

30 July 2008

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 JUNE 2008**

1. QUARTERLY ACTIVITY SUMMARY

- Oriva Federal Farmout Agreement signed.
- Strong increases in \$/Mcf being received from gas sales at Oriva Throne.
- Callabonna Uranium Limited IPO advanced and supported by SK Energy Co. Limited.

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.

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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.

The West Esponda project totals 11,586 net hectares (28,629 acres) and has the capacity for approximately 400 wells on the state mandated 32 hectare (80 acre) drill spacing units.

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 106 contiguous or near contiguous well locations. To date, 10 wells have been completed in a pilot production program with an addition 8 production wells in an extension program having been drilled.

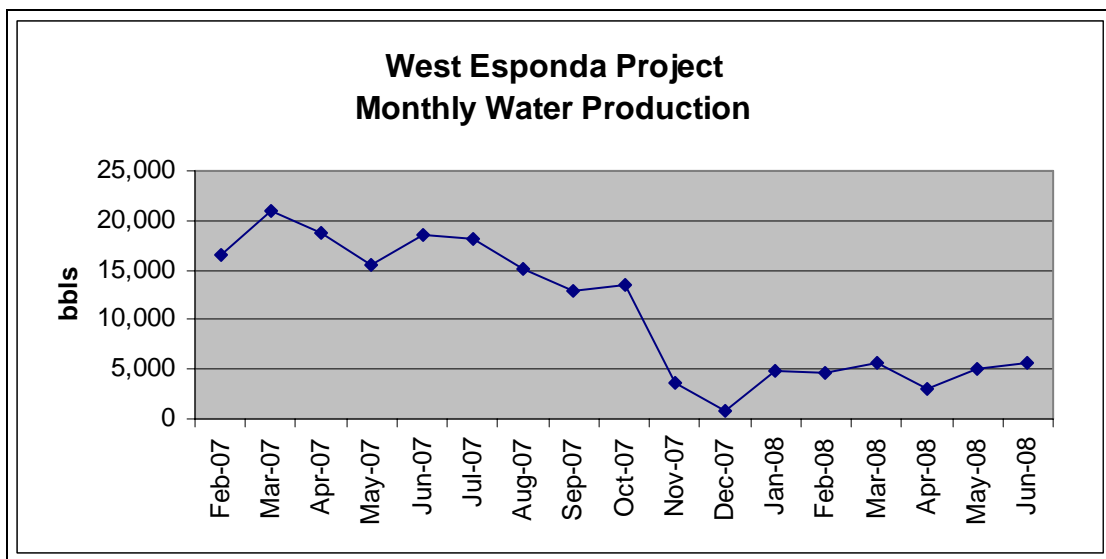


2.1.1 Pilot Production Program

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

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.

During the June 2008 quarter, the 10 well pilot production program in the northern portion of the West Esponda project continued its dewatering period.



In addition, an extension program comprising 8 wells has been drilled immediately northwest of the existing 10 well pilot production program at West Esponda. All wells have been fully cased on reaching total depth and well completions, including downhole cleanup, seam perforations, formation enhancement, pump installation, and in-field reticulation is to be completed to commence a dewatering program from these wells.

2.1.2 West Esponda Permitting

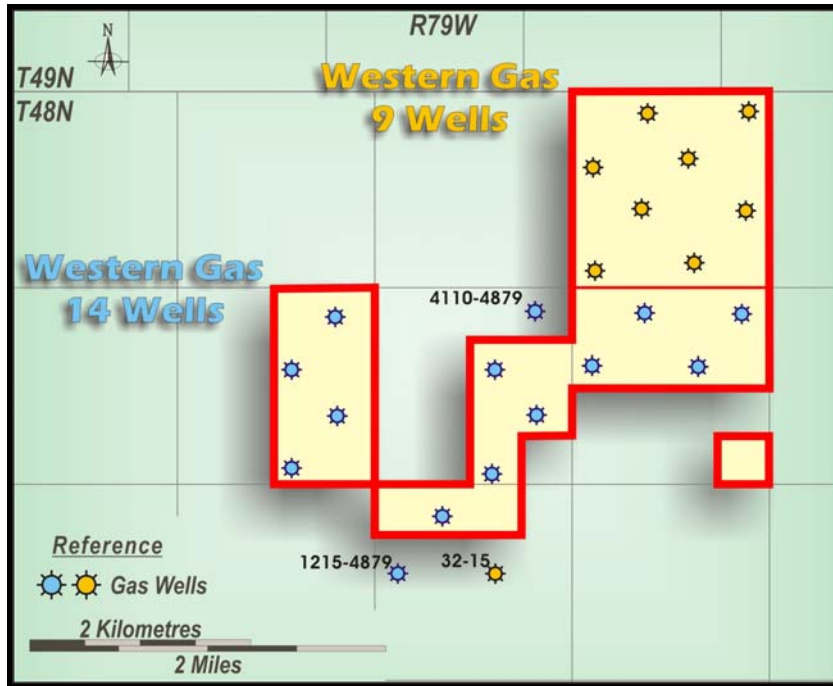
The Company is required by the Federal Bureau of Land Management's Buffalo Field Office ('BLM-BFO') to develop a Plan of Development ('POD') to conduct CBM operations on its Federal lease interests. Approximately 150 CBM production wells are able to be developed on the new Federal lease interests based 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. 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 evaluated.

