

31 October 2005

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

(10 pages by email)

Dear Madam

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
30 SEPTEMBER 2005**

1. QUARTERLY HIGHLIGHTS

USA

- Commencement of drilling West Esponda Pilot Production Program.
- Further strategic acquisitions at West Esponda.
- Initial gas flows reported from East Esponda.
- Oriva CBM production of 28,939 Mcf (17,581 Mcf NRI) despite effect of well shut-ins.
- Average CBM sale price received was US\$7.71 per Mcf.
- New compressor installed at the Oriva Project.
- Various Oriva Federal permit approvals received.
- US\$7.5 million funding proposal.

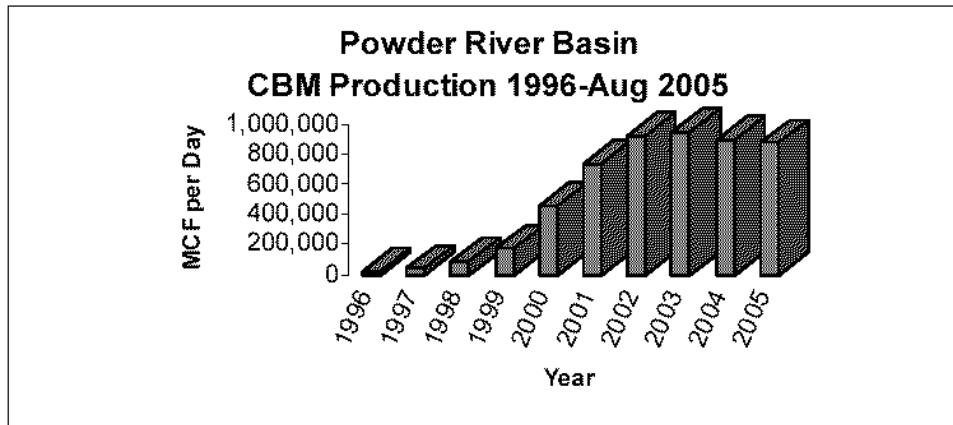
AUSTRALIA

- Tenements granted and further applications made.

2. USA OPERATIONS

2.1 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 (see graph below) with production today of around 900 million cubic feet per day from over 10,000 producing wells.



2.1.1 WEST ESPONDA

The West Esponda Project lies near the Powder River Basin's asymmetric structural axis, and 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.

Total coal isopach mapping of this sparsely drilled area of the deep Powder River Basin estimates between 20 to 45 metres of coal is present. This estimate is supported by results from the stratigraphic drilling program which was completed by the Company at West Esponda late last year 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.

The West Esponda project totals 5,850 net hectares and has the capacity for approximately 230 wells on the state mandated 32 hectare (80 acre) spacing.

