

PLANET EXPLORATION INC.
MANAGEMENT'S DISCUSSION & ANALYSIS

for the fiscal year ended March 31, 2004 unless otherwise noted

The following discussion and analysis of the results of operations and financial condition of the Company for the three fiscal years ending March 31, 2004, 2003 and 2002 should be read in conjunction with the Company's audited financial statements and the related notes. 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 2004 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.

Selected Annual Information

	Twelve Months Ended Mar. 31, 2004 \$	Twelve Months Ended Mar. 31, 2003 \$	Twelve Months Ended Mar. 31, 2002 \$
Financial			
Revenues	57,155	-	-
Net Income (Loss)	(549,541)	(220,732)	(182,954)
Basic and diluted loss per share	(0.032)	(0.033)	(0.039)
Working capital	7,636,581	874,224	1,783
Mineral properties	3,950,795	917,946	207,836
Total assets	11,886,982	1,890,493	214,786
Shareholder's equity, March 31	10,747,983	1,792,170	210,619
Basic and diluted weighted average number of shares outstanding	17,022,962	6,596,936	4,750,000

Financial And Operating Results

In the fiscal year ended March 31, 2004, Planet focused its efforts primarily on its Sidace Lake Project in the Red Lake gold camp, Ontario.

Financial Results in Detail

	Twelve Months Ended Mar. 31, 2004 \$	Twelve Months Ended Mar. 31, 2003 \$	Twelve Months Ended Mar. 31, 2002 \$	12 Mo. % change 2003/2004
Operating Revenue	-	-	-	-
General & Administrative expense	421,727	183,232	19,632	130.2
Loss before income tax	(727,435)	(220,732)	(182,954)	229.5
Income tax expense (recovery)	(177,894)	-	-	n/a

	Twelve Months Ended Mar. 31, 2004 \$	Twelve Months Ended Mar. 31, 2003 \$	Twelve Months Ended Mar. 31, 2002 \$	12 Mo. % change 2003/2004
Net income (loss)	(549,541)	(220,732)	(182,954)	148.9
Cash from (used in) operations	(364,572)	(183,232)	(19,632)	98.9

Summary of Quarterly Results

	Fourth Quarter Ended Mar. 31, 2004 \$	Third Quarter Ended Dec. 31, 2003 \$	Second Quarter Ended Sept. 30, 2003 \$	First Quarter Ended Jun. 30, 2003 \$	Fourth Quarter Ended Mar. 31, 2003 \$	Third Quarter Ended Dec. 31, 2002 \$	Second Quarter Ended Sept. 30, 2002 \$	First Quarter Ended Jun. 30, 2002 \$
Financial								
Total revenue	37,636	8,839	4,721	5,959	-	-	-	-
Net income (loss)	(271,584)	(94,556)	(121,608)	(61,793)	(159,088)	(13,096)	(12,413)	(36,135)
Loss per share	0.014	0.006	0.008	0.004	0.022	0.002	0.002	0.007
Working Capital	7,636,581	6,672,386	772,519	531,980	874,224	261,113	(5,440)	25,144

The Company produces no income from operations. All expenses relate to general and administrative costs and mineral property acquisitions and exploration. 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 expenditures and accordingly, in the related loss per share.

Operating Results

Results of Operations – Fiscal year ended March 31, 2004 (fiscal 2004) compared with fiscal year ended March 31, 2003 (fiscal 2003)

The Company incurred a net loss \$549,541 or \$0.032 per share for fiscal 2004 compared to a net loss of \$220,732 or \$0.033 for fiscal 2003, an increase of \$328,809 which reflects greater acquisition and exploration activities and the adoption of new accounting policies related to stock based compensation.

During fiscal 2004, the Company's stock-based compensation costs recorded increased by \$325,363 compared to fiscal year 2003. In fiscal 2004, the Company adopted a new accounting policy to account for stock based compensation using the fair value method. The Company granted 1,200,000 options in fiscal 2004 with a higher fair value compared to the 500,000 options issued in fiscal year 2003.

For fiscal 2004, salaries represented \$71,136 compared to no salaries for fiscal year 2003.