2.2 EAST ESPONDA

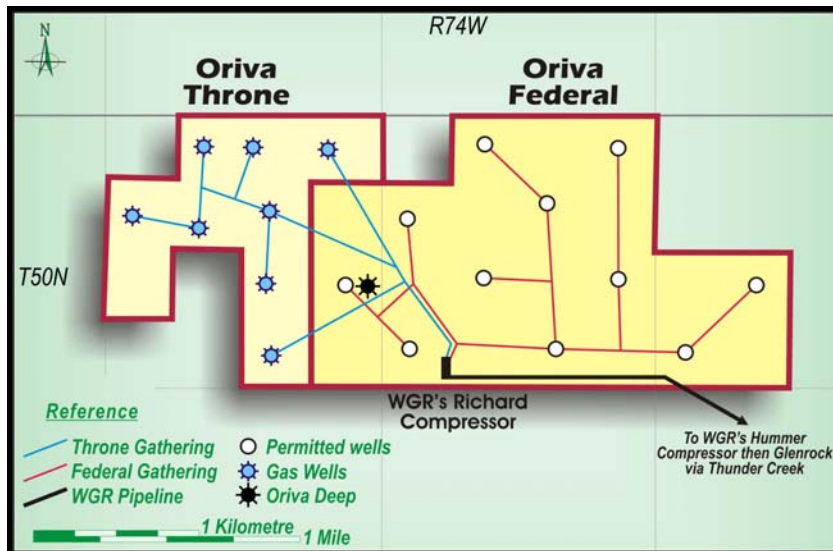
The East Esponda project covers a total of 469 net hectares (1,160 acres). To date there have been 23 wells completed within the Company's East Esponda leasehold interests. These include 14 wells in the Big Cat Field and 9 in the Indian Creek Field. Although 3 wells are located exterior to the Company's 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.



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

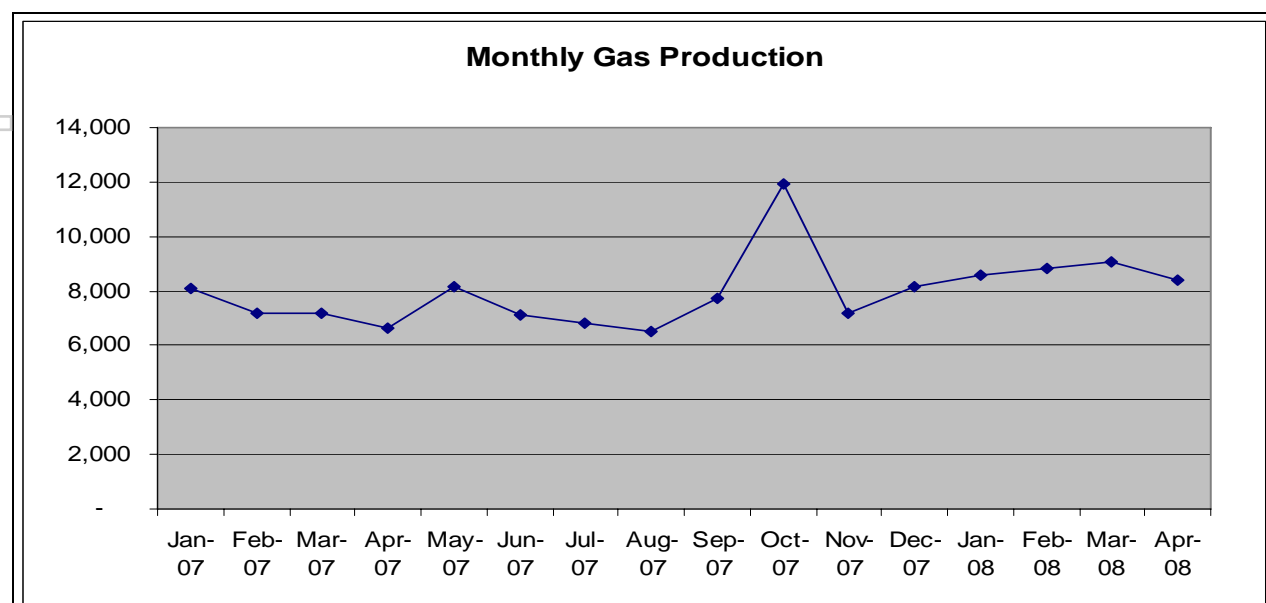
Oriva Throne is operated by Emerald Operating Company and Rocky Mountain Exploration of Denver, Colorado ('EOC-RMEI') which holds the remaining 24.025% Working Interest (19.25% Net Revenue Interest) in Oriva Throne.

