



ABN 46 098 952 035

26 April 2007

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

(9 pages by email)

Dear Madam

REPORT ON ACTIVITIES FOR THE QUARTER ENDED 31 MARCH 2007

1. QUARTERLY ACTIVITY SUMMARY

- West Esponda project tenement interest increased by 3,185 net hectares (41%) to 10,984 net hectares.
- West Esponda net GIP resources increased by 72.5 Bcf (71%) to 173.8 Bcf.
- West Esponda pilot production program dewatering continues.
- Gas production (not yet commercial quantities) reported at East Esponda.
- Gas production from the Wall seam at Oriva Throne beginning to increase.
- Oriva Federal conventional oil and gas well completed and tied into production pipelines.
- Spacing for further conventional oil and gas wells at Oriva Federal.

2. 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 current production steadily above 900 million cubic feet per day from over 10,000 producing wells.

2.1 WEST ESPONDA

The West Esponda 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.

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.

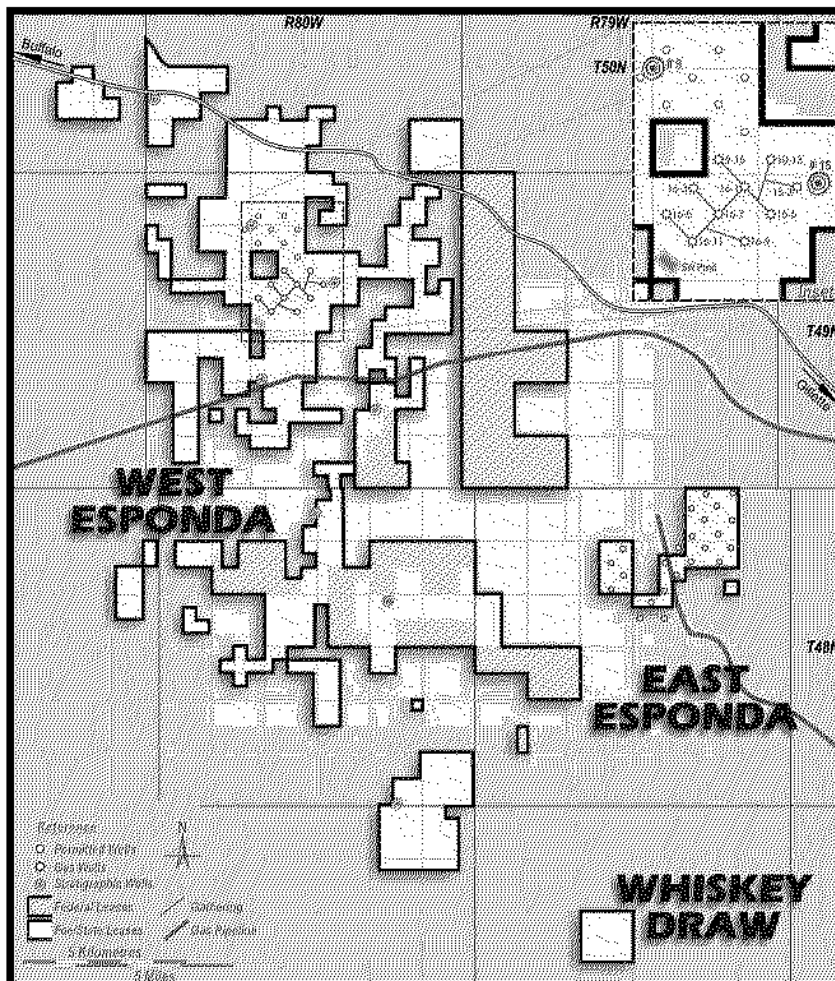
2.1.1 Acquisitions

During the March 2007 quarter, the Company increased its interest in West Esponda project tenement holdings by 3,185 net hectares (7,871 acres), or approximately 41%.

Ten Federal mineral leases totalling 3,153 net hectares (7,791 acres) have been conveyed from Lance Oil and Gas, a subsidiary of Western Gas Resources-Anadarko to the Company. Completion of transfer of ownership is subject to a procedural registration process.

The new leases, shown as Federal Leases in the map below, are situated either adjoining or within a kilometre of the Company's West Esponda tenements in Townships 48 and 49 North, Ranges 79 and 80 West, Johnson County.