The Company's general and administrative costs increased by \$238,495 in fiscal 2004 compared to fiscal 2003 reflecting increased activity in property acquisitions, exploration and financings.

Results of Operations – Fiscal 2003 compared with fiscal year ended March 31, 2002 (fiscal 2002)

The Company incurred a net loss of \$220,732 or \$0.033 per share for fiscal 2003 compared to a net loss of \$182,954 or \$0.039 per share for fiscal 2002, an increase of \$37,778.

During fiscal 2003, the Company recorded \$37,500 in stock compensation expense compared to nil in fiscal 2002.

During fiscal 2003, the Company's general and administrative costs increased by \$163,600 compared to fiscal 2002 due to increased financing and exploration activities.

Liquidity and Capital Resources – Fiscal 2004

The Company had a working capital position of \$7,636,581 as at March 31, 2004.

During fiscal 2004, the Company issued 4,300,000 common shares pursuant to a private placement raising gross proceeds of \$6,020,000, issued 3,532,945 common shares through the exercise of warrants raising \$1,815,075 and issued 50,000 common shares through the exercise of stock options raising \$5,000.

The Company's major source of financing is from the sale of shares issued from treasury and the exercise of stock options and warrants, if any. The company has sufficient funds to meet its working capital requirements and property maintenance costs including some exploration of its mineral properties for the foreseeable future. Additional funds available for exploration of its properties and the acquisition of additional mineral properties is dependent on whether and how much the Company can raise in additional equity financing, the amount of exploration carried out by existing joint venture partners and the ability of the Company to successfully negotiate joint ventures for third party funding of exploration costs.

Liquidity and Capital Resources – Fiscal 2003

The Company had a working capital position of \$874,224 as at March 31, 2003.

The Company's sole source of financing during fiscal 2003 was from the sale of shares issued from treasury and the exercise of options. During fiscal 2003, the Company issued 5,802,945 common shares pursuant to private placements raising gross proceeds \$1,732,090 and issued 632,500 common shares from the exercise of options raising \$63,250.

The Company needed to raise additional equity financing to finance exploration costs for the subsequent year and to increase working capital.

Liquidity and Capital Resources – Fiscal 2002

The Company had a working capital position of \$1,783 as at March 31, 2002.

During fiscal 2002, the Company conducted no forms of financing.

Investing Activities – Fiscal 2004

The Company incurred cash costs of \$883,732 in property acquisition and exploration. It used a combination of its working capital reserve and proceeds from the private placement of common shares to pay for these expenses. Planet also issued 3,500,000 common shares in connection with the acquisition of (50%) interest in the Sidace Lake property and issued 20,800 shares in addition to other cash consideration, in connection with the Copalquin, Mexico acquisition.

Investing Activities – Fiscal 2003

The Company incurred cash costs of \$670,436 in property acquisition and exploration. It used a combination of its working capital reserve and proceeds from the private placement of common shares to pay for these expenses. Planet also issued 200,000 common shares in connection with its South Gobi, Mongolia property acquisition.

Investing Activities – Fiscal 2002

The Company incurred \$2,167 in exploration costs and used its working capital reserve for such expenses.

General and Administrative Expenses

In the fiscal year ended March 31, 2004 gross general and administrative costs increased to \$421,727 from \$183,232 in the previous fiscal year, as a result of higher levels of activity on our Sidace Lake Project and our acquisitions in Mexico, China and Mongolia. Higher legal, accounting and geological costs also added to the general and administrative expenses. Planet continues to closely monitor and control these costs.

Interest Income and Expense

Interest income was \$57,155 in the year ended March 31, 2004 (compared to \$Nil in the previous fiscal year).

Income Taxes

Planet capitalized \$3,032,849 (net of recoveries of \$633,353) related to the acquisition and exploration of its mineral properties in the year ended March 31, 2004 (compared to \$709,111 in the previous fiscal year) of which \$450,000 will have no associated tax basis due to the flow-through share renunciation and \$2,782,470 due to a Section 85 election. The flow-through common share issuances related to these expenditures occurred in fiscal 2003. The Company had no flow-through common share renunciations that were outstanding as of March 31, 2004.

