5%) and will retain a 4.5% Net Revenue Interest to conventional oil and gas production from the Oriva Federal leasehold. Further, for future wells, the Company has the option to convert its 4.5% Net Revenue Interest to a participating 20% Working Interest.

Late in 2006, the Oriva Deep Federal No 9-8A conventional oil and gas well on the Company's Oriva Federal property was completed to a depth of 2,949 metres (9,676 feet). The well has been cased to 2,944 metres (9,660 feet) in the Cretaceous Muddy Formation, the primary target, as a potential natural gas and condensate or oil producer.

In addition to the primary Cretaceous Muddy Formation target, gassy Cretaceous aged fractured shales situated above the primary target were intercepted and will continue to be evaluated for potential oil and gas production. The Muddy pay zone found in Well No.9-8A is similar to that found in the nearby Amos Draw field, located 3 miles northwest, which has a cumulative production of 2.7 MMBO (million barrels of oil) and 67 Bcf of gas since its discovery in 1982. The Kingsbury Creek field has also produced commercial oil and gas since its discovery in 1968; it is located 1 mile southeast, and has produced 627,000 barrels of oil and 11 Bcf of gas.

The Company's 4.5% NRI share of production for the half year was sold for total net revenues of US$3,234.

In addition to Oriva Deep Federal well No 9-8A, on the basis of 65 hectare (160 acre) spacings, there are an additional 5 Muddy well locations which are able to be developed on the Oriva Federal project.

SKULL CREEK PROJECT, CHEROKEE BASIN, KANSAS, USA

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 Scf/t. The cyclic nature of the deposits makes it possible to intersect multiple coal seams in a single well. The principal CBM target coal seams occur in the Cabaniss and Krebs Formations of the Cherokee Group at depths of approximately 600 metres. The Cherokee Group coals are Pennsylvanian in age and typically of high-volatile A and B bituminous rank.

The Skull Creek project is located in the western portion of the Cherokee Basin of southeast Kansas. The tenement occupies 11,573 net hectares (28,598 acres) in Cowley, Elk and Chautauqua Counties.

The Company has a 50% working interest in the Skull Creek project. No field work was undertaken on the Skull Creek project during the half year ended 30 June 2008 due to a dispute with the Company's joint venture partner. The Company has reviewed the results of work undertaken and the existing data and has not been able to substantiate further expenditure on the project. Subsequent to balance date, the Company has offered its interest in the project to the joint venture partner and has determined to undertake no further work on the project.

AUSTRALIAN OPERATIONS

Following successful completion of ASX listing by Greenpower Energy Limited ('Greenpower') in March 2008 sale of the Company's Australian CBM assets was completed. The Company retains an interest in the future success of the projects through its holding of 12,500,000 shares (19.71% interest) in Greenpower.

OTHER

Callabonna Uranium Limited IPO

As announced on 1 June 2007 the Company has entered into a binding Heads of Agreement with Touchstone Management Pty Ltd ('Touchstone') to form the basis of Callabonna Uranium Limited which is proposed to be listed for quotation by the ASX.

Callabonna's operating activities will be focused on uranium exploration, initially in South Australia and the Northern Territory. In summary, Callabonna has rights to exploration licences with uranium potential totalling approximately 8,835 square kilometres in South Australia and the Northern Territory ('Project Area').

Callabonna's commercial intent and principle business will be the exploration and exploitation of the uranium potential of the Project Area.

Under the proposed IPO, 40.0 million shares will be offered at $0.20 per share to raise $8.0 million with a minimum of $6.0 million and oversubscriptions up to $10.0 million will be considered.

Callabonna has raised $600,000 in seed capital at $0.10 per share to fund an extensive airborne electromagnetic survey to map channels and structure at the Curnamona project located in the Frome Embayment in South Australia.

In addition, vendor consideration has been renegotiated with Touchstone Management Pty Limited ('Touchstone') such that on the basis of an $8.0 million capital raising under the IPO and the conversion of the SK Energy convertible notes to 5.0 million fully paid ordinary shares relevant parties will hold the following interests in Callabonna:

Shareholder Group	Shares	%
Public subscription	40,000,000	41.7
Touchstone shareholding	24,750,000	25.8
Planet Gas shareholding	19,200,000	20.0
Other existing shareholders	12,050,005	12.5
Total	96,000,005	100.0

Planet Gas Limited shareholders will be offered an entitlement to participate in the Callabonna IPO and the Company will hold a substantial investment in Callabonna.

