

19 August 2011

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(3 pages by email)

Dear Madam

PELA 514 - FARM-IN BY SENEX ENERGY LIMITED

- **Heads of Agreement signed today with Senex Energy Limited.**
- **PELA 514 notionally divided into northern and southern areas.**
- **Senex will earn equity in PELA 514 through 100% funding of the drilling of three exploration wells, two within the first two years of the PEL.**

Planet Gas Limited (the 'Company' or 'Planet') is pleased to provide an update concerning a farm-in to PELA 514, located in South Australia, for which it holds preferred tenderer status.

Under the agreement with Senex Energy Limited ('Senex'), Senex will earn a 50% interest in the Northern Area of PELA 514 and a 70% interest in the Southern Area.

South Australian Cooper Basin Licence PELA 514

Planet was the successful tenderer for South Australia gazetted block CO2009-C in 2009, now known as PELA 514. The Company has held preferred tenderer status since that time and has been progressing Native Title processes.

PELA 514 is located in the northern Cooper Basin in South Australia, close to existing oil and gas infrastructure. The permit area comprises seventeen sub-blocks which are on trend with the highly prospective western flank play.

Under the executed agreement, Senex is to farm-in to PELA 514 in two separate areas and will assume Operatorship of the permit.

PELA 514 Northern Area

The Northern Area of PELA 514 adjoins Senex permits PEL 100, PEL 110 and PEL 90. The permit area includes Birkhead time structures capable of hosting Birkhead channel oil plays such as those discovered at Growler and Snatcher.

Oil discoveries in permits neighbouring PELA 514 also support the potential for hydrocarbons in the area.

Under the Farm-in Agreement, Senex has agreed to fund 100% of the cost of two wells to earn a 50% interest in the Northern Area.

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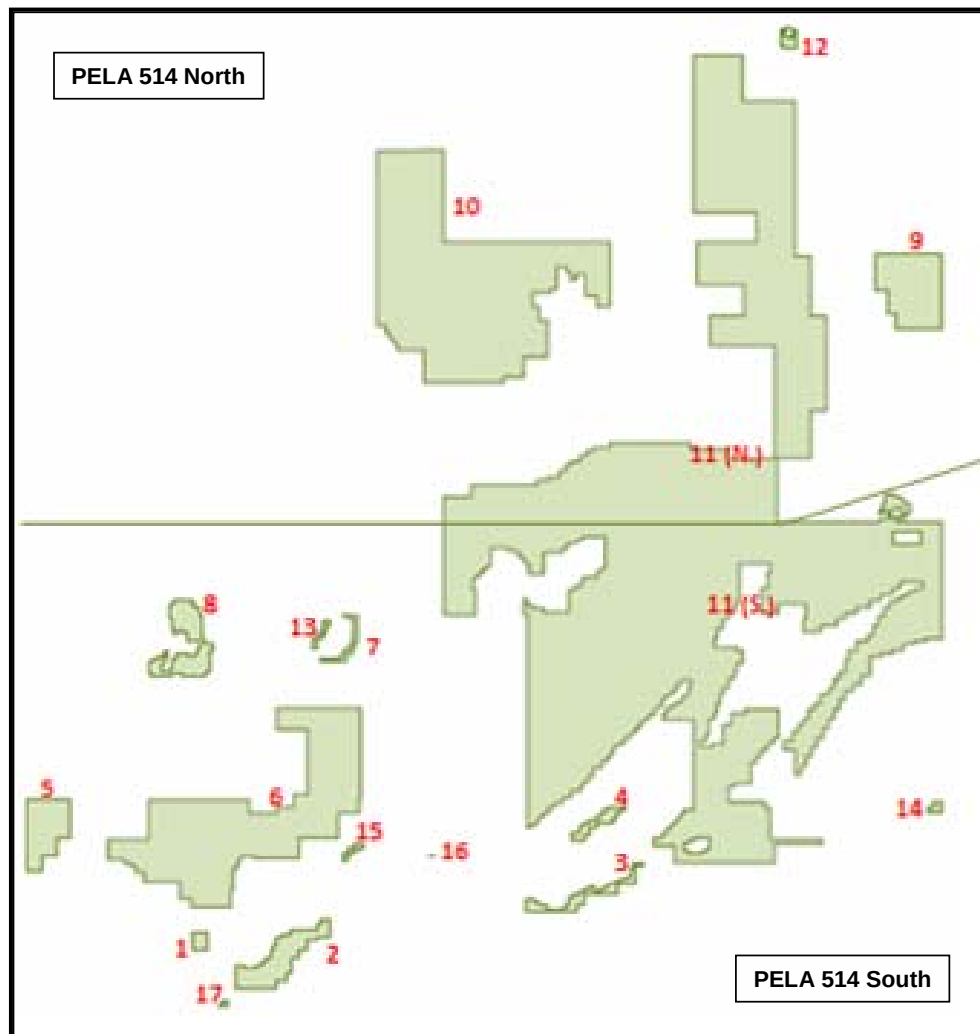
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PELA 514 Southern Area

