

PLANET EXPLORATION INC.
THIRD QUARTER SHAREHOLDERS' REPORT
AS AT DECEMBER 31, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis is a review of operations, current financial position and outlook for the Company and should be read in conjunction with the unaudited interim consolidated financial statements for the nine months ended December 31, 2006, the audited financial statements for the year ended March 31, 2006 and management's discussion and analysis for the year ended March 31, 2006. 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 2007 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.

OPERATIONS UPDATE

Planet Exploration Inc. ("Planet" or the "Company") is a junior mineral exploration company that is listed as "PXI" on the TSX Venture Exchange.

CORE PROPERTY UPDATE

Sidace Lake

Sidace Lake (Red Lake Mining District), Ontario

Subject only to a 1% Net Smelter Royalty ("NSR"), Planet/Goldcorp joint venture owns 100% of the Sidace Lake Property, which comprises 63 unpatented contiguous mining claims (covering approximately 12,439 hectares) in the Red Lake Mining Division, Ontario. The property is covered by the Coli Lake (G-1759), Sobeski Lake (G-1885) and the Black Bear Lake (G-1739) claim map sheets (N.T.S 52N/5) located 25 km northeast of Balmertown. On May 10, 2006, Goldcorp, the operator of the property, exercised its option to increase its ownership in the Sidace Lake property from 50% to 60%. All current and future costs are to be borne 60% to Goldcorp and 40% to Planet. Planet is well funded and is well able to meet its commitments as it goes forward in exploring this property.

From 1998, when Planet first took an interest in the property, to the end of January 2007, the Company and its joint venture partner had drilled 56,597 metres in 161 holes, the majority of which focused on the Main Discovery Zone (MDZ). This includes a further 1978m in 2 wedges from the same mother hole (RL-06-137) completed during the period November 2006 to January 2007.

The MDZ is a tight, gold-bearing arsenopyritic 'Z' fold within a quartz-sericite schist. The fold and gold values are confined to a north striking limb of 200m strike near surface, which increases as tightness of the fold eases in depth to closer to 350m at about 400m vertically below surface datum. The fold plunges almost vertically towards the north.

The following are the more important values returned on the MDZ during the 2006 - 2007 drill program:

| Hole# | Zone | Depth m | Au Grade g/t | Thickness m | |
|------------|------|------------|-----------------|----------------|-------|
| RL-06-131 | | 390.00 | 397.00 | 14.57 | 7.00 |
| | | 401.00 | 404.00 | 4.31 | 3.00 |
| RL-06-132 | | 342.00 | 345.00 | 4.80 | 3.00 |
| | | 436.00 | 439.00 | 8.16 | 3.00 |
| RL-06-133 | | 278.00 | 282.00 | 7.08 | 4.00 |
| | | 332.00 | 336.00 | 6.87 | 4.00 |
| RL-06-134A | | 78.00 | 78.50 | 31.00 | 0.50 |
| | | 379.00 | 380.00 | 10.30 | 1.00 |
| | | 451.00 | 453.00 | 9.02 | 2.00 |
| RL-06-136 | | 553.00 | 576.00 | 24.90 | 23.00 |
| | | 608.00 | 644.00 | 2.63 | 36.00 |
| | | 629.00 | 630.00 | 8.54 | 1.00 |
| | | 630.00 | 631.00 | 6.76 | 1.00 |
| | | 640.00 | 641.00 | 7.23 | 1.00 |
| | | 691.00 | 692.00 | 83.15 | 1.00 |
| | | 727.00 | 745.00 | 1.65 | 18.00 |
| | | 731.00 | 732.00 | 16.40 | 1.00 |
| RL-06-136A | | 541.00 | 560.00 | 2.19 | 19.00 |
| | | 543.00 | 544.00 | 7.34 | 1.00 |
| | | 575.00 | 586.00 | 3.19 | 11.00 |
| | | 582.00 | 583.00 | 17.19 | 1.00 |
| RL-06-137 | | 1,067.00 | 1,077.00 | 2.89 | 10.00 |
| | | 1,068.00 | 1,069.00 | 8.31 | 1.00 |
| | | 1,069.00 | 1,070.00 | 11.46 | 1.00 |
| | | 1,151.00 | 1,152.00 | 4.44 | 1.00 |
| RL-06-137B | | 1,171.00 | 1,172.00 | 4.92 | 1.00 |
| | | 1,009.00 | 1,010.00 | 3.54 | 1.00 |
| | | 1,017.00 | 1,021.00 | 2.31 | 4.00 |
| | | 11.09.00 | 1,112.00 | 2.17 | 3.00 |
| | | 1,121.00 | 1,123.00 | 2.25 | 2.00 |
| | | 1,129.00 | 1,134.00 | 2.04 | 5.00 |

