

PLANET GAS LIMITED
and its controlled entities

A.B.N. 46 098 952 035

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2012

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

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**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

The Directors present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half year ended 30 June 2012.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half year are:

Norman A. Seckold, Executive Chairman

Director since 4 December 2001.

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 30 years in the full time management of natural resource companies, both in Australia and overseas.

Mr Seckold has been the Chairman of a number of publicly listed companies including Moruya Gold Mines (1983) N.L., which acquired the Golden Reward heap leach gold deposit in South Dakota, USA, Pangea Resources Limited, which acquired and developed the Pauper's Dream gold mine in Montana, USA, Timberline Minerals, Inc. which acquired and completed a feasibility study for the development of the MacArthur copper deposit in Nevada, USA, Perseverance Corporation Limited, which discovered and developed the Nagambie gold mine in Victoria, Valdora Minerals N.L., which developed the Rustler's Roost gold mine in the Northern Territory and the Ballarat East Gold Mine in Victoria, Viking Gold Corporation, which discovered a high grade gold deposit in northern Sweden, Mogul Mining N.L., which drilled out the Magistral and Ocampo gold deposits in Mexico, Bolnisi Gold N.L. which discovered and is currently operating the Palmarejo and Guadalupe gold and silver deposits in Mexico and was previously Chairman of Cockatoo Coal Limited an Australian coal mining, exploration and project development company.

Mr Seckold is currently Chairman of Augur Resources Ltd, a minerals exploration and development company operating in Australia and Indonesia, Cerro Resources N.L., a precious metals exploration company currently developing a project in Mexico, Caspian Oil & Gas Limited, an oil producer and explorer. He is also a director of the unlisted public companies Mekong Minerals Limited and Nickel Mines Limited.

Anthony J. McClure, Managing Director

Director since 27 August 2003.

Anthony McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. Mr McClure has over 25 years technical, management and financial experience in the resource sector worldwide in project management and executive development roles. He has also worked in the financial services sector and stockbroking, primarily as a resource analyst covering both mineral and energy sectors. His directorship over the last three years includes European Gas Limited until October 2009 and he is a current director of unlisted public companies Mekong Minerals Limited and Nickel Mines Limited.

**PLANET GAS LIMITED
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DIRECTORS' REPORT

Peter J. Nightingale, Executive Director, Company Secretary and CFO

Director since 4 December 2001.

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 25 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Bolnisi Gold N.L., Callabonna Uranium Limited, Mogul Mining N.L., Pangea Resources Limited, Perseverance Corporation Limited, Sumatra Copper & Gold plc, Timberline Minerals, Inc. and Valdora Minerals N.L. Mr Nightingale is currently a director of Augur Resources Ltd and Cockatoo Coal Limited and unlisted public companies Equus Resources Limited and Nickel Mines Limited.

Robert M. Bell, Independent and Non-Executive Director

Director since 30 October 2007.

Bob Bell graduated from Birmingham University in 1960 and moved to Australia in 1964, working as a geologist on the Roma gas fields. After a time with the Queensland Government Mines Department in the late 1970s he established his own consultancy business, specialising in oil and gas exploration in Australia and overseas. He was one of the first geologists in Australia to recognise the enormous potential of CBM in Queensland.

He was one of the founders of Queensland Gas Company, which was bought by British Gas in 2009. His directorship over the last three years includes Cerro Resources N.L. and Green Invest Limited.

Anthony J. McDonald, Independent and Non-Executive Director

Director since 19 November 2003.

Anthony McDonald is a lawyer and has spent the last 12 years actively involved in senior management in the natural resources sector in Australia and internationally. He has previously held positions of director, corporate secretary and legal advisor to a number of listed and unlisted public companies. He is currently Managing Director of Cerro Resources N.L. a dual ASX and TSX.V listed precious metals exploration company, a non-executive director of ASX listed Industree Limited, a supplier of mining products and services, and of unlisted public company Mekong Minerals Limited. His directorships in the last three years also include Deep Yellow Limited.

Robert C. Neale, Non-Executive Director

Director since 20 November 2009.

Mr Neale is the Managing Director of New Hope Corporation Limited and has more than 40 years' experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. He joined New Hope Corporation Limited in 1996 as General Manager, has been Chief Executive Officer since 2005 and was appointed to the Board of Directors in November 2008.

