



29 April 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 31 MARCH 2015

HIGHLIGHTS

- **Overriding Royalty Interest ('ORRI') in Kansas, Pennsylvania and New York State, USA financing and acquisition complete.**
- **3D Seismic acquisition program in Cooper Basin, South Australia undertaken as part of the Origin Energy/Senex Energy joint venture in PEL 638.**
- **Jonothon 3D seismic acquisition program totalling 150 km² completed.**
- **Preparations for the Mudrangie 3D seismic acquisition program totalling 99 km² commenced.**
- **Planning for the spudding of two wells in FY16 in PEL 638.**

OVERRIDING ROYALTY INTEREST, USA

During the quarter, the Planet Gas Limited ('Planet Gas' or 'the Company') completed the previously announced agreement with Macquarie Americas Corporation (a Macquarie Bank Limited subsidiary) for the purchase of a 3.0% Overriding Royalty Interest ('ORRI') over established oil and gas production assets in Kansas, Pennsylvania and New York State which total approximately 500,000 barrels of oil equivalent per annum (see Figure 1).

Purchase consideration is 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, registration and rights transfer to the Company across each relevant county in Kansas, Pennsylvania and New York State was completed.

	March Quarter	December Quarter
Planet Gas ORRI (US\$)	49,953*	N/A

* Royalty payments commenced during the quarter. Payments represent two months only.

The ORRI 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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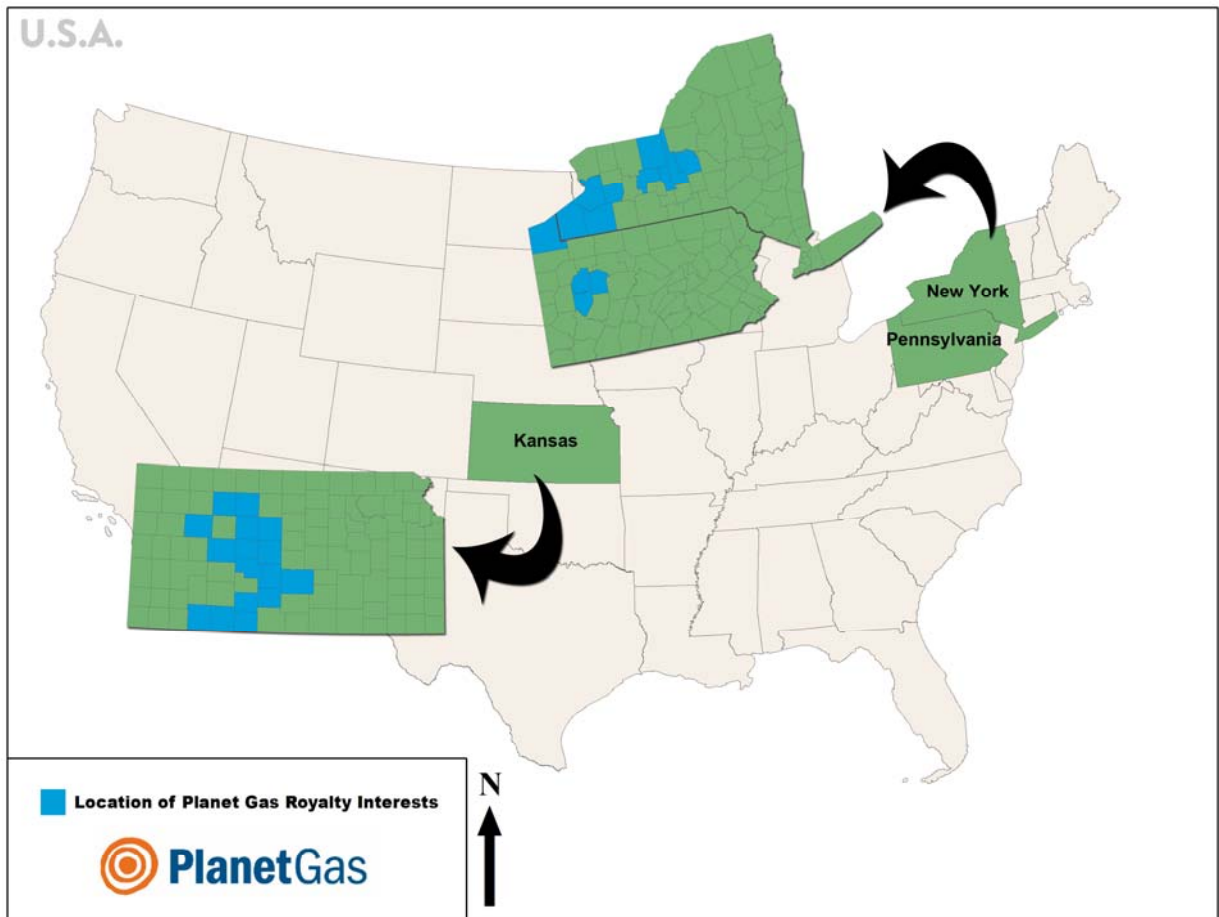


Figure 1: Location of Planet Gas Royalty Interests, United States of America

Towards the end of 2014, crude oil price has exhibited substantial volatility. West Texas Intermediate Crude 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\$45.00 per barrel before recovering to approximately US\$48.00 per barrel by the end of the quarter. By the end of March quarter NYMEX natural gas prices were trading at approximately US\$2.70 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 Jonothon 3D seismic acquisition program for 150 km² was completed while the planning was finalised for the Mudrangie 3D seismic acquisition program for 99 km². Subject to weather, data acquisition for the Mudrangie program will be completed during the June quarter.

