

30 April 2004

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

(4 pages by email)

Dear Madam

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
31 MARCH 2004**

1. QUARTERLY HIGHLIGHTS

Corporate

- Successful completion of the Company's Initial Public Offer.
- IPO raised \$15 million for the issue of 75 million shares.
- ASX listing on 11 March 2004.

USA

- Western Gas and Kennedy Oil complete their 20 well drilling programs.
- Kennedy Oil commences dewatering of their 12 wells.
- Initial gas production predicted by Kennedy Oil in the September 2004 quarter.

Australia

- Numerous favourable CBM areas identified in the Gippsland Basin.
- Applications for 171,600 hectares of additional tenements.

2. CORPORATE

Planet Gas Limited ('Planet Gas' or 'the Company') successfully completed its initial public offering and application for official quotation by the Australian Stock Exchange Limited ('ASX') during the quarter ended 31 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.

3. USA OPERATIONS

The Company has the rights to the Esponda Project which covers 5,232 hectares (12,929 acres) in the 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 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.

The Company's leases, which are located in Johnson County to the east of Buffalo and situated to the west of the main coal bed methane ('CBM') producing region centred on Gillette in the northeast of Wyoming, are known to overlie Wasatch and Fort Union Formation coals including the Felix, Bull Creek and Big George seams. These coals are producers of CBM throughout the Powder River Basin.

Under two separate arrangements, the eastern blocks, covering approximately 13% of the Company's Esponda Project, are being drilled by the Company's partners, Western Gas Resources Inc ('Western Gas') and Kennedy Oil.

3.1 ESPONDA PROJECT, POWDER RIVER BASIN WYOMING, USA

During the quarter ended 31 March 2004, drilling programs were completed by the Company's two joint venture partners on the Eastern Esponda block. Kennedy Oil completed the twelfth of its wells, whilst Western Gas spudded the eighth of its wells which are a part of a much larger Western Gas program.

All wells have been completed as future production wells. Two completion methods, conventional and top-setting, both of which are successfully employed throughout the Powder River Basin, have been used.

Kennedy Oil has completed the wells conventionally where the entire productive zone is penetrated, steel casing is cemented in place, and selective zones are perforated and water enhanced prior to gas recovery.

Western Gas has completed the wells by top-setting where 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, and gas recovery is via open hole.

During the quarter, Kennedy Oil completed the final well perforations and water enhancements, in-field gas and water gathering systems, electrical distribution and pump installations and water retention ponds for dewatering. The initial dewatering of the Big George commenced in mid April and, subject to the dewatering program, initial gas recovery is anticipated late in the September 2004 quarter.

Kennedy Oil is currently finalising a gas compression contract in preparation for the commencement of production. A disused oil pipeline which runs through the Esponda Project will be converted to transport the CBM. By using this existing pipeline, only 6 kilometres of additional pipeline will have to be completed before entering Fort Union Gas Gathering LLC's gas lines thence to US markets.

Western Gas has one remaining well to under-ream before all of the Company's wells are fully finalised, and has staked dozens of offsetting wells. Indications are that Western Gas' additional drilling, in-field gathering and production/dewatering activities on the Company's Esponda Project may be completed in the September 2004 quarter.

The Company plans to drill up to six stratigraphic wells (5,500 metres) on its remaining Esponda (West) leasehold in the Powder River Basin commencing during the next quarter. Once this data is obtained a development drilling plan will be lodged with the appropriate State governmental agencies for their approvals. Within the remaining acreage approximately one hundred well sites may be drilled under current well spacing orders.

4. AUSTRALIAN OPERATIONS

Planet Gas has acquired the rights to several 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.

In the Gippsland Basin, after the completion of data compilation, the Company plans the drilling of up to eight 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.

The Planet Gas projects in the Otway Basin of Victoria, the Eromanga and Willochra Basins of South Australia and the Gunnedah Basin of New South Wales are relatively early stage exploration projects. The Company will continue its data collation program leading to the development of initial exploration programs which may include the drilling of appraisal wells.

4.1 GIPPSLAND BASIN

Since completion of the Company's IPO and ASX listing, Planet Gas has focused on its Gippsland Basin tenure to determine drill sites for its initial coal bed methane pilot(s). The primary objective of the Gippsland data review has been to cull a working database from an enormous dataset consisting of coal, petroleum, extractive, minerals, groundwater, and engineering bores, and the historic coal mining records housed within the Victorian archives. With over 6,200 bores extracted from the Warburton, Warragul and Melbourne 250,000 Map Sheets within the Gippsland Project Area, a culled dataset with specific search parameters has been extracted. While returning less than three hundred bores (67,000 metres) this geological database spans over a hundred years of exploration and mining activity through the surrounding environs. A surprising result is the paucity of geophysical logging of the bores in spite of the plethora of lithological data. If this initial indication of available geophysical logging persists, it will necessitate the completion of a modest drilling program to establish a regional geophysical framework.

Planet Gas is finalising its initial drilling plans for selected areas in the Gippsland Basin prior to submitting its Work Plan to the Victorian Department of Primary Industries. Approval is not expected to be a prolonged process and drilling is anticipated to commence in the September 2004 quarter.

Planet Gas, through its wholly-owned subsidiary Greenpower Energy Pty Ltd, has expanded its Victorian tenements in the Gippsland Basin with the addition of seven Exploration Licence Applications (ELAs) comprising approximately 69,400 hectares, as well as one ELA in the Otway Basin comprising approximately 102,200 hectares.

For further information, contact Norman Seckold, Bruce Riederer or Peter Nightingale on (61-2) 92475112.

Yours sincerely

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

Peter J. Nightingale
Director

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