

Planet Exploration Inc.

Financial Statements
For the three month period ended
June 30, 2007



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 June 30, 2007.

NOTICE TO READER OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements of Planet Exploration Inc. comprising the accompanying interim balance sheet as at June 30, 2007 and the interim statements of income and deficit and cash flows for the three month period 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, Kenway Mack Slusarchuk Stewart 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

We have compiled the interim balance sheet of Planet Exploration Inc. as at June 30, 2007 and the interim statements of income and deficit and cash flows for the three month period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these interim financial statements may not be appropriate for their purposes.

Calgary, Alberta
August 23, 2007

ASCEND LLP
Chartered Accountants

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

	June 30, 2007 (Unaudited)	March 31, 2007 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 7,574,940	\$ 7,608,713
Accounts receivable	13,809	38,664
Marketable securities	6,100	6,100
	7,594,849	7,653,477
Mineral property interests (note 2)	4,532,546	4,400,410
Other property and equipment	1,919	2,029
	\$ 12,129,314	\$ 12,055,916
Liabilities		
Current		
Accounts payable	\$ 162,487	\$ 99,917
Future income taxes	647,310	640,402
	809,797	740,319
Shareholders' Equity		
Common shares (note 3)	\$ 11,333,932	\$ 11,333,932
Contributed surplus	1,021,158	1,021,158
Deficit	(1,035,573)	(1,039,493)
	11,319,517	11,315,597
	\$ 12,129,314	\$ 12,055,916

Approved on behalf of the Board:

"Darold H. Parken"

Darold H. Parken, Director

"Salim Jivraj"

Salim Jivraj, Director

See accompanying notes to financial statements

Planet Exploration Inc.
 Statements of Income and Deficit
 For The Three Months Ended June 30
 (Unaudited - See Notice to Reader)

	<u>2007</u>	<u>2006</u>
Interest revenue	\$ 82,097	\$ 82,802
Expenses		
General and administrative	71,159	64,405
Amortization	110	110
	<u>71,269</u>	<u>64,515</u>
Net income before income tax	10,828	18,287
Future Income tax provision (recovery)	6,908	(883)
Net income for the period	3,920	19,170
Deficit, beginning of period	(1,039,493)	(1,157,037)
Deficit, end of period	<u>\$ (1,035,573)</u>	<u>\$ (1,137,867)</u>
Income per share - basic and diluted	<u>\$ 0.001</u>	<u>\$ 0.001</u>
Weighted number of shares outstanding		
Basic	<u>25,309,190</u>	<u>25,259,190</u>
Diluted	<u>25,572,280</u>	<u>25,335,602</u>

Planet Exploration Inc.
Statements of Cash Flows
For The Three Months Ended June 30
(Unaudited - See Notice to Reader)

	<u>2007</u>	<u>2006</u>
Operating Activities		
Net income for the period	\$ 3,920	\$ 19,170
Items not affecting cash		
Amortization	110	110
Future Income tax	6,908	(883)
Cash flow from operations	<u>10,938</u>	<u>18,397</u>
Net changes in non-cash working capital items related to operations	<u>24,855</u>	<u>47,338</u>
	<u>35,793</u>	<u>65,735</u>
Investing Activities		
Acquisition of mineral properties	(132,136)	(24,788)
Disposition of mineral properties	-	658,849
Increase (decrease) in non-cash working capital items related to investing activities	62,570	(417,378)
	<u>(69,566)</u>	<u>216,683</u>
(Decrease) increase in cash	<u>(33,773)</u>	<u>282,418</u>
Cash and cash equivalents, beginning of period	<u>7,608,713</u>	<u>7,875,132</u>
Cash and cash equivalents, end of period	<u>\$ 7,574,940</u>	<u>\$ 8,157,550</u>
Cash and cash equivalents consist of		
Cash	\$ 158,694	\$ 126,970
Term deposits	7,416,246	8,030,580
	<u>\$ 7,574,940</u>	<u>\$ 8,157,550</u>
Supplementary information:		
Interest received	<u>\$ 82,097</u>	<u>\$ 82,802</u>

Planet Exploration Inc.
Notes to the Interim Financial Statements
June 30, 2007
(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 accounting principles generally accepted in Canada. 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, 2007. The interim financial statements should be read in conjunction with the financial statements and notes thereto in the Company's annual report for the year ended March 31, 2007.

2. MINERAL PROPERTY INTERESTS

The Company's mineral properties are located as follows:

	<u>June 30, 2007</u>	<u>March 31, 2007</u>
Red Lake, Ontario (Sidace Lake)	\$ 4,165,300	\$ 4,033,164
Mongolia	367,246	367,246
	<u>\$ 4,532,546</u>	<u>\$ 4,400,410</u>

3. 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>2007</u>		<u>2006</u>	
	<u># of Shares</u>	<u>Consideration</u>	<u># of Shares</u>	<u>Consideration</u>
Balance March 31	25,309,190	\$ 11,333,932	25,259,190	\$ 11,319,557
Issuance of shares	-	-	-	-
Balance June 30	<u>25,309,190</u>	<u>\$ 11,333,932</u>	<u>25,259,190</u>	<u>\$ 11,319,557</u>

Planet Exploration Inc.
Notes to the Interim Financial Statements
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3. SHARE CAPITAL (continued)

c) Stock option plan

Specific details as to stock options outstanding are as follows:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Balance, March 31, 2007	2,157,500	\$ 0.52
Issued	-	-
Balance, June 30, 2007	<u>2,157,500</u>	<u>\$ 0.52</u>
Exercisable, June 30, 2007	<u>1,957,500</u>	<u>\$ 0.52</u>

<u>Number of common shares under option</u>	<u>Exercise price per common share</u>	<u>Weighted average remaining contractual life (years)</u>
500,000	0.600	0.91
500,000	0.700	0.76
100,000	0.750	0.91
150,000	0.380	2.91
7,500	0.400	4.17
900,000	0.370	4.27
<u>2,157,500</u>		<u>2.43</u>

Basic and diluted per share amounts are calculated using the weighted average number of common shares outstanding during the year of 25,309,190 (2005 – 25,259,190).

d) Per share amounts

Options to purchase 1,100,000 (2006 – 1,100,000) common shares were outstanding during 2006 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.

Planet Exploration Inc.
Notes to the Interim Financial Statements
June 30, 2007
(Unaudited – See Notice to Reader)

4. RELATED PARTY TRANSACTIONS

For the three months ended June 30, 2007, the Company incurred \$15,000 (2006 - \$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, 2007, the Company incurred \$15,000 (2006 - \$nil) in director 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 (2006 - \$15,000) legal fees from a law firm in which Darold H. Parken is the principle shareholder. The Company also incurred \$6,750 (2006 - \$6,750) in management and consulting fees from a firm in which Darold H. Parken is the principle shareholder. These fees were billed at a monthly rate of \$2,250 and have been included in general and administrative expenses.

For the three months ended June 30, 2007, the Company incurred \$15,000 (2006 - \$nil) in director fees from a company in which Salim Jivraj, director of the Company is principle shareholder. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of \$5,000. The Company also incurred \$nil (2006 - \$4,713) in accounting fees from a company in which the Salim Jivraj, director of the Company, is the principal shareholder. These fees have been included in general and administrative expenses.

For the three months ended June 30, 2007, the Company incurred \$nil (2006 - \$678) in geological consulting fees from Adrian Mann, an officer and director of the Company. The Company also incurred \$20,425 (2006 - \$14,841) from a company in which Adrian Mann, an officer and director of the Company, is principal. 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 \$27,575 (2006 - \$18,965) owing to related parties.