

# **Planet Exploration Inc.**

Financial Statements  
For the years ended  
March 31, 2009 and 2008

**CHARTERED  
ACCOUNTANTS**

MacKay LLP

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## **Auditors' Report**

### **To the Shareholders of Planet Exploration Inc.**

We have audited the balance sheets of Planet Exploration Inc., as at March 31, 2009 and 2008, and the statements of operations and comprehensive loss, and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles

(Signed) "MacKay LLP"

**Calgary, Canada  
July 23, 2009**

**Chartered Accountants**

Planet Exploration Inc.  
Balance Sheets  
As at March 31

	2009	2008
<b>Assets</b>		
Current		
Cash and cash equivalents	\$ 5,861,536	\$ 6,804,715
Goods and Services Tax receivable	45,114	44,303
Marketable securities	750	6,100
	5,907,400	6,855,118
Mineral property interests (note 5)	6,042,528	5,087,747
Equipment	1,104	1,588
	\$ 11,951,032	\$ 11,944,453
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (note 8)	\$ 796,135	\$ 424,147
Future income taxes (note 6)	600,046	624,166
	1,396,181	1,048,313
<b>Shareholders' Equity</b>		
Common shares (note 7 (b))	11,341,692	11,341,692
Contributed surplus (note 7 (d))	1,145,285	1,045,019
Deficit	(1,932,126)	(1,490,571)
	10,554,851	10,896,140
	\$ 11,951,032	\$ 11,944,453

Approved on behalf of the Board:

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

"Salim Jivraj"  
Salim Jivraj, Director

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.  
Statements of Loss and Deficit  
Years Ended March 31

	2009	2008
Interest revenue	\$ 158,939	\$ 330,151
<b>Expenses</b>		
General and administrative (note 8)	523,864	403,757
Stock-based compensation	100,266	26,021
Amortization	484	441
	<u>624,614</u>	<u>430,219</u>
<b>Loss before other items</b>	(465,675)	(100,068)
<b>Other Items</b>		
Write-down of mineral properties (note 5)	-	(367,246)
<b>Loss before income tax</b>	(465,675)	(467,314)
Future income tax recovery (note 6)	(24,120)	(16,236)
<b>Net and comprehensive loss</b>	(441,555)	(451,078)
Deficit, beginning of year	(1,490,571)	(1,039,493)
Deficit, end of year	<u>\$ (1,932,126)</u>	<u>\$ (1,490,571)</u>
Net loss per share - basic and diluted	<u>\$ (0.017)</u>	<u>\$ (0.018)</u>
<b>Weighted average number of shares outstanding</b>		
Basic	<u>25,319,190</u>	<u>25,309,981</u>
Diluted	<u>25,319,190</u>	<u>25,309,981</u>

The accompanying notes are an integral part of these financial statements.

Planet Exploration Inc.  
Statements of Cash Flows  
Years Ended March 31

	2009	2008
<b>Operating Activities</b>		
Net and comprehensive loss	\$ (441,555)	\$ (451,078)
Items not affecting cash		
Write-down of mineral properties	-	367,246
Unrealized loss on marketable securities	5,350	-
Amortization	484	441
Future income tax recovery	(24,120)	(16,236)
Stock-based compensation	100,266	26,021
	(359,575)	(73,606)
Net changes in non-cash working capital items related to operating activities (note 9)	(11,636)	(5,639)
	(371,211)	(79,245)
<b>Financing Activity</b>		
Issue of common shares	-	5,600
<b>Investing Activities</b>		
Additions to mineral properties	(954,781)	(1,054,583)
Net changes in non-cash working capital items related to investing activities (note 9)	382,813	324,230
	(571,968)	(730,353)
Decrease in cash and cash equivalents	(943,179)	(803,998)
Cash and cash equivalents, beginning of year	6,804,715	7,608,713
Cash and cash equivalents, end of year	\$ 5,861,536	\$ 6,804,715
<b>Cash and cash equivalents consist of</b>		
Bank	\$ 357,400	\$ 237,452
Term deposits	5,504,136	6,567,263
	\$ 5,861,536	\$ 6,804,715
<b>Supplementary information:</b>		
Interest received	\$ 176,165	\$ 313,805

The accompanying notes are an integral part of these financial statements.