PLANET GAS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Operating and Financial Review

The activities of Planet Gas Limited (the 'Company' or 'Planet Gas') and its controlled entities (the 'Group') during the half year ended 30 June 2012 include the following:

- Seismic program commenced in PEL 514 in the Cooper Basin, South Australia.
- Program in preparation for future drilling by operator Senex Energy Limited.
- Coal seam gas operational programs on hold pending a New South Wales Government industry review.
- Management changes reflecting Company strategy for future development.

Projects

The Group holds the rights to the following projects:

Cooper Basin, South Australia:	Conventional and unconventional oil and gas.
Sydney and Gunnedah Basins, New South Wales:	Coal seam gas.

Cooper Basin, South Australia (PEL 514)

PEL 514 covers an area of 1,972 km² and is located in the Cooper Basin, South Australia and is strategically close to existing producing oil and gas fields and existing under-utilised infrastructure.

The PEL is prospective for conventional oil and gas, and is underlain by significant thicknesses of good quality coal, and hydrocarbon rich shales.

PEL 514 falls under a farm-in agreement with Senex Energy Limited ('Senex') which divides the area into the Northern and Southern Areas. Senex have agreed to fund a work program involving seismic acquisition and three wells to earn a 50% interest in the Northern Area and a 70% interest in the Southern Area with expenditure totalling approximately \$10.5 million.

The Northern Area of PEL 514 is considered to contain stratigraphic and structural traps within the Birkhead Formation capable of hosting oil plays similar to those at the proven Growler and Snatcher oil fields to the southwest. Discoveries of oil within the neighbouring permits support the potential of the PEL.

The Southern Area of PEL 514 is prospective for unconventional gas, containing measures of coal, tight sands and shales.

During the half year, Senex commenced an extensive seismic program whereby Senex will acquire 158.7 km² of 3D seismic data within the Northern Area. This forms part of a substantial seismic survey which also incorporates Senex's adjacent blocks.

The seismic program will allow for the definition and planning of future drilling programs.

Sydney and Gunnedah Basins, New South Wales (PELs 468, 469 and 470)

Under a farm-in agreement with Leichhardt Resources Pty Limited ('Leichhardt'), Planet Gas has the rights to earn a 50% equity interest in three prospective PELs located in New South Wales. Planet Gas is the operator of the farm-in which covers 5,579 km² at Bylong (PEL 468) and Shoalhaven (PEL 469) in the Sydney Basin and at Mooki (PEL 470) in the Gunnedah Basin.

In the Sydney Basin licences, the Group targets coal seam gas resources hosted by the geological sequences of the Illawarra Coal Measures and the Shoalhaven Groups.

The Gunnedah Basin licence is adjacent to the Narrabri coal seam gas development project and the Group targets the Maules Creek coals.

The farm-in work programs include seismic acquisition, drilling and associated test work over three phases. To date, Planet Gas has completed the seismic acquisition over PELs 468 and 470 and drilled one exploration well within PEL 468.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

During the half year, the New South Wales Government continued its state wide legislative inquiry into the coal seam gas industry. As this work is yet to be completed, licences across the State, including PELs 468, 469 and 470, remain to be renewed. The Company understands that the Government review and renewal processes are in their final stages with results expected shortly.

The Group's objectives in New South Wales remain a high priority.

Other Projects

Due to the demise of the geothermal energy industry through political determination, market and environmental sentiment, the Group continues its relinquishment objective. The final project, Innot in north Queensland, has been filed for relinquishment.

Corporate Activities

After the completion of a Share Purchase Plan in December 2011 and the issue of 35,307,692 new fully paid ordinary shares raising \$918,000, Hueridge Pty Ltd (a wholly owned subsidiary of New Hope Corporation Limited) subscribed for new shares totalling \$220,000 at the commencement of the half year to maintain a 19.9% interest in the Company.

On 23 April 2012, the Group sold its investments in Callabonna Uranium Limited for \$388,800.

During the half year, the Company announced that Mr Anthony McClure, a Director of the Company, was appointed to the role of Managing Director.

With management changes, the Group is prioritising plans for the future development of the Group which, outside of its key current assets, involves new project generation both locally and abroad for the current phase of the Group's strategy for development.

Subsequent Events

Subsequent to the end of the half year, 1,000,000 options granted on 28 January 2011 to Mr Thomas Evans and the 4,000,000 options granted to Mr Ian Halstead on 17 August 2010 expired on 31 July 2012 pursuant to the terms of the Planet Gas Executive Option Plan.

No other matters or circumstances have arisen since the end of the half year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half year ended 30 June 2012.