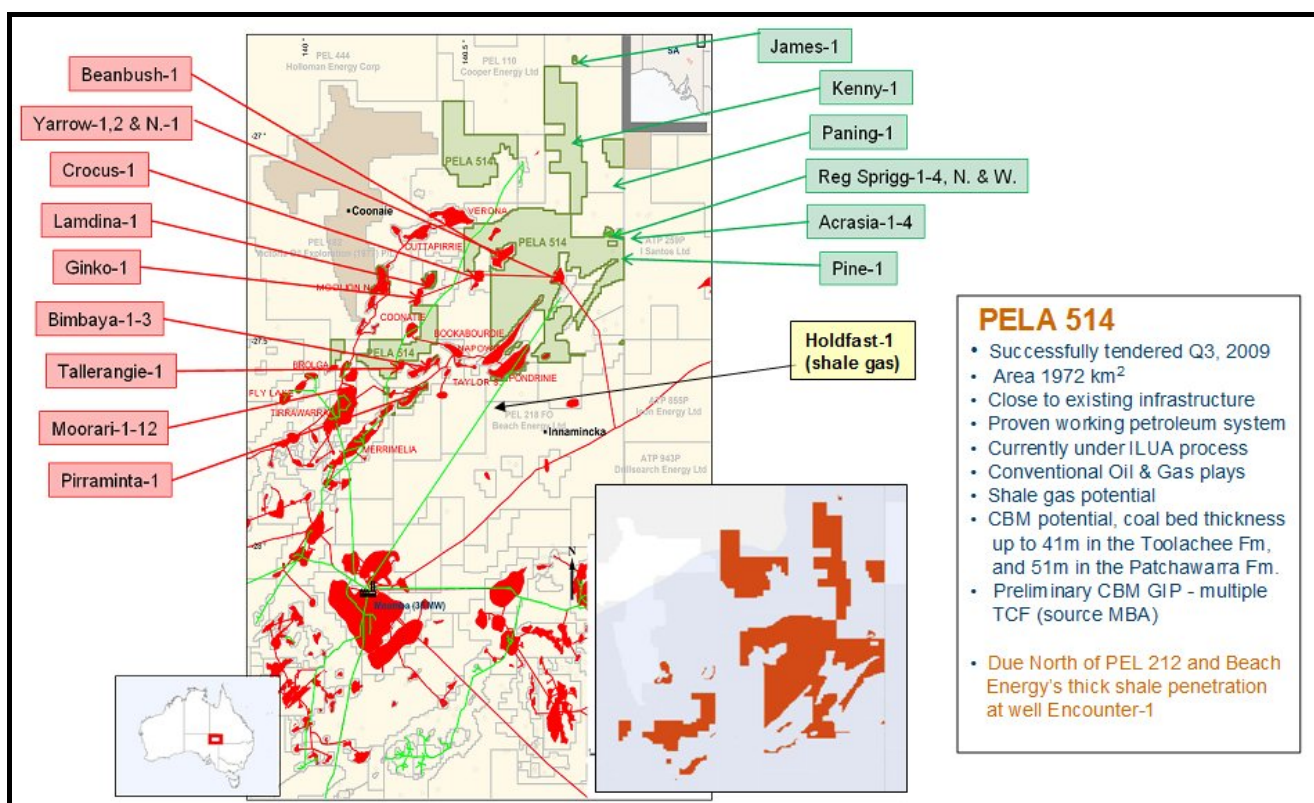
The Southern Area of PELA 514 is highly prospective for unconventional gas, containing measures of coal, tight sands and shales.

Significant thicknesses of coal in the Patchawarra and Toolachee formations have been recorded from wells drilled adjacent to, and within, the PELA 514 permit boundaries. The Murteree shales unit of the REM Shales is also present in this part of the Patchawarra Trough.

Senex has agreed to fund 100% of the cost of a third well to earn a 70% interest in the Southern Area.



Ian Halstead Planet's CEO commented: "The Senex farm-in to the highly prospective PELA 514 is an excellent first step into the Cooper Basin for Planet. Alignment with Senex, a well established neighbouring Operator, will ensure early commercialisation of any discoveries there, and represents an excellent opportunity for early value addition for Planet's shareholders. We look forward to working with Senex in the exploration of this licence."



Statement of Competent Person

The information in this report that relates to Exploration Results is based on information compiled by Mr Ian Halstead, geologist, who is a Member of the American Association of Petroleum Geologists. Ian Halstead is a full-time employee of the Company who has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Halstead has consented to the inclusion in this report of the matters based on his information in the form and context in which they appear.

For further information, please contact Norman Seckold, Peter Nightingale or Ian Halstead on (61-2) 9300 3322.

Yours sincerely

Peter J. Nightingale
Director

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