PLANET GAS LIMITED
and its controlled entities

A.B.N. 46 098 952 035

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2016

CONTENTS

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 2016.

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.

Mr Seckold is currently Chairman of Augur Resources Ltd, a minerals exploration and development company operating in Australia and Indonesia and Santana Minerals Limited, a precious metals exploration company operating in Mexico. In the past three years he was also Chairman of Equus Mining Limited and Cerro Resources NL. He is also a director of the unlisted public companies Mekong Minerals Limited and Nickel Mines Limited.

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.

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

Anthony J. McClure, Non-Executive Director

Director since 27 August 2003 and Managing Director from 31 May 2012 to 28 July 2016.

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 Managing Director of Silver Mines Limited and a director of unlisted public companies Nickel Mines Limited and Mekong Minerals 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. Previously he was also director of Industrea Limited and the Managing Director of Cerro Resources NL.

Robert Michael 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. He is currently a director in Green Investment Ltd and previously he was a director of Cerro Resources NL.

Robert Charles Neale, Non-Executive Director

Director since 20 November 2009 – Resigned 29 February 2016.

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.

OPERATING AND FINANCIAL REVIEW

The activities of Planet Gas Limited and its controlled entities (the 'Group') during the half-year ended 30 June 2016 include the following:

- The Overriding Royalty Interest ('ORRI') in Kansas, Pennsylvania and New York State, United States of America production revenue continued to be affected by highly volatile oil and gas prices with strong recovery toward the end of the half year.
- Silverstar-1 well location was confirmed by the Origin Energy Limited and Senex Energy Limited Joint Venture. Drilling is expected to commence in the last quarter of calendar year 2016.

OVERRIDING ROYALTY INTEREST, USA

During the half-year, Planet Gas Limited 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 produced approximately 90,076 barrels of oil (bbls) and 877,920 cubic feet of natural gas (Mcf).

	Half-Year Ended 30 June 2016	Year to Date
Planet Gas ORRI (US$)	89,528	89,528

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.

During the half year, West Texas Intermediate Crude ("WTI") prices exhibited some recovery after reaching a low price of approximately US$26 per barrel. Towards the end of the half year prices recovered to over US$45 per barrel. During the half year, NYMEX natural gas prices also continued to fluctuate substantially ranging from approximately US$1.50 per MMBtu to almost US$3.00 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.

PEL 638 is divided into two joint ventures; the PEL 638 Deeps[1] joint venture (the subject of the farm-in by Origin) and the PEL 638 Shallows[1] 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 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 exploration and appraisal wells, fracture stimulation and flow testing. Stage 1 will evaluate the potential of the tight gas sands 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.

Following interpretation of data from both the Jonothon (150km^2) and Mudrangie (99km^2) 3D seismic surveys, the joint venture agreed to the location and preliminary design of the first well to be drilled under the farm-in agreement. The Silverstar-1 vertical well has been identified from the Jonothon 3D seismic survey and is in close proximity to the existing Moondie-1 and Beanbush-1 discoveries. Silverstar-1 will target basin centred gas in the Permian sandstones, and is expected to be drilled to a depth of around 3,600 metres. The joint venture expects to drill the well in the final quarter of calendar year 2016.

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

During the half year the Joint Venture is continuing work on PRL118 through to PRL 128. Planet Gas' 20% interest continues to be free carried by Senex for oil exploration in PRL 118 through PRL 128 and PEL 638 Shallows.

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 January 2016, 28 April 2016 and 26 July 2016 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 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 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.

Signed at Sydney this 12th day of August 2016
in accordance with a resolution of the Board of Directors:

Norman A. Seckold
Chairman

Peter J. Nightingale
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 2016, 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

