

Planet Exploration Inc.

Interim Financial Statements
For the three and six month periods ended
September 30, 2009

PLANET EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended September 30, 2009.

NOTICE TO READER OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements of Planet Exploration Inc. comprising the accompanying interim balance sheet as at September 30, 2009 and the interim statements of loss and deficit and cash flows for the three and six months then ended are the responsibility of the Company's management.

These interim financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, MacKay LLP. The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

"Salim Jivraj"

Salim Jivraj, Director

"Darold H. Parken"

Darold H. Parken, Director

November 27, 2009

Planet Exploration Inc.
Balance Sheet
(Unaudited - See Notice to Reader)

	September 30, 2009 (Unaudited)	March 31, 2009 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 4,842,166	\$ 5,861,536
Accounts receivable	19,312	45,114
Marketable securities	2,575	750
	4,864,053	5,907,400
Mineral property interests (note 4)	6,358,040	6,042,528
Other assets	1,000	1,104
	\$ 11,223,093	\$ 11,951,032
Liabilities		
Current		
Accounts payable	\$ 252,870	\$ 796,135
Future income taxes	600,020	600,046
	852,890	1,396,181
Shareholders' Equity		
Common shares (note 5 (b))	11,341,692	11,341,692
Contributed surplus	1,157,806	1,145,285
Deficit	(2,129,295)	(1,932,126)
	10,370,203	10,554,851
	\$ 11,223,093	\$ 11,951,032

Approved on behalf of the Board:

"Darold H. Parken"

Darold H. Parken, Director

"Salim Jivraj"

Salim Jivraj, Director

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.
Statements of Loss and Deficit
For the Three and Six Month Periods Ended September 30, 2009
(Unaudited - See Notice to Reader)

	Three months ended September 30		Six months ended September 30	
	2009	2008	2009	2008
Interest Revenue	\$ 4,450	\$ 49,595	\$ 10,743	\$ 104,443
Expenses				
General and administrative	92,912	101,210	195,313	211,123
Stock-based Compensation	5,784	3,639	12,521	7,278
Amortization	-	121	104	242
	<u>98,696</u>	<u>104,970</u>	<u>207,938</u>	<u>218,643</u>
Loss before income taxes	\$ (94,246)	\$ (55,375)	\$ (197,195)	\$ (114,200)
Future income tax recovery	<u>-</u>	<u>(30)</u>	<u>(26)</u>	<u>(56)</u>
Net loss and comprehensive loss	\$ (94,246)	\$ (55,345)	\$ (197,169)	\$ (114,144)
Deficit, beginning of period	<u>(2,035,049)</u>	<u>(1,549,370)</u>	<u>(1,932,126)</u>	<u>(1,490,571)</u>
Deficit, end of period	<u>\$ (2,129,295)</u>	<u>\$ (1,604,715)</u>	<u>\$ (2,129,295)</u>	<u>\$ (1,604,715)</u>
Loss per share - basic and diluted	<u>\$ (0.004)</u>	<u>\$ (0.002)</u>	<u>\$ (0.008)</u>	<u>\$ (0.004)</u>
Weighted average number of shares outstanding				
Basic	<u>25,319,190</u>	<u>25,319,190</u>	<u>25,319,190</u>	<u>25,319,190</u>
Diluted	<u>25,319,190</u>	<u>25,319,190</u>	<u>25,319,190</u>	<u>25,319,190</u>

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.
Statement of Cash Flows
For the Three and Six Month Periods Ended September 30, 2009
(Unaudited - See Notice to Reader)

