

Planet Exploration Inc.

Interim Financial Statements
For the Nine month period ended
December 31, 2004



NOTICE TO READER

We have compiled the balance sheet of Planet Exploration Inc. as at December 31, 2004 and the statements of loss and deficit and cash flows for the nine 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
February 24, 2005

"DNTW LLP"
Chartered Accountants

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

	<u>December 31, 2004</u> (Unaudited)	<u>March 31, 2004</u> (Audited)
Assets		
Current		
Cash and Term Deposits	\$ 7,523,652	\$ 7,228,219
Accounts Receivable	24,134	701,868
Marketable Securities	6,100	6,100
	<u>7,553,886</u>	<u>7,936,187</u>
Mineral Properties (note 2)	4,293,765	3,950,795
	<u>\$ 11,847,651</u>	<u>\$ 11,886,982</u>
Liabilities		
Current		
Accounts Payable	\$ 95,370	\$ 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	(1,248,676)	(1,057,831)
	<u>10,912,888</u>	<u>10,747,983</u>
	<u>\$ 11,847,651</u>	<u>\$ 11,886,982</u>

Approved on behalf of the Board:

"Darold H. Parken"

Darold H. Parken, Director

"Ranjeet Sundher"

Ranjeet Sundher, Director

See accompanying notes to financial statements

Planet Exploration Inc.
Statements of Loss and Deficit
(Unaudited - See Notice to Reader)

	Three months ended December 31		Nine months ended December 31	
	2004	2003	2004	2003
Interest Revenue	\$ 47,904	\$ 8,839	\$ 110,444	\$ 19,520
Expenses				
General and administrative	62,789	103,395	192,765	294,477
Stock-based Compensation	-	-	-	3,000
	<u>62,789</u>	<u>103,395</u>	<u>192,765</u>	<u>297,477</u>
Net income (loss) before unusual items for the period	\$ (14,885)	\$ (94,556)	(82,321)	(277,957)
Writedown of Mineral Property (Note 2)	<u>(108,524)</u>	<u>-</u>	<u>(108,524)</u>	<u>-</u>
Net income (loss) for the period	<u>\$ (123,409)</u>	<u>\$ (94,556)</u>	\$ (190,845)	\$ (277,957)
Deficit, beginning of period			<u>(1,057,831)</u>	<u>(508,290)</u>
Deficit, end of period			<u>\$ (1,248,676)</u>	<u>\$ (786,247)</u>
Loss per share - basic and diluted	<u>\$ (0.005)</u>	<u>\$ (0.006)</u>	<u>\$ (0.008)</u>	<u>\$ (0.018)</u>

See accompanying notes to financial statements

Planet Exploration Inc.
Statements of Cash Flows
(Unaudited - See Notice to Reader)

	Three months ended December 31		Nine Months Ended December 31	
	2004	2003	2004	2003
Operating Activities				
Net loss for the period	\$ (123,409)	\$ (94,556)	\$ (190,845)	\$ (277,957)
Item not affecting cash				
Loss on impairment	108,524	-	108,524	-
Stock-based compensation	-	-	-	3,000
Cash flow from operations	(14,885)	(94,556)	(82,321)	(274,957)
Net changes in non-cash working capital items related to operations	48,052	(231,576)	27,130	(606,675)
	33,167	(326,132)	(55,191)	(881,632)
Financing Activities				
Issue of common shares	-	6,039,026	355,750	6,198,688
Repayment of shareholder loan	-	60,005	-	85,005
Issue warrants	-	43,000	-	43,000
	-	6,142,031	355,750	6,326,693
Investing Activities				
Acquisition of mineral properties	(114,039)	(147,608)	(529,658)	(796,410)
Disposition of Mineral Properties	78,164	-	78,164	550,000
Decrease in non-cash working capital items related to investing activities	(568)	-	446,368	-
	(36,443)	(147,608)	(5,126)	(246,410)
Increase (decrease) in cash	(3,276)	5,668,291	295,433	5,198,651
Cash and term deposits, beginning of period	7,526,928	442,533	7,228,219	912,173
Cash and term deposits, end of period	<u>\$ 7,523,652</u>	<u>\$ 6,110,824</u>	<u>\$ 7,523,652</u>	<u>\$ 6,110,824</u>
Supplementary information:				
Interest received	<u>\$ 47,904</u>	<u>\$ 8,839</u>	<u>\$ 110,444</u>	<u>\$ 19,520</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements

Planet Exploration Inc.
Notes to the Financial Statements
December 31, 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>December 31, 2004</u>
Red Lake Ontario	\$ 3,543,026
Mongolia	549,093
Mexico	201,646
China	-
	<u>\$ 4,293,765</u>

In accordance with Canadian generally accepted accounting principles, the Company reviewed the carrying value of its properties. The reviews included an analysis of the expected future cash flows to be generated by the properties to determine if such cash flows exceed the properties’ current carrying value. The determination of future cash flows is dependent on a number of factors, including future prices for gold, the amount of reserves, the cost of bringing the project into production, production schedules, and estimates of production costs. Additionally, the reviews took into account factors such as political, social, legal and environmental regulations. These factors are subject to changing economic conditions, regulations of the accuracy of certain assumptions, and the Company used its best judgment in the review process based upon historical and current facts surrounding the projects. Based on the Company’s review, it was determined that the Chinese properties were of no further interest to the Company and have been written off to income.

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:

	December 31, 2004	
	# of Shares	Consideration
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>

	December 31, 2004	
	# of Warrants	Consideration
Balance, beginning of the year	6,570,000	\$ 512,040
Exercised during the period	(2,270,000)	(22,700)
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:

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

Specific details as to stock options outstanding are as follows:

	<u>December 31, 2004</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Balance, April 1, 2004	1,350,000	\$ 0.59
Exercised	<u>(200,000)</u>	<u>0.36</u>
Balance, December 31, 2004	<u><u>1,150,000</u></u>	<u><u>\$ 0.79</u></u>

<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	2.33
500,000	0.600	3.41
500,000	0.700	3.26
<u>100,000</u>	0.075	3.41
<u><u>1,150,000</u></u>		

4. RELATED PARTY TRANSACTIONS

For the nine months ending December 31, 2004, an officer of the Company charged a total of \$45,000 in consulting fees. Additionally, \$45,000 in legal fees and \$20,250 of consulting expenses are from companies in which a director of the Company is a principal. These fees have been included in general and administrative expenses.