

PLANET GAS LIMITED
and its controlled entities

A.B.N. 46 098 952 035

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
30 JUNE 2015**

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

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**PLANET GAS LIMITED
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DIRECTORS' REPORT

The Directors of Planet Gas Limited (the 'Company' or 'Planet Gas') 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 2015.

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, including the role of Chairman for 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 and 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.
- Cockatoo Coal Limited, an Australian coal mining, exploration and project development company.
- Cerro Resources N.L., a precious metals exploration company with a development project in Mexico.
- Equus Mining Limited, a mineral and development company operating in Chile.

Mr Seckold is currently Chairman of the following listed companies:

- Augur Resources Ltd, a minerals exploration and development company operating in Australia and Indonesia.
- Santana Minerals Limited, a precious metals exploration company operating in Mexico.

He is also a director of the unlisted public companies Nickel Mines Limited and Mekong Minerals Limited.

Anthony J. McClure, Managing Director

Managing Director from 31 May 2012 and 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. Mr McClure is currently a director of unlisted public companies Nickel Mines Limited and Mekong Minerals Limited.

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DIRECTORS' REPORT

Peter J. Nightingale, Executive Director 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, Cockatoo Coal Limited, Mogul Mining N.L., Pangea Resources Limited, Perseverance Corporation Limited, Sumatra Cooper & Gold plc, Timberline Minerals Inc. and Valdora Minerals N.L..

Mr Nightingale is currently a director of Augur Resources Ltd and unlisted public companies Nickel Mines Limited and Prospech Limited.

Anthony J. McDonald, Independent and Non-Executive Director

Director since 19 November 2003.

Tony McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981. He was admitted as a solicitor in 1982. He has been involved in the natural resources sector in Australia and internationally for many years and in the past 14 years has been actively involved in management in the resources sector. He is currently Managing Director of Santana Minerals Limited, a precious metals explorer with a Mexico focus and non-executive director of unlisted Mekong Minerals Limited. In the last 3 years he has also been a director of Industrea Limited and was Managing Director of Cerro Resources NL.

Robert Charles Neale, Non-Executive Director

Director since 20 November 2009.

Mr Neale is the immediate past Managing Director of New Hope Corporation Limited. He joined New Hope Corporation Limited in 1996 as General Manager, appointed as Executive Officer in 2005 and to the Board of Directors in November 2008 until his retirement in January 2014. Mr Neale has more than 45 years' experience in the mining and exploration industries covering coal, base metals, gold, synthetic fuels, bulk materials shipping, and power generation. In the last 3 years he has also been the Chairman of Westside Corporation Limited and director of Dart Energy 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 coal bed methane production 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.

**PLANET GAS LIMITED
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DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW

The activities of Planet Gas Limited and its controlled entities (the 'Group') during the half-year ended 30 June 2015 include the following:

- Planet Gas completed the acquisition of a 3.0% Overriding Royalty Interest over established oil and gas production assets in the United States of America from a subsidiary of Macquarie Bank Limited.
- The Jonothon and Mudrangie 3D seismic acquisition programs totalling 249 km² in the Cooper Basin of South Australia were completed and processing commenced. The results from these 3D seismic surveys will be used to identify drilling targets as part of the Origin Energy Limited and Senex Energy Limited Joint Venture.

OVERRIDING ROYALTY INTEREST, USA

During the half-year, the Planet Gas completed an 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.

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 million debt facility provided by Macquarie Bank Limited which will be repaid US\$150,000 per annum plus a final payment of US\$2.6 million.

	Half-Year Ended 30 June 2015	Year to Date
Planet Gas ORRI (US\$)*	116,796	116,796

* Royalty payments commenced during the half-year ended 30 June 2015 and represent five 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.

Towards the end of 2014 and early 2015, crude oil price exhibited substantial volatility. West Texas Intermediate Crude ('WTI') prices dropped dramatically from approximately US\$90.00 per barrel to approximately US\$53.00 per barrel prior to the end 2014. Over the same period New York Mercantile Exchange ('NYMEX') natural gas prices have fallen from approximately US\$4.00 per MMBtu to US\$3.00 per MMBtu.