Planet has non-capital losses for income tax purposes, which may be utilized to offset taxable income of future periods and expires as follows:

2006 - \$	68,450
2007 - \$	52,507
2008 - \$	14,657
2009 - \$	34,734
2010 - \$	214,813
2011 - \$	112,958

Cash Flow From Operations

Planet did not generate any cash flow from operations in the previous three fiscal years.

Related Party Transactions

The Company incurred \$87,000 (2003 - \$7,560) in legal and consulting fees with two directors and officers of the Company. These fees are measured at the exchange amount and recorded in general and administrative expenses. The Company incurred \$11,900 (2003 - \$4,250) in geological fees with another director and officer of the Company. These fees are measured at the exchange amount and recorded as additions to mineral properties. A director and officer received a payroll advance for the first month in the next quarter. This advance was non-interest bearing and was earned during the next quarter. Accounts payable includes a total of \$19,191 (2003 - \$7,902) owing to related parties.

Summary and Outlook

Planet Exploration Inc. (the "Company") is a Canadian based company engaged in the business of mineral exploration, primarily with respect to the acquisition of minerals rights and the exploration of mineral properties in accordance with such mineral rights.

The Company's key assets are in the Red Lake gold camp, in the Province of Ontario. The Company also has exploration projects in Mongolia, Mexico and China. The Company also has one wholly owned subsidiary company, Minera Planet Exploration SA de C.V., ("Planet Minera") a Mexican incorporated company. Planet Minera was incorporated to conduct exploration on and acquire title to the Copalquin property located in Durango, Mexico. The Company does not have any assets that are in production or that contain a reserve.

During the year ended March 31, 2004, the Company achieved a number of its stated objectives. It raised a total of \$6 million in a bought deal financing and raised a further \$1.8 million through the exercise of warrants. During the year, Planet acquired a 50% interest in the Sidace Lake project (Red Lake) from a third party in consideration of the issuance of 3.5 million common shares. This acquisition brought its interest in the Sidace Lake Project to 100%. During the year, Planet also granted to Goldcorp Inc. ("Goldcorp") the right to acquire up to a 60% interest in the Sidace Lake project for an aggregate \$3,150,000 in cash payments and exploration expenses.

In 2003, the Company acquired interests in a 2,090 hectare exploration license in Western Mongolia (the Argalant Prospect), a 7,005 hectare exploration project in Durango, Mexico (the Copalquin Prospect) and an 80% interest in the 52.57 square kilometre Wulanbulang Gold Prospect in China (the "Wulanbulang Prospect").

The Company is well positioned with a strong treasury and active exploration to realize further shareholder growth. For the year 2004, the Company has planned exploration expenditures of approximately \$1 million on its Sidace Lake, Argalant and Wulanbulang projects.

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 and debt 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 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 3 to its Consolidated Financial Statements, of which the company has identified the following accounting policies, which are believed to be the most critical in fully understanding and evaluating the reported financial results:

The Company records its interest in mineral properties at cost less option payments received and other recoveries. Exploration and development costs related to these interests are capitalized until the mineral properties to which they relate are placed into production, sold or allowed to lapse. When production commences, these expenditures will be amortized over the useful life of the estimated reserves on the unit of production basis. If a project is abandoned or considered to be of no further interest to the Company, the related expenditures are charged to income. If there are no significant expenditures incurred on a property over a three year period, the project is considered to be of no further interest to the Company.

Payments on mineral property option agreements are made at the discretion of the Company and accordingly are accounted for when the Company has committed to make an option payment.

New Accounting Standards for 2004

Stock-Based Compensation and Other Stock-Based Payments

The Company has a stock-based compensation plan as described in note 5 to the financial statements for the year ended March 31, 2004. Effective April 1, 2003, the Company adopted the fair value method to account for all options granted. As such, compensation expense and contributed surplus are recorded based on the fair value of the option at the date of grant determined using the Black-Scholes options pricing model. In fiscal 2003, the Company used the intrinsic value-based method of accounting for options granted to employees.

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 the annual 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.

Ranjeet Sundher,
President

Darold H. Parken,
Secretary