Of particular note are the 8.31 g/t and 11.46g/t values in RL06-137, from almost 1000m vertical depth from surface, and some 300m beneath the next deepest hole. Although the two successfully completed branches of the hole passed to the south of the heart of the zone, they still demonstrate that the zone persists at depth, with significant gold values. This gives us continuing encouragement, and a further 6,000m drill program on the MDZ is planned for late spring to early summer 2007, the focus of which will be infill pattern drilling aimed towards the eventual definition of an exploitable resource.

The following are the more important values returned in addition to the above in the last 24 months of drilling on the MDZ:

| Hole# | Zone | Depth m | Au Grade g/t | Thickness m |
|-----------|------|------------|-----------------|----------------|
| RL-06-107 | MDZ | 329.00 | 9.65 | 14.00 |
| | | 391.50 | 4.24 | 20.50 |
| RL-06-109 | MDZ | 322.00 | 10.63 | 11.00 |
| | | 368.00 | 22.68 | 3.00 |
| RL-06-112 | MDZ | 418.00 | 2.62 | 8.00 |

| Hole# | Zone | Depth m | Au Grade g/t | Thickness m |
|-----------|------|------------|-----------------|----------------|
| | | 523.00 | 11.66 | 18.00 |
| RL-06-118 | MDZ | 72.00 | 4.65 | 2.00 |
| | | 107.00 | 3.00 | 16.70 |
| RL-06-119 | MDZ | 91.00 | 2.71 | 11.10 |
| RL-06-121 | MDZ | 39.00 | 1.32 | 13.00 |
| | | 75.00 | 1.31 | 9.00 |
| | | 88.00 | 1.44 | 7.00 |
| RL-06-122 | MDZ | 96.00 | 1.13 | 15.00 |
| | | 122.00 | 1.76 | 10.00 |
| | | 138.00 | 4.89 | 8.00 |
| | | 151.00 | 3.73 | 3.00 |
| RL-06-124 | MDZ | 34.00 | 1.87 | 19.10 |
| | | 64.00 | 3.22 | 3.70 |
| RL-06-125 | MDZ | 200.00 | 1.44 | 5.00 |
| | | 238.00 | 3.00 | 27.00 |
| RL-06-128 | MDZ | 298.60 | 2.68 | 8.40 |
| | | 468.00 | 5.76 | 32.00 |

Additional exploratory drilling has also yielded five other targets: the Far West; Deep Footwall; Skarn; Upper Duck (UDZ); and Anderson Zones. Results received on these targets have been encouraging and will be subject to further drilling in the future.

The Upper Duck Zone (UDZ), a 2-4m thick ironstone feature, which is over a kilometre west of the MDZ, has been followed for several hundred metres along strike. In the heart of this, 8 holes drilled in 2004 and 2005 returned good values over some 300m of open-ended strike.

The following are the more important values returned from the UDZ:

| Hole | from m | to m | Au m | interval m |
|-----------|-----------|---------|---------|---------------|
| RL-04-61 | 42.00 | 46.00 | 8.28 | 4.00 |
| RL-05-66 | 102.00 | 110.90 | 4.03 | 8.90 |
| | 121.00 | 128.80 | 9.71 | 7.80 |
| RL-05-67 | 100.50 | 104.50 | 15.18 | 4.00 |
| RL-05-68 | 30.00 | 45.00 | 4.08 | 15.00 |
| Including | 36.00 | 37.00 | 59.15 | 1.00 |
| RL-05-70 | 137.00 | 140.50 | 5.23 | 3.50 |
| RL-05-78 | 157.00 | 158.00 | 16.75 | 1.00 |
| | 169.00 | 170.00 | 3.01 | 1.00 |
| | 177.00 | 178.00 | 5.20 | 1.00 |
| RL-05-79 | 180.00 | 183.58 | 6.62 | 3.58 |
| Including | 182.68 | 183.58 | 22.36 | 0.90 |
| RL-05-80 | 47.00 | 48.00 | 2.33 | 1.00 |
| | 49.00 | 50.00 | 5.65 | 1.00 |
| | 58.00 | 59.00 | 3.34 | 1.00 |
| | 63.00 | 63.85 | 4.73 | 0.85 |

A drill program of 1,200m will commence on this zone in mid March 2007, aiming initially at probing this core area at rather deeper levels. No holes have been probed to UDZ at depth..

