

7 December 2004

The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

(2 pages by email)

Dear Madam

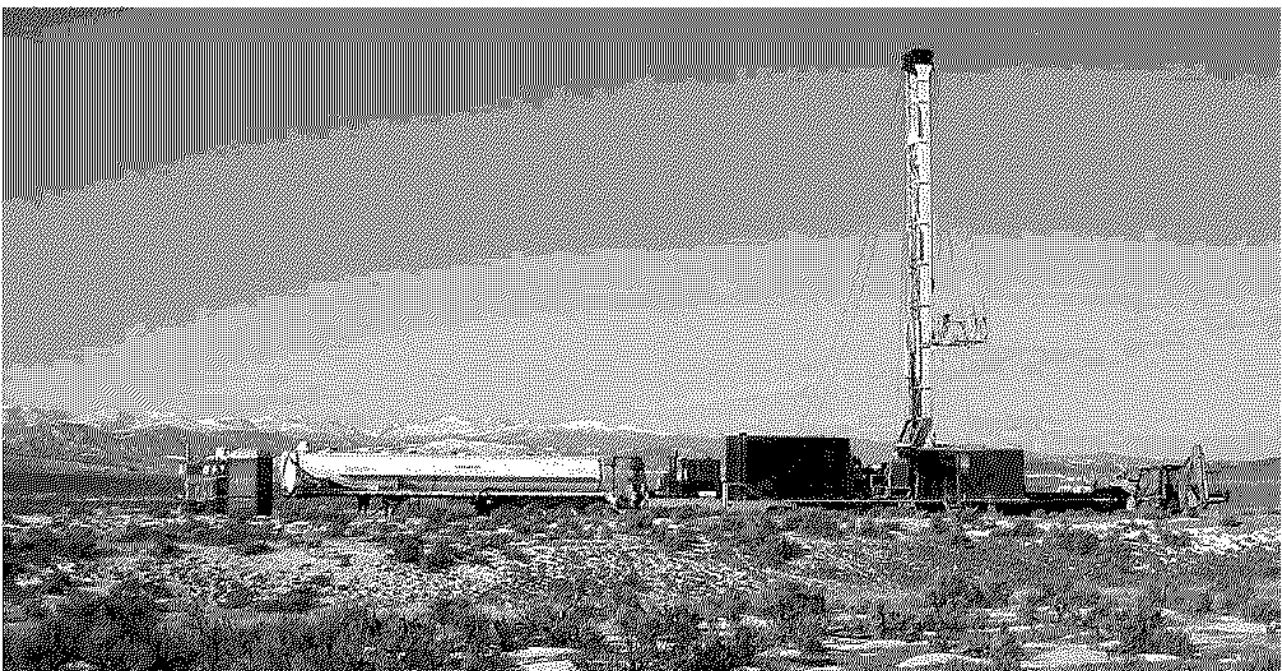
**RE: WEST ESPONDA STRAT 30-5080 REACHES TOTAL DEPTH
POWDER RIVER BASIN WYOMING USA**

Planet Gas Limited advises that its wholly owned subsidiary, Pauper's Dream Company, has successfully completed its third of up to eight stratigraphic wells at its West Esponda Project within the Powder River Basin, Wyoming, USA.