Callabonna Uranium has certain rights to the following uranium exploration licences in South Australia and the Northern Territory.

Tenement	Location	Area (Km²)
EL274/06	South Australia	131.0
EL275/06	South Australia	777.0
EL276/06	South Australia	908.0
EL277/06	South Australia	528.0
EL677/06	South Australia	125.0
EL679/06	South Australia	901.0
EL25956	Northern Territory	957.7
EL25957	Northern Territory	1,624.0
EL25958	Northern Territory	1,546.0
EL26006	Northern Territory	797.3
EL26012	Northern Territory	376.6
EL26040	Northern Territory	163.3
Total		**8,834.9**

All of these areas are considered to be prospective for uranium and will form the basis for Callabonna's exploration activities and IPO.

An aerial electro-magnetic survey has been commenced over Callabonna's South Australian Exploration Licences to locate palaeo-channels which could potentially host sedimentary style uranium deposits.

During the half year Callabonna was granted via its 100% owned subsidiary Callabonna Energy Pty Limited six Geothermal Exploration Licences (GELs 296, 304, 305, 306 and 307) in South Australia, in the north-eastern Curnamona Craton. Potential exists for Callabonna to discover thermal conditions required for geothermal energy production in this area based on its interpretation of the geology of the GELs and the heat flow parameters already established in the region.

Geothermal energy may be extracted from hot rocks at depth by engineering the movement of water through the hot rocks, heating the water, bringing the water to surface, extracting the heat, and thereby driving a turbine to produce electricity. Once established, such a system may produce geothermally generated power for decades.

Tenement	Location	Area (Km²)
GEL296	South Australia	497.0
GEL304	South Australia	497.0
GEL305	South Australia	473.0
GEL306	South Australia	428.0
GEL307	South Australia	481.0
Total		**2,376.0**

Callabonna's initial focus is to explore the Curnamona project located in the Frome Embayment in South Australia. The first stage is underway with an extensive airborne electromagnetic survey being undertaken by to map channels and structure throughout the region with infill in the areas where channels or structure are indicated from previous work. Based on the results from this airborne survey and interpretation of existing data, Callabonna expects to target favourable structural belts and channels for follow up drilling.

During the half year Callabonna secured the support of SK Energy Co. Ltd ('SK Energy') for the IPO. Founded in 1962 as Korea's first oil refiner SK Energy, a subsidiary of SK Holdings, is Korea's largest, and Asia's fourth largest, refiner and is one of the world's leading energy and petrochemical companies with 5,084 employees, US$23.65 billion in sales and 26 offices spanning the globe. SK Energy is one of the most significant enterprises in the Asia Pacific energy marketplace.

Callabonna and SK Energy have entered into a Memorandum of Understanding for SK Australia Pty Limited ('SK Australia'), a subsidiary of SK Energy, to subscribe for convertible notes with a face value totalling $500,000 ('Notes') before the Callabonna IPO. The Notes will:

- convert to 5.0 million fully paid ordinary Callabonna shares if:
  i. the Callabonna IPO raises a minimum of $6.0 million by 31 December 2008; and
  ii. SK Australia subscribes for 10.0 million Callabonna shares under the IPO.

Or

- be redeemed in full if the Callabonna IPO does not raise a minimum of $6.0 million by 31 December 2008 or if Callabonna is subject to an insolvency event.

Or

- be redeemed for a total of $5 if SK Australia does not subscribe for 10.0 million Callabonna shares under the IPO.

In addition, Callabonna will grant SK Energy the right (but not the obligation) to purchase at least 20% of uranium production from mines operated by Callabonna or its subsidiaries at the market price (subject to maintaining a minimum shareholding of 15.0 million shares in Callabonna and any Australian law requirements regarding the export of uranium) and will appoint SK Energy as its exclusive marketing representative for customers and end users located in the Republic of Korea.

Independent expert reports have been completed in anticipation of lodgement of the prospectus with ASIC in the near future.

Appointment of Dr. Richard Haren as General Manager

Dr. Richard Haren has been appointed as General Manager to assist the Board of Directors with the Company's exploration and production activities and the assessment of acquisition opportunities.

