

PLANET EXPLORATION INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
for the fiscal year ended March 31, 2006 unless otherwise noted

July 28, 2006

The following discussion and analysis of the results of operations and financial condition of the Company for the three fiscal years ending March 31, 2006, 2005 and 2004 should be read in conjunction with the Company's audited financial statements and the related notes. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Additional information regarding the Company including periodic quarterly reports and annual reports can be accessed at www.sedar.com.

Statements in this document may contain forward-looking information. Estimates provided for fiscal 2006 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.

NATURE OF OPERATIONS

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

Operations Update

CORE PROPERTY UPDATE

Sidace Lake (Red Lake Mining District), Ontario

Subject only to a 1% Net Smelter Royalty ("NSR"), Planet/Goldcorp Inc. joint venture owns 100% of the Sidace Lake Property, which comprises 63 unpatented contiguous mining claims covering approximately 12,439 hectares in the Red Lake Mining Division, Ontario. On March 22, 2005, Planet and Goldcorp became equal partners in the joint venture project, of which Goldcorp is the operator. Since May 15, 2006, Goldcorp has become a 60% partner in the joint venture. The property is covered by the Coli Lake (G-1759), Sobeski Lake (G-1885) and the Black Bear Lake (G-1739) claim map sheets (N.T.S 52N/5) located 25 km northeast of Balmertown.

From 1998, when Planet first took an interest in the property, to the end of June 2005, the Company and its joint venture partner had drilled 38,374 metres in 113 holes. To the end of June 2006, these numbers have risen to 49,385 metres in 150 holes. Of the 54 holes (15,373 metres) drilled in 2005 and 2006, 11 were drilled in the Main Discovery Zone (MDZ), 11 targeted the Anderson Zone, 12 were drilled for the Upper Duck Zone (UDZ), 8 for its western extension, 4 targeted the Skarn zone, 4 were prospecting holes and 4 were abandoned while casing for mechanical reasons.

In the past, the holes have been divided, in roughly equal numbers, between: primary exploration, following targets identified by geophysical methods; follow-up evaluation of mineralized zones intersected in this drilling; and delineation of the Main Discovery Zone (MDZ). We have now outlined 6 zones of interest, spread over some 2.5km in an east-west sense and 3.0km north-south. These are the Main Discovery, Far West, Deep Footwall, Upper Duck (and its western extension), Skarn and the Anderson Zones. There are several other intersections in exploratory drill holes which have not yet been followed up.

The Main Discovery and Far West (2500m to the west) Zones have similar lithology and stratigraphic position, being associated with disseminated arsenopyrite mineralization in quartz-serucite schist, in which there are abundant quartz veinlets, commonly with realgar, stibnite and pyrite. The locus of the MDZ is a tight 'Z' fold, with which pervasive gold values in a thick envelope are associated. The dips of the fold limbs and the plunges of the fold noses are steep, mostly above 65°. The fold, and gold values, are confined to an unfolded strike of about 200m near surface, which increases as tightness of the fold eases in depth to closer to 350m at about -400m vertically below surface datum. Both grade and thickness appear to improve with depth.

The Deep Footwall Zone is in biotite-quartz schist with disseminated pyrite in a potassic feldspar altered mylonitized felsic volcanic rock, locally grading to quartz-sericite schist.

The Upper Duck Zone lies some 1,200m southwest of the Main Discovery Zone. It is 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. To the west, the 300m strike is interrupted by faulting, but appears to continue at least 800m beyond this.

The Skarn Zone from 300m to 600m south of the Upper Duck Zone, occurs in sheared mafic volcanics in a skarn-like assemblage of epidote and garnet with a concentration of pyrite-pyrrhotite-arsenopyrite in which fine flecks of visible gold were observed. The body is open in all directions. It strikes roughly due north, dipping steeply west but in the south it is folded sharply through 90° to strike due west, dipping north.

The Anderson Zone under Anderson Lake, from 200 to 1300m south of the Skarn Zone, is on the extension of the East Bay Serpentinite (EBS), which is particularly important in the regional context as the EBS is host to several significant gold deposits of the Redlake area including the much-vaunted recent Wolfden/Placer GAZ zone discovery. There is evidence that the broad gold bearing talc-carbonate schist of the Anderson zone may be a different manifestation of the same broad zone of gold enrichment that comprises the Skarn Zone.

The following are the more important values returned from the last 18 months drilling on the Anderson Zone.