In early 2015, WTI prices bottomed at approximately US\$44.00 per barrel before recovering to an average US\$53.00 for the half-year ended 30 June 2015. For the same period, NYMEX natural gas prices averaged approximately US\$2.80 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.

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'), Senex Energy Limited ('Senex') and Planet Gas. Prior to the excising of PEL 638, Planet Gas held a 20% interest in PEL 514.

**PLANET GAS LIMITED
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DIRECTORS' REPORT

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

Planet Gas' 20% interest in PEL 638 was reduced to a 12.5% free carried interest and will 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 half-year ended 30 June 2015, the Jonothon and Mudrangie 3D seismic acquisition programs for 150 km² and 99 km² respectively were completed. Processing of data from both surveys commenced during the half-year ended 30 June 2015.

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. It is the preference of the Joint Venture to undertake the drilling of 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

Co-operation agreements with surrounding third parties and AFE's were completed during the half-year ended 30 June 2015 regarding 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.

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

**PLANET GAS LIMITED
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DIRECTORS' REPORT

No Material Changes

Planet Gas confirms that it is not aware of any new information or data that would materially affect the information included in the quarterly activities report market announcements dated 29 April 2015, and 30 July 2015, and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

Corporate Activities

During the half-year, Planet Gas completed the acquisition of the ORRI over established oil and gas production assets in the United States of America from a subsidiary of Macquarie Bank Limited as detailed above.

During the half-year and although difficult market conditions, the Company continued to assess new projects to expand the Company's activities outside of its key assets in South Australia and the oil and gas royalty interest in the United States of America. Evaluation involves new project generation both locally and abroad for potential acquisitions commensurate with the Company's strategy for development.

Subsequent Events

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.

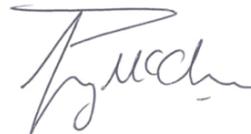
Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 30 June 2015.

Signed at Sydney this 11th day of September 2015
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 2015, 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

KPMG

Adam Twemlow
Partner

Brisbane

11 September 2015

**PLANET GAS LIMITED
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	Notes	30 June 2015 \$	30 June 2014 \$
CONTINUING OPERATIONS			
Revenue		148,318	1,634
Administration and consultants' expenses		(391,564)	(390,681)
Depreciation expense		-	(698)
Amortisation	7	(67,770)	-
Travel expenses		(20,432)	(2,135)
Other expenses		(74,959)	(24,579)
Operating loss before financing income		(406,407)	(416,459)
Financial income		20,558	52,032
Finance expense		(92,358)	-
Net financing (expense)/income		(71,800)	52,032
Loss before tax		(478,207)	(364,427)
Income tax expense		-	-
Loss for the period		(478,207)	(364,427)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of available for sale financial assets	5	(547)	(10,950)
Foreign currency translation differences - foreign operations		19,505	(290)
Total items that may be reclassified subsequently to profit or loss		18,958	(11,240)
Other comprehensive loss for the period		18,958	(11,240)
Total comprehensive loss for the period		(459,249)	(375,667)
Basic and diluted loss per share (cents)		(0.09)	(0.07)

The above Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

**PLANET GAS LIMITED
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**

	Notes	30 June 2015 \$	31 December 2014 \$
Current assets			
Cash and cash equivalents		1,163,600	3,471,201
Trade and other receivables		43,667	8,260
Other assets		10,759	14,570
Total current assets		1,218,026	3,494,031
Non-current assets			
Investments	5	443	990
Exploration and evaluation expenditure	6	1,019,595	951,987
Intangible assets	7	5,948,806	-
Total non-current assets		6,968,844	952,977
Total assets		8,186,870	4,447,008
Current liabilities			
Trade and other payables		29,444	44,830
Loans and borrowings	8	230,173	-
Total current liabilities		259,617	44,830
Non-current liabilities			
Loans and borrowings	8	3,984,324	-
Total non-current liabilities		3,984,324	-
Total liabilities		4,243,941	44,830
Net assets		3,942,929	4,402,178
Equity			
Issued capital	9	49,781,972	49,781,972
Fair value reserve		443	990
Foreign currency translation reserve		(2,754,997)	(2,774,502)
Accumulated losses		(43,084,489)	(46,606,282)
Total equity		3,942,929	4,402,178