Dr. Haren graduated from the University of New South Wales with First Class Honours and was awarded the University Medal in Physics. He has a PhD in Exploration Geophysics and is a corporate member of the Australasian Institute of Mining and Metallurgy, the Society of Exploration Geophysicists and the Australian Society of Exploration Geophysicists.

He has over twenty years of project management experience involving numerous industries including minerals exploration and mining finance and a variety of public and private companies in Australia, Asia, Africa, the C.I.S, North and South America.

Responsibility Statement

The information in this report that relates to exploration results is based on information compiled by Dr. Richard Haren who is a Member of The Australasian Institute of Mining and Metallurgy and who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken 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. Dr. Richard Haren is self employed and has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 15 and forms part of the Directors' Report for the half year ended 30 June 2008.

Signed at Sydney this 5th day of September 2008
in accordance with a resolution of the Board of Directors:

Norman A. Seckold
Director

Peter J. Nightingale
Director

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 review for the six month period ended 30 June 2008, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

S.J. Board
Partner

5 September 2008

PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES

CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2008

	Notes	Consolidated Six Months Ended 30 June 2008 $	Consolidated Six Months Ended 30 June 2007 $
Revenue from sale of coal bed methane		251,854	152,728
Revenue from the sale of oil and gas		4,929	-
Production and transport costs		(239,464)	(364,199)
Administration and consultants' expenses		(272,759)	(412,845)
Depreciation expense		(1,935)	(3,156)
Amortisation expense		(92,771)	(74,784)
Travel expense		(38,945)	(35,206)
Impairment loss	7	(625,000)	-
Write-off of exploration and evaluation expenditure	6	(2,219,453)	-
Share of profit in associate		47,700	-
Other expenses		(39,899)	(41,452)
Results from operating activities		(3,225,743)	(778,914)
Financial income		1,225	28,790
Financial expenses		(55,586)	(116,404)
Net financing expenses		(54,361)	(87,614)
Loss before income tax		(3,280,104)	(866,528)
Income tax expense relating to ordinary activities		-	-
Loss for the period		(3,280,104)	(866,528)
Basic loss per share	5	(1.62) cents	(0.46) cents
Diluted loss per share	5	(1.62) cents	(0.46) cents

PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES

CONSOLIDATED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE HALF YEAR ENDED 30 JUNE 2008

	Consolidated	
	Six Months Ended 30 June 2008 $	**Six Months Ended 30 June 2007 $**
Net change in fair value of available-for-sale financial assets	(625,000)	-
Net change in fair value of available-for-sale financial assets transferred to profit or loss	625,000	-
Foreign exchange translation differences	(1,469,531)	(1,230,317)
Net income recognised directly in equity	(1,469,531)	(1,230,317)
Loss for the period	(3,280,104)	(866,528)
Total recognised income and expense for the period	(4,749,635)	(2,096,845)

Other movements in equity arising from transactions with owners as owners are set out in note 11.

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PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES

CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 JUNE 2008

	Notes	Consolidated 30 June 2008 $	Consolidated 31 December 2007 $
Current assets			
Cash and cash equivalents		12,607	84,485
Trade and other receivables		135,648	99,895
Assets classified as held for sale		-	2,506,609
Total current assets		148,255	2,690,989
Non-current assets			
Property, plant and equipment		15,342,044	16,660,620
Exploration and evaluation expenditure	6	-	2,353,256
Investment	7	1,875,000	-
Investments in equity accounted investees	8	1,107,656	-
Other	9	151,121	1,187,971
Total non-current assets		18,475,821	20,201,847
Total assets		18,624,076	22,892,836
Current liabilities			
Trade and other payables		1,052,119	870,565
Borrowings	10	760,000	250,000
Total current liabilities		1,812,119	1,120,565
Non-current liabilities			
Other payables		1,353,983	1,560,807
Provisions		84,369	88,224
Total non-current liabilities		1,438,352	1,649,031
Total liabilities		3,250,471	2,769,596
Net assets		15,373,605	20,123,240
Equity			
Issued capital	11	28,539,389	28,539,389
Option premium reserve		46,058	46,058
Accumulated losses	12	(8,331,498)	(5,051,394)
Foreign currency translation reserve		(4,880,344)	(3,410,813)
Total equity		15,373,605	20,123,240

