

**PLANET EXPLORATION INC.**

**INTERIM FINANCIAL STATEMENTS  
THREE MONTHS ENDED  
JUNE 30, 2003 AND 2002**

PLANET EXPLORATION  
BALANCE SHEETS  
(Unaudited)

	June 30, 2003	March 31, 2002
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and Term Deposit	695,377	912,173
GST Recoverable	25,228	36,266
Accounts Receivable	6,100	6,100
Due from Director and Officer	<u>-</u>	<u>18,008</u>
	<b>726,705</b>	972,547
Mineral Properties (Note 2)	<b>3,943,651</b>	916,947
Incorporation Costs	<u>1,000</u>	<u>1,000</u>
	<u><b>4,671,356</b></u>	<u>1,890,494</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts Payable	<u>194,725</u>	<u>98,324</u>
FUTURE INCOME TAXES (Note 3)	<u>1,045,259</u>	<u>-</u>
<b>SHAREHOLDERS' EQUITY</b>		
COMMON SHARES (Note 4)	3,944,826	2,242,431
WARRANTS (Note 4)	<u>56,629</u>	<u>58,029</u>
	<b>4,001,455</b>	2,300,460
DEFICIT	<u>(570,083)</u>	<u>(508,290)</u>
	<u><b>3,431,372</b></u>	<u>1,792,170</u>
	<u><b>4,671,356</b></u>	<u>1,890,494</u>

**PLANET EXPLORATION INC.**  
**STATEMENTS OF LOSS AND DEFICIT**  
**(Unaudited)**

<b>THREE MONTHS ENDED JUNE 30</b>	<b>2003</b>	<b>2002</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>	<u><b>5,959</b></u>	<u><b>-</b></u>
<b>EXPENSES</b>		
General and Administrative	<b>64,752</b>	9,903
Stock-based Compensation	<u><b>3,000</b></u>	<u>26,250</u>
	<u><b>67,752</b></u>	<u>36,153</u>
<b>NET LOSS FOR THE PERIOD</b>	<b>(61,793)</b>	(36,153)
DEFICIT, opening	<u><b>(508,290)</b></u>	<u>(287,558)</u>
DEFICIT, closing	<u><b>(570,083)</b></u>	<u>(323,711)</u>
Loss per share	<u><u><b>(.004)</b></u></u>	<u><u><b>(.007)</b></u></u>

**PLANET EXPLORATION INC.**  
**STATEMENTS OF CASH FLOW**  
**(Unaudited)**

<b>THREE MONTHS ENDED JUNE 30</b>	<b>2003</b>	<b>2002</b>
<b>OPERATING ACTIVITIES</b>	<b>\$</b>	<b>\$</b>
Net Loss for the Period	<b>(61,793)</b>	(36,153)
Item not affecting cash		
Stock-based compensation	<u><b>3,000</b></u>	<u>26,250</u>
Cash flow from operations	<b>(58,793)</b>	(9,903)
Net Changes in Non-cash Working Capital Items Related to Operations	<u><b>40,443</b></u>	<u>7,099</u>
	<u><b>(18,350)</b></u>	<u>(17,002)</u>
<b>FINANCING ACTIVITIES</b>		
Issue common shares	<b>68,000</b>	38,250
Issue flow through special warrants	<u>-</u>	<u>42,500</u>
	<u><b>68,000</b></u>	<u>80,750</u>
<b>INVESTING ACTIVITY</b>		
Acquisition of Mineral Properties	<b>(266,446)</b>	<u>(47,486)</u>
<b>DECREASE IN CASH</b>	<b>(216,796)</b>	(16,262)
<b>CASH, BEGINNING OF PERIOD</b>	<u><b>912,173</b></u>	<u>5,403</u>
<b>CASH, END OF PERIOD</b>	<u><b>695,377</b></u>	<u>21,665</u>

**PLANET EXPLORATION INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2003**  
**(Unaudited)**

**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, 2003. The 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, 2003.

**2. MINERAL PROPERTIES**

The Company's mineral properties are located as follows:

	June 30, 2003
	\$
Red Lake Ontario	3,878,589
Mongolia	<u>65,062</u>
	<u><u>3,943,651</u></u>

The Red Lake Ontario balance includes a \$1,045,259 additional amount to give recognition to future income taxes. See Notes 3 and 4 for additional information.

**3. FUTURE INCOME TAXES**

During the current period, an election under the terms of section 85 of the Income Tax Act was used to acquire mineral properties. This resulted in the properties acquired having a lower tax value than the consideration paid. Consequently, \$1,045,259 in future income taxes has been recognized in the accounts. See Notes 2 and 4 for additional information.

**4. SHARE CAPITAL**

**a) Authorized capital**

Unlimited number of common voting shares without nominal or par value.

Unlimited number of first preferred shares.

Unlimited number of second preferred shares.

The issued common shares are as follows:

	June 30, 2003	
	<u>Number of Shares</u>	<u>Consideration \$</u>
Balance, beginning of the period	11,385,445	2,242,431
Common shares issued for cash upon exercise of warrants	140,000	64,400
Shares issued for cash upon exercise of stock options	50,000	5,000
Shares issued for mineral properties	3,500,000	1,715,000
Stock option compensation	-	3,000
Share subscription receivable	<u>-</u>	<u>(85,005)</u>
	<u>15,075,445</u>	<u>3,944,826</u>

**Warrants**

	June 30, 2003	
	<u>Number of Warrants</u>	<u>Consideration \$</u>
Balance, beginning of the period	5,802,945	58,029
Exercised during the period	<u>(140,000)</u>	<u>(1,400)</u>
	<u>5,662,945</u>	<u>56,629</u>

Specific details as to warrants outstanding are as follows:

Number	Price per Common Share \$	Expiry Date
2,500,000	0.125	June 9, 2004
1,162,945	0.45	November 28, 2003
<u>2,000,000</u>	0.60	March 10, 2004
<u>5,662,945</u>		

- b)** As at June 30, 2003, there were stock options outstanding to purchase 1,350,000 common shares.
- c)** A director and officer owes \$85,005 under a loan made in connection with the purchase of 412,176 common shares. The amount owing has been deducted from share capital. The loan is unsecured, non-interest bearing and has no fixed terms of repayment. This individual has indicated that he will pay the debt in full by the third quarter of the current fiscal year.
- d)** For the three months ended June 30, 2003, the Company's pro-forma net loss was \$72,293 (2002 - \$73,653) and the Company's pro-forma basic net loss per share was \$0.005 (2002 - \$0.014).
- e)** Subsequent to June 30, 2003, a total of 110,000 common shares were issued upon exercise of warrants. The total consideration was \$50,600.