**Planet Exploration Inc.**  
**Notes to Financial Statements**  
**Years Ended March 31, 2009 and 2008**

**1. NATURE OF OPERATIONS**

Planet Exploration Inc. ("the Company") is in the business of acquiring, exploring and developing gold, copper, silver and other mineral properties, both directly and through joint ventures in Canada. To date the Company has not generated significant revenues from operations and is considered to be an exploration stage company.

These financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company are primarily dependent upon its ability to raise exploration financing from equity markets or by selling or optioning its mineral properties. Recovery of the capitalized carrying costs shown for mineral properties will likely require the establishment of economically recoverable reserves, the securing of development financing and profitable production.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Cash and cash equivalents

Cash and cash equivalents include balances with banks and term deposits with a maturity of three months or less.

b) Marketable securities

Marketable securities are classified as held for trading and are recorded at market value. Unrealized gains and losses are included in general and administrative on the statement of operations in accordance with the Company's designation of marketable securities as held for trading.

c) 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.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Mineral properties (continued)

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 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. For non-producing properties, management also considers indications of impairment such as the current status of ongoing operations, whether exploration is planned in the foreseeable future, the expiration of lease ownership rights, and funding requirements to complete exploration programs.

d) Other property and equipment

Other property and equipment are recorded at cost and amortized on a straight line bases over five years.

e) Revenue recognition

The Company recognizes interest revenue from guaranteed investment certificates on a straight light basis over the life of the certificates.

f) Income taxes

The Company records income taxes using the liability method. Under this method, current income taxes are recorded based on the estimated income taxes payable for the year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Future income tax assets and liabilities are measured using enacted tax rates and laws expected to apply when the tax assets or liabilities are due to be settled or realized. The effect of a change in tax rates on future income tax assets and liabilities is recognized in operations in the period that includes the substantive enactment date. A valuation allowance is recognized, to the extent it is more likely than not, that those future income tax assets will not be realized.

g) Accumulated Other Comprehensive Income

The Company maintains a Statement of Comprehensive Income and establishes Accumulated Other Comprehensive Income ("AOCI") as a separate component of shareholders' equity. The Statement of Comprehensive Income is defined as a change in net assets arising from transactions and other events from non-owner sources. The statement would present net income and each component recognized in other comprehensive income ("OCI") when such amounts exist. For the year ended March 31, 2009, the Company did not recognize any OCI and therefore a separate statement of OCI has not been presented. Any future OCI recognized by the Company will be recognized in AOCI.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Earnings per share

The basic earnings per share calculation is based upon the weighted average number of common shares outstanding during each year. Diluted common shares outstanding are calculated using the treasury stock method, which assumes that any proceeds received from in-the-money options would be used to buy back common shares at the average market price for the period. Options that are anti-dilutive are not included in the calculation of diluted earnings per share.

i) Foreign currency translation

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Other assets, liabilities and items affecting earnings are translated into Canadian dollars at rates of exchange in effect at the date of the transaction. Gains or losses arising from these foreign currency transactions are included in the determination of income.

j) Flow-through shares

Certain resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. To recognize the forgone tax benefits to the Company, the future income tax liability and the carrying value of the shares issued are adjusted by the effect of the tax benefits renounced to subscribers. The future income tax liability is recorded when the expenditures are renounced by the Company.

k) Stock-based compensation

The Company has a stock-based compensation plan as described in note 7(c). Compensation expense is calculated using the fair value of the option at the date of grant determined using the Black-Scholes options pricing model that takes into account the exercise price, and expected volatility of the Company's stock price, the expected dividends on the stock and the current risk-free interest rate for the expected life of the option. For options granted in respect of future services, compensation expense is recorded over the vesting period with a corresponding increase to contributed surplus. Upon the exercise of options consideration received together with the amount previously recognized in contributed surplus is recorded as an increase to share capital. The Company has not incorporated an estimated forfeiture rate, rather the Company accounts for actual forfeitures as they occur.

