

PLANET EXPLORATION INC.
THIRD QUARTER SHAREHOLDERS' REPORT
AS AT DECEMBER 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis is a review of operations, current financial position and outlook for the Company and should be read in conjunction with the unaudited interim financial statements for the three and nine months ended December 31, 2007, the audited financial statements for the year ended March 31, 2007 and management's discussion and analysis for the year ended March 31, 2007. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

Statements in this document may contain forward-looking information. Estimates and future plans provided for fiscal 2008 and beyond are based on assumptions of future events and actual results could vary significantly from these estimates. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company. The reader is cautioned not to place undue reliance on this forward-looking information.

COMPANY PROFILE

Planet Exploration Inc. ("Planet" or the "Company") is a junior mineral exploration company that is listed as "PXI" on the TSX Venture Exchange.

CORE PROPERTY UPDATE

Sidace Lake (Red Lake Mining District), Ontario

Location and Ownership

Planet's primary property comprises 63 unpatented contiguous mining claims covering an area of 12,288 Ha, located 25 km northeast of Balmertown, Red Lake Mining Division, Ontario. The property is owned by Planet as to 40% and Goldcorp Red Lake Gold Mines, an affiliate of Goldcorp Inc. ("Goldcorp") as to 60% under the terms of a joint venture. The Sidace Lake property is subject to a 1% Net Smelter Royalty. The joint venture is funded 60% by Goldcorp (who are the operators) and 40% by Planet.

Brief History

Planet first took an interest in the property in 1998. Initially, drilling was focussed on exploration, following targets located by geophysics. This strategy identified seven zones of interest within a 2.5 x 3.0 km area. These are the Main Discovery Zone ("MDZ"), Upper Duck Zone ("UDZ"), Far West, Deep Footwall, Western Duck, Skarn and the Anderson Zones. The following table shows progressive drilling on the property over the years on the Sidace Lake property. Until 2004, most efforts were concentrated on delineation and evaluation of the MDZ, but more recently, our focus has included the UDZ as another area of high potential. Only on the MDZ and UDZ has any detailed evaluation pattern drilling been done.

Year	Number of Holes	Metres
1998	6	828
1999	11	2,638
2002	12	2,202

Year	Number of Holes	Metres
2003	12	2,554
2004	32	16,973
2005	37	10,311
2006	33	11,071
2007	37	13,506
2007 ⁽¹⁾	3	1,410
Totals	183	61,493

⁽¹⁾ Drilled after September 30, 2007

Work over the Last Quarter

The Company drilled three holes during the quarter. Results from these and earlier holes had been severely delayed by backlogs in the assay laboratories, final results only being received in mid December 2007, and were released on 9, January 2008. However, during this time, a lot of effort has been directed towards modelling the deposits, and as a result, considerable advances have been made in understanding their geometry.

The Main Discovery Zone (“MDZ”)

Previously, the locus of the MDZ has been regarded as a tight ‘Z’ fold, in which pervasive gold values in a thick envelope are associated with disseminated arsenopyrite mineralization in quartz-sericite schist, in which there are abundant quartz veinlets, commonly with realgar, stibnite and pyrite. The modelling work following this year’s drilling programs shows that this fold holds true for the pervasive gold envelope and associated disseminated sulphide-arsenide mineralization and that higher grade gold mineralization is not constrained by either the original lithology, nor by the overprinted metamorphic fabric and facies. The gold in the MDZ follows a more complex structural pattern, and can be broken down to at least 3 steeply-dipping near-tabular bodies that are rooted in, and splayed off, the axis of a steep refolded fold.

The MDZ has had numerous exciting intersections in both thickness and grade. The joint venture has pattern drilled to 450m below surface to obtain thereby a good understanding of mineralization, and probed to 950m below surface with continuing strong mineralization.

Last quarter, the results from 13 holes drilled on the MDZ, totalling 5,800m were released. Of particular note are the high grade intersections such as 26.06 g/t over a metre in RL07- 159, 28.34 g/t over 2 metres and 16.53g/t over 4 metres in RL07-161 and 26.56g/t over a metre in RL07- 168. This latest round of drilling brings to 74 the total number of holes in the MDZ area since commencement of the project in 1998.

Upper Duck Zone (“UDZ”)

The UDZ, 1,200m to the southwest of the MDZ, is an entirely separate and different feature. The primary locating feature was originally a silicate-sulphide facies banded iron formation, that is now garnetiferous, rich in magnetite, and commonly shows minute specks of visible gold in pyrite-pyrrhotite-arsenopyrite bands. The zone strikes roughly due west, dipping steeply north. To the east, it is disrupted by intrusion of a porphyry stock and is eventually cut off by gabbro. To the west, the feature is interrupted by faulting and some porphyry dykes.