Signed at Sydney this 10th day of September 2012
in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman



Anthony J. McClure
Managing Director



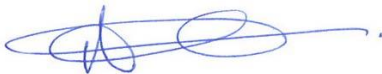
**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER
SECTION 307C OF THE CORPORATIONS ACT 2001**

To the Directors of Planet Gas Limited:

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 30 June 2012, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.


KPMG



Adam Twemlow
Partner

10 September 2012

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2012**

	Notes	30 June 2012 \$	30 June 2011 \$
Revenue from sale of coal seam gas		1,312	893
Other income		89,498	20,000
Administration and consultants' expenses		(778,580)	(619,160)
Depreciation expense		(10,727)	(13,986)
Share based payments expense		-	(51,962)
Pre-licence costs - exploration expenditure		(324,157)	(463,365)
Impairment loss - exploration and evaluation expenditure	9	(791,996)	(3,858,825)
Impairment loss available for sale financial assets	7	-	(950,400)
Travel expenses		(6,192)	(67,381)
Gain on disposal of available for sale financial asset	7	103,356	42,879
Other expenses		(33,460)	(49,591)
Operating loss before financing income		<u>(1,750,946)</u>	<u>(6,010,898)</u>
Financial income		30,049	102,441
Net financing income		<u>30,049</u>	<u>102,441</u>
Loss before tax		<u>(1,720,897)</u>	<u>(5,908,457)</u>
Income tax expense		-	-
Loss for the period		<u>(1,720,897)</u>	<u>(5,908,457)</u>
Other comprehensive income			
Net change in the fair value of available for sale financial assets		(85,532)	(484,401)
Net change in the fair value of available for sale financial assets transferred to profit and loss		(103,356)	950,400
Foreign exchange translation differences		(17,555)	(28,333)
Total comprehensive loss for the period		<u>(1,927,340)</u>	<u>(5,470,791)</u>
Basic loss per share	5	<u>(0.32) cents</u>	<u>(1.20) cents</u>
Diluted loss per share	5	<u>(0.32) cents</u>	<u>(1.20) cents</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Notes	30 June 2012 \$	31 December 2011 \$
Current assets			
Cash and cash equivalents		1,098,545	1,663,186
Trade and other receivables	6	89,498	3,112
Other assets	10	<u>16,282</u>	<u>44,998</u>
Total current assets		<u>1,204,325</u>	<u>1,711,296</u>
Non current assets			
Available for sale financial assets	7	139,611	613,943
Property, plant and equipment	8	43,724	53,082
Exploration and evaluation expenditure	9	3,728,817	4,359,852
Other	10	<u>82,627</u>	<u>283,768</u>
Total non current assets		<u>3,994,779</u>	<u>5,310,645</u>
Total assets		<u>5,199,104</u>	<u>7,021,941</u>
Current liabilities			
Trade and other payables		<u>143,051</u>	<u>256,538</u>
Total current liabilities		<u>143,051</u>	<u>256,538</u>
Total liabilities		<u>143,051</u>	<u>256,538</u>
Net assets		<u>5,056,053</u>	<u>6,765,403</u>
Equity			
Issued capital	11	49,781,973	49,563,983
Option premium reserve		4,638,172	4,638,172
Fair value reserve		139,611	328,499
Foreign currency translation reserve		(2,785,953)	(2,768,398)
Accumulated losses		<u>(46,717,750)</u>	<u>(44,996,853)</u>
Total equity		<u>5,056,053</u>	<u>6,765,403</u>

The above statement of financial position should be read in conjunction with the accompanying notes

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2012**

Attributable to equity holders of the Company	Issued capital \$	Option premium reserve \$	Fair value reserve \$	Accumulated losses \$	Foreign currency translation reserve \$	Total equity \$
Balance at 1 January 2011	48,665,284	4,521,312	-	(37,672,175)	(2,759,932)	12,754,489
Total comprehensive income for the period						
Loss for the period	-	-	-	(5,908,457)	-	(5,908,457)
Other comprehensive income						
Foreign exchange translation differences	-	-	-	-	(28,333)	(28,333)
Investment revaluation	-	-	465,999	-	-	465,999
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Share based payments	-	51,962	-	-	-	51,962
Balance at 30 June 2011	48,665,284	4,573,274	465,999	(43,580,632)	(2,788,265)	7,335,660
Balance at 1 January 2012	49,563,983	4,638,172	328,499	(44,996,853)	(2,768,398)	6,765,403
Total comprehensive income for the period						
Loss for the period	-	-	-	(1,720,897)	-	(1,720,897)
Other comprehensive income						
Foreign exchange translation differences	-	-	-	-	(17,555)	(17,555)
Net change in fair value of available for sale financial assets	-	-	(85,532)	-	-	(85,532)
Net change in fair value of available for sale financial assets transferred to profit and loss	-	-	(103,356)	-	-	(103,356)
Transactions with owners, recorded directly in equity						
Contribution by and distribution to owners						
Ordinary shares issued	220,000	-	-	-	-	220,000
Transaction costs on issue of shares	(2,010)	-	-	-	-	(2,010)
Balance at 30 June 2012	49,781,973	4,638,172	139,611	(46,717,750)	(2,785,953)	5,056,053