l) Joint ventures

The Company conducts the majority of its mining activities on a joint venture basis. These financial statements reflect the Company's proportionate interest in such ventures.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Asset retirement obligation

The Company recognizes the estimated fair value of an asset retirement obligation (ARO) in the period in which it is incurred when a reasonable estimated of the fair value can be made. The fair value of the estimated ARO is recorded as a liability with a corresponding increase in the carrying amount of the related asset. ARO is initially measured at fair value and subsequently adjusted for the accretion of discount and any changes to the underlying cash flows. The capitalized amount is depleted on a unit-of-production basis over the life of the proved resources. The liability amount is increased each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs of ARO results in an increase or decrease to ARO. As the Company's mining properties are in the exploration phase, no liability exists for reclamation costs. Accordingly, no ARO has been recorded in these financial statements.

n) Financial instruments

The Company has classified cash and cash equivalents and marketable securities as held-for-trading financial assets. Accounts receivable is classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. The Company has not classified any financial assets as held-to-maturity.

Gains and losses on held-for-trading financial assets and financial liabilities are recognized in net income or loss in the period in which they arise. Unrealized gains and losses arising from changes in fair value of available for sale assets are recognized in other comprehensive income until the financial asset is derecognized or impaired, at which time any unrealized gains, or losses are recorded in net income or loss. Transaction costs other than those related to financial instruments classified as held-for-trading, which are expensed as incurred, are added to the fair value of the financial asset or financial liability on initial recognition and amortized using the effective interest method. Under the effective interest method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Fair values are based on quoted market prices where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models.

o) Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the amounts of revenue and expenses during the period. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Significant areas requiring the use of management estimates include the determination of stock-based compensation and the useful life of long-lived assets as well as determination of impairment thereon, the recoverability of future income tax assets and the determination of possible losses arising from lawsuits.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) Use of estimates (continued)

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of equipment. Mineral properties are reviewed to ensure their carrying value does not exceed the estimated future net cash flows.

Actual results could differ from those estimates and as adjustments become necessary they are reported in earnings in the periods in which they become known.

p) Accounting changes

Voluntary changes in accounting policies are only made if they result in the financial statements providing reliable and more relevant information. Changes in accounting policy are to be applied retroactively unless doing so is impracticable and all prior period errors are corrected retroactively. The adoption of new standards which have been issued but are not yet effective and their impact where applicable are disclosed.

q) Adoption of new accounting policies

Effective April 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants: (i) Section 3862 "Financial Instruments – Disclosures"; (ii) Section 3863 "Financial Instruments – Presentation"; (iii) Section 1535 "Capital Disclosures"; and (iv) Section 1400 "General Standards of Financial Statement Presentation". These standards were adopted on a prospective basis without restatement of prior periods.

Sections 3862 "Financial Instruments – Disclosures" and 3863 "Financial Instruments – Presentation" replace Section 3861 "Financial Instruments – Disclosures and Presentation". The new disclosure standard increases the emphasis on the risks associated with both recognized and unrecognized financial instruments and how those risks are managed.

"Capital Disclosures" (Section 1535) requires companies to disclose their objectives, policies and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements.

"General Standards of Financial Statement Presentation" (Section 1400) requires management to assess an entity's ability to continue as a going concern, taking into account all available information about the future which is, at least, but not limited to, twelve months from the balance sheet date. Financial statements must be presented on a going concern basis unless the management either intends to liquidate the entity, cease trading or operations, or has no realistic alternative but to do so. Management has assessed the Company as a going concern and these financial statements are presented on a going concern basis.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r) Recent accounting pronouncements

Goodwill and intangible assets

In February 2008, the CICA issued new Handbook Section 3064 "Goodwill and Intangible Assets", replacing Handbook Section 3062 "Goodwill and Other Intangible Assets" and Handbook Section 3450 "Research and Development Costs". This new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new Section for its fiscal year beginning April 1, 2009. This Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Handbook Section 3062. The provisions relating to the definition and initial recognition of intangible assets are equivalent to the corresponding provisions of International Accounting Standard ("IAS") 38, "Intangible assets". Management is of the opinion there will be no material impact on the Company resulting from the adoption of this new Section on its financial statements.