	Three months ended September 30		Six months ended September 30	
	2009	2008	2009	2008
Operating Activities				
Net loss and comprehensive loss	\$ (94,246)	\$ (55,345)	\$ (197,169)	\$ (114,144)
Item not affecting cash				
Depreciation	-	121	104	242
Future income tax recovery	-	(30)	(26)	(56)
Unrealized (loss) gain on held for trading instruments	525	-	(1,825)	-
Stock-based compensation	5,784	3,639	12,521	7,278
	<u>(87,937)</u>	<u>(51,615)</u>	<u>(186,395)</u>	<u>(106,680)</u>
Net changes in non-cash working capital items related to operations	21,809	(24,639)	25,802	(1,899)
Cash used in operations	<u>(66,128)</u>	<u>(76,254)</u>	<u>(160,593)</u>	<u>(108,579)</u>
Investing Activities				
Additions to mineral properties	(220,059)	(434,946)	(315,512)	(563,611)
Net change in non-cash working capital items related to investing activities	87,997	343,119	(543,265)	278,335
	<u>(132,062)</u>	<u>(91,827)</u>	<u>(858,777)</u>	<u>(285,276)</u>
Decrease in cash and cash equivalents	(198,190)	(168,081)	(1,019,370)	(393,855)
Cash and cash equivalents, beginning of period	5,040,356	6,578,941	5,861,536	6,804,715
Cash and cash equivalents, end of period	<u>\$ 4,842,166</u>	<u>\$ 6,410,860</u>	<u>\$ 4,842,166</u>	<u>\$ 6,410,860</u>
Cash and cash equivalents consist of				
Cash	\$ 141,579	\$ 188,070	\$ 141,579	\$ 188,070
Term deposits	4,700,587	6,222,790	4,700,587	6,222,790
	<u>\$ 4,842,166</u>	<u>\$ 6,410,860</u>	<u>\$ 4,842,166</u>	<u>\$ 6,410,860</u>
Supplementary information:				
Interest received	<u>\$ 4,450</u>	<u>\$ 49,595</u>	<u>\$ 10,743</u>	<u>\$ 104,443</u>

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2009
(Unaudited – See Notice to Reader)

1. BASIS OF PRESENTATION

The interim financial statements of Planet Exploration Inc. (the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the same accounting policies and methods in computation as the financial statements for the fiscal year ended March 31, 2009 except as disclosed in note 2 – Change in Significant Accounting Policies. The interim financial statements should be read in conjunction with the financial statements and notes thereto and the Company's management discussion and analysis for the year ended March 31, 2009.

2. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

a) As of April 1, 2009, the Company has adopted Handbook Section 3064 "Goodwill and Intangible Assets" which replaced Handbook Section 3062 "Goodwill and Other Intangible Assets" and Handbook Section 3450 "Research and Development Costs". This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to initial recognition of intangible assets by profit-oriented enterprises. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standard 38 "Intangible Assets". At the time of adoption there was no effect on the financial statements.

3. CAPITAL MANAGEMENT

The Company's objective when managing capital are:

- To safeguard the entity's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

The Company defines its capital as shareholders' equity of \$10,370,203 (March 31, 2009 - \$10,554,851), which includes cash and cash equivalents of \$4,842,166 (March 31, 2009 - \$5,861,836) and marketable securities of \$2,575 (March 31, 2009 - \$750). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may pay dividends, return capital to shareholders or issue new shares. The Company currently has no externally imposed capital requirements.

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2009
(Unaudited – See Notice to Reader)

4. MINERAL PROPERTY INTERESTS

The Company's active mineral property is located as follows:

	<u>September 30, 2009</u>	<u>March 31, 2009</u>
Red Lake, Ontario (Sidace Lake)	\$ 6,358,040	\$ 6,042,528

5. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common voting shares without nominal or par value.

Unlimited number of first preferred shares.

Unlimited number of second preferred shares.

b) Common shares issued

The issued common shares are as follows:

	<u>Six months ended September 30, 2009</u>		<u>Year ended March 31, 2009</u>	
	<u># of Shares</u>	<u>Consideration</u>	<u># of Shares</u>	<u>Consideration</u>
Balance, beginning of period	25,319,190	\$ 11,341,692	25,319,190	\$ 11,341,692
Issuance of shares	-	-	-	-
Balance, end of period	<u>25,319,190</u>	<u>\$ 11,341,692</u>	<u>25,319,190</u>	<u>\$ 11,341,692</u>

c) Stock option plan

The Company has recorded \$12,521 (2008 - \$7,278) in stock-based compensation related to vesting periods of options previously granted. The amount is included in stock-based compensation expense on the income statement and a corresponding amount is credited to contributed surplus.

