

Planet Exploration Inc.

Financial Statements
For the three month period ended
June 30, 2006



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, 2006.

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, 2006 and the interim statements of income (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, Kenway Mack Slusarchuk Stewart 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



NOTICE TO READER

We have compiled the interim balance sheet of Planet Exploration Inc. as at June 30, 2006 and the interim statements of income (loss) and deficit and cash flows for the three month period then ended from information provided by management. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these interim financial statements may not be appropriate for their purposes.

Calgary, Alberta
August 29, 2006

Ascend Chartered Accountants

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

	<u>June 30, 2006</u> (Unaudited)	<u>March 31, 2006</u> (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 8,157,550	\$ 7,875,132
Accounts receivable	24,123	71,461
Marketable securities	<u>6,100</u>	<u>6,100</u>
	8,187,773	7,952,693
Mineral property interests (note 2)	3,807,541	4,441,602
Other property and equipment	<u>2,360</u>	<u>2,470</u>
	<u>\$ 11,997,674</u>	<u>\$ 12,396,765</u>
Liabilities		
Current		
Accounts payable	\$ 50,529	\$ 467,907
Future income taxes	<u>900,455</u>	<u>901,338</u>
	950,984	1,369,245
Shareholders' Equity		
Common shares (note 3)	\$ 11,319,557	\$ 11,319,557
Contributed surplus	865,000	865,000
Deficit	<u>(1,137,867)</u>	<u>(1,157,037)</u>
	<u>11,046,690</u>	<u>11,027,520</u>
	<u>\$ 11,997,674</u>	<u>\$ 12,396,765</u>

Approved on behalf of the Board:

"Darold H. Parken"

Darold H. Parken, Director

"Salim Jivraj"

Salim Jivraj, Director

See accompanying notes to financial statements

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

	2006	2005
Interest revenue	\$ 82,802	\$ 49,264
Expenses		
General and administrative	64,405	33,953
Stock-based compensation	-	22,993
Depreciation	110	157
	64,515	57,103
Net income (loss) before income tax	18,287	(7,839)
Future Income tax provision (recovery)	(883)	-
Net income (loss) for the period	19,170	(7,839)
Deficit, beginning of period	(1,157,037)	(1,360,644)
Deficit, end of period	\$ (1,137,867)	\$ (1,368,483)
 Income (loss) per share - basic and diluted	 \$ 0.001	 \$ (0.012)
 Weighted number of shares outstanding		
Basic	25,259,190	24,852,752
Diluted	25,335,602	24,852,752

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

	2006	2005
Operating Activities		
Net income (loss) for the period	\$ 19,170	\$ (7,839)
Items not affecting cash		
Amortization	110	157
Future Income tax	(883)	-
Stock-based compensation	-	22,993
	18,397	15,311
Cash flow from operations		
Net changes in non-cash working capital items related to operations	47,338	(23,978)
	65,735	(8,667)
Investing Activities		
Acquisition of mineral properties	(24,788)	(100,565)
Disposition of mineral properties (note 2)	658,849	-
Increase (decrease) in non-cash working capital items related to investing activities	(417,378)	95,000
	216,683	(5,565)
Increase (decrease) in cash	282,418	(14,232)
Cash and cash equivalents,		
beginning of period	7,875,132	7,353,887
Cash and cash equivalents,		
end of period	\$ 8,157,550	\$ 7,339,655
Cash and cash equivalents consist of		
Cash	\$ 126,970	\$ 123,908
Term deposits	8,030,580	7,215,747
	\$ 8,157,550	\$ 7,339,655
Supplementary information:		
Interest received	\$ 82,802	\$ 49,264

Planet Exploration Inc.
Notes to the Interim Financial Statements
June 30, 2006
(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 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, 2006. The interim 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, 2006.

2. MINERAL PROPERTIES

The Company’s mineral properties are located as follows:

	June 30, 2006
Red Lake Ontario (Sidace Lake)	\$ 3,440,295
Mongolia	367,246
	\$ 3,807,541

During the quarter Goldcorp Inc. exercised its option to increase its ownership of the Red Lake Ontario (Sidace Lake) mineral property from 50% to 60% for consideration equivalent to \$658,849 (\$600,000 USD).

3. SHARE CAPITAL

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.

The issued common shares are as follows:

	June 30, 2006	
	# of Shares	Consideration
Balance March 31, 2006	25,259,190	\$ 11,319,557
Common shares issued for cash upon exercise of warrants	-	-
Exercise of warrants	-	-
Shares issued for cash upon exercise of stock options	-	-
Balance June 30, 2006	25,259,190	\$ 11,319,557

Planet Exploration Inc.
Notes to the Interim Financial Statements
June 30, 2006
(Unaudited – See Notice to Reader)

3. SHARE CAPITAL (continued)

Specific details as to stock options outstanding are as follows:

<u>Number of common shares under option</u>	<u>Exercise price per common share</u>	<u>Weighted average remaining contractual life (years)</u>
50,000	0.100	0.83
500,000	0.600	1.91
500,000	0.700	1.76
100,000	0.750	1.91
<u>150,000</u>	0.380	3.91
<u><u>1,300,000</u></u>		

The Company recorded nil (2005 – \$22,993) in stock-based compensation. The value of stock options granted are recorded in expenses with a corresponding amount credited to contributed surplus.

Basic and diluted per share amounts are calculated using the weighted average number of common shares outstanding during the year of 25,259,190 (2005 – 24,852,752).

Options to purchase 1,100,000 (2005 – nil) common shares were outstanding during 2006 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.

4. RELATED PARTY TRANSACTIONS

The Company incurred \$15,000 (2005 - \$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 (2005 - \$15,000) in legal fees from a law firm in which a director of the company is principal. The Company also incurred \$6,750 (2005 – nil) in consulting and administrative fees from a firm in which the director of the Company is principal. These fees have been included in general and administrative expenses.

Planet Exploration Inc.
Notes to the Interim Financial Statements
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4. RELATED PARTY TRANSACTIONS (continued)

The Company incurred \$4,713 (2005 – nil) in accounting fees from a firm in which the director of the Company is principal. These fees have been included in general and administrative expenses.

The Company incurred \$678 (2005 – nil) in geological consulting fees to a director of the Company. The Company also incurred \$14,841 (2005 – \$4,794) in geological consulting fees from a company in which the director of the Company is principal. These fees have been capitalized to the mineral properties.

Accounts payable includes a total of \$18,965 (2005 – nil) owing to related parties.