Stephen J. Board
Partner

Brisbane

12 August 2016

PLANET GAS LIMITED
AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Notes	30 June 2016 $	30 June 2015 $
CONTINUING OPERATIONS			
Revenue		**121,743**	148,318
Administration and consultants' expenses		**(351,392)**	(391,564)
Depreciation expense		**-**	-
Amortisation	7	**(50,928)**	(67,770)
Impairment intangible assets	7	**(233,076)**	-
Travel expenses		**(6,685)**	(20,432)
Other expenses		**(44,029)**	(74,959)
Operating loss before financing income		**(564,367)**	(406,407)
Financial income		**4,451**	20,558
Finance expense		**(128,740)**	(92,358)
Net financing (expense)/income		**(124,289)**	(71,800)
Loss before tax		**(688,656)**	(478,207)
Income tax expense		**-**	-
Loss for the period		**(688,656)**	(478,207)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences - foreign operations		**16,967**	19,505
Net change in the fair value of available for sale financial assets	5	**545**	(547)
Total items that may be reclassified subsequently to profit or loss		**17,512**	18,958
Other comprehensive loss for the period		**17,512**	18,958
Total comprehensive loss for the period		**(671,144)**	(459,249)
Basic and diluted loss per share (cents)		**(0.13)**	(0.09)

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
AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	30 June 2016 $	31 December 2015 $
Current assets			
Cash and cash equivalents		**402,100**	761,789
Trade and other receivables		**31,229**	38,297
Other assets		**6,300**	9,203
Total current assets		**439,629**	809,289
Non-current assets			
Investments	5	**990**	445
Exploration and evaluation expenditure	6	**1,154,595**	1,087,095
Intangible assets	7	**2,828,423**	3,182,710
Total non-current assets		**3,984,008**	4,270,250
Total assets		**4,423,637**	5,079,539
Current liabilities			
Trade and other payables		**357,471**	50,034
Loans and borrowings	8	**4,129,654**	4,421,849
Total current liabilities		**4,487,125**	4,471,883
Total liabilities		**4,487,125**	4,471,883
Net assets / (net liabilities)		**(63,488)**	607,656
Equity			
Issued capital	9	**49,781,972**	49,781,972
Fair value reserve		**990**	445
Foreign currency translation reserve		**(2,647,662)**	(2,664,629)
Accumulated losses		**(47,198,788)**	(46,510,132)
Total equity / (deficiency)		**(63,488)**	607,656

The above Condensed Consolidated Interim 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 2016

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 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)
Other comprehensive income items that may be reclassified subsequently to profit or loss						
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**
Balance at 1 January 2016	49,781,972	(46,510,132)	-	445	(2,664,629)	607,656
Total comprehensive income for the period						
Loss for the period	-	(688,656)	-	-	-	(688,656)
Other comprehensive income items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences	-	-	-	-	16,967	16,967
Net change in fair value of available-for-sale financial assets	-	-	-	545	-	545
Total other comprehensive loss	-	-	-	545	16,967	17,512
Total comprehensive loss	-	(688,656)	-	545	16,967	(671,144)
Transactions with owners recorded directly in equity						
Contribution by and distribution to owners	-	-	-	-	-	-
Balance at 30 June 2016	**49,781,972**	**(47,198,788)**	**-**	**990**	**(2,647,662)**	**(63,488)**

The above Condensed Consolidated Interim 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 2016

	30 June 2016 $	30 June 2015 $
Cash flows from operating activities		
Cash receipts in the course of operations	**123,267**	118,631
Cash payments in the course of operations	**(120,432)**	(464,050)
Cash used in operations	**2,835**	(345,419)
Interest received	**4,451**	20,558
Interest paid	**(128,823)**	(58,866)
Net cash used in operating activities	**(121,537)**	(383,727)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	**(33,750)**	(67,608)
Payments for royalty acquisition	**-**	(6,018,054)
Receipt of royalty refund deposit withheld	**5,829**	-
Net cash used in investing activities	**(27,921)**	(6,085,662)
Cash flows from financing activities		
Proceeds from draw down of facility	**-**	4,161,788
Repayment of borrowings	**(210,231)**	-
Net cash from financing activities	**(210,231)**	4,161,788
Net decrease in cash and cash equivalents	**(359,689)**	(2,307,601)
Cash and cash equivalents at the beginning of the financial period	**761,789**	3,471,201
Cash and cash equivalents at the end of the financial period	**402,100**	1,163,600

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

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 2016 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 2015 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 2015 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 12 August 2016.

