

25 July 2013

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(3 pages by email)

Dear Madam,

REPORT ON ACTIVITIES FOR THE QUARTER ENDED 30 JUNE 2013

HIGHLIGHTS

- **Second Farm in Agreement completed with Senex substantially expanding oil exploration activities.**
- **3D seismic survey processed and completed. Interpretation commenced.**
- **Expanded 3D seismic program commenced.**
- **Two wells to be completed by November 2013.**
- **Withdrawal from New South Wales coal seam gas.**

PEL 514 Cooper Basin, South Australia

PEL 514 covers an area of 1,972 km² and is located in the Cooper Basin, South Australia.

During the quarter, the Company entered into an agreement with Senex Energy Limited ('Senex') for future expanded exploration activities in PEL 514.

As part of the Agreement, Planet Gas will transfer a 10% interest in PEL 514 North and a 30% interest in PEL 514 South to Senex. This Agreement reduces Planet Gas' interest in the entirety of PEL 514 to 20% with Senex holding the remaining 80%.

The consideration for the transfer is:

- \$5.0 million cash payment to Planet Gas; and
- Planet Gas to be free carried for a total of \$9.0 million of its share of oil exploration expenditure within the PEL.

The Agreement also specifies conditional payments of:

- A royalty to Planet Gas which is calculated as 2.0% of the net Well Head Value of all oil produced from PEL 514 capped at \$7.5 million; and
- Upon certification of 8 million barrels of Proved and Probable (2P) oil reserves in PEL 514, Planet Gas will receive a payment of \$5.0 million, and an addition payment of \$5.0 million upon certification of an additional 4 million barrels of 2P oil reserves in PEL 514.

Subsequent to the end of the quarter all regulatory and government approvals were successfully achieved therefore all conditions precedent to the Agreement have been satisfied.

The consideration is in addition to Senex's current farm in obligations in respect of PEL 514 including the completion of the current "Cordillo" 3D seismic program and completion of two wells by November 2013. This forms part of an Initial Agreement with Senex of December 2011.

The principal objective of the new Agreement is the exploration of conventional stratigraphic and structural traps within the Jurassic sequence, including the Birkhead Formation, which are capable of hosting oil plays similar to those at the proven Growler and Snatcher oil fields to the southwest.

As elsewhere in the Cooper Basin, PEL 514 also contains considerable potential for unconventional gas including hydrocarbon rich shales, tight gas and gassy coals.

During the quarter, processing of the 'Cordillo' 3D seismic data covering 158.7 km² the northern part of PEL 514 was progressed and completed. Interpretation and mapping has commenced.

The 'Dundinna' 3D seismic data acquisition program covering 163.9 km² of PEL 514 was commenced during the quarter and is expected to be completed in October 2013. See Figure 1. In addition, reprocessing of 2D seismic recorded over PEL 514 was also commenced during the quarter.

Drillable prospects will be matured in the September quarter with two wells to be completed by November 2013.

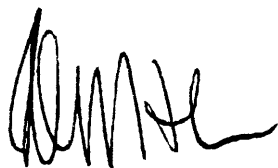
Sydney and Gunnedah Basins, New South Wales

Due to continued substantial uncertainty for the exploration and development of the coal seam gas ('CSG') industry in New South Wales, during the quarter Planet Gas withdrew from farm-in agreements with Leichhardt Resources Pty Limited covering PEL's 468, 469 and 470.

The Company has fully written down its New South Wales CSG investment during the year ended December 2012.

For further information, contact Anthony McClure or Peter Nightingale on (61-2) 9300 3322.

Yours sincerely



Peter J. Nightingale
Director

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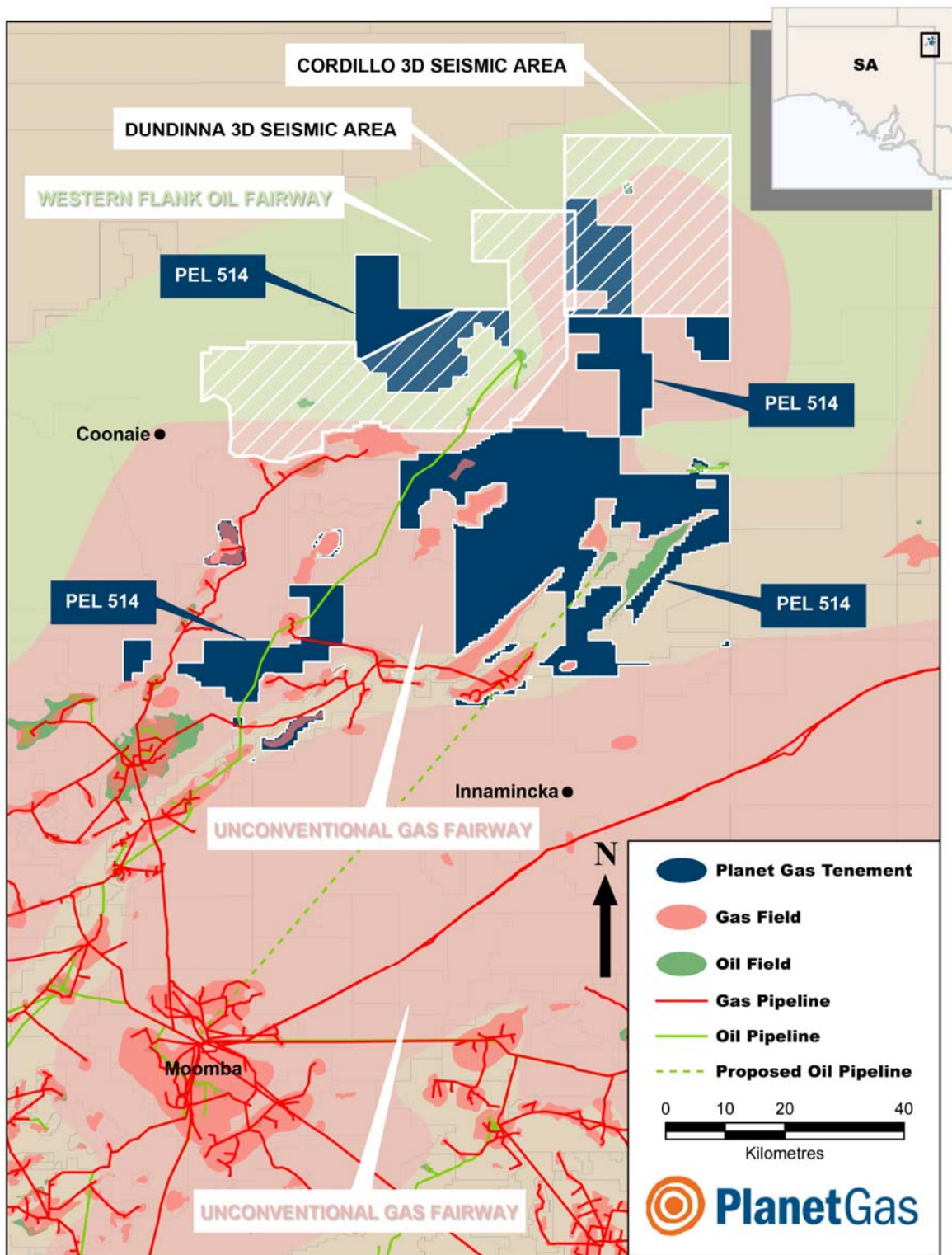


Figure 1. PEL 514 Cooper Basin, South Australia