These leases are not restricted to CBM, but, like the Company's Oriva Federal project which is currently developing a conventional oil and gas project, convey all oil and gas rights to the Company. While the primary CBM target is the Big George Seam at depths of approximately 600 metres, conventional oil and gas prospects to depths greater than 2,500 meters are being evaluated.



Federal leases carry a 12.5% Federal royalty and these new leases also have an additional 5.5% to 7.5% overriding royalty payable. Thus, the Company's net revenue interest in these leases ranges between 80% and 82% and averages 80.9%.

Federal leases have a primary term of ten years which is extended so long as the leases are subject to production activity. The current status of these leases is complex with some having two years of the primary term remaining, others being held in a suspended status by the Federal Bureau of Land Management which require the initiation of a Plan of Development (POD) permitting process to maintain this abeyance and others which are held by production.

In addition to the 10 Federal mineral leases, the Company further consolidated a minority freehold interest within the Esponda leasehold during the March 2007 quarter. This lease comprised 32 net hectares (80 acres).

The Company continues its review of select areas for tenure consolidation in the West Esponda leasehold. To date the West Esponda Project area consists of freehold CBM leases, State of Wyoming and Federal leases totalling 10,984 net hectares (21,143 acres). Both the State and Federal leases convey conventional oil and gas interests in addition to CBM.

The Company's continuing acquisition program is both strategic by increasing the Company's net gas resource potential as well as practical as more efficient methods of producing the reservoir may be accomplished through a more consolidated leasehold position.

2.1.2 Gas-In-Place Resources

A Gas-In-Place ('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 resources:

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

This resource estimation was completed by Dr. Jimmy Goolsby of Goolsby, Finley & Associates ('GFA') of Casper Wyoming who are considered to be pre-eminent authorities on the CBM geology of the Powder River Basin, providing consulting services to the State's leading CBM producers and developers. Additionally, the State of Wyoming retained GFA to conduct a study of the CBM reserve potential of the Powder River Basin.

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 standard cubic feet per ton depending on each coal seam's depth. The gas content factor is an estimation based on a published study by GFA completed on behalf of the State of Wyoming.

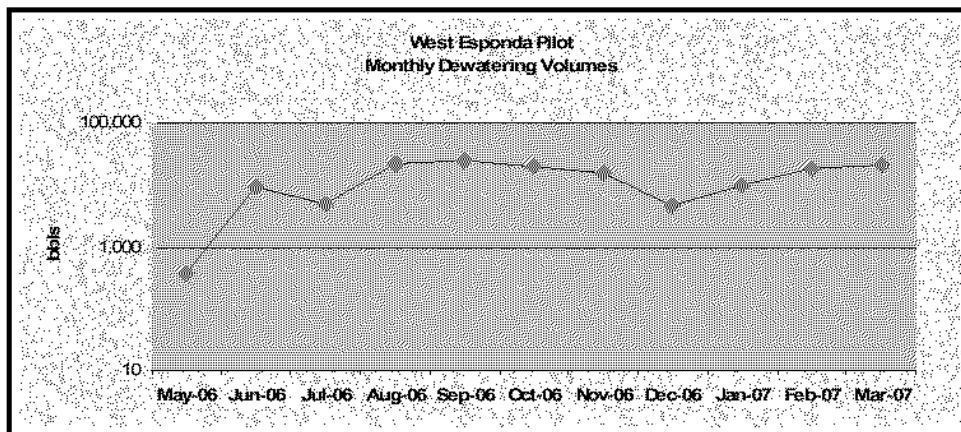
2.1.3 Esponda Federal Permitting

The Company is required by the Federal Bureau of Land Management's Buffalo Field Office ('BLM-BFO') to develop a Plan of Development ('POD') to conduct CBM operations on its Federal lease interests. Approximately 125 CBM production wells are able to be developed on the new Federal lease interests based on the State mandated 32 hectare drill spacing units.

To meet the specific requirements of the POD process, the Company has initiated the requisite long lead items for the POD with seasonal wildlife surveys commencing in the northern hemisphere spring. Additional studies for archaeological and cultural heritage and the development of a Water Management Plan to contain the water generated from its well dewatering program are being planned. The BLM-BFO may place certain restrictions on the Company's ground disturbing activities during the spring breeding time.

2.1.4 Pilot Production Program

During the March 2007 quarter, the 10 well pilot production program in the northern portion of the West Esponda project continued its dewatering period. The effects of Wyoming's extreme weather are seen in the table below with the loss of production due to two extended periods of subzero temperatures causing the generator's diesel fuel to 'gel' and the water outfall to freeze solid. During the shutdown due to the weather, 8 wells were reworked and production has resumed.