The above Condensed Consolidated Interim Statement of Financial Position should be read
in conjunction with the accompanying notes

**PLANET GAS LIMITED
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

Attributable to equity holders of the Company

	Issued capital	Accumulated losses	Option premium reserve	Fair value reserve	Foreign currency translation reserve	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2014	49,781,972	(46,271,626)	4,379,880	30,555	(2,786,032)	5,134,749
Total comprehensive income for the period						
Loss for the period	-	(364,427)	-	-	-	(364,427)
Foreign currency translation differences	-	-	-	-	(290)	(290)
Net change in fair value of available-for-sale financial assets	-	-	-	(10,950)	-	(10,950)
Total other comprehensive loss	-	-	-	(10,950)	(290)	(11,240)
Total comprehensive loss	-	(364,427)	-	(10,950)	(290)	(375,667)
Transactions with owners recorded directly in equity						
Contribution by and distribution to owners	-	-	-	-	-	-
Balance at 30 June 2014	49,781,972	(46,636,053)	4,379,880	19,605	(2,786,322)	4,759,082
Balance at 1 January 2015	49,781,972	(42,606,282)	-	990	(2,774,502)	4,402,178
Total comprehensive income for the period						
Loss for the period	-	(478,207)	-	-	-	(478,207)
Foreign currency translation differences	-	-	-	-	19,505	19,505
Net change in fair value of available-for-sale financial assets	-	-	-	(547)	-	(547)
Total other comprehensive loss	-	-	-	(547)	19,505	18,958
Total comprehensive loss	-	(478,207)	-	(547)	19,505	(459,249)
Transactions with owners recorded directly in equity						
Contribution by and distribution to owners	-	-	-	-	-	-
Balance at 30 June 2015	49,781,972	(43,084,489)	-	443	(2,754,997)	3,942,929

The above Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes

**PLANET GAS LIMITED
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

	30 June 2015	30 June 2014
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	118,631	1,634
Cash payments in the course of operations	<u>(464,050)</u>	<u>(482,808)</u>
Cash used in operations	(345,419)	(481,174)
Interest received	20,558	52,032
Interest paid	<u>(58,866)</u>	<u>-</u>
Net cash used in operating activities	<u>(383,727)</u>	<u>(429,142)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(67,608)	(109,343)
Payments for royalty acquisition	<u>(6,018,054)</u>	<u>-</u>
Net cash used in investing activities	<u>(6,085,662)</u>	<u>(109,343)</u>
Cash flows from financing activities		
Proceeds from draw down of facility	<u>4,161,788</u>	<u>-</u>
Net cash from financing activities	<u>4,161,788</u>	<u>-</u>
Net decrease in cash and cash equivalents	(2,307,601)	(538,485)
Cash and cash equivalents at the beginning of the financial period	3,471,201	4,414,517
Effect of exchange rate fluctuations on cash held	<u>-</u>	<u>-</u>
Cash and cash equivalents at the end of the financial period	<u>1,163,600</u>	<u>3,876,032</u>

The above Condensed Consolidated Interim Statement of Cash Flows should be read
in conjunction with the accompanying notes

**PLANET GAS LIMITED
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

NOTE 1 - REPORTING ENTITY

Planet Gas Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half-year ended 30 June 2015 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily engaged in the acquisition, exploration and development of oil and gas interests in Australia and the United States of America.

The consolidated annual financial statements of the Group as at and for the year ended 31 December 2014 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.planetgas.com.

NOTE 2 – BASIS OF PREPARATION

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

The condensed consolidated interim financial statements do 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 2014 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.

These condensed consolidated interim financial statements were approved by the Board of Directors on 11 September 2015.