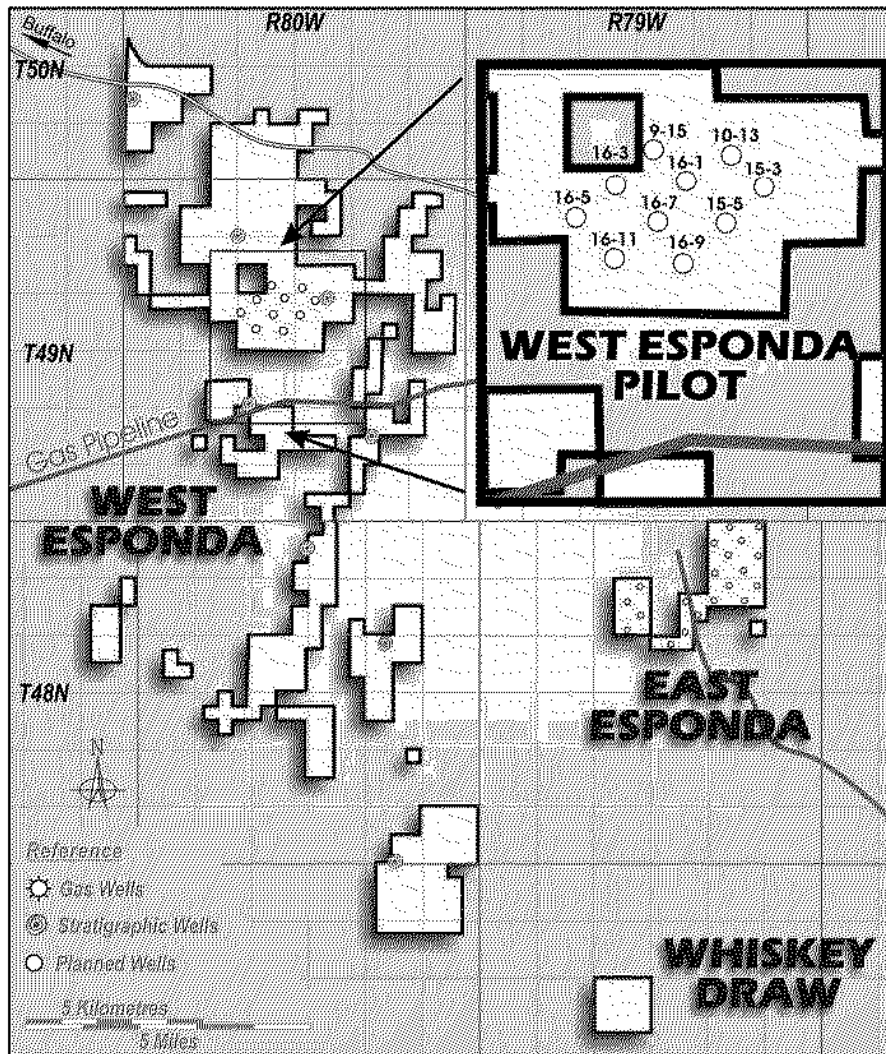
Pilot Production Program

The Company's first stage of commercialisation of the West Esponda project has been initiated with the commencement of drilling at its West Esponda project area, a major Company asset. This northern portion of the West Esponda project has approximately 88 contiguous or near contiguous well locations.

The pilot production program, which comprises ten wells drilled in a staggered offset pattern, will total approximately 6,700 metres of drilling and is centred on the State lease which was acquired in October 2004 as part of the continued program of area consolidation of the Company's lease package. All ten wells will be drilled in a continuous program, by the contractor Kid Pronghorn Enterprises Inc of Sheridan, Wyoming. As with our prior stratigraphic drill program, on-site supervision will be carried out by Goolsby Finley and Associates of Casper Wyoming.

All wells will be fully cased on drilling and contemporaneously in-field reticulation will be completed. At the end of the program, cleanup and perforation will be carried out. A generator to power in-well pumps has been sourced.

There is an under-utilised high pressure gas pipeline, operated by Western Gas Inc, passing approximately 2.5 kilometres to the south of the pilot program area.



The sole focus of the pilot program will be the Big George formation. Last year's stratigraphic drilling indicated the Big George coal seam intervals were between 17 to 22 metres. Additionally coals of 17 to 24 metres in total thickness overly the Big George. 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. Also the stratigraphic program intersected deeper coal units which will be valid targets for the future.

The Pilot will not only test the most westerly extensions of the Big George 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.

The estimated cost to drill and complete the ten wells is US\$2.0 million with a projected monthly operating cost of US\$33,000.

Acquisitions

The Company has continued its tenure consolidation in the West Esponda leasehold in Townships 48N and 49N, Ranges 80W with the acquisition of three freehold tenements totalling 412 net hectares (1,018 acres) and two State of Wyoming leases totalling 518 net hectares (1,280 acres). These acquisitions, which are contiguous with the Company's existing tenements and cost US\$152,381, are strategic as more efficient methods of producing the reservoir can be accomplished. It should be noted that a recent (October 2004) state lease acquisition is currently being utilised in the pilot production program to site its primary facilities.

2.1.2 EAST ESPONDA

Under two separate arrangements, the East Esponda Project, covering 469 net hectares (1,160 acres) is being developed by the Company's partners, Western Gas Resources Inc ('Western Gas') and Kennedy Oil.

The drilling programs have been completed by the Company's two joint venture partners with Kennedy Oil completing twelve wells in its Big Cat field and Western Gas completing eight wells. All wells have been completed as future production wells.

