



30 July 2015

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(5 pages by email)

Dear Madam,

**REPORT ON ACTIVITIES FOR THE QUARTER ENDED
30 JUNE 2015**

HIGHLIGHTS

- **Overriding Royalty Interest ('ORRI') in Kansas, Pennsylvania and New York State, USA acquisition complete, first full quarter of production recorded.**
- **Two 3D Seismic acquisition programs in Cooper Basin, South Australia undertaken as part of the Origin Energy/Senex Energy/Planet Gas joint venture in PEL 638 Deeps.**
- **Processing of Jonothon 3D seismic program totalling 150 km² completed.**
- **Mudrangie 3D seismic acquisition program totalling 99 km² completed and processing advanced.**
- **Planning for the drilling of two wells in PEL 638 Deeps in FY16.**

OVERRIDING ROYALTY INTEREST, USA

Planet Gas Limited ('Planet Gas' or 'the Company') holds a 3% Overriding Royalty Interest ('ORRI') over established oil and gas production assets in Kansas, Pennsylvania and New York State in the United States of America. The ORRI is over approximately 500,000 barrels of oil equivalent per annum (see Figure 1).

Purchase consideration was US\$4.45 million, with US\$1.25 million funded from the Company's existing cash reserves and US\$3.2 million by a drawdown from a 5 year US\$15.0 million debt facility provided by Macquarie Bank Limited which will be repaid US\$150,000 per annum for 4 years plus a final payment of US\$2.6 million in year 5.

During the quarter royalty receipts were as follows:

| | June Quarter | YTD |
|------------------------|--------------|---------|
| Planet Gas ORRI (US\$) | 66,149 | 116,796 |

The ORRI acquisition was completed during the March quarter 2015. The acquisition forms part of a wider oil and gas strategy for the Company targeting low risk royalty and other cash flow assets with development upside.

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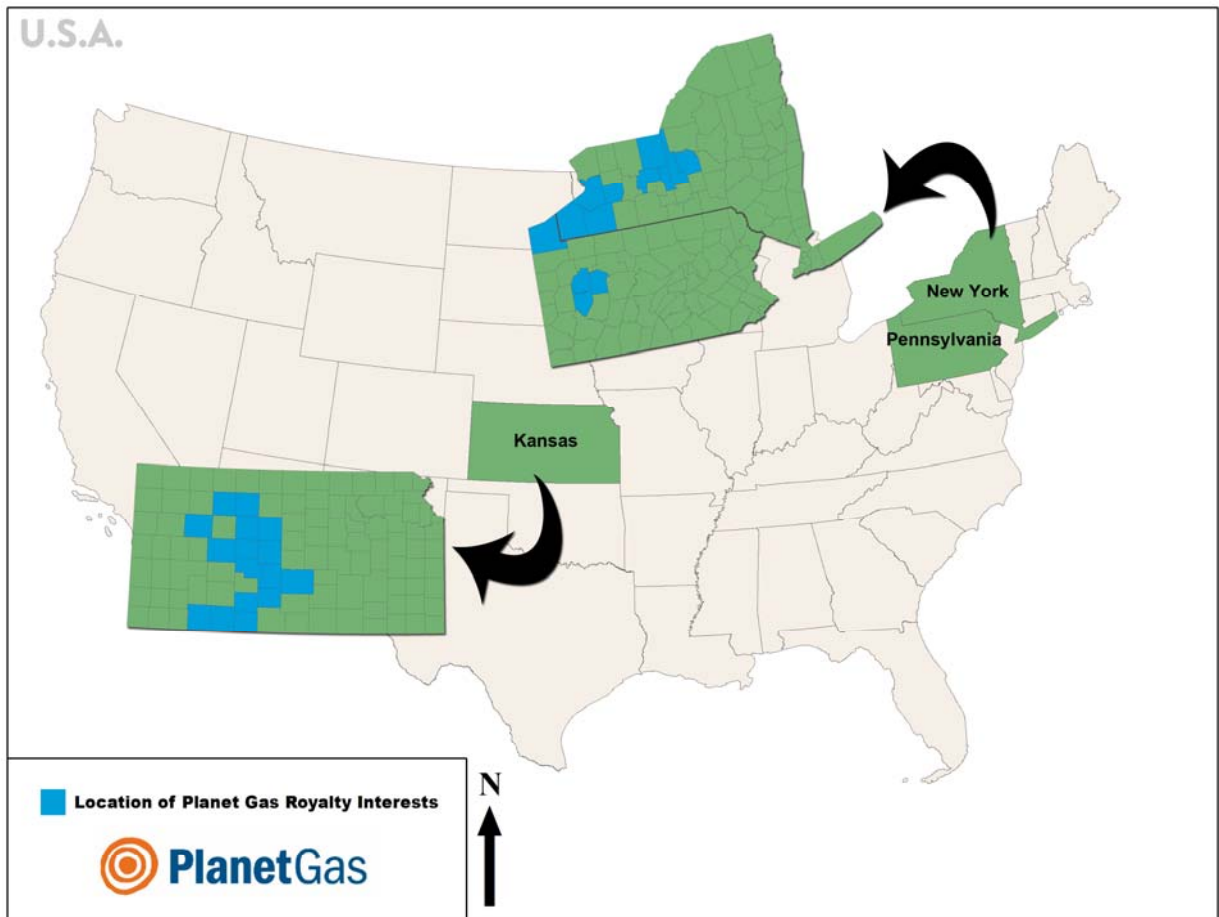