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued new Handbook Section 1582, "Business Combinations", Section 1601 "Consolidations", and Section 1602 "Non-controlling Interests". These three new sections replace Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" as well as establishing a new section for accounting for a non-controlling interest in a subsidiary.

Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value on the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January, 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to IAS 27, "Consolidated and Separate Financial Statements" (January, 2008).

Handbook Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. Management is of the opinion there will be no material impact on the Company resulting from the adoption of these new Sections on its financial statements.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### r) Recent accounting pronouncements (continued)

#### International financial reporting standards

A strategic plan has been adopted by the Accounting Standards Board for the future direction of accounting standards in Canada. It is expected that Canadian accounting standards for public companies will converge with International Financial Reporting Standards ("IFRS"). The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company's transition date of April 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. The Company has begun an internal diagnostic review to understand, identify and assess the overall effort required to produce financial information under IFRS, however, at this time, the financial reporting impact of the transition to IFRS cannot be reasonably estimated.

## 3. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To safeguard the entity's ability to continue as a going concern.
- To maintain appropriate cash reserves on hand to meet ongoing exploration and operating costs.
- To invest cash on hand in highly liquid and highly rated financial instruments.

In the management of capital, the Company includes shareholders' equity (excluding accumulated other comprehensive income (loss)) of \$10,554,851 (2008 - \$10,896,140), cash and cash equivalents of \$5,861,536 (2008 - \$6,804,715) and marketable securities of \$750 (2008 - \$6,100) in the definition of capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the new capital structure, the Company may pay dividends, return capital to shareholders or issue new shares. The Company currently has no externally imposed capital requirements.

## 4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS

The Company holds various forms of financial instruments as described in note 2(n). The nature of these instruments and the Company's operations expose the Company to various risks as follows.

### a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank. The Company's cash equivalents are subject to interest rate price risk as the value will fluctuate as a result of changes in market rates. As at March 31, 2009 a 1% change in interest rates would affect the revenue derived from cash and cash equivalents by approximately \$58,600 on an annual basis.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

4. FINANCIAL INSTRUMENTS AND FINANCIAL RISK FACTORS (continued)

b) Credit risk

The Company's is exposed to credit risk with respect to its cash and cash equivalents. However, this risk is minimized as cash and cash equivalents are held at a major financial institution.

c) Liquidity risk

The Company addresses liquidity risk as part of its capital management. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due and to continue its exploration drilling program at its Red Lake Property. As at March 31, 2009, the Company had a working capital balance of \$5,111,265 (2008 - \$6,430,971).

d) Foreign currency risk

The Company does not have any exposure to any highly inflationary foreign currencies.

e) Fair values

The carrying values of accounts receivable, accounts payable and accrued liabilities meeting the definition of financial instruments approximate their fair values due to the short-term duration of the amounts.

f) Property risk

The Company's significant mineral property is the Red Lake, Ontario (Sidace Lake) Property. If no additional mineral properties are acquired by the Company, any adverse development regarding the Red Lake property could have a material adverse effect on the Company's financial condition and the results of operations.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

5. MINERAL PROPERTY INTERESTS

The Company's mineral properties are as follows:

				2009
	Acquisition costs (net of recoveries)	Deferred exploration and development costs	Write-down of capitalized costs	Total
Red Lake, Ontario	\$ 1,046,905	5,158,945	(163,322)	6,042,528
Mongolia	4,860	427,448	(432,308)	-
	<u>\$ 1,051,765</u>	<u>5,586,393</u>	<u>(595,630)</u>	<u>6,042,528</u>

  

				2008
	Acquisition costs (net of recoveries)	Deferred exploration and development costs	Write-down of capitalized costs	Total
Red Lake, Ontario	\$ 1,046,905	4,204,164	(163,322)	5,087,747
Mongolia	4,860	427,448	(432,308)	-
	<u>\$ 1,051,765</u>	<u>4,631,612</u>	<u>(595,630)</u>	<u>5,087,747</u>

**Red Lake, Ontario, Canada**

The Company currently owns a 40% (March 31, 2008 – 40%) interest in the Red Lake, Ontario mineral property claims. The remainder 60% is held by affiliates of Goldcorp Inc.