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.

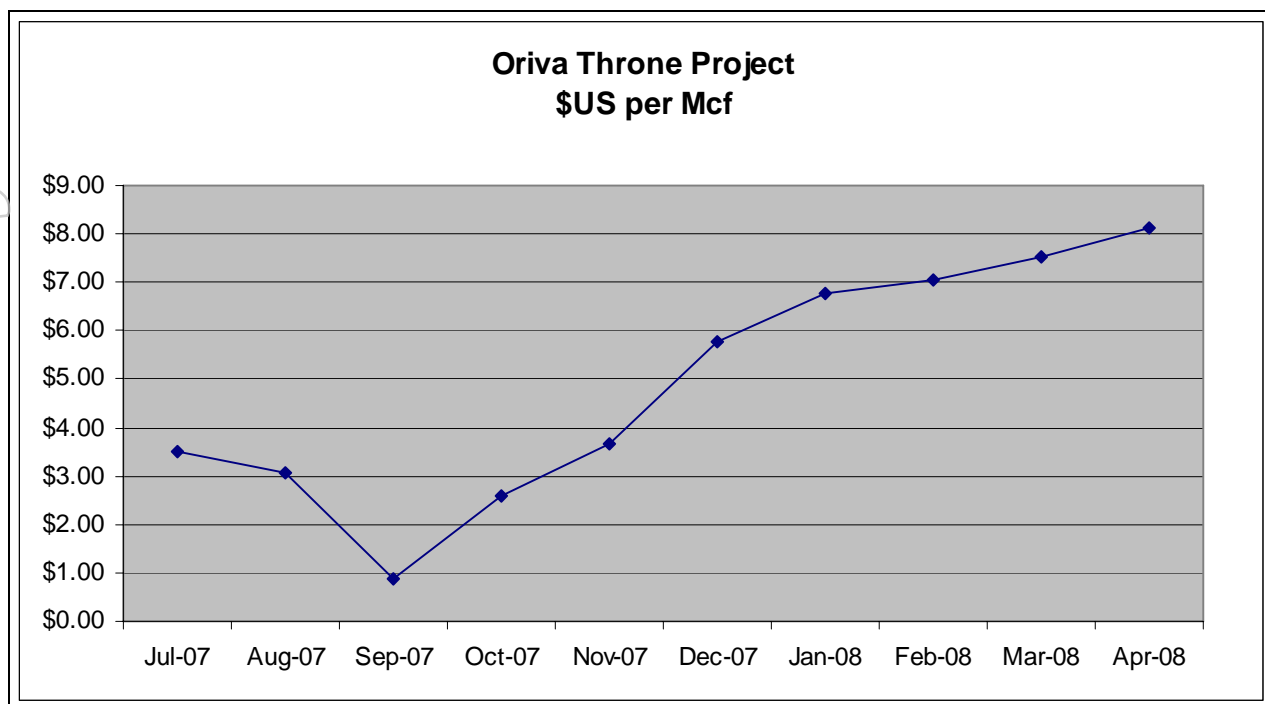
CBM production for the months of March and April 2008 was as follows:

Coal Seam	CBM Production (Mcf)	Net Revenue Interest (Mcf)
Anderson	14,927	9,068
Felix	1,272	773
Wall	1,269	771
Total	17,469	10,612

The Company's NRI share of production for the reported period was sold for an average of US\$7.81 per Mcf for total net revenues of US\$82,860.



The chart below shows that the price per Mcf being received continues to show significant improvement following the clearing of pipeline capacity constraints.



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).

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.

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.

The Farmout Agreement

During the June quarter the Company entered into an agreement with Emerald Operating Company and Rocky Mountain Exploration, Inc ('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

2.3.4 Oriva Federal Conventional Oil and Gas

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 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.