Again, a lot of progress has been made in modelling the Upper Duck over the past few months, and it is now

apparent that there are at least 3, perhaps more, sub-parallel bodies in close proximity that comprise the UDZ. It is apparent that gold mineralization is constrained by neither lithology nor stratigraphy, and in places seems to penetrate, and to continue along strike within, what had previously been regarded as younger intrusives.

The joint venture has now drilled a total of 15,730 metres in 46 holes on UDZ. The final drilling of the year (reported 2008-01-09) at the UDZ returned continued significant results, including RL-07-173 reporting an intersection of 3.54 gpt Au over 5.40m as well as a deeper intersection in the same hole of 13.22 gpt Au over 1.00m. In RL07-170 there is a value of 8.39g/t over a metre, and the same apparent zone in RL07-171 returned 9.46g/t over one metre. Previously released results from the 2007 drill programs the UDZ include some spectacular values: 93.32 g/t Au over 1.4m from hole RL07-139 released May 17, 2007; 35.92 gpt Au over 0.40m in hole RL07-142 released June 14, 2007; and 6.22 g/t Au over 20.00m from hole RL07-152 and 20.54 g/t Au over 5.90m from hole RL07-153 released August 23, 2007. Although the strike of these bodies is limited, they seem to show remarkable continuity down pitch of near-vertical shoots.

A significant spinoff benefit of the modelling has been that several targets of exciting potential have emerged within the UDZ zone, particularly to the west of current pattern drilling. These could increase strike potential appreciably.

Plans for the Current Quarter

Drilling restarted on the Sidace Lake project in February 2008. The planned 3000m program will focus on areas that can only be accessed during winter conditions, and includes both lake and swamp drilling. Current drilling is targeting to the south of the Main Discovery Zone (MDZ) infilling a 200m section of limited drilling. The second focus will be to target the eastern extension of the Upper Duck Zone (UDZ) at depth. Previous drillholes from land testing for the eastern extension encountered significant hole deviation to the south and were unsuccessful in reaching the target (easterly extension). The number of holes and total metres to be drilled will be dependant upon ice conditions which currently provide better collar locations. These programs draw deeply from the modelling work done over the past quarter, but are limited to the areas where summer access is either precluded or made difficult by lakes and swamps.

Further Outlook

During late spring-summer 2008, drilling will investigate potential in the western and far western Duck zones, and it is intended to revisit the Anderson Zone in the south, where drilling in 2005 showed widespread gold concentrations in ultramafic lithologies similar to those in which the Red Lake mine occurs. In addition, some interesting and exciting potential indicated by the recent modelling will be drilled on the MDZ.

Success to date has led the Joint Venture to initiate environmental base line studies that will be necessary to permit and conduct advanced exploration on a timely and uninterrupted schedule. Advanced exploration may include surface or underground excavations to provide a platform to sample, map and mill test the different mineralized structures.

All field work, drilling supervision and core logging and sampling is conducted by the geological staff of Goldcorp. Dr Adrian G Mann, P.Geol., is the Qualified Person for Planet.

Other Potential at Sidace Lake

Banded iron formation like the UDZ occurs discontinuously for at least 800m west of the faulted cutoff of the UDZ. To date we had drilled only six holes to explore the potential of the Western Duck Zones: RL-04-77 showed 37.08g/t over 1m in banded iron formation at 249.7m, and RL05-81 showed 4.51g/t over 2.0m at 156.5m.

A follow-up hole, RL07-176 to the encouraging results of RL04-77 was drilled in October 2007. Assays are awaited. Results are also pending on a further follow-up on the Skarn Zone RL07-177, drilled in October 2007.

Drilling on the Sidace lake property will restart this winter once the ground is frozen.

Mongolia

Planet's only Mongolian property, the Argalant (Ovoot) property (2,090 hectares) is located in the Zavkhan province, and lies in the south-eastern portion of the Bayan-Airag gold-copper region of the Urgamal-Zavakhanmandeal metallogenic belt. The Company holds a 100% interest in the Argalant property subject to the right of Red Hill Energy Inc. ("RH") to earn and acquire an 80% interest by expending \$1.5 million in exploration on the property by August, 2009 and by paying \$1.0 million within six months of that date.

