

PLANET EXPLORATION INC.
THIRD QUARTER SHAREHOLDER'S REPORT
AS AT DECEMBER 31, 2004

MANAGEMENT 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 quarterly financial statements for the nine months ended December 31, 2004, the audited financial statements for the year ended March 31, 2004 and management's discussion and analysis for the year ended March 31, 2004. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. Additional information regarding the Company including the Company's AIF, is available on SEDAR at www.sedar.com.

Statements in this document may contain forward-looking information. Estimates provided for fiscal 2004 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.

OPERATIONS UPDATE

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, Ontario

Planet's diamond drill programs have resulted in the discovery of multiple wide low grade and relatively narrow high grade gold mineralization zones including mineralized gold intersections of greater than 120 meters. The host rocks of the gold zones are comprised of sericite and quartz sericite schists mineralized with pyrite and quartz veinlets.

Planet's gold zones remain open along strike and depth. In fiscal 2005, Goldcorp and Planet are exploring new areas of interest on Planet's property. The original Sidace Lake property comprised 4,224 hectares. Planet and Goldcorp have jointly acquired an additional 7,300 contiguous hectares for further exploration.

Planet's strike zone hosts both disseminated and vein type gold bearing structures. Regionally, production has come from both of these formation types. The strike is on trend with some of the world's most successful gold mines that have together produced and/or currently have in reserve over 23 million ounces of gold including Goldcorp's Red Lake Mine, Placer Dome's Campbell Mine and the Cochenour Mine. Comparison to other world class gold districts such as Hemlo, strongly suggest that more significant reserves have yet to be discovered in Red Lake. Similarities are apparent between the Hemlo deposit and the Sidace Lake Project geology and gold mineralization.

Planet and Goldcorp are currently conducting a diamond drilling program which is a continuation of drilling activities which were conducted throughout the quarter ended December 31, 2004. Planet anticipates that further drilling activities will be conducted on the property in 2005. Throughout the quarter ended December 31, 2004, all direct exploration expenses on the Sidace Lake property were funded by Goldcorp Inc.

Since the Sidace Lake property does not contain any identified mineral resource or reserves it is included for its upside potential only should exploration prove to be successful.

Copalquin, Mexico

Planet holds an option to acquire a 100% interest in the high-grade 7,005-hectare Copalquin gold/silver property located in Durango, Mexico. Copalquin has a series of parallel ridges of fault breccia over three kilometers. A 1998 shallow-angle diamond exploratory drill hole intersected a previously unknown high-grade vertical fault zone at 256 metres that crosscut the previously known horizontal low-grade quartz breccia.

Planet has entered into an option agreement with UC Resources Ltd, ("UC") under which UC can earn 50% of Planet's interest by paying \$440,000 (US) and conducting \$1,250,000 (US) in exploration over 30 months. UC has constructed its camp facility on the property and commenced diamond drilling in November 2004. The initial drill program of approximately 3,000 metres was completed in January, 2005 and an evaluation of the results is underway. Results of the evaluation will determine whether additional exploration activities will be conducted on the property.

Throughout the quarter ended December 31, 2004, all direct exploration expenses on the Copalquin property were funded by UC Resources Ltd.

The Copalquin property is in the early stages of exploration and no mineral resource or reserves have been established and accordingly the property is included for its upside potential only should exploration prove to be successful.

Wulonbulang, China

Following Planet's geological review and preliminary exploration on the Wulanbulang property Planet has elected to relinquish its interest in the property and has written off all costs associated with the property.

Mongolia

Planet has established a geological and office presence in Mongolia through its long-standing association with Mine Info Ltd., a leading Mongolian mineral exploration and development company that employs some of the country's leading geologists. In conjunction with Mine Info, Planet continues to review other advanced Mongolian acquisition opportunities and to advance its existing properties.

Planet's (2,090 hectares) Argalant property located in Zavkhan province, Mongolia, lies in the southeastern portion of the Bayan-Airag gold-copper region of the Urgamal-Zavakhanmandeal metallogenic belt. This is an active exploration area and the property is surrounded by other mining companies. The property is underlain by volcanogenic-sedimentary rocks and volcano-plutonic rocks of Permian age.