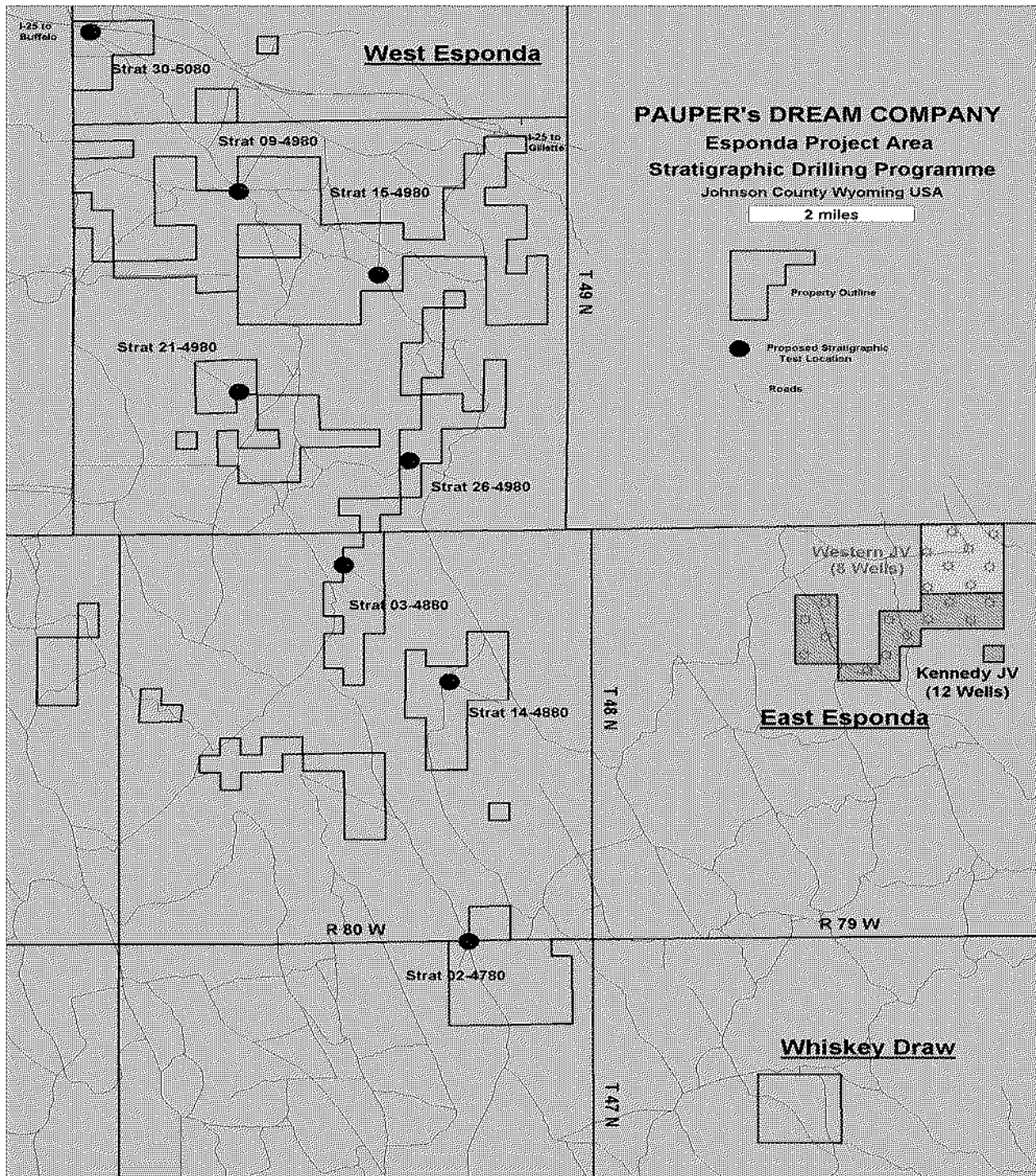
The stratigraphic drilling program is designed to confirm previous total coal isopach (thickness) mapping and assess the in-situ gas of each coal horizon prior to the commencement of development drilling programs.

Comparing these initial areas drilled to date, the Big George coal horizon can be extended 16 kilometres (10 miles) to the northwest with a total thickness in the Big George Seam correlative to that of the western portions of the Company's East Esponda Project which has been developed by the Company's joint venture partners, Kennedy Oil and is anticipated to commence CBM production in the very near future.

STRAT 30-5080 (see attached map) has been drilled to a depth of 914 metres (3,000 feet). Preliminary evaluation of the electric logs and gas detection run is very encouraging and indicates approximately 50 metres (165 feet) of gassy coal intersections within horizons of the Fort Union and Wasatch Formations which are the primary coalbed methane targets.



It is anticipated that the fourth stratigraphic test well (STRAT 03-4880) will be spudded today.



For further information, contact Norman Seckold or Bruce Riederer on (61-2) 92475112.

Yours sincerely

Peter J. Nightingale
Director

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