Ownership in mineral properties involves certain inherent risks due to the difficulties in determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership of its properties is in good standing.

**Mongolia**

The Company wrote down 100% of the carrying amounts of \$367,246 in the comparative period as the Company had no further exploration plans on this mineral property.

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

6. INCOME TAXES

The income tax provision differs from the amount that would be computed by applying the basic combined Canadian federal and provincial statutory income tax rate to the net (loss) for the year. The reasons for the differences are as follows:

	<u>2009</u>	<u>2008</u>
Tax rate	29.38%	31.47%
Computed income tax (recovery)	\$ (136,815)	(147,064)
Non-deductible stock-based compensation	29,458	8,189
Tax rate adjustment	(8,001)	(52,059)
Valuation allowance	91,238	174,698
	<u>\$ (24,120)</u>	<u>(16,236)</u>

At March 31, 2009 the Company had the following accumulated non-capital losses available for utilization in future years. These losses expire on the following dates:

March 31, 2025	\$ 197,630
March 31, 2026	13,386
March 31, 2028	163,706
March 31, 2029	418,928
	<u>\$ 793,650</u>

The components of the net future income tax liability are as follows:

	<u>2009</u>	<u>2008</u>
Net book value of mineral properties in excess of tax value	\$ 600,046	\$ 624,166
Non-capital losses	(198,413)	(93,681)
Foreign resources expenditures	(121,449)	(134,943)
Valuation allowance	319,862	228,624
Future income tax liability	<u>\$ 600,046</u>	<u>\$ 624,166</u>

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

7. 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.

b) Common shares issued

	<u>2009</u>		<u>2008</u>	
	<u># of Shares</u>	<u>Consideration</u>	<u># of Shares</u>	<u>Consideration</u>
Balance, beginning of year	25,319,190	\$ 11,341,692	25,309,190	\$ 11,333,932
Shares issued for cash upon exercise of stock options	-	-	10,000	5,600
Contributed surplus attributed to options exercised	-	-	-	2,160
Balance, end of year	<u>25,319,190</u>	<u>\$ 11,341,692</u>	<u>25,319,190</u>	<u>\$ 11,341,692</u>

c) Stock Option Plan

The Company has a stock option plan whereby the Company may grant options to its directors, officers, employees and consultants for up to 10% of the outstanding common shares from time to time with vesting rights determined at each grant date. The exercise price of each option equals the market price of the Company's stock on the date of the grant (less any permitted discount, if any) and an option's maximum term is five years. The following is a continuity of stock options outstanding for which shares have been reserved. Specific details as to stock options outstanding are as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Number of options</u>	<u>Weighted average exercise price</u>	<u>Number of options</u>	<u>Weighted average exercise price</u>
Balance, beginning of year	2,212,500	\$ 0.52	2,157,500	\$ 0.52
Granted	1,215,000	0.17	65,000	0.52
Exercised	-	-	(10,000)	0.56
Expired	(1,100,000)	0.66	-	-
Balance, end of year	<u>2,327,500</u>	<u>\$ 0.27</u>	<u>2,212,500</u>	<u>\$ 0.52</u>
Exercisable, end of year	<u>1,855,000</u>	<u>\$ 0.28</u>	<u>2,062,500</u>	<u>\$ 0.52</u>

Planet Exploration Inc.  
Notes to Financial Statements  
Years Ended March 31, 2009 and 2008