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 $688,656 for the half-year ended 30 June 2016. The Group has negative net assets of $63,488 at 30 June 2016 which includes cash and cash equivalents of $402,100. During the half-year ended 30 June 2016 the Group used $155,287 (2015: $451,335) in cash outflows from operating activities, including payments for exploration and evaluation of $33,750 (2014: $67,608).

At 30 June 2016, the total amount owing on the conditional debt facility with Macquarie Bank Limited is US$3,077,005 (including interest), with US$150,000 principal repayments payable annually on the anniversary date of the drawdown amount on February 2017 to February 2020 with a final instalment of US$2,450,000 payable in February 2020. Interest is payable quarterly on the outstanding balance of the loan.

The Group has not complied with certain financial covenants under the loan facility and has obtained waivers from Macquarie Bank Limited for the period to 30 November 2016. The Directors are currently evaluating their options in relation to the non-compliance with the financial covenants of the loan facility prior to the expiry of the waiver on 30 November 2016 (refer Note 8). These options may include sale of certain assets to repay debt, renegotiation of the existing debt facility or extension of financial covenant waiver beyond 30 November 2016. As a result of the expected non-compliance with financial covenants subsequent to 30 June 2016 the Group has reclassified the loan facility to current liabilities at half-year ended 30 June 2016.

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. In addition, the cashflow projections assume no additional payments are required in relation to the Macquarie Bank Limited facility beyond interest repayments and annual principal 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.

NOTE 2 – BASIS OF PREPARATION (Cont.)

Going Concern (Cont.)

Accordingly, given the options available to address the Group's funding needs are uncertain until executed, 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 resolve the debt covenant issues through the strategies outlined above, obtain additional funding and 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 consolidated financial statements.

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 2015.

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 2015.

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 2016 are described in the following notes:

- Note 2 - Going concern
- Note 6 - Exploration and evaluation expenditure
- Note 7 - Intangible assets

NOTE 5 - AVAILABLE FOR SALE FINANCIAL ASSETS

	30 June 2016 $	31 December 2015 $
Equity investments - available for sale at fair value	990	445

At 30 June 2016, the Directors compared the carrying value of the investment to market value and recorded a increase in fair value of $545 in equity (30 June 2015 - $547 reduction in equity). This was based on a closing price of $0.002 at 30 June 2016 (31 December 2015 - $0.001).

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)	**1,036,927**	1,003,177
PEL 638	**117,668**	83,918
Net book value	**1,154,595**	1,087,095
PRL 118 to PRL 128 (formerly PEL 514)		
Carrying amount at beginning of the half-year	**1,003,177**	935,569
Additions	**33,750**	67,608
Net book value	**1,036,927**	1,003,177
PEL 638		
Carrying amount at beginning of the half-year	**83,918**	16,418
Additions	**33,750**	67,500
Net book value	**117,668**	83,918

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 2016, 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	**6,068,273**	6,068,273
Refund acquisition retention	**(5,829)**	-
Accumulated amortisation	**(221,826)**	(170,898)
Accumulated impairment	**(3,220,863)**	(2,987,787)
Net foreign currency differences on translation	**208,668**	273,122
Net book value	**2,828,423**	3,182,710

.

NOTE 7 – INTANGIBLE ASSETS (Cont.)

	30 June 2016 $	31 December 2015 $
Reconciliations of the carrying amounts for each class of intangible assets are set out below:		
Carrying amount at beginning of year	**3,182,710**	-
Additions / (reductions)	**(5,829)**	6,068,273
Amortisation	**(50,928)**	(170,898)
Impairment	**(233,076)**	(2,987,787)
Net foreign currency differences on translation	**(64,454)**	273,122
Net book value	**2,828,423**	3,182,710

The recoverable amount of the ORRI asset was assessed at 30 June 2016 based on its value in use, estimated using discounted cash flows to be generated through the royalty interest. The key assumptions to which the model is most sensitive include:

- Net production volumes of oil and gas
- Forecast commodity prices
- Discount rate of 8%

In determining the value assigned to each key assumption, management has used external sources of information where possible.

Net production volumes of oil and gas are based on the producer's historical production levels and life of wells models.

The Group's cash flow forecast is based on estimates of future commodity prices from externally available sources.

The Group has applied a discount rate of 8% to the forecast future attributable post-tax cash flows. This discount rate represents an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset.