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2009
(Unaudited – See Notice to Reader)

5. SHARE CAPITAL (continued)

c) Stock option plan (continued)

Specific details as to stock options outstanding are as follows:

	Period ended September 30, 2009		Year ended March 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	2,327,500	\$ 0.27	2,212,500	\$ 0.52
Granted	-	-	1,215,000	0.17
Expired	(20,000)	0.56	(1,100,000)	0.66
Balance, end of period	<u>2,307,500</u>	<u>\$ 0.27</u>	<u>2,327,500</u>	<u>\$ 0.27</u>
Exercisable, end of period	<u>1,857,500</u>	<u>\$ 0.28</u>	<u>1,855,000</u>	<u>\$ 0.28</u>

Number of common shares under option	Exercise price per common share	remaining contractual life (years)
150,000	0.380	0.66
7,500	0.400	1.92
900,000	0.370	2.02
35,000	0.480	3.01
1,195,000	0.170	4.22
20,000	0.170	2.22
<u>2,307,500</u>		<u>3.09</u>

Basic and diluted per share amounts are calculated using the weighted average number of common shares outstanding during the period of 25,319,190 (2008 – 25,319,190).

d) Loss per share amounts

Options to purchase 2,307,500 (2008 – 55,000) common shares were outstanding as at September 30, 2009 but were not included in the diluted earnings per share because the exercise prices of the options were greater than the average market price of the common shares and, therefore, the effect would be anti-dilutive. The remaining nil (2008 – 1,057,500) options to purchase common shares were outstanding as at June 30, 2009 but were not included in the computation of diluted earnings per share because they were anti-dilutive due to the Company incurring a loss for the period.

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2009
(Unaudited – See Notice to Reader)

7. RELATED PARTY TRANSACTIONS

For the six months ended September 30, 2009 the Company incurred \$30,000 (2008 - \$30,000) in director 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 six months ended September 30, 2009 the Company incurred \$30,000 (2008 – \$30,000) in director fees from Darold H. Parken, a director of the Company. These fees were paid at a monthly rate of \$5,000 and have been included in general and administrative expenses.

For the six months ended September 30, 2009 the Company incurred \$42,000 (2008 - \$42,000) in director 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.

For the six months ended September 30, 2009 the Company incurred \$30,480 (2008 - \$29,640) in geological consulting fees and \$3,857 (2008 - \$1,743) in expense reimbursements, from a company in which Adrian Mann, an officer and director of the Company, is the principal shareholder. These fees and the expense reimbursements have been capitalized to 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 at September 30, 2009 includes a total of \$17,306 (2008 – \$40,977) owing to related parties.

8. FINANCIAL RISK FACTORS

a) Property Risk

The Company's significant mineral property is the Red Lake, Ontario (Sidace Lake) Property. If no additional mineral properties are acquired by the Company, any adverse development regarding the Red Lake property could have a material adverse effect on the Company's financial condition and the results of operations.

b) Liquidity Risk

The Company addresses liquidity risk as part of its capital management. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due and to continue its exploration drilling program at its Red Lake Property. As at September 30, 2009, the Company had a working capital balance of \$4,611,183 (March 31, 2009 - \$5,111,265).

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2009
(Unaudited – See Notice to Reader)

8. FINANCIAL RISK FACTORS (continued)

c) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. As at September 30, 2009 a 1% change in interest rates would affect the revenue derived from cash and cash equivalents by approximately \$45,000 on an annual basis.

9. FINANCIAL INSTRUMENTS

The Company has classified cash and cash equivalents and marketable securities as held-for-trading financial assets. Accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. The Company has not classified any assets as held-to-maturity.

Gains and losses on held-for-trading financial assets and financial liabilities are recognized in net income or loss in the period which they arise and are included in general and administrative expenses. Regarding available-for-sale assets, unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income until the financial asset is derecognized or impaired, at which time any unrealized gains or losses are recorded in income or loss. Transaction costs other than those related to financial instruments classified as held-for-trading, which are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method. Under the effective interest method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.