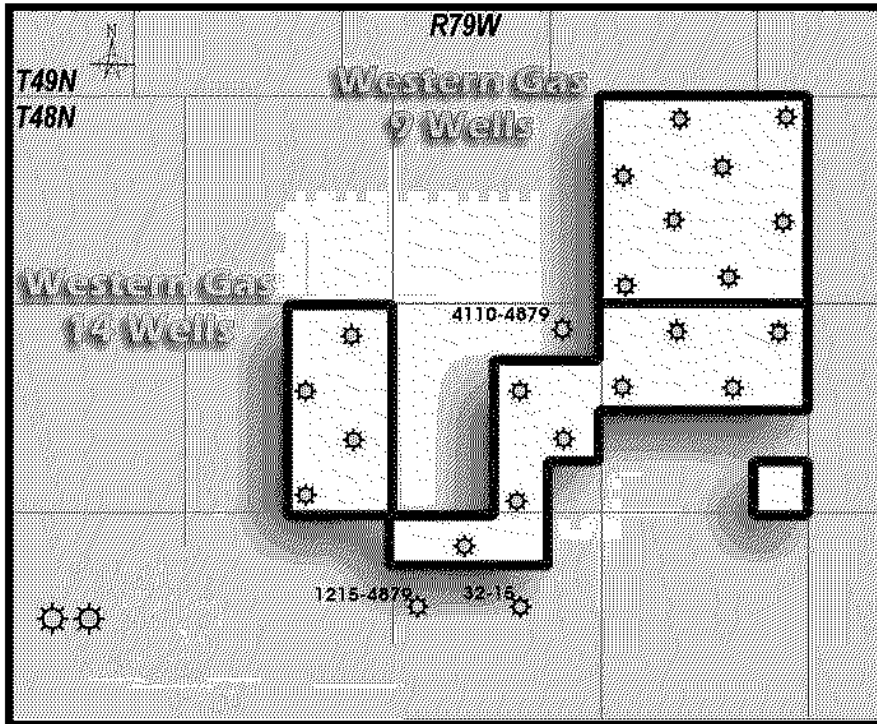
Located in the northern portion of the West Esponda project there are approximately 106 contiguous or near contiguous well locations, including the 10 completed pilot production program wells. The wells in the pilot production program were completed in a staggered offset pattern on the State's mandated 32 hectare spacing.

The sole focus of the pilot production program is CBM production from the Big George coal seam. Last year's stratigraphic drilling indicated the Big George coal seam intervals at the West Esponda project were between 17 to 22 metres. These results have been confirmed by the 10 pilot production wells. Additionally 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. Also the stratigraphic program intersected deeper coal units which will be valid targets for future development.

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.

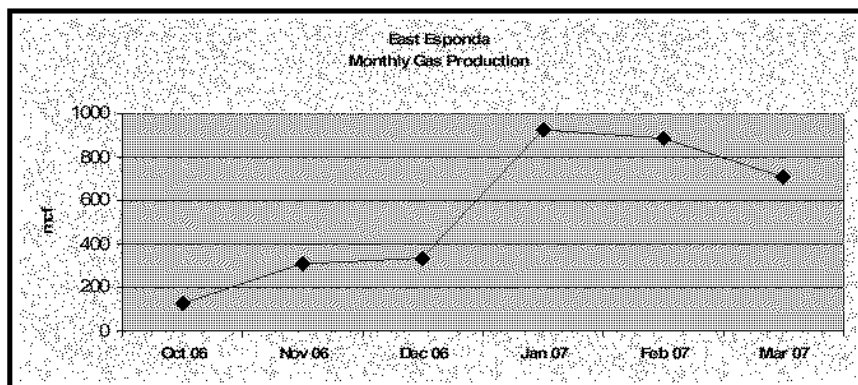
2.2 EAST ESPONDA

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.



The Company's East Esponda project is situated in the Western Gas Indian Creek-Big Cat fields. Since the commencement of dewatering, production ranging between ~200 to +1,000 barrels water per day per well (bwpd/well) have been produced.

Of the 12 wells in Sections 2 and 9 of this area, a varying 5 or 6 wells are now contributing to early gas production, as tabulated below, however no saleable gas quantities are yet being produced.