The seismic data from these surveys will be used to identify Deeps drilling targets. Two wells are planned to be spudded in FY16.

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

After the drilling of the Bagheera East-1 and Hathi-1 vertical wells in the second half of calendar 2014, both wells were plugged abandoned with no significant hydrocarbons intersected.

Although the program was unsuccessful in discovering moveable hydrocarbons the campaign did provide valuable technical data in this underexplored region of the Cooper Basin. Well data indicates that hydrocarbons from mature source rocks in the Patchawarra Trough have migrated into the northern flank of the Cooper Basin beyond previously known limits.

Subject to joint venture approval, Senex will undertake Amplitude Versus Offset ('AVO') and inversion processes to the Dundinna 3D seismic survey, 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. 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.

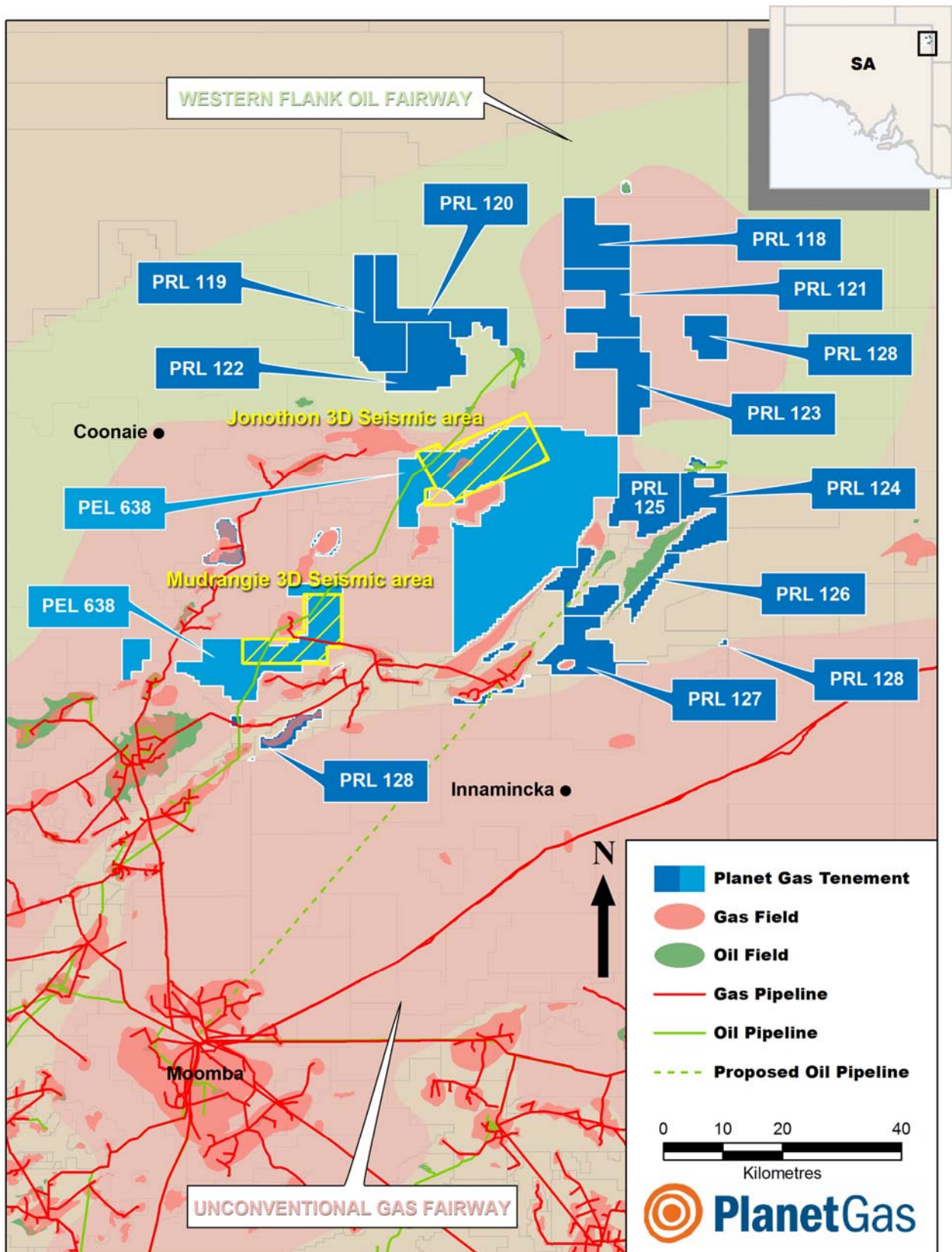


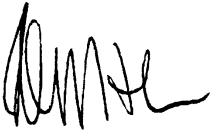
Figure 2: Location of PRL 118 through PRL 128 and PEL 638

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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