Western Gas has informed the Company that the necessary permits to commence production activities cleared the public comment process and Western Gas awaits for a water discharge permit and pipeline and water treatment facility construction permit to be granted by the Wyoming Department of Environmental Quality ('WDEQ'). Upon receipt of these permits, Western Gas will commence construction of approximately 15 miles of water discharge pipeline and a water treatment facility followed by the commencement of production.

The remaining East Esponda tenements, developed by Kennedy Oil at its Big Cat CBM field, continue in a dewatering phase with two areas reporting initial gas flows totalling 130 Mcf per day.

The previously announced East Esponda gas in place resource estimate is unchanged. Kennedy Oil, who as the operator and is sole funding these wells (to be repaid from production), has been provided with recommendations from Planet's consultants, CBM Engineering International, with a view to expediting commercial gas production from the Big Cat Field.

During the September 2005 quarter, Kennedy Oil engaged Cedit Suisse First Boston as its exclusive financial advisor to assist it with the possible sale of the Kennedy Oil assets in the State of Wyoming. Since that time there has been minimal communication from the operator regarding their plans to act on the recommendations outlined above.

2.1.3 ORIVA PROJECT

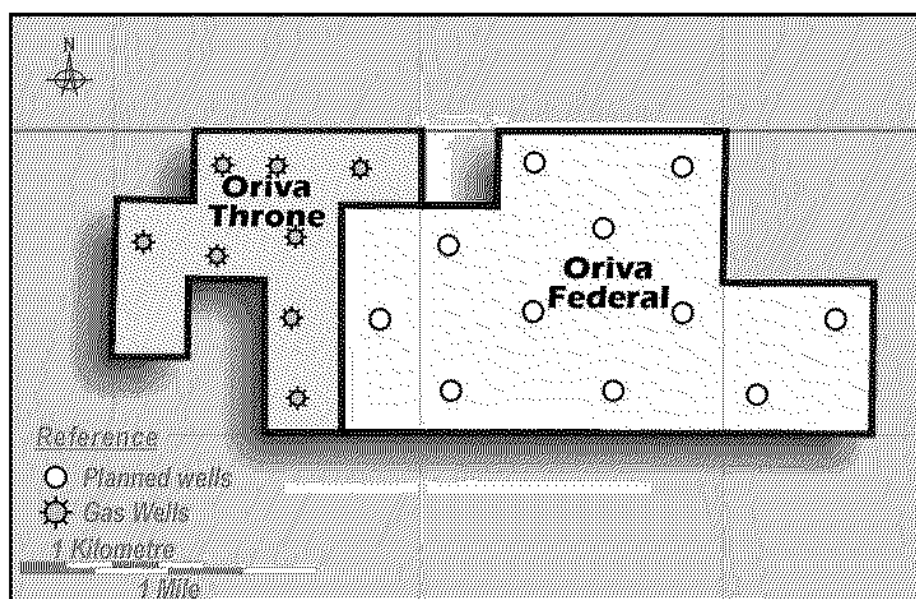
The Oriva Project comprises two project areas, Oriva Throne which is in production and Oriva Federal which is in the permitting phase. The Oriva Project is located approximately 21 kilometres west of Gillette, Wyoming, and totals 505 net hectares (1,248 acres) in Sections 8, 9 and 10, Township 50 North, 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 - 300 metres), Canyon/Cook and Wall seams (depths 300 - 500 metres). In addition to these primary coal bed targets, there are two deeper seams, Moyer & Danner at depths of approximately 750 metres.

The Company's interest in Oriva Throne is a 75.975% Working Interest (60.78% Net Revenue Interest). The Oriva Throne leasehold interest is subject to a 20% land/mineral owner royalty.

The Company's interest in Oriva Federal is a 100% Working Interest (85.5% Net Revenue Interest) and subject to a 12.5% mineral owner royalty and a 2% overriding royalty.

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 Production

Oriva Throne is operated by Emerald Operating Company and Rocky Mountain Exploration of Denver, Colorado ('EOC-RMEI') which holds the remaining 24.025% Working Interest (19.25% Net Revenue Interest) in Oriva Throne.

Production at Oriva Throne is from 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. In addition there are 3 'exception location' wells completed in the Wall seam during the June 2005 quarter that are presently in an early dewatering stage.