Going Concern

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

The Group incurred a loss of \$478,207 for the half-year ended 30 June 2015. The Group has net assets of \$3,942,929 at 30 June 2015 which includes cash and cash equivalents of \$1,163,600. During the half-year ended 30 June 2015 the Group used \$451,335 (2014: \$538,485) in cash outflows from operating activities, including payments for exploration and evaluation of \$67,608 (2014: \$109,343).

During the half year the Group acquired an Overriding Royalty Interest ('ORRI') in oil and gas production assets in the United States from a subsidiary of Macquarie Bank Limited for total consideration of US\$4,450,000. The purchase was partly funded by US\$3,200,000 drawdown from the 5 year US\$15,000,000 conditional debt facility provided by Macquarie Bank Limited. The initial drawdown is to be repaid with annual payments of US\$150,000 for four years plus a final payment of US\$2,600,000 in 2020. At 30 June 2015 the total owing was US\$3,226,917 (including interest), with US\$150,000 principal repayment due in February 2016. Interest is also payable quarterly.

The Directors have prepared cash flow projections for the coming 12 months that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group generates revenue from the US royalty interest and obtains sufficient additional funding from shareholders or other parties to meet the ongoing operational expenditure and contractual debt repayments. To the extent that adequate funding is not obtained, the Group would need to reduce cash outflows to the level of cash funds available.

Accordingly there is a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern.

In the event that the Group does not obtain additional funding and/or reduce cash outflows 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 interim financial report.

**PLANET GAS LIMITED
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2014.

The Group has adopted the following accounting policy during the half-year ended 30 June 2015. The new accounting policy is expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2015.

Intangible assets

Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment costs.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful life and is generally recognised in profit or loss.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

NOTE 4 - ESTIMATES

The preparation of the condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements, 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 statements as at and for the year ended 31 December 2014.

Additional judgements and key sources of estimation uncertainty that have been applied to the condensed consolidated interim financial statements as at and for the half year ended 30 June 2015 are described in the following notes:

- Note 2 - Going concern
- Note 7 - Impairment

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

NOTE 5 - AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2015	31 December 2014
	\$	\$
Equity investments - available for sale at fair value	443	990

At 30 June 2015, the Directors compared the carrying value of the investment to market value and recorded a reduction in fair value of \$547 in equity (30 June 2014 - \$10,950 reduction in equity). This was based on a closing bid price of \$0.001 at 30 June 2015 (31 December 2014 - \$0.002).

The equity investment is an ASX listed company, and is therefore designated as Level 1 in the fair value hierarchy (quoted unadjusted prices in active markets).

The carrying value of the equity investments is the same as the fair value.

NOTE 6 - EXPLORATION AND EVALUATION EXPENDITURE

PRL 118 to PRL 128 (formerly PEL 514)	969,427	935,569
PEL 638	50,168	16,418
Net book value	1,019,595	951,987

PRL 118 to PRL 128 (formerly PEL 514)		
Carrying amount at beginning of the half year	935,569	756,780
Additions	33,858	178,789
Disposal	-	-
Net book value	969,427	935,569

PEL 638		
Carrying amount at beginning of the half year	16,418	-
Additions	33,750	16,418
Net book value	50,168	16,418

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

During the half-year ended 30 June 2015, the Group assessed its exploration and evaluation expenditure assets for impairment and recorded no impairment.

NOTE 7 – INTANGIBLE ASSETS

Overriding royalty interest (ORRI)

Royalty - at cost	6,018,054	-
Additions	-	-
Amortisation	(67,770)	-
Net foreign currency differences on translation	(1,478)	-
Net book value	5,948,806	-

During the half-year ended 30 June 2015, the Group assessed the ORRI for impairment and recorded no impairment.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

NOTE 8 – LOANS AND BORROWINGS

On 10 February 2015, the Group completed the acquisition of the ORRI over existing oil and gas production assets in the United States of America from a subsidiary of Macquarie Bank Limited. The purchase consideration was US\$4,450,000, with US\$1,250,000 paid in cash and US\$3,200,000 by a drawdown from the 5 year US\$15,000,000 conditional debt facility provided by Macquarie Bank Limited.

