

Planet Exploration Inc.

Interim Financial Statements
For the three month period ended
June 30, 2004

GLADSTONE GILLIES

Chartered Accountants

Gladstone Gillies
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NOTICE TO READER

We have compiled the balance sheet of Planet Exploration Inc. as at June 30, 2004 and the statements of loss 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 statements may not be appropriate for their purposes.

Calgary, Alberta
August 25, 2004

"Gladstone Gillies"
Chartered Accountants

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

	<u>June 30, 2004</u> (Unaudited)	<u>March 31, 2004</u> (Audited)
Assets		
Current		
Cash and Term Deposits	\$ 6,960,993	\$ 7,228,219
Accounts Receivable	673,893	701,868
Marketable Securities	6,100	6,100
	<u>7,640,986</u>	<u>7,936,187</u>
Mineral Properties (note 2)	4,339,515	3,950,795
	<u>\$ 11,980,501</u>	<u>\$ 11,886,982</u>
Liabilities		
Current		
Accounts Payable	\$ 63,204	\$ 299,606
Future Income Taxes	839,393	839,393
Shareholders' Equity		
Common Shares (note 3)	11,271,861	10,893,411
Warrants (note 3)	489,340	512,040
Contributed surplus	400,363	400,363
Deficit	(1,083,660)	(1,057,831)
	<u>11,077,904</u>	<u>10,747,983</u>
	<u>\$ 11,980,501</u>	<u>\$ 11,886,982</u>

Approved on behalf of the Board:

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

"Ranjeet Sundher"
Ranjeet Sundher, Director

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

	2004	2003
Interest Revenue	\$ 28,053	\$ 5,959
Expenses		
General and administrative	53,882	64,752
Stock-based Compensation	-	3,000
	53,882	67,752
Net loss for the period	(25,829)	(61,793)
Deficit, beginning of year	(1,057,831)	(508,290)
Deficit, end of period	\$ (1,083,660)	\$ (570,083)
Loss per share - basic	\$ (0.001)	\$ (0.004)

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

	2004	2003
Operating Activities		
Net loss for the period	\$ (25,829)	\$ (61,793)
Item not affecting cash		
Stock-based compensation	-	3,000
	(25,829)	(58,793)
Net changes in non-cash working capital items related to operations	(47,140)	40,443
	(72,969)	(18,350)
Financing Activities		
Issue of common shares	355,750	68,000
Investing Activity		
Acquisition of mineral properties	(388,720)	(266,446)
Decrease in non-cash working capital items related to investing activities	(161,287)	-
	(550,007)	(266,446)
Decrease in cash	(267,226)	(216,796)
Cash and term deposits, beginning of period	7,228,219	912,173
Cash and term deposits, end of period	\$ 6,960,993	\$ 695,377
Supplementary information:		
Interest received	\$ 25,253	\$ 5,959
Income tax paid	\$ -	\$ -

Planet Exploration Inc.
Note to the Financial Statements
June 30, 2004
(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, 2004. 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, 2004.

2. **MINERAL PROPERTIES**

The Company's mineral properties are located as follows:

	<u>June 30, 2004</u>
Red Lake Ontario	\$ 3,715,375
Mongolia	390,986
Mexico	130,459
China	102,695
	<u>\$ 4,339,515</u>

Planet Exploration Inc.
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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.

The issued common shares are as follows:

	<u>June 30, 2004</u>	
	<u># of Shares</u>	<u>Consideration</u>
Balance, beginning of year	22,789,190	\$ 10,893,411
Common shares issued for cash upon exercise of warrants	2,270,000	283,750
Exercise of warrants	-	22,700
Shares issued for cash upon exercise of stock options	200,000	72,000
	<u>25,259,190</u>	<u>\$ 11,271,861</u>

	<u>June 30, 2004</u>	
	<u># of Warrants</u>	<u>Consideration</u>
Balance, beginning of the year	6,570,000	\$ 512,040
Exercised during the period	<u>(2,270,000)</u>	<u>(22,700)</u>
Balance, end of the year	<u>4,300,000</u>	<u>\$ 489,340</u>

Planet Exploration Inc.
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3. **SHARE CAPITAL (continued)**

Specific details as to warrants outstanding are as follows:

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

Specific details as to stock options outstanding are as follows:

	2004	
	Number of Options	Weighted Average Exercise Price
Balance, April 1, 2004	1,350,000	\$ 0.59
Exercised	(200,000)	0.36
Balance, June 30, 2004	1,150,000	\$ 0.79

Number of common shares under option	Exercise price per common share	Weighted average remaining contractual life (years)
50,000	0.100	2.83
500,000	0.060	3.91
500,000	0.700	3.76
100,000	0.075	3.91
1,150,000		

4. **RELATED PARTY TRANSACTIONS**

The Company incurred \$10,000 in consulting fees from an officer of the Company. These fees have been included in mineral properties.

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.