Figure 1: Location of Planet Gas Royalty Interests, United States of America

Towards the end of 2014 and early 2015, crude oil price has exhibited substantial volatility. West Texas Intermediate Crude (“WTI”) price has dropped dramatically from approximately US\$90.00 per barrel to approximately US\$53.00 per barrel during the December quarter. Over the same period NYMEX natural gas prices have fallen from approximately US\$4.00 per MMBtu to US\$3.00 per MMBtu.

During the March quarter, West Texas Intermediate Crude prices bottomed at approximately US\$44.00 per barrel before recovering to an average US\$58.00 for the June quarter. During the June quarter NYMEX natural gas prices averaged approximately US\$2.75 per MMBtu.

COOPER BASIN, SOUTH AUSTRALIA

PRL 118 through PRL 128 (previously PEL 514) and PEL 638

PRL 118 through PRL 128 and PEL 638 cover a combined area of 1,917 km² in the Cooper Basin of north eastern South Australia, hosting an array of exploration targets for conventional and unconventional hydrocarbons (see Figure 2).

Previously, PEL 638, which covers an area of 904 km² in the Patchawarra Trough, was excised from PEL 514 to facilitate the administration of a new joint venture between Origin Energy Limited (‘Origin’, ASX: ORG), Senex Energy Limited (‘Senex’, ASX: SXY) and Planet Gas. Prior to the excising of PEL 638, Planet Gas held a 20% interest in PEL 514.

PEL 638 is divided into two joint ventures; the PEL 638 Deeps¹ joint venture (the subject of the farm-in by Origin) and the PEL 638 Shallows¹ joint venture.

Planet Gas' interest in each of these areas is summarised as follows:

- PRL 118 through PRL 128 20% free carried.
- PEL 638 Shallows 20% free carried.
- PEL 638 Deeps 12.5% free carried reducing to 10% in the event that Origin proceeds with Stage 2 of the farm-in program.

¹ A stratigraphic division separates the 'Deeps' and 'Shallows' with the Origin agreement relating to the Deeps of the Permian system.

PEL 638 Deeps

As previously announced, Planet Gas' 20% interest in PEL 638 was reduced to a 12.5% free carried interest and would further reduce to a 10% interest based on work program expenditures by Origin and Senex in the event that Origin proceeds with Stage 2 of the farm-in program.

The Deeps work program is split into Stage 1 and Stage 2 with total expenditure of up to \$80 million, being \$40 million in each Stage.

In addition to Stage 1 and Stage 2, the joint venture parties may elect to fund additional work programs, subject to PEL 638 Deeps operating committee approval, totalling up to \$67 million. This could involve additional exploration and appraisal work during either or both Stages.

Senex is the operator of the farm-in programs with Origin having the right to become operator following the completion of Stage 2.

The farm-in programs include the drilling of up to seven exploration and appraisal wells, fracture stimulation and flow testing. Stage 1 will evaluate the potential of the tight gas sands, provide exposure to gas in shales and deep coal seams, and provide proof of concept of the Permian system. Stage 2 would evaluate the commerciality of the gas resource by undertaking extended flow testing through a separate pilot program.

During the quarter, the Mudrangie 3D seismic acquisition program for 99 km² was completed. Processing of data from both the Jonothon (150km²) and Mudrangie surveys commenced during the June quarter and is currently being finalised.

The results from these 3D seismic surveys will be used to identify Deeps drilling targets and conceptual designs for the first two Stage 1 wells have been agreed. It is the preference of the Joint Venture to undertake two wells consecutively after the completion of both seismic programs and subsequent well target generation processes.

PRL 118 through PRL 128 (previously PEL 514) and PEL 638 Shallows

Cooperation agreements with surrounding third parties and AFE's were completed during the quarter regarding to Amplitude Versus Offset ("AVO") and inversion process analysis over the Dundinna 3D seismic survey area. Using shear sonic data gained from the recent northern drilling program, the aim of these processes is to identify stratigraphic traps with favourable reservoir qualities in the Birkhead sands, which have large reserves potential. Such traps have not previously been explored for in this area as technologies have only evolved in recent years. No drilling is planned for 2015.