At 30 June 2015 the total borrowings owing was US\$3,226,197 which included accrued interest of US\$26,197. The interest is payable quarterly and calculated each quarter using the LIBOR + 5.5% per annum. At 30 June 2015 the applicable interest rate was 5.8%.

The principal owing of US\$3,200,000 is to be repaid over the 5 year term, with US\$150,000 payable per annum for four years and a final payment of US\$2,600,000 in 2020. The first principal repayment of US\$150,000 is due on 10 February 2016.

The first drawdown of the facility is secured by the ORRI over existing oil and gas production assets and a floating charge over the assets of Planet Gas Limited. At 30 June 2015 the Group was in compliance with the financial and non-financial covenants attached to the facility.

NOTE 9 - ISSUED CAPITAL

	30 June 2015		31 December 2014	
	Number	\$	Number	\$
Ordinary shares, fully paid at 1 July	537,622,535	49,781,972	537,622,535	49,781,972
Movement in ordinary shares	-	-	-	-
Balance at end of period	537,622,535	49,781,972	537,622,535	49,781,972

Fully paid ordinary shares carry one vote per share and carry the right to dividends

NOTE 10 - RELATED PARTY DISCLOSURE

During the half-year ended 30 June 2015, Norman A. Seckold and Peter J. Nightingale had a controlling interest in an entity, Mining Services Trust, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the Group. Fees paid to Mining Services Trust during the half-year amounted to \$108,000 (2014 - \$90,000). There were no amounts outstanding as at 30 June 2015 (2013 - \$nil).

At 30 June 2015, \$6,250 was payable to Rosignol Consultants Pty Limited for amounts outstanding in relation to fees owing to Peter J. Nightingale (2014 - \$6,250).

NOTE 11 - SUBSEQUENT EVENTS

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**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2015**

NOTE 12 - OPERATING SEGMENTS

	Exploration \$	Royalty \$	Unallocated \$	Total \$
30 June 2015				
Revenue and other income				
Revenue from external customers	-	148,318	-	148,318
Interest income	-	-	20,558	20,558
Interest cost	-	92,358	-	92,358
Results				
Operating loss before income tax	-	(52,847)	(425,360)	(478,207)
Income tax benefit	-	-	-	-
Assets				
Segment assets	1,019,595	6,046,704	1,120,571	8,186,870
Liabilities				
Segment liabilities	-	4,214,497	29,444	4,243,941

As a result of the acquisition of the ORRI over existing oil and gas production assets the Group has changed its internal organisation and the composition of reportable segments.

For the year ended 31 December 2014 the Group solely undertook evaluation and exploration activities in Australia.

**PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

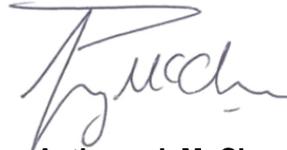
In the opinion of the Directors of Planet Gas Limited (the Company):

- (1) the condensed consolidated interim financial statements and notes set out on pages 7 to 15, are 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 2015 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*; and
- (2) 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 11th day of September 2015
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 interim financial report of Planet Gas Limited, which comprises the condensed consolidated interim statement of financial position as at 30 June 2015, condensed consolidated interim statement of profit or loss and other 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 12 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 interim financial report

The Directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the interim 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 interim 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 interim 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 2015 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 an interim 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*.



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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim 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 2015 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*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 2 'Going concern' in the interim financial report which indicates that the ability of the Group to continue as a going concern is dependent on the Group obtaining sufficient additional cash funding from shareholders or other parties to meet ongoing operational expenditure and contractual debt repayments. To the extent that adequate funding is not obtained the Group would need to reduce cash outflows to the level of cash funds available.

Due to the matters set out in note 2, a material uncertainty exists which may cast significant doubt about the Group's ability to continue as a going concern, and therefore whether the Group is able to realise its assets, including exploration and evaluation assets with a carrying value of \$1,019,595 and intangible assets with a carrying value of \$5,948,806 at 30 June 2015, or settle its liabilities at the amounts recorded in the interim financial report.

KPMG

KPMG

Adam Twemlow
Partner
Brisbane
11 September 2015

**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 Marcelo Mora

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Homepage: www.planetgas.com

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