The above statement of changes in equity should be read in conjunction with the accompanying notes

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

	30 June 2012 \$	30 June 2011 \$
Cash flows from operating activities		
Cash receipts in the course of operations	1,490	893
Cash payments in the course of operations	(886,231)	(517,285)
Cash used in operations	(884,741)	(516,392)
Interest received	32,976	102,441
Net cash used in operating activities	(851,765)	(413,951)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(500,117)	(2,104,062)
Payments for development expenditure	-	(159,790)
Payments for fixed assets	(1,396)	-
Receipt from the sale of investments	388,800	-
Receipts from security deposit	201,141	-
Net cash from/(used in) investing activities	88,428	(2,263,852)
Cash flows from financing activities		
Proceeds from issue of shares	220,000	-
Transaction costs on share issue	(21,310)	-
Net cash from financing activities	198,690	-
Net decrease in cash and cash equivalents	(564,647)	(2,677,803)
Cash and cash equivalents at the beginning of the financial period	1,663,186	5,978,322
Effect of exchange rate fluctuations on cash held	6	(157)
Cash and cash equivalents at the end of the financial period	<u>1,098,545</u>	<u>3,300,362</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

NOTE 1 - REPORTING ENTITY

Planet Gas Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the half year ended 30 June 2012 comprises the Company and its subsidiaries (together referred to as the 'Group').

The consolidated annual financial report of the Group as at and for the year ended 31 December 2011 is available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.planetgas.com.

Going Concern

The condensed consolidated interim financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has incurred a loss of \$1,720,897 for the half year ended 30 June 2012 and has accumulated losses of \$46,717,750 as at 30 June 2012. The Group has cash of \$1,098,545 at 30 June 2012 and used \$1,351,882 of cash in operations, including payments for exploration and evaluation, for the half year ended 30 June 2012. However, additional funding will be required to meet the Group's expenditure commitments.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is dependent upon:

- the Group raising additional funding from shareholders or other parties; and/or
- the Group reducing expenditure in line with available funding.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditure significantly, which may result in an impairment loss on the book value of exploration and evaluation expenditure recorded at reporting date.

In the event that the Group does not obtain additional funding and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the condensed consolidated interim financial report.

NOTE 2 - STATEMENT OF COMPLIANCE

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134 *Interim Financial Reporting*.

The half year report does not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2011 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

This condensed consolidated interim financial report was approved by the Board of Directors on 10 September 2012.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2011.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

NOTE 4 - ESTIMATES

The preparation of the condensed consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2011.

	30 June 2012 \$	30 June 2011 \$
NOTE 5 - LOSS PER SHARE		
Basic loss per share has been calculated using:		
Loss for the period	<u>(1,720,897)</u>	<u>(5,908,457)</u>

	30 June 2012 Number	30 June 2011 Number
Weighted average number of ordinary shares	<u>537,061,549</u>	<u>493,853,305</u>
There are no dilutive potential ordinary shares.		

	30 June 2012 \$	31 December 2011 \$
NOTE 6 - TRADE AND OTHER RECEIVABLES		
Other debtors	<u>89,498</u>	<u>3,112</u>

NOTE 7 - AVAILABLE FOR SALE FINANCIAL ASSETS

Investments - available for sale at fair value	<u>139,611</u>	<u>613,943</u>
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The Group holds 8,212,500 shares in Earth Heat Resources Ltd. At 30 June 2012, the Directors compared the carrying value of the investment to market value and recorded a reduction in fair value of \$188,888 in equity (30 June 2011 - \$328,499 gain recorded in equity). This was based on a closing share price of 1.7 cents for Earth Heat Resources Ltd shares at 30 June 2012 (30 June 2011 - 3.9 cents).