Hole #	Zone	Depth	Au Grade	Thickness
			g/t	m
RL-05-087	EBS	100.00	5.64	1.00
RL-05-089	EBS	222.00	7.38	1.00
RL-05-090	EBS	253.00	2.36	1.00
RL-05-093	EBS	48.00	11.62	1.00
		302.00	9.76	2.00
RL-05-100	EBS	133.00	2.20	3.00
RL-05-102	EBS	252.00	11.28	2.00
RL-06-106	EBS	108.80	3.92	0.70
RL-06-108	EBS	122.00	1.27	7.00
RL-06-113	EBS	224.00	0.54	6.00

The following are the more important values returned from the last 18 months drilling on the Upper Duck Zone ("UDZ"), and its western Extension ("UDZ-W").

Hole #	Zone	Depth	Au Grade	Thickness
		m	g/t	m
RL-05-078	UDZ	157.00	16.75	1.00
	UDZ	177.00	5.20	1.00
RL-05-079	UDZ	180.00	6.62	3.58
RL-05-080	UDZ	46.00	1.23	19.85
RL-06-115	UDZ	41.00	14.09	1.00
RL-04-077	UDZ-W	249.70	37.08	1.00
RL-05-104	UDZ-W	40.00	14.35	1.00

The following are the more important values returned from drilling on the last 18 months drilling on the Skarn zone:

Hole #	Zone	Depth	Au Grade	Thickness
		m	g/t	m
RL-05-082	skarn	40.00	3.10	3.00
		157.70	9.28	0.50
RL-05-086	skarn	325.00	13.03	1.00

The following are the more important values returned from the last 18 months drilling on the MDZ:

Hole #	Zone	Depth	Au Grade	Thickness
		m	g/t	m
RL-06-107	MDZ	329.00	9.65	14
		391.5	4.24	20.5
RL-06-109	MDZ	322.00	10.63	11
		368.00	22.68	3
RL-06-112	MDZ	418	2.62	8
		523.00	11.66	18
RL-06-118	MDZ	72.00	4.65	2
		107.00	3	16.7
RL-06-119	MDZ	91.00	2.71	11.1
RL-06-121	MDZ	39	1.32	13
		75.00	1.31	9
		88	1.44	7
RL-06-122	MDZ	96.00	1.13	15
		122	1.76	10
		138.00	4.89	8
		151.00	3.73	3
RL-06-124	MDZ	34.00	1.87	19.1
		64.00	3.22	3.7
RL-06-125	MDZ	200.00	1.44	5
		238.00	3	27
RL-06-128	MDZ	298.60	2.68	8.4
		468.00	5.76	32

These encouraging results have increased the potential of the Main Discovery Zone having a stand alone mineable reserve, although this has not yet been confirmed. Goldcorp, the operator, have decided with us that we should concentrate on further delineation of the Main Discovery Zone. Thickness of the zone has

improved with depth and so have gold values, and the overall strike length over which appreciable gold values are returned appears to be greater at depth than in the shallower intersections.

Our faith in the project is vindicated by values such as 9.65g/t Au over 14.00m, 10.63g/t Au over 11.00m, 22.68g/t Au over 3.00m, 11.66g/t Au over 18m or 5.76g/t Au over 32m.

The summer 2006 phase of drilling, which has already commenced, comprises drilling several deep (450-1100m) holes totalling over 6,000m directed wholly at further delineating the MDZ.

Planet and Goldcorp continue drilling on the joint venture property under the field management of Goldcorp. Until March 2005 all direct exploration expenses were funded by Goldcorp but since that date any additional costs have been shared between the two partners. Up to May 2006, costs were shared 50/50 at which time Goldcorp exercised their option to acquire an additional 10% of the property. Future costs will be split *pro rata*, 60% to Goldcorp and 40% to Planet.

Planet is well funded and will be able to meet its commitments as it goes forward in exploring these targets. Because the Sidace Lake property contains no identified mineral resource or reserve as defined by the NI 43-101, it is included for its upside potential only should exploration prove successful.

Copalquin, Mexico

On October 8, 2005, the Company disposed 100% of its interest in the Copalquin property by selling all of the outstanding shares of its Mexican subsidiary, Minera Planet Exploration, S.A. de C.V. The disposition resulted in a gain of \$339,120.

Wulanbulang, China

In fiscal 2005, the Company reviewed the carrying value of its properties in China and determined that the properties were of no further interest to the Company and consequently wrote off the carrying value of the property.

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. In October, 2005 for a consideration of \$100,000 (US), the Company entered into an agreement with Red Hill Energy Inc. ("RH"), formerly UGL Enterprises Ltd, entitling RH to earn 60% of the Company's Interest in the property by conducting a minimum of \$1,500,000 (US) in exploration prior to October 2008. The deposit is non-refundable.