7. SHARE CAPITAL (continued)

c) Stock Option Plan (continued)

Number of common shares under option	Exercise price per common share	Weighted average remaining contractual life in years	Exercisable at March 31, 2009
150,000	0.38	1.16	150,000
7,500	0.40	2.42	7,500
900,000	0.37	2.52	800,000
20,000	0.56	0.28	20,000
35,000	0.48	3.51	35,000
1,195,000	0.17	4.72	832,500
20,000	0.17	1.72	10,000
<u>2,327,500</u>		<u>3.56</u>	<u>1,855,000</u>

The fair value of stock options is estimated using the Black Scholes option pricing model with the following weighted average assumptions:

	<u>2009</u>	<u>2008</u>
Risk free interest rate	4%	4%
Expected dividend rate	0%	0%
Expected stock price volatility	64.63%	68.77%
Expected option life	4.95 years	3.6 years
Weighted-average grant-date fair value per share of options granted	\$0.10	\$0.25

d) Contributed surplus

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 1,045,019	\$ 1,021,158
Stock-based compensation	100,266	26,021
Contributed surplus attributed to options exercised during the year	-	(2,160)
Balance, end of year	<u>\$ 1,145,285</u>	<u>\$ 1,045,019</u>

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7. SHARE CAPITAL (continued)

e) Per share amounts

Options to purchase 1,215,000 (2008 – 1,092,500) common shares that were outstanding during the respective fiscal years were not included in the calculations of dilutive loss per share as the effect would be anti dilutive.

8. RELATED PARTY TRANSACTIONS

The Company incurred \$65,000 (2008 – \$65,000) 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 fee of \$5,000 for the month of December, 2008.

The Company incurred \$65,000 (2008 – \$65,000) 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 for the month of December, 2008. The Company also incurred \$nil (2008 - \$6,750) in consulting and administrative fees to a company in which Darold H. Parken is the principal shareholder. The consulting and administrative fees related to office overhead. These fees were included in general and administrative expenses.

The Company incurred 89,000 (2008 - \$71,000) in director fees from Salim Jivraj, a director of the Company. The Company also incurred \$nil (2008 - \$4,500) in accounting fees from Salim Jivraj, a director of the Company. These fees were in respect of a single project and have been included in general and administrative expenses. The Company also incurred \$nil (2008 - \$2,500) in accounting fees and expenses to a company in which Salim Jivraj, director of the Company is the principal shareholder. These fees were on individual projects and in consideration of time spent, degree of difficulty and time constraints and have been included in general and administrative expenses.

The Company incurred \$70,944 (2008 - \$76,285) in geological consulting fees from a company in which Adrian Mann, an officer and director of the Company, is the principal shareholder. Of these fees \$63,240 (2008 - \$66,660) relates to professional fees and \$7,974 (2008 - \$9,625) relates to disbursements. Of this amount \$67,944 (2008 - \$76,285) has been capitalized in to mineral properties with the remainder 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 \$30,412 (2008 - \$52,020) owing to related parties.

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**9. SUPPLEMENTAL CASH FLOW INFORMATION**

Changes in non-cash working capital were comprised of the following:

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ (811)	\$ (5,639)
Accounts payable	<u>371,988</u>	<u>324,230</u>
Net change	<u>\$ 371,177</u>	<u>\$ 318,591</u>
Net change by activity:		
Operating	\$ (11,636)	\$ (5,639)
Investing	<u>382,813</u>	<u>324,230</u>
Net change	<u>\$ 371,177</u>	<u>\$ 318,591</u>

**10. SEGMENTED INFORMATION**

The Company is in the business of acquiring, exploring and developing mineral properties. It does not operate in any other business segment. Its mineral property is located in Red Lake, Ontario, Canada. All of the Company's expenses incurred related to the acquisition, exploration and development of the Company's mineral properties are capitalized for accounting purposes. (See note 5 for capitalized costs by geographic region.)

**11. COMPARATIVE FIGURES**

Some of the prior year figures have been adjusted to conform to the current year presentation.