

**PLANET EXPLORATION INC.**  
**FIRST QUARTER SHAREHOLDERS' REPORT**  
**AS AT JUNE 30, 2008**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following discussion and analysis is a review of operations, current financial position and outlook for Planet Exploration Inc. ("Planet" or the "Company") and should be read in conjunction with the unaudited quarterly financial statements for the three months ended June 30, 2008, the audited financial statements for the year ended March 31, 2008 and management's discussion and analysis for the year ended March 31, 2008. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

Statements in this document may contain forward-looking information. Estimates provided for fiscal 2009 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the company. The reader is cautioned not to place undue reliance on this forward-looking information.

**COMPANY PROFILE**

Planet is a junior mineral exploration company that is listed as "PXI" on the TSX Venture Exchange.

**CORE PROPERTY UPDATE**

**Sidace Lake (Red Lake Mining District), Ontario**

**Location and Ownership**

Planet's primary property comprises 63 unpatented contiguous mining claims covering an area of 12,224 Ha, located 25 km northeast of Balmertown, Red Lake Mining Division, Ontario. The property is owned by Planet as to 40% and Goldcorp Red Lake Gold Mines, an affiliate of Goldcorp Inc. ("Goldcorp") as to 60% under the terms of a joint venture. The Sidace Lake property is subject to a 1% Net Smelter Royalty. The joint venture is funded 60% by Goldcorp (who are the operators) and 40% by Planet.

**Brief History**

Planet first took an interest in the property in 1998. Initially, drilling was focused on exploration, following targets located by geophysics. This strategy identified seven zones of interest within a 2.5 x 3.0 km area. These are the Main Discovery Zone ("MDZ"), Upper Duck Zone ("UDZ"), Far West, Deep Footwall, Western Duck, Skarn and the Anderson Zones. The following table shows progressive drilling on the property over the years on the Sidace Lake property. Until 2004, most efforts were concentrated on delineation and evaluation of the MDZ, but more recently, our focus has included the UDZ as another area of high potential. Only on the MDZ and UDZ has any detailed evaluation pattern drilling been done.

<b>Year</b>	<b>Number of Holes</b>	<b>Metres</b>
1998	6	828
1999	11	2,638
2002	12	2,202

<b>Year</b>	<b>Number of Holes</b>	<b>Metres</b>
2003	12	2,554
2004	32	16,973
2005	37	10,311
2006	33	11,071
2007	40	14,916
2008	6	2,874
<b>Totals</b>	<b>189</b>	<b>64,367</b>

## **Main Discovery Zone**

The joint venture has pattern drilled to 450m below surface on the Main Discovery Zone ("MDZ"), to obtain thereby a good understanding of mineralization, and probed to 950m below surface with continuing strong mineralization. A total of 74 holes have been drilled in the MDZ area since commencement of the project in 1998. The gold in the MDZ follows a complex structural pattern, of several steeply-dipping near-tabular bodies, the northern and main limbs of which are simple fold repetitions of the same horizon; the western limb appears to be axial planar to this fold, and the eastern limb completes the 'Z' fold.

The principal lithology is a quartz-sericite schist in which pervasive gold values in a thick envelope are associated with disseminated arsenopyrite, commonly with realgar, orpiment, stibnite and pyrite, some molybdenite and abundant quartz veinlets. However, higher grade gold mineralization is not constrained by either the original lithology, nor by the overprinted metamorphic fabric and facies.

The MDZ has had numerous exciting intersections in both thickness and grade. Of particular note are intersections such as 26.06 g/t over a metre in RL07-159, 28.34 g/t over 2 metres and 16.53g/t over 4 metres in RL07-161 and 26.56g/t over a metre in RL07-168, all from the last round of drilling at the end of 2007.

Continued evaluation infill drilling will be done on MDZ over the next few months.

## **Upper Duck Zone**

The Upper Duck Zone ("UDZ"), 1,200m to the southwest of the MDZ, is an entirely separate and different feature. The primary locating feature was originally a silicate-sulphide facies banded iron formation, that is now garnetiferous, rich in magnetite, and commonly shows minute specks of visible gold in pyrite-pyrrhotite-arsenopyrite bands. The zone strikes roughly due west, dipping steeply north. To the east, it is disrupted by intrusion of a porphyry stock and is eventually cut off by gabbro. To the west, the feature is interrupted by faulting and some porphyry dykes.