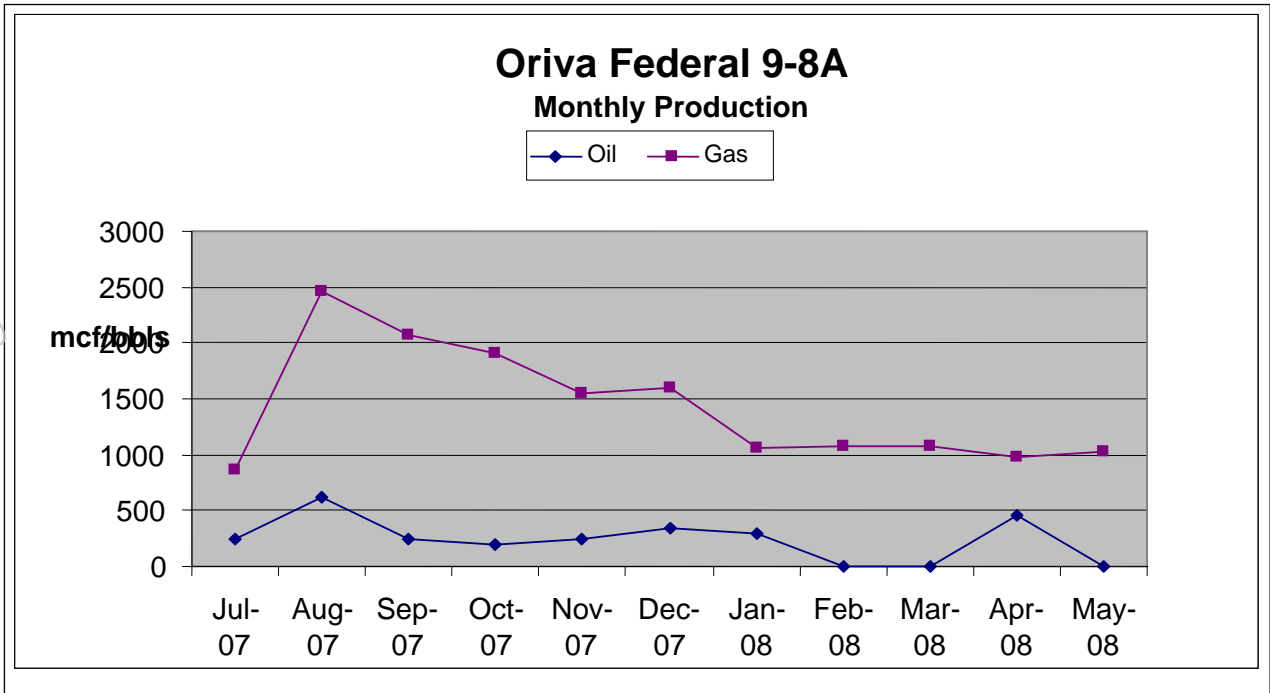
The Company retains a 19% Net Revenue Interest which will cover all royalties (totalling 14.5%) and will retain a 4.5% Net Revenue Interest to conventional oil and gas production from the Oriva Federal leasehold. Further, for future wells, the Company has the option to convert its 4.5% Net Revenue Interest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

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 first oil and gas income from the Oriva Deep Federal well were received during the September 2007 quarter. The Company's 4.5% NRI share of production for April and May was sold for total net revenues of US\$1,482. The production graph follows:

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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. SKULL CREEK PROJECT

No field work was undertaken during the June 2008 quarter on the Skull Creek project located in the western portion of the Cherokee Basin of southeast Kansas.

4. CORPORATE ACTIVITIES

During the June 2008 quarter, drafting of the Callabonna Uranium Limited ('Callabonna') prospectus was advanced. Independent expert reports have been completed in anticipation of lodgement of the prospectus with ASIC.

4.1 Callabonna Uranium Limited IPO

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.

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.

Tenement	Location	Area (Km ²)
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.

During the June quarter an aerial electro-magnetic survey was completed over Callabonna's South Australian Exploration Licences to locate palaeo-channels which could potentially host sedimentary style uranium deposits. Interpretation of data provided by the survey has commenced with results expected in the September quarter.

Callabonna also holds 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 (Km ²)
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 has been completed following 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 June 2008 quarter, 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, refiners 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.

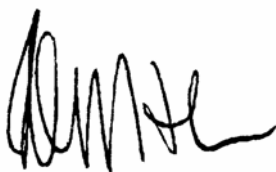
In addition, Callabonna will grant SK Energy the right (but not the obligation) to purchase at least 20% of uranium production from mines operated by Callabonna or its subsidiaries at the market price (subject to maintaining a minimum shareholding of 15.0 million shares in Callabonna and any Australian 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.

5. OTHER

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.

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

Yours sincerely



Peter J. Nightingale
Director

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