Mapping and detailed sampling has been completed and an initial diamond drill program of exploration program of approximately 2,000 metres is planned for the first quarter of fiscal 2005 with a preliminary exploration budget of approximately \$400,000 (US). Planet is funding all direct exploration expenses on the Argalant property.

The Argalant property is in the early stages of exploration and no mineral resource or reserves have been established and accordingly the property is included for its upside potential only should exploration prove to be successful.

Significant Financial Events

	Third Quarter Ended December 31, 2004	Third Quarter Ended December 31, 2003
Financial		
Interest Revenue	47,904	8,839
Net Income (Loss)	(123,409)	(94,556)
Basic loss per share	(0.005)	(0.006)
Working capital	7,458,516	6,672,386
Mineral properties	4,293,765	3,845,774
Total assets	11,847,651	10,798,122
Shareholder's equity, December 31	10,912,888	10,260,148
Basic and (diluted) number of shares outstanding as at December 31	25,259,190 (30,769,190)	16,528,390 (22,088,390)

Third Quarter Ended December 31, 2004 (fiscal 2005) Financial and Operating Results

Financial And Operating Results

During the quarter ended December 31, 2004, Planet focused its efforts primarily on its Mexico and Sidace Lake Projects. Initial exploration planning for the Argalant, Mongolia project was also completed during the quarter.

Financial Results in Detail

	Third Quarter Ended December 31, 2004	Third Quarter Ended December 31, 2003	% change
Operating Revenue	-	-	-
General & Administrative expense	62,789	103,395	(39%)
Net income (loss)	(123,409)	(94,556)	30%

The Company produces no income from operations. All expenses relate to general and administrative costs and mineral property acquisitions and exploration. 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 expenditures and accordingly, in the related loss per share.

Operating Results

Results of Operations – Three months ended December 31, 2004 compared with three months ended December 31, 2003

Planet produced no revenue from operations during the quarter ended December 31, 2004 and has not produced any revenue from operations since its inception. Planet's net loss for the quarter was \$123,409 compared to a loss of \$94,556 in the corresponding quarter of the prior year. A significant portion of the loss relates to a write down of the China property in the amount of \$108,524.

General and Administrative Expenses

General and administrative expenses for the quarter ended December 31, 2004 were \$62,789 representing a decrease of 39% over similar expenses of \$103,395 in the corresponding quarter of the prior year.

Interest Income and Expense

Interest income was \$47,904 in the three months ended December 31, 2004 (compared to \$8,839 in the three months ended December 31, 2003) reflecting increased interest on working capital (derived primarily from equity financing) invested in short term investments.

Cash Flow From Operations

Planet did not generate any cash flow from operations in the quarter ended December 31, 2004 and has not generated any cash flow from operations since its inception.

Stock Options

No stock options were granted during the three months ended December 31, 2004.

Contractual Obligations

Planet does not have any fixed exploration cost commitments on any of its properties. Should the Company decide not to continue work commitments on any exploration block, Planet's interest in the property would lapse, the costs expended on the block may become impaired and any related deposit may be forfeited.

Off-balance Sheet Arrangements

Planet does not have any arrangements that would be excluded from the balance sheet.

Related Party Transactions

During the quarter, the Company incurred \$15,000 in consulting fees from an officer of the Company. These fees have been included in general and administrative expenses.

During the quarter, the Company incurred \$15,000 in legal fees from a law firm in which a director of the Company is principal and administrative fees of \$6,750 with a private company controlled by a director. The fees have been included in general and administrative expenses.

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 joint venture arrangements and equity financing to fund

its exploration expenditures. 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.

Critical Accounting Policies

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 3 to its Audited Consolidated Financial Statements for the fiscal year ended March 31, 2004. 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:

The Company records its interest in mineral properties at cost less option payments received and other recoveries. Exploration and development costs related to these interests are capitalized until the mineral properties to which they relate are placed into production, sold or allowed to lapse. When production commences, these expenditures will be amortized over the useful life of the estimated reserves on the unit of production basis. If a project is abandoned or considered to be of no further interest to the Company, the related expenditures are charged to income. If there are no significant expenditures incurred on a property over a three year period, the project is considered to be of no further interest to the Company.

Payments on mineral property option agreements are made at the discretion of the Company and accordingly are accounted for when the Company has committed to make an option payment.

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.

Ranjeet Sundher,
President

Darold H. Parken,
Secretary