The existing blower has been replaced with a new screw compressor. This new screw compressor will provide a greater operating volume and pressure range than the previous blower. The effect of this will be to reduce and maintain lower wellhead pressures, thus reducing bottom hole pressure and thereby increasing daily gas volumes. Since the installation completion in mid-October, the well field is currently undergoing well head maintenance, and well cleanouts with several wells having had their producing water levels lowered.

Additionally the WDEQ approved EOC-RMEI's major modification to its current water discharge permit which effectively doubles the water volume for treatment and discharge.

CBM production for the September 2005 quarter was as follows:

Coal Seam	CBM Production (Mcf)	Net Revenue Interest (Mcf)
Anderson	26,854	16,314
Felix	1,902	1,155
Wall	184	112
Total	28,939	17,581

The Company's NRI share of production was sold for an average of US\$7.71 per Mcf for total net revenues of US\$135,552 and the Company's share of operating costs totalled US\$119,004.

Oriva Federal

The Oriva Federal project will develop eleven pad sites on the State mandated 32 hectare well spacing with three CBM production wells on each pad.

Documentation supporting the Company's Plan of Development ('POD') application has been submitted to the Federal Bureau of Land Management's Buffalo Field Office (BLM-BFO). The BLM-BFO has accepted the application as complete and it is in a queue to be assigned to a Natural Resource Specialist team that conducts the actual review of the POD and recommends its approval.

Although the Company's Water Management Plan will provide for standard CBM style reservoirs either along or in ephemeral channels, the project has been 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. The Company's plan to fully contain its water production should be reviewed favourably during the Federal permitting process.

In spite of the backlog at the Federal level, there has been progress with the ancillary permits with approvals at various State levels and solutions to production issues:

Wyoming Office of State Lands preliminary approval for power line easement has been received.

Wyoming State Engineer's Office approval to construct five On-channel reservoirs for water management with a total capacity of 78,622 m³ (63.74 acre-feet) has been received.

The WDEQ has determined that ground water compliance monitoring sites will not be required at the five On-channel and five of the six Off-channel impoundments. Negotiations are pending for the single remaining impoundment.

Powder River Energy Corporation's Master Service Agreement has been executed to supply electrical power. Two service drops at 480 V and 4180 V will be provided with a contracted capacity of 650 kVa.

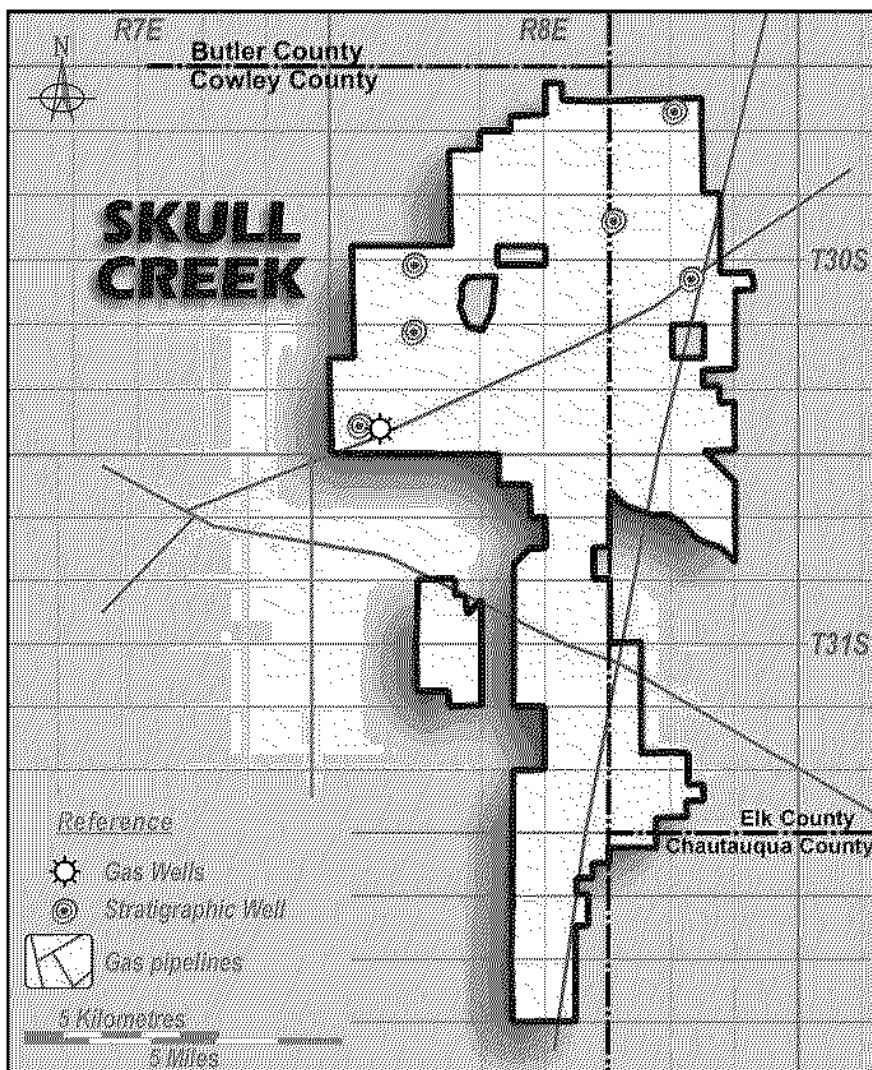
Discussions with two major natural gas pipeline companies for the transportation of gas to market have begun.

