

Planet Exploration Inc.

Interim Financial Statements
For the three and nine month periods ended
December 31, 2006



PLANET EXPLORATION INC.

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the period ended December 31, 2006.

NOTICE TO READER OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements of Planet Exploration Inc. comprising the accompanying interim balance sheet as at December 31, 2006 and the interim statements of operations and deficit and cash flows for the three and nine month periods then ended are the responsibility of the Company's management.

These interim financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Kenway Mack Slusarchuk Stewart LLP. The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

"Salim Jivraj"

Salim Jivraj, Director

"Darold H. Parken"

Darold H. Parken, Director



NOTICE TO READER

We have compiled the interim balance sheet of Planet Exploration Inc. as at December 31, 2006 and the interim statements of operations and deficit and cash flows for the three and nine month periods 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 interim financial statements may not be appropriate for their purposes.

Calgary, Alberta
February 23, 2007

Ascend LLP
Chartered Accountants

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

	<u>December 31, 2006</u> (Unaudited)	<u>March 31, 2006</u> (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 8,168,902	\$ 7,875,132
Accounts receivable	2,582	71,461
Marketable securities	6,100	6,100
Prepaid expenses	<u>5,000</u>	<u>-</u>
	8,182,584	7,952,693
Mineral properties (note 2)	4,307,782	4,441,602
Other property and equipment	<u>2,139</u>	<u>2,470</u>
	<u>\$ 12,492,505</u>	<u>\$ 12,396,765</u>
Liabilities		
Current		
Accounts payable	\$ 521,280	\$ 467,907
Future income taxes	<u>930,422</u>	<u>901,338</u>
	1,451,702	1,369,245
Shareholders' Equity		
Common shares (note 3)	11,324,557	11,319,557
Contributed surplus	1,077,113	865,000
Deficit	<u>(1,360,867)</u>	<u>(1,157,037)</u>
	<u>11,040,803</u>	<u>11,027,520</u>
	<u>\$ 12,492,505</u>	<u>\$ 12,396,765</u>

Approved on behalf of the Board:

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

"Salim Jivraj"
Salim Jivraj, Director

See accompanying notes to financial statements

Planet Exploration Inc.
Statement of Operations and Deficit
For the Three and Nine Month Periods Ended December 31
(Unaudited - See Notice to Reader)

	Three months ended December 31		Nine months ended December 31	
	2006	2005 <i>(restated)</i>	2006	2005 <i>(restated)</i>
Interest Revenue	\$ 90,330	\$ 60,795	\$ 262,553	\$ 161,563
Expenses				
General and administrative	90,074	76,437	224,855	211,479
Stock-based Compensation	209,625	-	212,113	22,993
Depreciation	111	157	331	472
	<u>299,810</u>	<u>76,594</u>	<u>437,299</u>	<u>234,944</u>
Net loss before unusual items for the period	\$ (209,480)	\$ (15,799)	(174,746)	(73,381)
Gain on sale of Mineral Property	-	277,545	-	339,120
Net (loss) income before tax	\$ (209,480)	\$ 261,746	\$ (174,746)	\$ 265,739
Future Income tax provision	9,644	-	29,084	-
Net (loss) income for the period	\$ (219,124)	\$ 261,746	\$ (203,830)	\$ 265,739
Deficit, beginning of period	<u>(1,141,743)</u>	<u>(1,356,651)</u>	<u>(1,157,037)</u>	<u>(1,360,644)</u>
Deficit, end of period	<u>\$ (1,360,867)</u>	<u>\$ (1,094,905)</u>	<u>\$ (1,360,867)</u>	<u>\$ (1,094,905)</u>
(Loss) income per share - basic and diluted	<u>\$ (0.009)</u>	<u>\$ 0.010</u>	<u>\$ (0.008)</u>	<u>\$ 0.010</u>
Weighted number of shares outstanding				
Basic	<u>25,262,560</u>	<u>25,259,190</u>	<u>25,270,463</u>	<u>25,259,190</u>
Diluted	<u>25,413,329</u>	<u>25,299,998</u>	<u>25,421,232</u>	<u>25,299,998</u>

Planet Exploration Inc.
Statement of Cash Flows
For the Three and Nine Month Periods Ended December 31
(Unaudited - See Notice to Reader)

	Three months ended December 31		Nine months ended December 31	
	2006	2005	2006	2005
Operating Activities				
Net (loss) income for the period	\$ (219,124)	\$ 261,746	\$ (203,830)	\$ 265,739
Item not affecting cash				
Depreciation	111	157	331	472
Future income tax	9,644	-	29,084	-
Gain on sale of mineral property	-	(277,545)	-	(277,545)
Stock-based compensation	209,625	-	212,113	22,993
Cash flow from operations	256	(15,642)	37,698	11,659
Net changes in non-cash working capital items related to operations	21,689	(82,015)	63,879	(118,368)
	<u>21,945</u>	<u>(97,657)</u>	<u>101,577</u>	<u>(106,709)</u>
Investing Activities				
Acquisition of mineral properties	(100,460)	(152,677)	(525,029)	(579,288)
Disposition of mineral properties	-	708,487	658,849	720,300
Changes in non-cash working capital items related to investing activities	96,850	277,542	53,373	582,542
	<u>(3,610)</u>	<u>833,352</u>	<u>187,193</u>	<u>723,554</u>
Financing Activities				
Stock options exercised	5,000	-	5,000	-
Increase in cash	23,335	735,695	293,770	616,845
Cash and cash equivalents, beginning of period	8,145,567	7,235,037	7,875,132	7,353,887
Cash and cash equivalents, end of period	<u>\$ 8,168,902</u>	<u>\$ 7,970,732</u>	<u>\$ 8,168,902</u>	<u>\$ 7,970,732</u>
Cash and cash equivalents consist of				
Cash	\$ 367,009	\$ 148,455	\$ 367,009	\$ 148,455
Term deposits	7,801,893	7,822,277	7,801,893	7,822,277
	<u>\$ 8,168,902</u>	<u>\$ 7,970,732</u>	<u>\$ 8,168,902</u>	<u>\$ 7,970,732</u>
Supplementary information:				
Interest received	<u>\$ 90,330</u>	<u>\$ 60,795</u>	<u>\$ 262,553</u>	<u>\$ 161,563</u>

Planet Exploration Inc.
Notes to the Interim Financial Statements
December 31, 2006
(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, 2006. 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, 2006.