If RH conducts the required exploration, it has the option to purchase an additional 20% interest for \$1,000,000 (US) before April 6, 2009.

Selected Annual Information

	Twelve Months Ended Mar. 31, 2006 \$	Twelve Months Ended Mar. 31, 2005 \$	Twelve Months Ended Mar. 31, 2004 \$
Financial			
Interest income	232,748	155,307	57,155
Net Income (loss)	203,607	(302,813)	(549,541)
Basic and diluted income (loss) per share	0.008	(0.012)	(0.032)
Working capital	7,484,786	7,762,504	7,636,581
Mineral properties	4,441,602	3,897,316	3,950,795
Total assets	12,396,765	11,772,798	11,886,982
Shareholder's equity as at March 31	11,027,520	10,800,920	10,747,983
Basic and diluted weighted average number of shares outstanding as at March 31	25,305,312	24,852,752	17,022,962

Financial Results in Detail

	Twelve Months Ended Mar. 31, 2006 \$	Twelve Months Ended Mar. 31, 2005 \$	Twelve Months Ended Mar. 31, 2004 \$	12 Mo. % change 2005/2006
Interest income	232,748	155,307	57,155	50
General & Administrative expense	305,630	262,227	421,727	16
Income (Loss) before income tax	243,245	(280,506)	(727,435)	187
Income tax (expense) recovery	(39,638)	(22,307)	177,894	78
Net Income (loss)	203,607	(302,813)	(549,541)	167

Summary of Quarterly Results

	Fourth Quarter Ended Mar. 31, 2006 \$	Third Quarter Ended Dec. 31, 2005 \$	Second Quarter Ended Sept. 30, 2005 \$	First Quarter Ended Jun. 30, 2005 \$	Fourth Quarter Ended Mar. 31, 2005 \$	Third Quarter Ended Dec. 31, 2004 \$	Second Quarter Ended Sept. 30, 2004 \$	First Quarter Ended Jun. 30, 2004 \$
Financial								
Interest income	71,185	60,795	51,504	49,264	44,863	47,904	34,487	28,053
Net Income (loss)	(180,930)	380,544	11,832	(7,839)	(111,968)	(123,409)	(41,607)	(25,829)
Net Income (loss) per share	(0.007)	0.015	0.001	-	(0.004)	(0.005)	(0.002)	(0.001)
Working Capital	7,484,786	7,915,174	7,375,005	7,677,249	7,762,504	7,458,516	7,509,286	7,577,782

Results of Operations

In the fiscal year ended March 31, 2006, the Company focused its efforts on the following:

- a) Drilled 30 holes over approximately 10,000 meters on its Sidace Lake Property.
- b) Disposed of its entire interest in the Copalquin property in Mexico.
- c) For a non-refundable consideration of \$100,000 (US), the Company entered into an agreement with Red Hill Energy Inc. "RH", formerly UGL Enterprises Ltd., entitling RH to earn 60% of the Company interest in Argulant (Ovoot) property in Mongolia, by conducting a minimum of \$1,500,000 (US) in exploration prior to October 2008. If RH conducts the required exploration, it has the option to purchase an additional 20% interest for \$1,000,000 (US) before April 6, 2009.

The Company had net income of \$203,607 or \$0.008 per share for fiscal 2006 compared to a net loss of \$302,813 or \$0.012 per share for fiscal 2005. This increase in profitability was mainly due to a non-recurring gain on the disposal of its Copalquin property in Mexico.

The Company's only source of revenue is interest revenue. Interest income was \$232,748 in the year ended March 31, 2006, compared to \$155,307 in the previous fiscal year. The increase in interest income is mainly due to increasing bank deposit rates and an increase in the cash balance as a result of the disposition of the Mexican property.

The Company's general and administrative costs during the fiscal year March 31, 2006, were \$305,630 compared to \$262,227 in the previous fiscal year. The particular level of acquisition and exploration activity has a direct effect on the level of general and administrative costs.

During fiscal 2006, the Company's stock-based compensation costs recorded were \$22,993 compared to nil in fiscal year 2005. In fiscal 2004, the Company adopted a new accounting policy to account for stock-based compensation using the fair value method. The Company granted 150,000 options in fiscal 2006 compared to the nil options issued in fiscal year 2005.

Management is not aware of any discernable quarterly trends in expenditures and accordingly, in the related profit per share.

Liquidity and Capital Resources

The Company had a working capital position of \$7,484,786 as at March 31, 2006, compared to \$7,762,504 as at March 31, 2005.

No financings were conducted during the 2006 fiscal year. The Company is well capitalized and will be able to meet its ongoing commitments.