Selected Financial Information

	3 Months Ended December 31, 2007	3 Months Ended December 31, 2006	% Change	9 Months Ended December 31, 2007	9 Months Ended December 31, 2006	% Change
Interest Revenue	\$ 86,310	\$ 90,330	(4)	\$ 258,430	262,553	(2)
General and Administrative expenses	\$ 116,412	\$ 90,074	29	\$ 301,660	\$ 224,855	34
Stock Based Compensation	\$ 11,763	\$ 209,625	(94)	\$ 17,497	\$ 212,113	(92)
Net (loss) Before Tax	\$ (41,975)	\$ (209,480)	(80)	\$ (61,058)	\$ (174,746)	(65)
Net (loss) After Tax	\$ (48,884)	\$ (219,124)	(78)	\$ (81,984)	\$ (203,830)	(60)
Basic (loss) per share	\$ (0.002)	\$ (0.009)	(78)	\$ (0.003)	\$ (0.01)	62
Balance sheet as at		<u>December 31, 2007</u>			<u>December 31, 2006</u>	
Working Capital		\$ 6,642,718			\$ 7,661,304	
Mineral Properties		\$ 5,268,022			\$ 4,307,782	
Total Assets		\$ 12,550,040			\$ 12,492,505	
Shareholders' Equity, December 30		\$ 11,251,110			\$ 11,040,803	
Weighted number of shares						
Basic		25,309,190			25,262,560	
Diluted		25,534,090			25,413,329	

Operations Update

During the quarter ended December 31, 2007, Planet continued its diamond drilling program on the Sidace Lake Project. The Company drilled approximately 1,400 metres on the Upper Duck Zone ("UDZ").

Discussion of Financial Results – Three months ended December 31, 2007 compared with the three months ended December 31, 2006

Interest Income

Planet's only revenue comprised of interest income. Planet has not produced any income from operation since inception.

Interest income was \$86,310 for the quarter ended December 31, 2007 compared to \$90,330 in the quarter

ended December 31, 2006.

General and Administrative Expenses

General and administrative expenses for the quarter ended December 31, 2007 were \$116,412, compared to \$90,074 for the quarter ended December 31, 2006. All expenses relate to general and administrative costs. The particular level of acquisition and exploration activity has a direct effect on the level of general and administrative costs. Management is not aware of any discernable quarterly trends in expenditure.

Cash Flow From Operations

Planet used \$30,102 in cash from operations in the quarter ended December 31, 2007, compared to generating \$256 in cash flow from operations for the quarter ended December 31, 2006. This increased usage in cash is mainly due to an increase in general and administrative costs which are affected by the level of exploration activity.

Planet has not commenced any mineral producing activities.

The Company drilled three holes totaling 1,400 metres on its Sidace Lake property during the quarter ended December 31, 2007.

Stock Options

During the quarter ended December 31, 2007, the Company issued to a consultant 35,000 stock options exercisable at a price of \$0.48 each for a period of five years from the date of grant.

Related Party Transactions

For the three months ended December 31, 2007, the Company incurred \$20,000 (2006 - \$20,000) in director's fees from Ranjeet Sundher, an officer and director of the Company. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of \$5,000 plus an additional \$5,000 for the month of December, 2007.

For the three months ended December 31, 2007, the Company incurred \$20,000 (2006 - \$5,000) in director's fees from Darold H. Parken, a director of the Company. These fees were billed at a monthly rate of \$5,000 plus an addition of \$5,000 in monthly director's fees for the month of December, 2007. These amounts have been included in general and administrative expenses. The Company also incurred \$nil (2006 - \$15,000) in legal fees from a law firm in which Darold H. Parken, director is the principal. The Company also incurred \$nil (2006 - \$6,750) in consulting and administrative fees from a company controlled by Darold H. Parken.

For the three months ended December 31, 2007, the Company incurred \$20,000 (2006 - \$nil) in director's fees from a company in which Salim Jivraj, a director of the Company is the principal shareholder. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of \$5,000 plus an addition of \$5,000 in monthly director's fees for the month of December, 2007. The Company also incurred \$2,500 (2006 - \$6,530) in accounting fees from a company in which Salim Jivraj, a director of the Company is the principal shareholder. The Company also incurred \$4,500 (2006 - \$5,000) in accounting fees from the director. These fees have been included in general and administrative expenses.

For the three months ended December 31, 2007, the Company incurred \$14,700 (2006 - \$nil) in geological and consulting fees from a company in which Adrian Mann, an officer and director of the Company is the principal shareholder. These fees have been capitalized to mineral properties. For the three months ended December 31, 2007, the Company incurred \$nil (2006 - \$2,000) in geological consulting fees from Adrian Mann. These fees have been included in general and administrative expenses.

These related party transactions are in the normal course of operations and have been measured at the

exchange amount which is the amount of consideration established and agreed to by the related parties.

Accounts payable includes a total of \$41,676 (2006 - \$5,300) owing to related parties.

Discussion of Financial Results - Nine months ended December 31, 2007 compared with the nine months ended December 31, 2006

Interest Income

Planet's only revenue comprised of interest income. Planet has not produced any income from operation since inception.