The recoverable amount has been determined based on the future reserves to be extracted over a life of 30 years. This is calculated based on the producers estimated extraction plan.

Based on the impairment review completed at 30 June 2016, the Group assessed the ORRI for impairment and recorded an impairment of $233,076 (31 December 2015 impairment: $2,987,787).

NOTE 8 – LOANS AND BORROWINGS

	30 June 2016 $	31 December 2015 $
Current	**4,129,654**	4,421,849

The Company has drawdown US$3.2 million from a 5 year conditional loan facility provided by Macquarie Bank Limited. At 30 June 2016 the outstanding principal is US$3,050,000 and the outstanding interest is USD$27,004. The interest is payable quarterly and calculated each quarter using the LIBOR + 5.5% per annum and at 30 June 2016 the applicable interest rate was 6.30%. The loan is repayable in tranches over five years with 5 equals' instalments of US$150,000 payable annually on the anniversary date of the drawdown amount with a final instalment of US$2,450,000 payable in February 2020.

The loan facility contains a debt covenant stating that at all times the net present value of Proved Developed Producing Reserves ('PDP') is greater than 1.1 of the total aggregate indebtedness of the Group. The Company has not complied with this financial covenant under the loan facility. During the period the Group had obtained a waiver from Macquarie Bank Limited until 30 November 2016. As outlined in Note 2 the Directors are currently evaluating their options in relation to the non-compliance with financial covenants of the loan facility. As a result of the non-compliance with financial covenants the Group has reclassified the loan facility to current at year end.

NOTE 9 - ISSUED CAPITAL

	30 June 2016		31 December 2015	
	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 2016, 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 (2015 - $108,000). The amounts outstanding as at 30 June 2016 is $108,000 (2015 - $nil).

At 30 June 2016, $202,250 was payable to Company Directors for outstanding Director's fees (2015 - $6,250).

NOTE 11 - SUBSEQUENT EVENTS

No 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.

NOTE 12 - OPERATING SEGMENTS

The Group's chief operating decision maker has considered the requirements of AASB 8, Operating Segments, and has concluded that, during the half-year ended 30 June 2016, the Group has two reportable segments, as described below.

- Exploration – exploration and evaluation activities of the Group
- Royalty – operations related to the overriding royalty interest

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

	Exploration	**Royalty**	**Unallocated**	**Total**
	$	**$**	**$**	**$**
30 June 2016				
Revenue and other income				
Revenue from external customers	-	121,743	-	121,743
Interest income	-	-	4,451	4,451
Interest expense	-	(128,740)	-	(128,740)
Results				
Operating profit /(loss) before income tax	216	(291,069)	(397,803)	(688,656)
Income tax benefit	-	-	-	-
Impairment	-	(233,076)	-	(233,076)
Assets				
Segment assets	1,159,380	2,891,290	372,967	4,423,637
Liabilities				
Segment liabilities	-	4,129,654	357,471	4,487,125
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

For the half-year ended 30 June 2016 the Group solely undertook evaluation and exploration activities in Australia.

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 16, 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 2016 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 12th day of August 2016
in accordance with a resolution of the Board of Directors:

Norman A. Seckold	**Peter J. Nightingale**
Chairman	**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 2016, 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 2016 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 2016 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. 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 $1,154,595 and intangible assets with a carrying value of $2,828,423 at 30 June 2016, or settle its liabilities at the amounts recorded in the interim financial report.

KPMG

KPMG

SBoard

Stephen J. Board
Partner
Brisbane
12 August 2016

CORPORATE DIRECTORY

Directors:

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

Company Secretary:

Mr Marcelo Mora

Principal Place of Business and Registered Office:

Level 2, 66 Hunter Street
SYDNEY NSW 2000

Phone:	61-2 9300 3322
Fax:	61-2 9221 6333
Email:	info@planetgas.com
Homepage:	www.planetgas.com

Auditors:

KPMG
Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Share Registrar:

Computershare Investor Services Pty Limited
Level 4
60 Carrington Street
Sydney NSW 2000

Phone:	1300 787 272
Overseas Callers	+61 3 9415 4000
Facsimile:	+61 3 9473 2500

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000