Planet Gas' 20% interest continues to be free carried by Senex for oil exploration in PRL 118 through PRL 128 and PEL 638 Shallows.

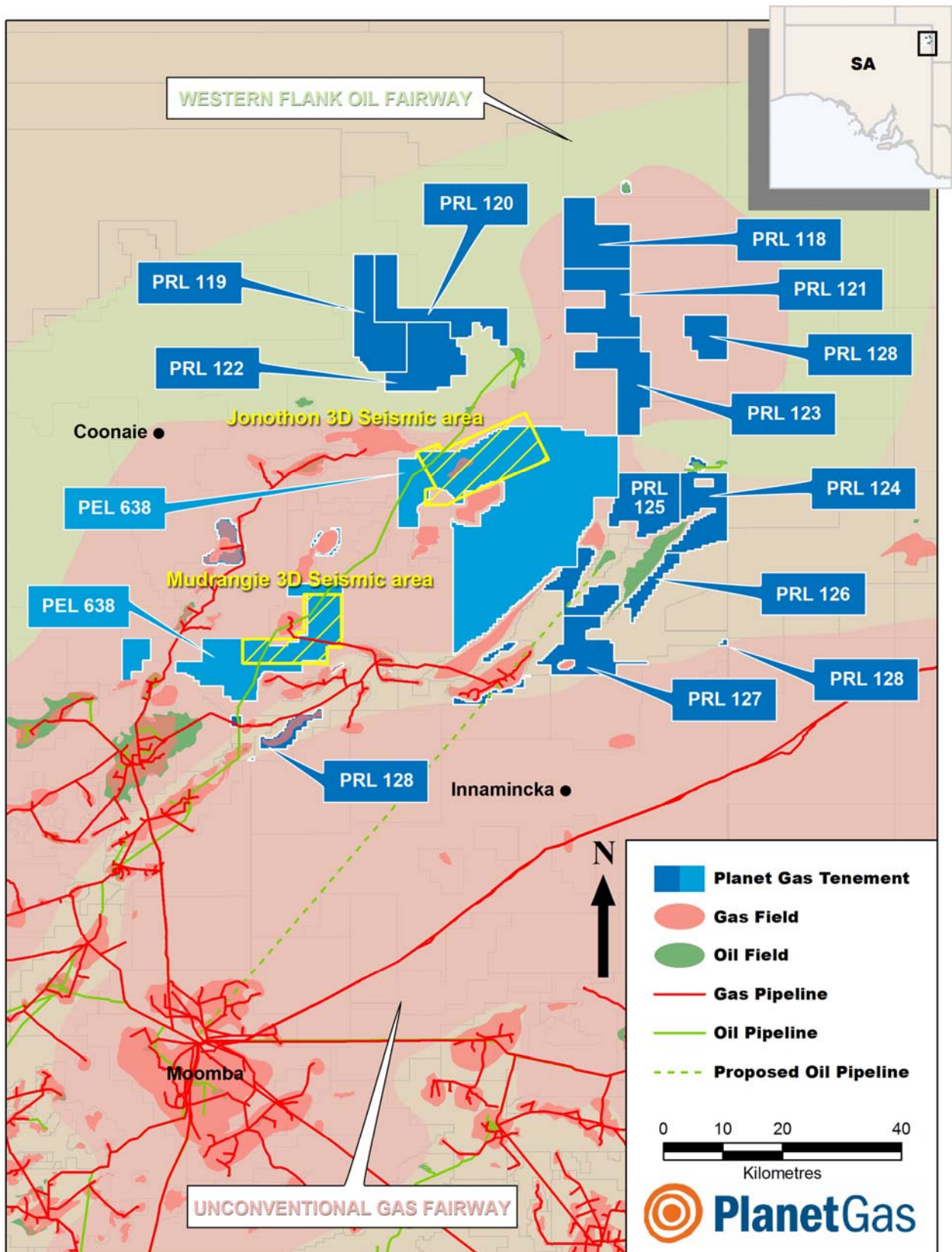


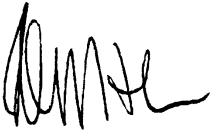
Figure 2: Location of PRL 118 through PRL 128 and PEL 638

TENEMENT INFORMATION

| Tenement | Location | Ownership | Change in quarter |
|--|-------------------|-----------|-------------------|
| PRLs 118 through 128 (previously PEL 514) | Cooper Basin S.A. | 20.0% | - |
| PEL 638 Shallows | Cooper Basin S.A. | 20.0% | - |
| PEL 638 Deeps | Cooper Basin S.A. | 12.5% | - |

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

Yours sincerely



Peter J. Nightingale
Director

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