The Group held 8,640,000 shares in Callabonna Uranium Limited at the time of disposal on 23 April 2012. The Directors compared the carrying value of the investment with the sale price and recorded a gain in the profit and loss on transfer from equity of \$103,356 (30 June 2011 - \$950,400 impairment recognised in profit and loss).

**PLANET GAS LIMITED
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

	30 June 2012 \$	31 December 2011 \$
NOTE 8 - PROPERTY PLANT AND EQUIPMENT		
Plant and equipment - at cost	143,858	142,457
Less accumulated depreciation	(100,134)	(89,375)
	43,724	53,082

**NOTE 9 - EXPLORATION AND EVALUATION
EXPENDITURE**

Carrying amount at beginning of year	4,359,852	4,777,478
Additions	160,961	3,269,291
Impairments	(791,996)	(3,686,917)
Net book value	3,728,817	4,359,852

During the half year the Group assessed its exploration and evaluation expenditure assets for impairment and recorded an impairment loss of \$791,996.

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest. The areas of interest are as follows:

- Planet Cooper Basin Pty Limited - Cooper Basin PEL 514
- Planet Gas and CBM Pty Limited - Bylong PEL 468, Shoalhaven PEL 469, Mooki PEL 470

	30 June 2012 \$	31 December 2011 \$
NOTE 10 - OTHER ASSETS		
Current assets		
Prepayments	14,850	44,998
Other	1,432	-
	16,282	44,998
Non-current assets		
Security deposits	82,627	283,768

NOTE 11 - ISSUED CAPITAL

Fully paid ordinary shares

537,622,535 (31 December 2011 - 529,160,997) fully paid ordinary shares	49,781,973	49,563,983
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Fully paid ordinary shares carry one vote per share and carry the right to dividends.

On 13 January 2012, the Company issued 8,461,538 fully paid ordinary shares at \$0.026, raising \$220,000. The issue costs were \$2,010.

During the half year ended 30 June 2012, the Company granted no options.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2012**

NOTE 12 - FINANCIAL REPORTING BY SEGMENTS

The Group's chief operating decision maker previously evaluated the Group's operating activities under two reportable segments:

- Production and development – oil and gas production and sale solely in the USA
- Exploration and evaluation activities solely within Australia

All production and development activity has now ceased and therefore the Group now solely undertakes exploration and evaluation activities predominantly within Australia.

NOTE 13 - CONTROLLED ENTITIES

Parent Entity

Planet Gas Limited, a listed public company, incorporated in Australia.

Wholly-Owned Controlled Entities

Planet Gas USA, Inc, incorporated in the United States of America.

Planet Gas Properties LLC, incorporated in the United States of America.

Planet Gas Resources LLC, incorporated in the United States of America.

Gradient Energy Pty Limited, incorporated in Australia.

Planet Cooper Basin Pty Limited, incorporated in Australia.

Planet Gas and CBM Pty Limited, incorporated in Australia in August 2010.

Planet Unconventional Energy Pty Limited, incorporated in Australia in September 2010.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent to the end of the half year, 1,000,000 options granted on 28 January 2011 to Mr Thomas Evans and 4,000,000 options granted to Mr Ian Halstead on 17 August 2010 expired on 31 July 2012 pursuant to the terms of the Planet Gas Executive Option Plan.

No other matters or circumstances have arisen since the end of the half year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Planet Gas Limited (the Company):
- (a) the financial statements and notes set out on pages 6 to 13, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 10th day of September 2012
in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman



Anthony J. McClure
Managing Director



Independent auditor's review report to the members of Planet Gas Limited

We have reviewed the accompanying half-year financial report of Planet Gas Limited, which comprises the condensed consolidated interim statement of financial position as at 30 June 2012, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Planet Gas Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Planet Gas Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Independent auditor's review report to the members of Planet Gas Limited (continued)

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 1, "Going Concern", in the half-year financial report. The conditions disclosed in Note 1, including the need to raise additional funding from shareholders or other parties and/or reducing expenditure in line with available funding, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

KPMG

KPMG

Adam Twemlow
Partner
10 September 2012

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

CORPORATE DIRECTORY

Directors:

Mr Norman A. Seckold (Chairman)
Mr Anthony J. McClure (Managing Director)
Mr Peter J. Nightingale
Mr Robert M. Bell
Mr Anthony J. McDonald
Mr Robert C. Neale

Company Secretary:

Mr Peter Nightingale

Principal Place of Business and Registered Office:

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SYDNEY NSW 2000