Planet and Goldcorp continue drilling on the joint venture property under the field management of Goldcorp. Because the Sidace Lake property contains no identified mineral resource or reserve as defined by the NI 43-101, it is included for its upside potential only should exploration prove successful.

Copalquin, Mexico

On October 8, 2005, the Company disposed 100% of its interest in the Copalquin property by selling all of the outstanding shares of its Mexican subsidiary, Minera Planet Exploration, S.A de C.V.

Mongolia

Planet's only Mongolian property, the Argalant (Ovoot) property (2,090 hectares) is located in Zavkhan province, Mongolia, lies in the southeastern portion of the Bayan-Airag gold-copper region of the Urgamal-Zavakhanmandeal metallogenic belt. In October, 2005, in consideration of a non-refundable \$100,000 (US), the Company entered into an agreement with Red Hill Energy Inc. (RH), formerly UGL Enterprises ("UGL") entitling RH to earn 60% of the Company's interest in the Argalant property by conducting a minimum of \$1,500,000 (US) in exploration prior to October, 2008. If RH conducts the required exploration, it has the option to purchase an additional 20% for \$1,000,000 (US) before April 6, 2009.

Selected Financial Information

| Results of Operations | Three months ended | | Nine months ended | |
|----------------------------------|--------------------|------------|-------------------|------------|
| | December 31 | | December 31 | |
| | 2006 | 2005 | 2006 | 2005 |
| | | (Restated) | | (Restated) |
| | \$ | \$ | \$ | \$ |
| Interest Revenue | 90,330 | 60,795 | 262,553 | 161,563 |
| Gain on sale of mineral property | - | 277,545 | 0 | 339,120 |
| General & Administrative | 90,074 | 76,437 | 224,855 | 211,479 |
| Stock Based Compensation | 209,624 | - | 212,113 | 22,993 |
| Net (Loss) Income | (219,124) | 261,746 | (203,830) | 265,739 |
| Basic (Loss) Income per share | (0.009) | 0.010 | (0.008) | 0.010 |

Summary of Financial Conditions

| | As at December 31, 2006 | As at March 31, 2006 |
|---------------------|----------------------------|-------------------------|
| Working Capital | \$7,661,304 | \$7,484,786 |
| Total Assets | \$12,492,505 | \$12,396,765 |
| Shareholders Equity | \$11,040,803 | \$11,027,520 |

Shares Outstanding

| | | |
|------------------------|------------|------------|
| Basic | 25,262,560 | 25,259,190 |
| Diluted ⁽¹⁾ | 25,413,329 | 25,305,312 |

Note:

⁽¹⁾ A non GAAP measure, diluted shares includes outstanding shares and all warrants and options to purchase shares where the exercise price is at or below the average trading price of the shares during the quarter.

The Company has no revenue from operations. The Company's only source of revenue comprised of interest income. The levels of acquisition, disposals and exploration activity have a direct effect on the level of the general and administrative expenses.

Discussion on the Current Quarter and Year to Date

Results of Operations – Three months ended December 31, 2006 compared with three months ended December 31, 2005

Revenues and Net Income

Interest Income

For the three months ended December 31, 2006, the company earned interest revenues of \$90,330 compared to \$60,795 for the three months ended December 31, 2005. This increase of 49% was due to higher interest rates and increased deposits.

General and Administrative Expenses

General and administrative expenses for the three months ended December 31, 2006 were \$90,074 compared to \$76,437 for the three months ended December 31, 2005, an increase of 18%. The particular level of acquisitions, dispositions and exploration activities have a direct effect on the level of general and administrative expenses.

Stock Option and Stock Based Compensation

During the three month period ended December 31, 2006, 900,000 stock options were granted resulting in a stock based compensation charge to the financial statements of \$209,625.

Related Party Transactions

The Company incurred \$20,000 in director's fees from Ranjeet Sundher, a officer of the Company. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of \$5,000 together with a one-time fee of \$5,000.