There are at least 4 sub-parallel bodies in close proximity that comprise the UDZ. Although the strike of these bodies is limited, they seem to show remarkable continuity down pitch of near-vertical shoots. This gold mineralization is constrained by neither lithology nor stratigraphy, and in places seems to penetrate, and to continue along strike within, what had previously been regarded as younger intrusives.

The joint venture has now drilled a total of 15,730 metres in 46 holes on UDZ. Previously released results from the 2007 drill programs include some spectacular values: 93.32 g/t Au over 1.4m from hole RL07-139 released May 17, 2007; 35.92 gpt Au over 0.40m in hole RL07-142 released June 14, 2007; and 6.22 g/t Au over 20.00m from hole RL07-152 and 20.54 g/t Au over 5.90m from hole RL07-153 released August 23, 2007.

Further drilling on the UDZ is ongoing.

## Drilling During the Current Quarter - Anderson Lake Drilling

The most recent drilling at Anderson Lake was a logical follow-up based on previous success and ongoing interpretation and modelling of new data on the Sidace Lake property. Drilling in 2005 had outlined a massive low grade body, which occurs in porphyry and altered mafic volcanics, known as the North Anderson Zone:

- RL05-89: 0.76g/t over 51m (includes 4.69g/t over 3.00m);
- RL05-100: 1.5g/t over 15m (includes 2.20g/t over 3.00m) (dyked out by diorite); and
- RL05-102: 0.61g/t over 93m (includes 11.27g/t over 2.00m) (Press Release 23 April 2008).

From March to May 2008, 1,250m were drilled, extending holes RL05-094, RL05-103, and RL05-104, which are the vicinity of the North Anderson zone. Although not specifically targeting this mineralization, the drilling investigated this zone and was planned to intersect the strike extension of the ultramafic–mafic package of rocks which underlie the waters of East Bay, Red Lake and are associated with mineralization at the past producing Cochenour – Willans Mine, and the Phoenix zone and recently discovered F2 zone at Rubicon Mineral's McFinley Mine property.

Results of the spring 2008 drilling had the following significant intersections:

Hole Number	Start Depth m	Final Depth m	Intersect from m	Intersect to m	Thickness m	Grade g/t
RL05-094*	324.00	759.00	158.00	162.00	4.00	0.65
			includes 161.00	162.00	1.00	1.32
			404.00	407.00	3.00	1.30
			includes 406.00	407.00	1.00	3.10
			437.90	439.00	1.10	1.83
RL05-103	225.00	660.00	no significant values			
RL05-104	201.00	587.00	212.50	219.50	7.00	1.61
			includes 212.50	213.50	1.00	5.80
			and 218.00	218.50	0.50	3.58
			265.50	266.50	1.00	1.38
			513.00	514.00	1.00	1.54
			565.00	566.00	1.00	1.13

At the base of RL05-094 there are scattered gold values in the ultramafics. The hole was stopped in talcose peridotite, and will be deepened until it is completely through this ultramafic, which is a part of the East Bay Serpentinite extension.

Hole RL05-103 started in feldspar porphyry, and remained in this intrusive until well past the targeted zone of interest.

Although scattered anomalous values were returned from the ultramafic unit(s), the section in RL05-104 from 212.50 - 219.50m, was most notable returning an average of 1.61 g/t over 7.00m and has abundant arsenopyrite.

Re-examining the data from this area has identified an additional target that will be evaluated by further drilling in the fall.

## Deep Footwall Zone to the MDZ

Review of the results of RL08-178, RL08-179 and RL08-180 (press release April 23, 2008) in the context of the other holes in this area, shows an essentially tabular body. This is a distinct body that lies well beneath the MDZ.

