

Planet Exploration Inc.

Interim Consolidated Financial Statements
For the three month period ended
June 30, 2005

PLANET EXPLORATION INC.

UNAUDITED INTERIM CONSOLIDATED 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 consolidated financial statements for the period ended June 30, 2005.

NOTICE TO READER OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Planet Exploration Inc. comprising the accompanying interim consolidated balance sheet as at June 30, 2005 and the interim consolidated statements of operations and deficit and cash flows for the three month period then ended are the responsibility of the Company's management.

These consolidated 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 consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these consolidated financial statements in accordance with Canadian generally accepted accounting principles.

"Ranjeet Sundher"

Ranjeet Sundher, Director

"Darold H. Parken"

Darold H. Parken, Director



Chartered Accountants, LLP

NOTICE TO READER

We have compiled the consolidated balance sheet of Planet Exploration Inc. as at June 30, 2005 and the consolidated statements of operations and deficit and cash flows for the three month period then ended from information provided by the management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these consolidated financial statements may not be appropriate for their purposes.

Calgary, Alberta
August 26, 2005

"DNTW, LLP"
Chartered Accountants

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

	<u>June 30, 2005</u> (Unaudited)	<u>March 31, 2005</u> (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 7,339,655	\$ 7,353,887
Term deposit	512,493	509,639
Accounts receivable	2,751	3,056
Marketable securities	6,100	6,100
Prepaid expense	5,000	-
	<u>7,865,999</u>	<u>7,872,682</u>
Mineral properties (note 2)	3,997,582	3,897,316
Other property and equipment	2,943	2800
	<u>\$ 11,866,524</u>	<u>\$ 11,772,798</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 188,750	\$ 110,178
Future income taxes	<u>861,700</u>	<u>861,700</u>
Shareholders' Equity		
Common shares (note 3)	11,319,557	11,319,557
Warrants (note 3)	489,340	489,340
Contributed surplus	375,660	352,667
Deficit	<u>(1,368,483)</u>	<u>(1,360,644)</u>
	<u>10,816,074</u>	<u>10,800,920</u>
	<u>\$ 11,866,524</u>	<u>\$ 11,772,798</u>

Approved on behalf of the Board:

"Darold H. Parken"
Darold H. Parken, Director

"Ranjeet Sundher"
Ranjeet Sundher, Director

See notes to consolidated financial statements

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

	<u>2005</u>	<u>2004</u>
Interest Revenue	\$ 49,264	\$ 28,053
Expenses		
General and administrative (note 4)	33,953	53,882
Stock-based compensation (note 3)	22,993	-
Depreciation	157	-
	<u>57,103</u>	<u>53,882</u>
Net loss for the period	(7,839)	(25,829)
Deficit, beginning of period	<u>(1,360,644)</u>	<u>(1,057,831)</u>
Deficit, end of period	<u>\$ (1,368,483)</u>	<u>\$ (1,083,660)</u>
Loss per share - basic and diluted	<u>\$ -</u>	<u>\$ (0.001)</u>

See notes to consolidated financial statements

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

	<u>2005</u>	<u>2004</u>
Operating Activities		
Net loss for the period	\$ (7,839)	\$ (25,829)
Item not affecting cash		
Depreciation	157	
Stock-based compensation	22,993	-
	<u>15,311</u>	<u>(25,829)</u>
Cash flow from operations		
Net changes in non-cash working capital items related to operations	(23,978)	(47,140)
	<u>(8,667)</u>	<u>(72,969)</u>
Financing Activities		
Issue of common shares	-	355,750
	<u>-</u>	<u>355,750</u>
Investing Activity		
Expenditures related to mineral properties	(100,565)	(100,328)
Decrease in non-cash working capital items related to investing activities	95,000	(161,287)
	<u>(5,565)</u>	<u>(261,615)</u>
Increase (Decrease) in cash	(14,232)	21,166
Cash and term deposits, beginning of period	<u>7,353,887</u>	<u>7,228,219</u>
Cash and term deposits, end of period	<u>\$ 7,339,655</u>	<u>\$ 7,249,385</u>
Supplementary information:		
Interest received	<u>\$ 46,410</u>	<u>\$ 5,959</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>

See notes to consolidated financial statements

Planet Exploration Inc.
Notes to the Consolidated Financial Statements
June 30, 2005
(Unaudited – See Notice to Reader)

1. BASIS OF PRESENTATION

The interim consolidated financial statements of Planet Exploration Inc. (the "Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated financial statements have been prepared following the same accounting policies and methods in computation as the consolidated financial statements for the fiscal year ended March 31, 2005. The consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual report for the year ended March 31, 2005.

2. MINERAL PROPERTIES

The Company's mineral properties are as follows:

	<u>June 30, 2005</u>
Red Lake Ontario	\$ 3,280,885
Mongolia	483,323
Mexico	<u>233,374</u>
	<u>\$ 3,997,582</u>

Planet Exploration Inc.
Notes to the Consolidated Financial Statements
June 30, 2005
(Unaudited – See Notice to Reader)

3. 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.

b) Issued

The issued common shares are as follows:

	June 30, 2005	
	# of Shares	Consideration
Balance, beginning of year and June 30, 2005	25,259,190	\$ 11,319,557

c) Warrants

Specific details as to warrants outstanding are as follows:

	June 30, 2005	
	# of Warrants	Consideration
Balance, beginning of the year and June 30, 2005	4,300,000	\$ 489,340

Number	Price per common shares	Expiry date
4,300,000	\$ 2	December 15, 2005

Planet Exploration Inc.
Notes to the Consolidated Financial Statements
June 30, 2005
(Unaudited – See Notice to Reader)

3. SHARE CAPITAL (continued)

d) Stock options

Specific details as to stock options outstanding are as follows:

	2005	
	Number of Options	Weighted Average Exercise Price
Balance, April 1, 2005	1,150,000	\$ 0.67
Issued	150,000	0.38
Balance, June 30, 2005	1,300,000	\$ 0.61

Number of common shares under option	Exercise price per common share	Weighted average remaining contractual life (years)
50,000	0.10	1.83
500,000	0.60	2.91
500,000	0.70	2.76
100,000	0.75	2.91
150,000	0.38	5.00
1,300,000		

The company has recorded \$22,993 in stock-based compensation related to stock options granted to a director in the quarter ended June 30, 2005. The amount has been recorded in expenses with a corresponding amount credited to contributed surplus.

The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following assumptions: dividend yield – nil; expected volatility – 39%; risk-free interest rate– 4% and a life of 5 years.

Planet Exploration Inc.
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(Unaudited – See Notice to Reader)

4. RELATED PARTY TRANSACTIONS

The Company incurred \$15,000 in consulting fees from an officer of the Company. These fees have been included in general and administrative expenses.

The Company incurred \$15,000 in legal fees from a law firm in which a director of the Company is principal. The fees have been included in general and administrative expenses.

5. SUBSEQUENT EVENT

In July 2005, in consideration for US \$50,000, the Company granted an option to UC Resources Ltd. to purchase all of the outstanding shares of its wholly owned Mexican subsidiary, Minera for US \$500,000 on or before October 8, 2005, which, if the option is exercised, will result in the disposition of the Company's entire Mexican mineral property interest.