

Planet Exploration Inc.

Financial Statements
For the three month period ended
June 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 June 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 June 30, 2009 and the interim statements of loss 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, 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

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

	<u>June 30, 2009</u> <u>(Unaudited)</u>	<u>March 31, 2009</u> <u>(Audited)</u>
Assets		
Current		
Cash and cash equivalents	\$ 5,040,356	\$ 5,861,536
Accounts receivable	41,122	45,114
Marketable securities	3,100	750
	<u>5,084,578</u>	<u>5,907,400</u>
Mineral property interests (note 4)	6,137,980	6,042,528
Equipment	1,000	1,104
	<u>\$ 11,223,558</u>	<u>\$ 11,951,032</u>
Liabilities		
Current		
Accounts payable	\$ 164,873	\$ 796,135
Future income taxes	600,020	600,046
	<u>764,893</u>	<u>1,396,181</u>
Shareholders' Equity		
Common shares (note 5 (b))	\$ 11,341,692	\$ 11,341,692
Contributed surplus	1,152,022	1,145,285
Deficit	(2,035,049)	(1,932,126)
	<u>10,458,665</u>	<u>10,554,851</u>
	<u>\$ 11,223,558</u>	<u>\$ 11,951,032</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 Months Ended June 30
(Unaudited - See Notice to Reader)

	<u>2009</u>	<u>2008</u>
Interest revenue	\$ 6,293	\$ 54,848
Expenses		
General and administrative	102,401	109,913
Stock-based compensation	6,737	3,639
Amortization	104	121
	<u>109,242</u>	<u>113,673</u>
Loss before income tax	(102,949)	(58,825)
Future income tax recovery	<u>(26)</u>	<u>(26)</u>
Net and comprehensive loss	(102,923)	(58,799)
Deficit, beginning of period	<u>(1,932,126)</u>	<u>(1,490,571)</u>
Deficit, end of period	<u>\$ (2,035,049)</u>	<u>\$ (1,549,370)</u>
Loss per share - basic and diluted	<u>\$ (0.004)</u>	<u>\$ (0.002)</u>
Weighted number of shares outstanding		
Basic	<u>25,319,190</u>	<u>25,319,190</u>
Diluted	<u>25,319,190</u>	<u>25,319,190</u>

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

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

	<u>2009</u>	<u>2008</u>
Operating Activities		
Net and comprehensive loss	\$ (102,923)	\$ (58,799)
Items not affecting cash		
Amortization	104	121
Future income tax recovery	(26)	(26)
Unrealized gain on held for trading instruments	(2,350)	-
Stock-based compensation	6,737	3,639
	<u>(98,458)</u>	<u>(55,065)</u>
Net changes in non-cash working capital items related to operating activities	<u>3,993</u>	<u>22,740</u>
	<u>(94,465)</u>	<u>(32,325)</u>
Investing Activities		
Additions to mineral properties	(95,453)	(128,665)
Net changes in non-cash working capital items related to investing activities	<u>(631,262)</u>	<u>(64,784)</u>
	<u>(726,715)</u>	<u>(193,449)</u>
Decrease in cash	(821,180)	(225,774)
Cash and cash equivalents, beginning of period	<u>5,861,536</u>	<u>6,804,715</u>
Cash and cash equivalents, end of period	<u>\$ 5,040,356</u>	<u>\$ 6,578,941</u>
Cash and cash equivalents consist of:		
Cash	\$ 89,428	\$ 269,185
Term deposits	<u>4,950,928</u>	<u>6,309,756</u>
	<u>\$ 5,040,356</u>	<u>\$ 6,578,941</u>
Supplementary information:		
Interest received	<u>\$ 5,403</u>	<u>\$ 54,848</u>

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

Planet Exploration Inc.
Notes to the Interim Financial Statements
June 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 described in note 2. 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 (excluding accumulated other comprehensive income (loss)) of \$10,458,665 (March 2009 - \$10,554,851), which includes cash and cash equivalents of \$5,040,356 (March 2009 - \$5,861,836) and marketable securities of \$3,100 (March 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.

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4. MINERAL PROPERTY INTERESTS

The Company's mineral property is located as follows:

	<u>June 30, 2009</u>	<u>March 31, 2009</u>
Red Lake, Ontario (Sidace Lake)	\$ 6,137,980	\$ 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:

	Period ended June 30, 2009		Year ended March 31, 2009	
	<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	-	-	-	-
Contributed surplus attributed to options exercised	-	-	-	-
Balance, end of period	<u>25,319,190</u>	<u>\$ 11,341,692</u>	<u>25,319,190</u>	<u>\$ 11,341,692</u>

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5. SHARE CAPITAL (Continued)

b) Stock option plan

The Company has recorded \$6,737 (2008 - \$3,639) in stock-based compensation related to the 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.

Specific details as to stock options outstanding are as follows:

	<u>Period ended June 30, 2009</u>		<u>Year ended March 31, 2009</u>	
	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	-	-	(1,100,000)	0.66
Balance, end of period	<u>2,327,500</u>	<u>\$ 0.27</u>	<u>2,327,500</u>	<u>\$ 0.27</u>
Exercisable, end of period	<u>1,877,500</u>	<u>\$ 0.29</u>	<u>1,855,000</u>	<u>\$ 0.28</u>

Number of common shares under option	Exercise price per common share	Weighted average remaining contractual life in years	Exercisable at June 30, 2009
150,000	0.38	0.91	150,000
7,500	0.40	2.17	7,500
900,000	0.37	2.27	800,000
20,000	0.56	0.03	20,000
35,000	0.48	3.26	35,000
1,195,000	0.17	4.47	845,000
20,000	0.17	1.47	20,000
<u>2,327,500</u>		<u>3.31</u>	<u>1,877,500</u>

Subsequent to the end of the quarter 20,000 options expired unexercised.

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).

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5. SHARE CAPITAL (Continued)

d) Per share amounts

Options to purchase 1,112,500 (2008 – 55,000) common shares were outstanding as at June 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 1,215,000 (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.

6. RELATED PARTY TRANSACTIONS

For the three months ended June 30, 2009, the Company incurred \$15,000 (2008 - \$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, 2009, the Company incurred \$15,000 (2008 - \$15,000) in director's 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.

For the three months ended June 30, 2009, the Company incurred \$21,000 (2008 - \$21,000) in director's 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 three months ended June 30, 2009, the Company incurred \$15,420 (2008 - \$14,460) in geological consulting fees and \$1,838 (2008 - \$1,416) in expense reimbursements from a company in which Adrian Mann, an officer and director of the Company, is the principal shareholder. 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 \$17,934 (March 2008 – \$30,412) owing to related parties.

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7. FINANCIAL INSTRUMENTS

The Company has classified cash and cash equivalents and marketable securities as held-for-trading financial assets. Accounts receivable is 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.

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 June 30, 2009, the Company had a working capital balance of \$4,919,705 (March 31, 2009 - \$5,111,265).

c) Interest Rate Risk

The Company has cash balances and no 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 June 30, 2009 a 1% change in interest rates would affect the revenue derived from cash and cash equivalents by approximately \$50,000 on an annual basis.