Hole Number	Intersect		Thickness m	Grade g/t
	from m	to m		
RL99-012	386.31	387.31	1.00	7.59
RL03-033	481.00	482.50	1.50	3.03
RL03-035	411.00	413.55	2.55	3.13
incl	412.00	413.00	1.00	5.04
RL03-037	586.30	587.10	0.80	14.47
RL04-039	804.00	806.00	2.00	11.58
incl	805.00	806.00	1.00	20.59
RL04-041	260.00	261.00	1.00	3.80
SD-04-11	1,440.50	1,441.50	1.00	6.93
RL08-179	89.00	92.00	3.00	4.27
incl	89.00	90.00	1.00	10.24
RL08-178	305.30	307.30	2.00	2.76
RL08-180	225.20	226.20	1.00	6.42

This is interpreted to be a Deep Footwall Zone to the MDZ, first intersected several years ago, and now sufficiently well documented to be modeled. This is a very positive development that promises good grades over apparent thicknesses of from one to three metres. It is encouraging that gold values in the zone are associated with wispy green mica, minor stibnite, and traces of stubby arsenopyrite. Strike length covered is over 550m, in a south-westerly direction. Note that the hole SD-04-11, drilled in 2004, intersected this zone at almost exactly 1,000m below surface. Further infill drilling will be done later in the year.

## Upper Duck Zone

### Drilling After the Current Quarter

Banded iron formation like the UDZ occurs discontinuously for at least 800m west of the faulted cutoff of the UDZ. To date only 6 holes had been drilled in the past to explore the potential of the continuation west of the faulted cut-off of the UDZ. After the end of the quarter, a summer drill program commenced on the UDZ, and is still in progress, with nine holes already completed, totaling approximately 4500m. The aim of the drill program for the UDZ is threefold:

- examine the geology immediately west of the UDZ;
- test for eastern extensions of the zone; and
- follow-up drilling of previously intersected gold mineralization at depth (~400 m below surface).

Drilling has encountered the favourable iron formation units with pyrite, pyrrhotite, and localized arsenopyrite, and continues.

Upon completion of drilling at the UDZ, the rig will be moved to the MDZ area, where at least 4000m of drilling is planned. Two auxiliary holes are also planned to explore some geophysical anomalies that have not been drilled previously.

## Outlook

Success to date has led the Joint Venture to initiate environmental base line studies that will be necessary to permit and conduct advanced exploration on a timely and uninterrupted schedule. Advanced exploration may include surface or underground excavations to provide a platform to sample, map and test mill the different mineralized structures.

All field work, drilling supervision and core logging and sampling is conducted by the geological staff of Goldcorp. Dr Adrian G Mann, P.Geol., is the Qualified Person for Planet.

## First Quarter Ended June 30, 2008

During the quarter ended June 30, 2008, Planet focused its efforts primarily on its diamond drilling program on its Sidace Lake project. The Company drilled three holes totalling 1,250 metres at its North Anderson location.

## Selected Financial Information

	<b>First Quarter Ended June 30, 2008</b>	First Quarter Ended June 30, 2007
Net and comprehensive (Loss) Income	(\$ 58,799)	\$ 3,920
Basic and diluted income per share	(\$ 0.002)	\$ 0.001
Working capital	\$ 6,247,242	\$ 7,432,362
Mineral properties	\$ 5,216,413	\$ 4,532,546
Total assets	\$11,824,483	\$12,129,314
Shareholder's equity, June 30	\$10,840,980	\$11,319,517
Basic number of shares outstanding as at June 30	25,319,190	25,309,190

## Financial Results in Detail

	<b>First Quarter Ended June 30, 2008</b>	First Quarter Ended June 30, 2007
	\$	\$
Interest income	54,848	82,097
General and administrative expenses	109,913	71,159
(Loss) income before income taxes	(58,825)	10,828

	<b>First Quarter Ended June 30, 2008</b>	First Quarter Ended June 30, 2007
	\$	\$
Future income tax (recovery) provision	(26)	6,908
Net and comprehensive (loss) income	(58,799)	3,920

***Discussion of Financial Results – First Quarter ended June 30, 2008 compared with the First Quarter ended June 30, 2007***

**Interest Income**

The Company's only source of income is interest revenue.