Interest income was \$258,430 for the nine months ended December 31, 2007 compared to \$262,553 for the nine months ended December 31, 2006.

General and Administrative Expenses

General and administrative expenses for the nine months ended December 31, 2007 were \$301,660 compared to \$224,855 for the nine months ended December 31, 2006. All expenses relate to general and administrative costs. The particular level of acquisition and exploration activity has a direct effect on the level of general and administrative costs. Management is not aware of any discernible quarterly trends in expenditure.

Cash Flow From Operations

Planet used \$43,230 in cash from operations in the nine months ended December 31, 2007, compared to generating \$37,698 in cash from operations for the nine months ended December 31, 2006. This increased usage in cash is mainly due to an increase in general and administrative costs which are affected by the level of exploration activity.

Planet has not commenced mineral producing activities.

The Company drilled 40 holes for a total of 14,900 metres during the nine month period ended December 31, 2007.

Stock Options

During the nine months ended December 31, 2007, the Company issued to a consultant 30,000 stock options exercisable at a price of \$0.56 each for a period of two years from the date of grant and 35,000 to a consultant at a price of \$0.48 each for a period of five years from the date of grant.

Related Party Transactions

For the nine month period ended December 31, 2007 the Company incurred \$50,000 (2006 - \$50,000) in director fees from Ranjeet Sundher, an officer and director of the Company. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of \$5,000 plus an additional \$5,000 for the month of December, 2007.

For the nine month period ended December 31, 2007 the Company incurred \$50,000 (2006 - \$nil) in director fees from Darold H. Parken, a director of the Company. These fees were paid at a fixed monthly rate of \$5,000 plus an additional \$5,000 in director fees in December, 2007. These fees have been included in general and administrative expenses. The company also incurred \$nil (2006 - \$5,000) in consulting fees from Darold H. Parken. The Company also incurred \$nil (2006 - \$45,000) in legal fees from a law firm in which Darold H. Parken is principal. The Company also incurred \$6,750 (2006 - \$15,750) in consulting and

administrative fees from a company controlled by the director. These fees have been included in general and administrative expenses.

For the nine month period ended December 31, 2007 the Company incurred \$30,000 (2006 - \$nil) in director fees from a company in which Salim Jivraj, director of the Company, is the principal shareholder. The Company also incurred \$20,000 (2006 - \$5,000) in director fees from Salim Jivraj, a director of the Company. These fees were paid at a fixed monthly rate of \$5,000 plus an additional \$5,000 in director fees in December, 2007 and have been included in general and administrative expenses. The Company also incurred \$2,500 (2006 - \$23,559) in accounting fees from a company in which Salim Jivraj, director of the Company, is the principal shareholder. These fees have been included general and administrative expenses. The Company also incurred \$4,500 (2006 - \$nil) in accounting fees from Salim Jivraj, a director of the Company. These fees have been included in general and administrative expenses.

For the nine month period ended December 31, 2007 the Company incurred \$nil (2006 - \$2,000) in geological consulting fees from Adrian Mann, an officer and director of the Company. The company also incurred \$61,105 (2006 - \$14,841) in geological consulting fees from a company in which Adrian Mann, an officer and director of the Company, is principal. These fees have been capitalized to mineral properties.

These related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Accounts payable includes \$41,676 (2006 - \$5,300) owing to related parties.

Risk and Liquidity

Planet's business plan has been to grow through exploration for mineral resources. Planet's principal risks, as an exploration company, are that it must find and develop economic mineral resources and be able to fund the associated capital expenditures. Planet relies on equity financing. If any components of the business plan should be missing, the Company may not be able to continue executing the entire business plan.

Exploration projects are reviewed at a very early stage from all aspects including: corporate fit, environmental issues, timing, costs and reward potential. Identified risks are addressed and excessive risks are mitigated, to the extent possible, before any project is approved.

Mineral Properties

Acquisition and exploration costs of mineral property interests are capitalized and deferred until such time as the property is put into production, the property is disposed of either through sale or abandonment or the property is considered uneconomic in the foreseeable future. If put into production, the costs of acquisition and exploration will be written off over the life of the property based on estimated economic reserves. Proceeds received from the sale of any interest in a property or option proceeds with respect to undeveloped properties are credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned or considered uneconomic in the foreseeable future, the acquisition and deferred exploration costs are written off to operations.

Although the Company has taken certain steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. No title opinions have been obtained. Property may be subject to unregistered prior agreements or inadvertent non-compliance with regulatory requirements.

Management reviews capitalized costs on its mineral properties on a periodic basis and recognizes impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable operations from the property or sale of the property.