Mineral Properties

Planet incurred expenditures of \$987,342 and received proceeds on mineral property agreements of \$781,876 during the year ended March 31, 2006 compared to expenditures of \$654,200 and proceeds of \$530,975 in the previous fiscal year.

Income Taxes

Planet has non-capital losses for income tax purposes, which may be utilized to offset taxable income of future periods and expires as follows:

March 31, 2007	\$52,507
2008	\$14,657
2009	\$34,734
2010	\$214,813
2014	\$112,958
2015	\$217,328
2016	\$ 3,354
Total	<u>\$650,351</u>

Cash Flow From Operations

Planet did not generate any cash flow from operations. The Company's only source of income is interest income.

Related Party Transactions

The Company incurred \$65,000 (2005 - \$70,000) in consulting fees to an officer of the Company. These fees have been included in general and administrative expenses.

The Company incurred \$5,000 (2005 - \$5,000) in consulting fees to a director of the Company. The Company also incurred \$60,000 (2005 - \$60,000) in legal fees to a law firm and \$31,500 (2005 - \$27,000) in consulting and administrative fees to a firm in which the same director of the Company is principal. These fees have been included in general and administrative expenses.

The Company incurred \$4,500 (2005 - Nil) in accounting fees to an officer and director of the Company and \$16,172 (2005 - Nil) in accounting fees and expenses to a firm in which the same director of the Company is principal. These fees have been included in general and administrative expenses.

The Company incurred \$2,000 (2005 - \$2,000) in geological consulting fees to a director of the Company. These fees have been included in general and administrative expenses. The Company also incurred \$15,016 (2005 - \$23,370) in geological consulting fees from a company in which the same director of the Company is principal. These amounts have been capitalized to mineral property interests.

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.

The Company received \$100,000 (US) in option proceeds in respect of its Mongolian Argalant (Ovoot) property from Red Hill Energy Inc. (formerly UGL Enterprises Ltd.). An officer and director of Planet is a director of Red Hill Energy Inc. The officer and director of the Company declared this conflict and excluded himself from the negotiations and all voting on the matters in relation thereto.

Financial Instruments

The carrying values of cash and cash equivalents, term deposit, accounts receivable and accounts payable approximates their fair value due to the immediate or short term maturity of these instruments.

The quoted market value of the marketable securities at March 31, 2006 was \$10,000 (2005 - \$12,500)

Summary and Outlook

Planet is a Canadian based company engaged in the business of mineral exploration, primarily with respect to the acquisition of minerals rights and the exploration of mineral properties in accordance with such mineral rights.

The Company's key asset is Sidace Lake Property in the Red Lake Mining District, in the Province of Ontario. The Company also has an exploration project in Mongolia.

The Company does not have any assets that are in production or that contain a reserve.

The Company's main focus at the present time is to concentrate drilling on the Main Discovery Zone at its Red Lake property. The Company is well positioned with a strong treasury and active exploration to realize further shareholder growth.

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 and debt 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 before any project is approved.

Although the Company has taken 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. Property may be subject to unregistered prior agreements or inadvertent noncompliance with regulatory requirements.

Critical Accounting Estimates

The Company prepares its consolidated Financial Statements in conformity with Generally Accepted Accounting Principles ("GAAP") in Canada. The Company lists its significant accounting policies in Note 2 to its Consolidated Financial Statements, of which the company has identified the following accounting policies, which are believed to be the most critical in fully understanding and evaluating the reported financial results:

Mineral properties consist of exploration and mining concessions, options and contracts. Acquisition and exploration costs are capitalized and deferred until such time as the property is put into production, or the property is disposed of either through sale or abandonment. 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 will be credited against the carrying value of the property, with any excess included in operations for the period. If a property is abandoned, the acquisition and deferred exploration costs will be written off to operations.

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.

New Accounting Standards for 2006

There are no new accounting pronouncements in 2006 which upon adoption have had a significant effect on the Company's financial statements.

Outstanding Share Data

At March 31, 2006, the Company had 25,259,190 common shares outstanding (2005 - 25,259,190).

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Preparation and presentation of the accompanying financial statements are the responsibility of the Management of the Company. The statements have been prepared in accordance with GAAP. The financial information elsewhere in the annual report has been reviewed to ensure consistency with that in the financial statements.

Management acknowledges responsibility for the integrity of its financial information. Where appropriate, management has made informed judgements and estimates in accounting for transactions that were not complete at the balance sheet date. Management maintains appropriate systems of internal control. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records are properly maintained.

Salim Jivraj,
Director

Darold H. Parken,
Director