The Company incurred \$5,000 in consulting fees from Darold H. Parken a director of the Company, these fees were in respect of a single project. The Company also incurred \$15,000 in legal fees from a law firm and \$2,250 in consulting and administration fees from a firm in which Darold H. Parken, director is principal. The legal fees were billed at a monthly retainer rate of \$5,000. The consulting and administrative fees relate to office overhead. These fees have been included in general and administrative expenses.

The Company incurred \$5,000 in accounting fees from Salim Jivraj, a director of the Company and \$6,530 in accounting fees from a firm in which Salim Jivraj, director of the Company is principal. These fees were single project related have been included in general and administrative expenses.

The Company incurred \$2,000 in geological consulting fees from Adrian Mann, a director of the Company. These fees were project related and have been included in general and administrative expenses.

Results of Operations - Nine months ended December 31, 2006 compared with the nine months ended December 31, 2005

Revenues

Interest Income

For the nine month period ended December 31, 2006, the Company earned interest income of \$262,553 compared to \$161,563 for the nine month period ended December 31st, 2005. This is an increase of 63% which was due to higher bank interest rates and increased deposits.

General and Administrative Expense

General and administrative expenses for the nine months ended December 31th, 2006 were \$224,855 compared to \$211,479 for the nine months to December 31, 2005. This represented an increased of 6%. The particular level of acquisitions, dispositions and exploration activities has a direct effect on the level of general and administrative costs.

Stock Options and Stock Based Compensation

During the nine months ended, December 31, 2006, 910,000 stock options were granted resulting in a stock based compensation charge to the financial statements of \$212,113.

Related Party Transactions

For the nine month period ended December 31, 2006 the Company incurred \$50,000 (2005 - \$50,000) in in director's fees from Ranjeet Sundher, a officer of the Company. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of \$5,000 together with a one-time fee of \$5,000.

For the nine month period ended December 31, 2006 the Company incurred \$5,000 (2005 - \$5,000) incurred in consulting fees from Darold H. Parken a director of the Company, these fees were in respect of a single project. The Company also incurred \$45,000 (2005 - \$45,000) in legal fees from a law firm in which Darold H. Parken, director is principal. The company also incurred \$15,750 (2005 - \$24,750) in consulting and administrative fees from a firm which Darold H. Parken, director is principal. The legal fees were billed at a monthly retainer rate of \$5,000. The consulting and administrative fees relate to office overhead. These fees have been included in general and administrative expenses.

For the nine month period ended December 31, 2006 the Company incurred \$5,000 (2005 - \$2,500) in fees from Salim Jivraj, a director of the Company, these fees were single project related have been included in general and administrative expenses. The Company also incurred \$23,559 (2005 - \$5,539) in accounting fees from a firm in which Salim Jivraj, director of the Company is principal. These fees were on individual projects and in consideration of time spent, degree of difficulty and time constraints.and have been included in general and administrative expenses.

For the nine month period ended December 31, 2006 the Company incurred \$2,000 (2005 - \$2,000) in geological consulting fees from Adrian Mann, a director of the Company. These fees were single project related and have been included in general and administrative expenses. The Company also incurred \$14, 841 (2005 - \$15,016) in geological consulting fees from a company in Adrian Mann, a director of the Company is principal. These fees have been capitalized to mineral properties.

Accounts payable includes \$5,300 (2005 - \$10,700) owing to related parties. The Company has also made a prepayment on director's fees to Ranjeet Sundher, an officer of the Company in the amount of \$5,000 (2005 - Nil). This amount is shown as prepaid expenses on the balance sheet.

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.

Critical Accounting Policies

The Company prepares its consolidated Financial Statements in conformity with Generally Accepted Accounting Principles ("GAAP") in Canada. The Company lists its significant accounting policies in Note 2 to its Audited Consolidated Financial Statements for the fiscal year ended March 31, 2006. The company has identified the following accounting policy, which is believed to be the most critical in fully understanding and evaluating the reported financial results:

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. 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 will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be 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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Preparation and presentation of the accompanying financial statements are the responsibility of the Management of the Company. The statements have been prepared in accordance with GAAP. The financial information elsewhere in this shareholder's report has been reviewed to ensure consistency with that in the financial statements.

Management acknowledges responsibility for the integrity of its financial information. Where appropriate, management has made informed judgements and estimates in accounting for transactions that were not complete at the balance sheet date. Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

Signed "Salim Jivraj"
Director

Signed "Darold H. Parken"
Director