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 30 JUNE 2008

	Consolidated	
	Six Months Ended 30 June 2008 $	Six Months Ended 30 June 2007 $
Cash flows from operating activities		
Cash receipts from customers	174,029	181,168
Cash paid to suppliers	(42,278)	(466,276)
Payments for production	(316,555)	(352,602)
Cash applied to operations	(184,804)	(637,710)
Interest received	1,226	19,230
Net cash from operating activities	(183,578)	(618,480)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(37,198)	(210,857)
Cash on disposal of subsidiary	(281)	-
Payments for acquisitions of exploration areas	-	(127,426)
Payments for development expenditure	(349,443)	(937,951)
Payments for capitalised production costs	-	(7,574)
Payments for equity investments	(9,350)	-
Net cash from investing activities	(396,272)	(1,283,808)
Cash flows from financing activities		
Proceeds from issue of shares	-	2,790,000
Costs of share issue	-	(139,500)
Interest paid	(267)	(26,041)
Proceeds from borrowings	510,000	-
Net cash from financing activities	509,733	2,624,459
Net increase/(decrease) in cash and cash equivalents	(70,117)	722,171
Cash and cash equivalents at the beginning of the financial period	84,485	1,065,779
Effect of exchange rate fluctuations on cash held	(1,761)	(6,250)
Cash and cash equivalents at the end of the financial period	12,607	1,781,700

NOTE 1 - REPORTING ENTITY

Planet Gas Limited (the 'Company') is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 30 June 2008 comprises the Company and its subsidiaries (together referred to as the 'Group').

The consolidated annual financial report of the Group as at and for the year ended 31 December 2007 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.planetgas.com.

NOTE 2 - STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 December 2007.

This consolidated interim financial report was approved by the Board of Directors on 5 September 2008.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2007.

NOTE 4 - ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2007.

	Consolidated	
	30 June 2008 $	**30 June 2007 $**
NOTE 5 - LOSS PER SHARE		
Basic loss per share has been calculated using:		
Net loss for the half year	3,280,104	866,528
Weighted average number of ordinary shares	202,384,903	187,700,321

There are no dilutive potential ordinary shares.

NOTE 6 - WRITE OFF – EXPLORATION AND EVALUATION EXPENDITURE

During the half year the directors have written-off the carrying value of exploration and evaluation expenditure totalling $2,219,453 associated with the Company's Skull Creek project due to the inherent uncertainty stemming from the Company's dispute with its joint venture partner as to the extent of work undertaken and the Company's obligations.

	Consolidated	
	30 June 2008 $	**31 December 2007 $**
NOTE 7 - INVESTMENT		
Investment in Greenpower Energy Limited - available for sale	1,875,000	-

As consideration for the Company's Australian CBM operations the Company received 12,500,000 shares in the initial public offering of Greenpower Energy Limited. At 30 June 2008 the director's compared the carrying value of the investment to market value of the investment and impaired the investment given the substantial fall in the value of the shares. This was based on a closing value of 15 cents in Greenpower shares at 30 June 2008.

NOTE 8 - INVESTMENTS IN EQUITY ACCOUNTED INVESTEES		
Callabonna Uranium Limited	1,107,656	-

During the half year the Group the Group acquired a 38% interest in Callabonna Uranium Limited following the issue of 19,200,000 Callabonna shares to the Company on 27 June 2008. Callabonna's principle business along with its subsidiaries will be the exploration and exploitation of exploration licences with uranium potential that Callabonna has been granted.

NOTE 9 - OTHER NON-CURRENT ASSETS		
Security deposits	151,121	157,974
Deferred expenditure – Callabonna Uranium Limited	-	1,029,997
	151,121	1,187,971

NOTE 10 - BORROWINGS		
Other	760,000	250,000

During the half year Norman A. Seckold, a director, advanced $510,000 to the Company to fund ongoing working capital requirements. The loan is interest free and with no set date for repayment.

An Equity Line of Credit Facility established in November 2006 with USA based investment Fund, Cornell Capital Partners, LP remains in place at 30 June 2008 and expires 1 November 2011. The remaining undrawn balance of the facility at 30 June 2008 is A$5.75 million.

NOTE 11 - ISSUED CAPITAL

Fully paid ordinary shares		
202,384,903 (31 December 2007 – 202,384,903) fully paid ordinary shares	28,539,389	28,539,389

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

No shares were issued during the half year ended 30 June 2008.

