PLANET EXPLORATION INC.

INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED
JUNE 30, 2002 AND 2001

PLANET EXPLORATION
BALANCE SHEETS
(Unaudited)

	June 30, 2002	March 31, 2002
	$	$
ASSETS		
CURRENT		
Cash	**21,665**	5,403
Due from director and officer (Note 4)	**28,250**	-
GST Recoverable	**3,851**	547
	53,766	5,950
Mineral Properties	**255,322**	207,836
Incorporation Costs	**1,000**	1,000
	310,088	214,786
LIABILITIES		
CURRENT		
Accounts Payable	**28,622**	4,167
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3)	**605,177**	498,177
DEFICIT	**(323,711)**	(287,558)
	281,466	210,619
	310,088	214,786

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

THREE MONTHS ENDED JUNE 30	2002	2001
	$	$
REVENUE	-	-
EXPENSES		
Stock-based Compensation	26,250	-
General and Administrative	9,903	4,577
	(36,153)	4,577
NET LOSS FOR THE PERIOD	(36,153)	(4,577)
DEFICIT, opening	(287,558)	(104,604)
DEFICIT, closing	(323,711)	(109,181)
Loss per share	(.007)	(.001)

PLANET EXPLORATION INC.
STATEMENTS OF CASH FLOW
(Unaudited)

THREE MONTHS ENDED JUNE 30	2002	2001
OPERATING ACTIVITIES	**$**	$
Net Loss for the Period	**(36,153)**	(4,577)
Item not affecting cash		
Stock-based compensation	**26,250**	-
Cash flow from operations	**(9,903)**	(4,577)
Net Changes in Non-cash Working Capital Items Related to Operations	**(7,099)**	4,282
	(17,002)	(295)
FINANCING ACTIVITES		
Issue common shares	**38,250**	-
Issue flow through special warrants	**42,500**	-
	80,750	-
INVESTING ACTIVITY		
Acquisition of Mineral Properties	**(47,486)**	(340)
INCREASE (DECREASE) IN CASH	**16,262**	(635)
CASH, BEGINNING OF PERIOD	**5,403**	25,424
CASH, END OF PERIOD	**21,665**	24,789

PLANET EXPLORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(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, 2002. 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, 2002.

2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2002, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for stock-based compensation arrangements. The Company has elected to continue to use the intrinsic value-based method of accounting for its stock options plans, whereby no compensation expense is recorded for employee stock options that have an exercise price equal to the fair value of the stock at the date options are granted. The Company will disclose the pro forma results of using the fair value method, under which compensation expense is recorded based on the estimated fair value of the options. Pro forma results are presented only for the effects of options granted subsequent to April 1, 2002.

Stock options awarded to non-employees must be accounted for using the fair value method. The compensation is reflected in the financial statements as an expense and an increase to share capital at the time the stock options are granted.

The Black-Scholes option pricing model is not appropriate for an illiquid security. Therefore, fair value has been determined by giving consideration to subsequent securities issuances by the Company, both completed and proposed. Also, consideration was given to the value attached to the stock options in exchange for services by an arms length consultant, and the recent trading history of the Company's common shares. An estimated weighted average of these factors was then applied.

For the three months ended June 30, 2002, the Company's pro forma net loss was $73,653 and the basic loss per share was $0.014.

3. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common voting shares and an unlimited number of non-voting first and second preferred shares. As at June 30, 2002 the Company has issued 5,132,500 common shares for a total of $562,677 and 425,000 Flow Through Special Warrants for a total of $42,500. Each Special Warrant entitles the holder to receive on exercise thereof, at no additional cost, one common share and one warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of $0.125 per share over a period of two years from the date of issue. Subsequent to the period, the Company issued an additional 2,075,000 Special Warrants at $0.10 per Special Warrant. As at June 30, 2002, there were options outstanding to purchase 500,000 common shares.

The Company intends to issue 2,000,000 Special Warrants to be priced at $0.37 per Special Warrant. Each Special Warrant will entitle the holder to receive, on exercise price thereof, at no additional cost, one common share of the Company and one warrant to purchase one common share. Each warrant will entitle the holder to purchase one common share at a price of $0.45 per share, exercisable for a period of one year from the date of issue.

4. RELATED PARTY

A director and officer owes the Company $28,250 for the purchase of common shares. This non-interest bearing amount is expected to be paid within the next quarter.

5. SUBSEQUENT EVENT

The Company has entered into an agreement to acquire three mineral exploration licenses in Mongolia. The terms of the acquisition include the issuance of 200,000 common shares and a cash payment of $23,500.

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