2.2 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 standard cubic feet per tonne. The principal CBM target coal seams occur in the Cabaniss and Krebs Formations of the Cherokee Group at depths of approximately 600 metres.

2.2.1 SKULL CREEK PROJECT

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 near existing infrastructure and within a receptive State regulatory regime.



The Cherokee Group coals are Pennsylvanian in age and typically of high-volatile A and B bituminous rank. The Cherokee Basin contains nearly two dozen coals with thicknesses up to 9 metres but more typically up to 4 metres with gas contents ranging from 150 to 375 standard cubic feet per ton. The cyclic nature of the deposits makes it possible to intersect multiple coal seams in a single well. The major Cherokee Group coal beds make up the largest portion of this resource and include the "Aw", Bevier, Mineral, Riverton and Weir-Pittsburg coals. The Weir-Pittsburg seam has been actively mined by both open pit and underground methods in southeast Kansas since the 1900s. With the exception of the Weir-Pittsburg coal these as well as the "Bw", Drywood and Tebo coals are present within the Skull Creek prospect.

The leases are not restricted to CBM, but convey all oil and gas rights to the Company. Conventional oil and gas targets may also exist in the Skull Creek Project and will be evaluated during all drilling operations. Underlying the region are Mississippian and Ordovician aged carbonates that yield conventional hydrocarbons. Also, the Ordovician sediments serve as a water disposal zone for co-produced coalbed methane water. Additional conventional hydrocarbon occurrences in the overlying strata of the Kansas City-Lancing Group are potential targets.

Although delayed by high precipitation caused by severe storms flowing northward from the Gulf of Mexico, the FR 11-31 well, originally cored under the Company's stratigraphic drilling program, is currently undergoing initial production testing. The first of multiple zones being tested is the Tebo B at a depth 844 metres (2,768 feet). An overall testing period of several months is anticipated before a final decision to drill and complete additional production wells can be made.

3. AUSTRALIAN OPERATIONS

The Company holds rights to 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. The Company continues its data collation program leading to the development of initial exploration programs, the most advanced being in the Gippsland Basin. In addition, the Company continues its appraisal program of potential CBM prospects in Australia.