	Consolidated	
	Six Months Ended 30 June 2008 $	**Six Months Ended 30 June 2007 $**
NOTE 12 - ACCUMULATED LOSSES		
Accumulated losses at the beginning of the half year	5,051,394	3,183,618
Net loss attributable to members of the parent entity	3,280,104	866,528
Accumulated losses at the end of the half year	8,331,498	4,050,146

NOTE 13 - FINANCIAL REPORTING BY SEGMENTS

The Company operates wholly within the mining industry in Australia and the United States.

Geographical Segments	Australia	United States	Consolidated Total
	$	$	$
30 June 2008			
Revenue			
External segment revenue	-	256,783	256,783
Unallocated revenue			1,225
Total revenue			258,008
Result			
Segment result	(633,018)	(2,357,883)	(2,990,902)
Unallocated corporate expenses			(289,202)
Net loss			(3,280,104)
Assets			
Segment assets	2,991,028	15,628,001	18,619,029
Unallocated corporate assets			5,047
			18,624,076
Liabilities			
Segment liabilities	1,172,780	2,077,691	3,250,471

Geographical Segments	**Australia**	**United States**	**Consolidated Total**
	$	**$**	**$**
30 June 2007			
Revenue			
External segment revenue	-	152,728	152,728
Unallocated revenue			28,790
Total revenue			181,518
Result			
Segment result	-	(366,639)	(366,639)
Tax expense			-
Unallocated corporate expenses			(499,889)
Net loss			(866,528)
Assets			
Segment assets	4,493,705	18,413,339	22,907,045
Unallocated corporate assets			7,715
			22,914,760
Liabilities			
Segment liabilities	49,500	2,180,106	2,229,606
Unallocated liabilities			650,418
			2,880,024

Division of the Groups results and assets into geographical segments has been ascertained by direct identification of assets and revenue cost centres. There are no intersegment revenue transactions and the major product is coal bed methane.

NOTE 14 - CONTROLLED ENTITIES

Parent Entity
Planet Gas Limited, a listed public company, incorporated in Australia.

Wholly-Owned Controlled Entities
Pauper's Dream Company, incorporated in the United States of America.
Planet Gas Properties LLC, incorporated in the United States of America.
Planet Gas Resources LLC, incorporated in the United States of America.

During the half year ended 30 June 2008, the Company disposed of Beetaloo Uranium Pty Ltd (formerly Indpro Consulting Pty Limited) as part consideration for 19,200,000 shares in Callabonna Uranium Limited.

There was no effect on the net assets of Group as a result of the disposal and no cash movement.

During the half year ended 30 June 2008, the Company disposed of Davidson Prospecting Pty Limited, Greenpower Energy Pty Limited and Sawells Pty Limited in consideration for 12,500,000 fully paid ordinary shares in Greenpower Energy Limited.

The effect of the disposal was a decrease in the net assets of the Group of $12,352. The net cash outflow on disposal was $181.

DIRECTORS' DECLARATION

In the opinion of the directors of Planet Gas Limited:

(a) the financial statements and notes set out on pages 16 to 24, are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the Group's financial position as at 30 June 2008 and of its performance for the six month period ended on that date; and

 (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* 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.

Signed at Sydney this 5th day of September 2008
in accordance with a resolution of the Board of Directors:

Norman A. Seckold
Director

Peter J. Nightingale
Director

Independent auditor's review report to the members of Planet Gas Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Planet Gas Limited, which comprises the consolidated interim balance sheet as at 30 June 2008, income statement, statement of recognised income and expense and cash flow statement for the half year ended on that date, a description of significant accounting policies and other selected explanatory notes 1 to 14, and the directors' declaration of the Group comprising the Company and the entities it controlled at the interim period's end or from time to time during the interim period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 30 June 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of Planet Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporation Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Planet Gas Limited is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2008 and of its performance for the half year ended on that date; and

b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

SJ Board

S.J. Board
Partner

5 September 2008

CORPORATE DIRECTORY

Directors:

Mr Norman A. Seckold (Chairman)
Mr Peter J. Nightingale (CFO)
Mr Robert M. Bell
Mr Anthony J. McClure
Mr Anthony J. McDonald

General Manager:

Dr. Richard Haren

Company Secretary:

Mr Peter J. Nightingale

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