2. MINERAL PROPERTIES

The Company's mineral properties are located as follows:

	December 31, 2006
Sidace Lake (Red Lake Mining District, Ontario)	\$ 3,940,536
Mongolia	367,246
	\$ 4,307,782

During the quarter ended June 30, 2006, Goldcorp Inc. exercised its option to increase its ownership of the Sidace Lake (Red Lake Mining District, Ontario) mineral property from 50% to 60% for consideration equivalent to \$658,849 (600,000 USD).

3. SHARE CAPITAL

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, 2006	
	# of Shares	Consideration
Balance, March 31, 2006	25,259,190	\$ 11,319,557
Stock options exercised	50,000	5,000
Balance December 31, 2006	25,309,190	\$ 11,324,557

Planet Exploration Inc.
Notes to the Interim Financial Statements
December 31, 2006
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3. SHARE CAPITAL (continued)

Specific details as to stock options outstanding are as follows:

<u>Number of common shares under option</u>	<u>Exercise price per common share</u>	<u>Weighted average remaining contractual life (years)</u>
500,000	0.600	1.41
500,000	0.700	1.26
100,000	0.750	1.41
150,000	0.380	3.41
10,000	0.400	4.67
<u>900,000</u>	0.370	4.83
<u><u>2,160,000</u></u>		

The Company recorded \$212,113 (2005 - \$22,993) in stock-based compensation during the nine month period ended December 31, 2006. The value of stock options granted are recorded in expenses with a corresponding amount credited to contributed surplus.

The fair value of the stock options was estimated using the Black-Scholes option-pricing model with the following assumptions: dividend yield of nil; expected annualized volatilities ranging from 69.74-72.25%; risk-free interest rate of 4% and a life of 5 years.

Options to purchase 1,100,000 (2005 – Nil) common shares were outstanding during the period but were not included in the diluted earnings per share because the exercise prices of the options were greater than the average market price of the common shares.

4. RELATED PARTY TRANSACTIONS

For the nine month period ended December 31, 2006 the Company incurred \$50,000 (2005 - \$50,000) in director fees from an officer of the Company. These fees have been included in general and administrative expenses.

For the nine month period ended December 31, 2006 the Company incurred \$5,000 (2005 - \$5,000) in fees from a director of the Company. The Company also incurred \$45,000 (2005 - \$45,000) in legal fees from a law firm in which the director is principal. The Company also incurred \$15,750 (2005 – \$24,750) in consulting and administrative fees from a firm in which the director of the Company is principal. The fees have been included in general and administrative expenses.

Planet Exploration Inc.
Notes to the Interim Financial Statements
December 31, 2006
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4. RELATED PARTY TRANSACTIONS (continued)

For the nine month period ended December 31, 2006 the Company incurred \$5,000 (2005 - \$2,500) in fees from a director of the Company. The Company also incurred \$23,559 (2005 - \$5,539) in accounting fees from a firm in which the director of the Company is principal. These fees have been included in general and administrative expenses.

For the nine month period ended December 31, 2006 the Company incurred \$2,000 (2005 - \$2,000) geological consulting in fees from a director of the Company. These fees have been included in general and administrative expenses. The Company also incurred \$14,841 (2005 - \$15,016) in geological consulting fees from a company in which the director of the Company is principal. These fees have been capitalized to mineral properties.

Accounts payable includes \$5,300 (2005 - \$10,700) owing to related parties. The Company has also made a prepayment on the consulting fees to an officer of the Company in the amount of \$5,000 (2005 – Nil). This amount is shown as prepaid expenses on the balance sheet.

5. PRIOR PERIOD ADJUSTMENT

The comparative statement of operations has been restated. In October 2005, in consideration of US \$100,000 the Company entered into an agreement with UGL Enterprises Ltd. entitling UGL to earn 60% of the Company's interest in the Argalent Mongolia property by conducting a minimum of US \$1,500,000 in exploration prior to October 2008. The amounts were included in income for the quarterly reports rather than offset against the capital cost of the property which is required under generally accepted accounting principles for a company which has not earned significant production revenues from its line of business. The net effect of the correction in the comparative statements is as follows.

	3 months ended December 31, 2005	9 months ended December 31, 2005
Income as previously reported	\$ 380,544	\$ 384,537
Net change	<u>(\$ 118,798)</u>	<u>(\$ 118,798)</u>
Income restated	<u>\$ 261,746</u>	<u>\$ 265,739</u>
Earnings per share as previously reported	\$ 0.015	\$ 0.015
Net change	<u>(\$ 0.005)</u>	<u>(\$ 0.005)</u>
Income restated	<u>\$ 0.010</u>	<u>\$ 0.010</u>

5. COMPARATIVE FIGURES

The comparative statements of operations and deficit and cash flow are presented on a consolidated basis as the Company had a wholly owned subsidiary during the comparative period.

Some of the comparative figures have been adjusted to conform to the current period presentation.