Interest revenue was \$54,848 for the quarter ended June 30, 2008 compared to \$82,097 in the quarter ended June 30, 2007. This decrease is mainly due to reducing bank deposit rates and a continuing drill program resulting in a reduction of cash and cash equivalents and additions to mineral properties.

**General and Administrative Expenses**

General and administrative expenses for the quarter ended June 30, 2008 were \$109,913, compared to \$71,159 for the quarter ended June 30, 2007. All expenses relate to general and administrative costs. The particular level of acquisition and exploration activity has a direct effect on the level of general and administrative costs. Management is not aware of any discernable quarterly trends in expenditure.

**Cash Flow From Operations**

Planet used \$55,065 in cash flow from investing its cash resources in the quarter ended June 30, 2008, compared to generating \$10,938 for the quarter ended June 30, 2007. This was due to an increase in general administration costs and a reduction in interest revenues in the current quarter.

**Stock Options**

No stock options were granted during the quarter ended June 30, 2008.

**Related Party Transactions**

For the three months ended June 30, 2008, the Company incurred \$15,000 (2007 - \$15,000) in director's fees from Ranjeet Sundher, an officer and director of the Company. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of \$5,000.

For the three months ended June 30, 2008, the Company incurred \$15,000 (2007 - \$15,000) in director's fees from Darold H. Parken, a director of the Company. These fees were billed at a monthly rate of \$5,000, and have been included in general and administrative expenses. The Company also incurred \$nil (2007 - \$6,750) in management and consulting fees from a firm in which Darold H. Parken, director is the principal shareholder. Prior period fees were billed at a monthly rate of \$2,250, and had been included in general and administrative expenses.

For the three months ended June 30, 2008, the Company incurred \$21,000 (2007 - \$nil) in director's fees from Salim Jivraj, a director of the Company. These fees have been included in general and administrative

expenses and were paid at a fixed monthly rate of \$7,000. The Company also incurred \$nil (2007 - \$15,000) in consulting fees from a company Salim Jivraj, director of the Company is the principal shareholder. Prior period fees were billed at a monthly rate of \$5,000, and had been included in general and administrative expenses.

For the three months ended June 30, 2008, the Company also incurred \$15,876 (2007 - \$20,425) from a company in which Adrian Mann, an officer and director of the Company, is the principal shareholder. These fees have been capitalized to the mineral properties.

These related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Accounts payable includes a total of \$37,876 (2007 - \$27,575) owing to related parties.

### **Risk and Liquidity**

Planet's business plan has been to grow through exploration for mineral resources. Planet's principal risks, as an exploration company, are that it must find and develop economic mineral resources and be able to fund the associated capital expenditures. Planet relies on equity financing. If any components of the business plan should be missing the Company may not be able to continue executing the entire business plan.

Exploration projects are reviewed at a very early stage from all aspects including: corporate fit, environmental issues, timing, costs and reward potential. Identified risks are addressed and excessive risks are mitigated, to the extent possible, before any project is approved.

### **Mineral Properties**

Acquisition and exploration costs of mineral property interests are capitalized and deferred until such time as the property is put into production, the property is disposed of either through sale or abandonment or the property is considered uneconomic in the foreseeable future. If put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property or option proceeds with respect to undeveloped properties are credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned or considered uneconomic in the foreseeable future, the acquisition and deferred exploration costs are written off to operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management reviews capitalized costs on its mineral properties on a periodic basis and recognizes impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable operations from the property or sale of the property.

### **Disclosure of Outstanding Share Data**

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities issued by the Company.

	<u>Authorized</u>	<u>Outstanding</u>
Voting or equity securities issued and outstanding	Unlimited Common Shares	25,319,190 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Stock Options to acquire up to 10% of the outstanding Common Shares at various exercise prices ranging between \$0.37 and \$0.75 per Common Share	1,112,500 Stock Options

### **Controls and Procedures**

Management maintains appropriate systems of internal control and policies and procedures designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained. Additionally, senior management has evaluated the effectiveness of the Company's disclosure controls and procedures at June 30, 2008, and has concluded that such disclosure controls and procedures were effective to provide reasonable assurance that material information relating to the Company is made known to them.