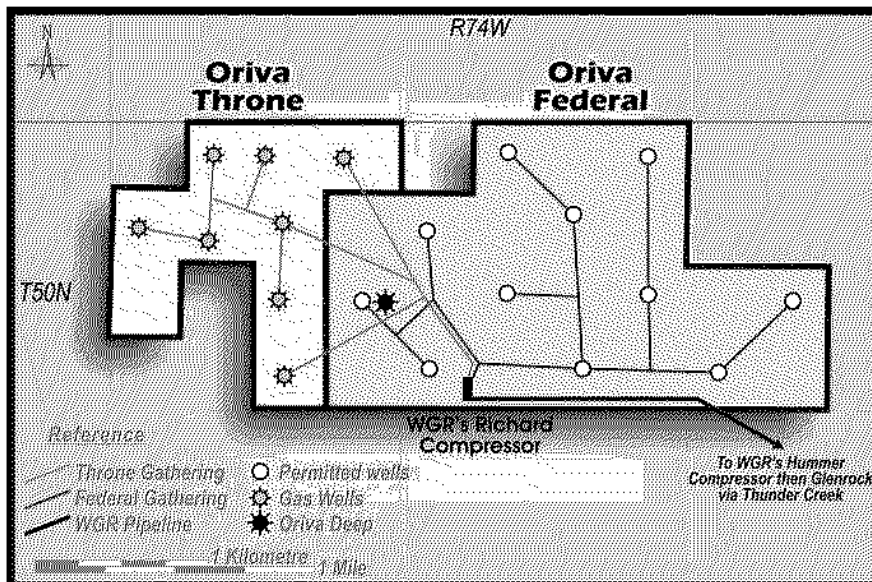
2.3 ORIVA PROJECT

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 (60.75% 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.



2.3.1 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, 3 'exception location' wells have been completed in the Wall seam.

CBM production for the March 2007 quarter was as follows:

Coal Seam	CBM Production (Mcf)	Net Revenue Interest (Mcf)
Anderson	17,659	10,728
Felix	3,499	2,126
Wall	1,278	776
Total	22,436	13,630

The Company's NRI share of production was sold for an average of US\$5.77 per Mcf for total net revenues of US\$78,662.

2.3.2 Oriva Federal

The Oriva Federal leasehold is located approximately 21 kilometres west of Gillette, Wyoming, and totals 359 net hectares (887 acres) in Sections 8, 9 and 10, Township 50 North, Range 74 West, Campbell County. This leasehold is the undrilled portion of the Company's CBM Oriva Project development, totalling 505 net hectares (1,248 acres).

2.3.3 Oriva Federal CBM

The 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 for gas and water gathering 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.

2.3.4 Oriva Federal Conventional Oil and Gas

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 has been advised by the Operator, Carpenter & Sons and North Finn (C&S-NF) of Casper Wyoming, that production testing initially commenced before the Oriva Deep Federal No 9-8A well had been tied into an existing Western Gas-Anadarko pipeline which is less than 1.6 kilometres (1 mile) from the well. Western Gas-Anadarko are responsible for the pipeline tie-in which was delayed due to a heavy spring snowstorm with overnight accumulations in excess of 63 centimetres and drifts to 2 metres.

Western Gas-Anadarko has advised the Operator that it will restrict the daily gas production to its compressor due to the high pipeline pressure that the Oriva Deep Federal No 9-8A is delivering. The Operator is evaluating piping alternatives and will continue its production testing.

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

Under the terms of the Conventional Oil and Gas Farmout Agreement, C&S-NF, as Operator, will earn an 81% Net Revenue Interest to conventional oil and gas (not coalbed methane which is retained by the Company) 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.

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.

3. 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.

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.

3.1 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 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 is 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.

Field activities have been temporarily suspended due to the termination by the Company of the third party operator. The Company expects to resume field activities during the second quarter 2007. Dewatering of the Cherokee coals will recommence with an overall testing period of several months being anticipated before a final decision to drill and complete additional production wells will be made.

4. 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 further exploration programs in Victoria. Work programs have been prepared for ELs 4807, 4859, 4860, 4861, 4862 and 4877 in the Gippsland Basin and EL4811 in the Otway Basin. In addition, the Company continues its appraisal program of other potential CBM prospects in Australia.

No field activities were undertaken in the March quarter with the Company's focus on its Powder River Basin projects.

5. OTHER

The information in this report that relates to exploration results is based on information compiled by Bruce F. Riederer, Executive Director of Exploration and Development of Planet Gas Limited and supervised 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.

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

Yours sincerely



Peter J. Nightingale
Director

pjn3849