

Planet Exploration Inc.

Interim Financial Statements
For the three and six month periods ended
September 30, 2008

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, 2008.

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, 2008 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



NOTICE TO READER

On the basis of information provided by management we have compiled the balance sheet of Planet Exploration Inc. as at September 30, 2008 and the statements of loss and deficit and cash flows for the three and six month periods then ended. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.

The firm Meyers Norris Penny is not independent of the Company as bookkeeping services were provided prior to compiling the financial statements.

Calgary, Alberta
November 14, 2008

Meyers Norris Penny
Chartered Accountants

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

	<u>September 30, 2008</u> (Unaudited)	<u>March 31, 2008</u> (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 6,410,860	\$ 6,804,715
Accounts receivable	46,202	44,303
Marketable securities	6,100	6,100
	<u>6,463,162</u>	<u>6,855,118</u>
Mineral properties (note 4)	5,651,358	5,087,747
Equipment	1,346	1,588
	<u>\$ 12,115,866</u>	<u>\$ 11,944,453</u>
Liabilities		
Current		
Accounts payable	\$ 702,482	\$ 424,147
Future income taxes	624,110	624,166
	<u>1,326,592</u>	<u>1,048,313</u>
Shareholders' Equity		
Common shares (note 5 (b))	11,341,692	11,341,692
Contributed surplus	1,052,297	1,045,019
Deficit	(1,604,715)	(1,490,571)
	<u>10,789,274</u>	<u>10,896,140</u>
	<u>\$ 12,115,866</u>	<u>\$ 11,944,453</u>

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
(Unaudited - See Notice to Reader)

	Three months ended September 30		Six months ended September 30	
	2008	2007	2008	2007
Interest Revenue	\$ 49,595	\$ 90,023	\$ 104,443	\$ 172,120
Expenses				
General and administrative	101,210	114,089	211,123	185,248
Stock-based Compensation	3,639	5,734	7,278	5,734
Amortization	121	110	242	221
	<u>104,970</u>	<u>119,933</u>	<u>218,643</u>	<u>191,203</u>
Loss before income taxes	\$ (55,375)	\$ (29,910)	\$ (114,200)	\$ (19,083)
Future Income tax (recovery) provision	<u>(30)</u>	<u>7,109</u>	<u>(56)</u>	<u>14,017</u>
Net and comprehensive loss	\$ (55,345)	\$ (37,019)	\$ (114,144)	\$ (33,100)
Deficit, beginning of period	<u>(1,549,370)</u>	<u>(1,035,573)</u>	<u>(1,490,571)</u>	<u>(1,039,492)</u>
Deficit, end of period	<u>\$ (1,604,715)</u>	<u>\$ (1,072,592)</u>	<u>\$ (1,604,715)</u>	<u>\$ (1,072,592)</u>
Loss per share - basic and diluted	<u>\$ (0.002)</u>	<u>\$ (0.001)</u>	<u>\$ (0.004)</u>	<u>\$ (0.001)</u>
Weighted average number of shares outstanding				
Basic	<u>25,319,190</u>	<u>25,309,190</u>	<u>25,319,190</u>	<u>25,309,190</u>
Diluted	<u>25,319,190</u>	<u>25,537,878</u>	<u>25,319,190</u>	<u>25,537,878</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
(Unaudited - See Notice to Reader)

	Three months ended		Six months ended	
	September 30		September 30	
	2008	2007	2008	2007
Operating Activities				
Net and comprehensive loss	\$ (55,345)	\$ (37,019)	\$ (114,144)	\$ (33,100)
Item not affecting cash				
Depreciation	121	110	242	221
Future income tax (recovery) provision	(30)	7,109	(56)	14,017
Stock-based compensation	3,639	5,734	7,278	5,734
Cash used from operations	(51,615)	(24,066)	(106,680)	(13,128)
Net changes in non-cash working capital items related to operations	(24,639)	(22,892)	(1,899)	1,963
	<u>(76,254)</u>	<u>(46,958)</u>	<u>(108,579)</u>	<u>(11,165)</u>
Investing Activities				
Additions to mineral properties	(434,946)	(410,057)	(563,611)	(542,193)
Net change in non-cash working capital items related to investing activities	343,119	371,136	278,335	433,706
	<u>(91,827)</u>	<u>(38,921)</u>	<u>(285,276)</u>	<u>(108,487)</u>
Decrease in cash and cash equivalents, beginning of period	(168,081)	(85,879)	(393,855)	(119,652)
Cash and cash equivalents, end of period	<u>\$ 6,410,860</u>	<u>\$ 7,489,061</u>	<u>\$ 6,410,860</u>	<u>\$ 7,489,061</u>
Cash and cash equivalents consist of				
Cash	\$ 188,070	\$ 163,581	\$ 188,070	\$ 163,581
Term deposits	6,222,790	7,325,480	6,222,790	7,325,480
	<u>\$ 6,410,860</u>	<u>\$ 7,489,061</u>	<u>\$ 6,410,860</u>	<u>\$ 7,489,061</u>
Supplementary information:				
Interest received	\$ 49,595	\$ 90,023	\$ 104,443	\$ 172,120

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

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2008
(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, 2008. 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, 2008.

2. CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

- a) As of April 1, 2008, the Company has adopted the following two new CICA standards: Financial Instruments – Disclosures (Section 3862) and Financial Instruments – Presentation (Section 3863), replacing Financial Instruments – Disclosure and Presentation (Section 3861). The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed. The new presentation standard carries forward former presentation requirements.
- b) As of April 1, 2008, the Company adopted CICA standards, Capital Disclosures (Section 1535), which requires companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements.
- c) As of April 1, 2008, the Company has adopted the new General Standards of Financial Statement Presentation (Section 1400) which requires management to assess an entity's ability to continue as a going concern, taking into account all available information about the future which is, at least, but is not limited to, twelve months from the balance sheet date. Financial statements must be presented on a going concern basis unless the management either intends to liquidate the entity, cease trading or operations, or has no realistic alternative but to do so. Management has assessed the company as a going concern and these financial statements are presented on a going concern basis.

3. CAPITAL MANAGEMENT

The Company's objectives 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.

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2008
(Unaudited – See Notice to Reader)

3. CAPITAL MANAGEMENT (continued)

In the management of capital, the Company includes shareholders' equity (excluding accumulated other comprehensive income (loss)), cash and cash equivalents and marketable securities in the definition of capital. 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.

4. MINERAL PROPERTIES

The Company's mineral properties are located as follows:

	<u>September 30, 2008</u>	<u>March 31, 2008</u>
Red Lake, Ontario (Sidace Lake)	\$ 5,651,358	\$ 5,087,747

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>Period ended September 30, 2008</u>		<u>Year ended March 31, 2008</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	25,309,190	\$ 11,333,932
Issuance of shares	-	-	10,000	5,600
Contributed surplus attributed to options exercised	-	-	-	2,160
Balance, end of period	<u>25,319,190</u>	<u>\$ 11,341,692</u>	<u>25,319,190</u>	<u>\$ 11,341,692</u>

Planet Exploration Inc.
Notes to the Interim Financial Statements
September 30, 2008
(Unaudited – See Notice to Reader)

5. SHARE CAPITAL (continued)

c) Stock option plan

Specific details as to stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2008	2,212,500	\$ 0.52
Granted	-	-
Expired	(1,100,000)	0.66
Balance, September 30, 2008	<u>1,112,500</u>	<u>\$ 0.38</u>
Exercisable, September 30, 2008	<u>962,500</u>	<u>\$ 0.38</u>

Number of common shares under option	Exercise price per common share	remaining contractual life (years)
150,000	0.380	1.66
7,500	0.400	2.92
900,000	0.370	3.02
20,000	0.560	0.78
35,000	0.480	4.01
<u>1,112,500</u>		<u>2.83</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 (2007 – 25,309,190).

d) Loss per share amounts

Options to purchase 55,000 (2007 – 1,130,000) common shares were outstanding as at September 30, 2008 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 1,057,500 (2007 – 1,057,500) options to purchase common shares were outstanding as at September 30, 2008 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, 2008
(Unaudited – See Notice to Reader)

6. RELATED PARTY TRANSACTIONS

For the six months ended September 30, 2008, the Company incurred \$30,000 (2007 - \$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, 2008 the Company incurred \$30,000 (2007 - \$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. The Company also incurred \$nil (2007 - \$6,750) in consulting and administrative fees from a company controlled by Darold H. Parken. Prior period fees were billed at a monthly rate of \$2,250, and had been included in general and administrative expenses.

For the six months ended September 30, 2008 the Company incurred \$42,000 (2007 - \$30,000) 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. The Company also incurred \$nil (2007 - \$30,000) in consulting fees from a company Salim Jivraj, director of the Company is the principal shareholder. These fees have been included general and administrative expenses. Prior period fees were billed at a monthly rate of \$5,000, and had been included in general and administrative expenses.

For the six months ended September 30, 2008 the Company also incurred \$31,383 (2007 - \$35,125) in geological consulting fees from a company in which Adrian Mann, an officer and director of the Company, is the principal shareholder. These fees 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, 2008 includes a total of \$40,977 (2007 - \$66,954) owing to related parties.

7. FINANCIAL INSTRUMENTS

Held for Trading

The Company has classified the following financial assets and liabilities as held for trading: cash and cash equivalents, accounts receivable, marketable securities and accounts payable. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized in the statement of operations. Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transactions costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in the statement of operations. The fair value of cash and cash equivalents, accounts receivable, marketable securities and accounts payable approximates their carrying value due to their short term nature.