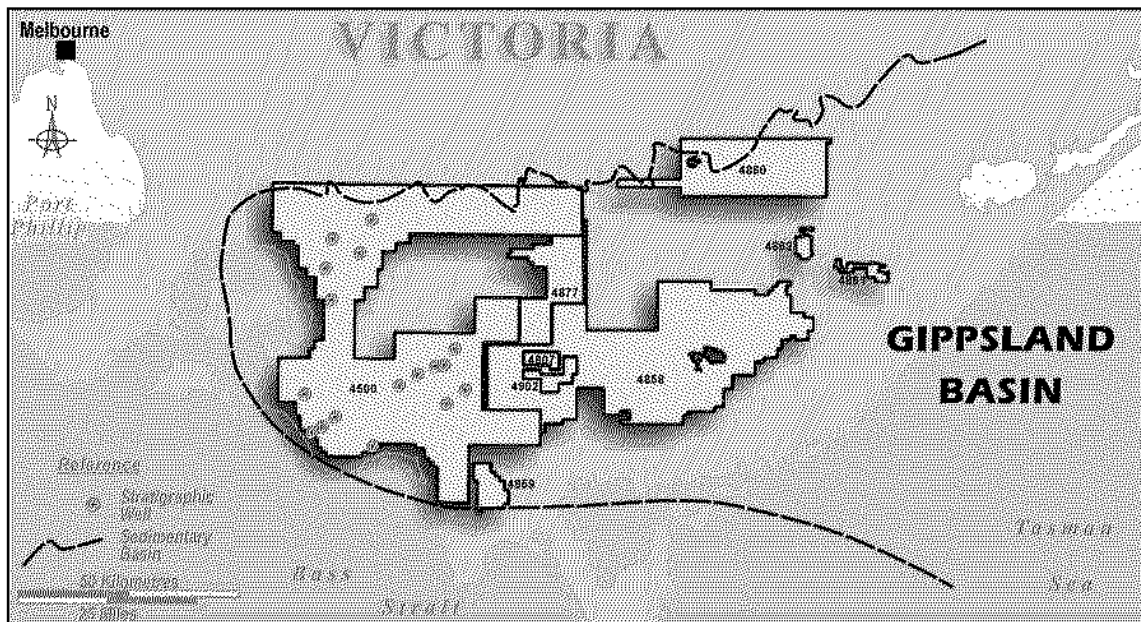
3.1 GIPPSLAND BASIN

The Gippsland Basin Project is located to the southeast of metropolitan Melbourne between Dandenong, Wonthaggi, Leongatha and Moe.

The CBM potential in the Gippsland Basin occurs in the black coals of the Early Cretaceous Strzelecki Group. The Gippsland Basin is a complex rift basin system with the northeast trending structural lineaments composed of anticlines, synclines, monoclines, extensional and compressional faults.

During the September 2005 quarter, two tenements, ELs 4860 and 4877, totalling approximately 658 km² have been granted in the greater Gippsland Basin Victoria and two other applications, ELAs 4858 and 4902, totalling approximately 1,150 km² are pending. The Company's existing tenements including applications total approximately 4,376 km².

The Company's research indicates that there exist regionally deep black coals at depths similar to the San Juan Basin New Mexico USA. These seams cumulatively total thirty percent of a 75 metre interval. The Company's acquisition strategy in Gippsland is based on this premise.



Rig availability continues to be very limited due to the overall robust natural resource sector throughout the country which thwarts the Company's ability in securing a suitable drilling/coring contractor to further its approved Victorian Stratigraphic Work Plan.

The Company's plan is to complete a desorption core hole to evaluate the gas contents of the black coals of the Strzelecki Group. The continued interpretation of the initial borehole data completed earlier in the year further encourages the Company's outlook for its Gippsland Basin project.

4. CORPORATE

Subsequent to the end of the September quarter, the Company committed to complete a US\$7.5 million debt and hedging facility ('Facility') with Macquarie Bank Limited ('MBL').

Documentation for the Facility is currently being finalised with the following principal terms:

Facility Amount:	US\$7.5 million in 3 tranches (US\$2.0 million, US\$4.5 million and US\$1.0 million).
Purpose:	To finance the acquisition and development and to hedge associated gas price risk of the of the Company's coal bed methane interests in the USA.
Debt Repayment:	Commencing 12 months from closing in quarterly instalments and with a final maturity date 4 years from closing.
Hedging:	A minimum of 75% of forecast net gas production from PDP reserves will be hedged for the term of the debt plus 1 year.

Option Issue:

The Company will issue MBL the following options, each to acquire one fully paid ordinary share at 27.5 cents per share at any time up to 5 years from the date of issue:

- 25,320,000 options to be issued at closing;
- 4,680,000 options to be issued within 6 months of closing; and
- 5,000,000 options on the drawdown of the third tranche.

The Facility will provide the Company with the capacity to aggressively continue its acquisition of strategic USA based properties and will fund the on-going development of the Oriva Throne and Oriva Federal properties and to further develop the Esponda and Skull Creek properties.

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

pjn3238