

PLANET EXPLORATION INC.

**INTERIM FINANCIAL STATEMENTS
SIX MONTHS ENDED
SEPTEMBER 30, 2003 AND 2002**

GLEN E. KLASSEN

Chartered Accountant

400, 7015 – Macleod Trail S
Calgary, Alberta
T2H 2K6

Tel: (403) 287-2949

Fax: (403) 253-5750

Email: klasseng@cybersurf.net

NOTICE TO READER

I have compiled the balance sheet of Planet Exploration Inc. as at September 30, 2003, and statements of loss and deficit and cash flow for the three months and six months ended September 30, 2003 from information provided by management. I 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
November 14, 2003

Signed " Glen Klassen"
CHARTERED ACCOUNTANT

PLANET EXPLORATION
BALANCE SHEETS
(Unaudited - See Notice to Reader)

	September 30, 2003 (Unaudited)	March 31, 2003 (Audited)
	\$	\$
ASSETS		
CURRENT		
Cash and Term Deposit	442,533	912,173
Due from Joint Venture Partner	577,623	-
GST Recoverable	58,752	36,266
Marketable Securities	6,100	-
Accounts Receivable	-	6,100
Due from Director and Officer	-	18,008
	<u>1,085,008</u>	972,547
Mineral Properties (Note 2)	3,698,166	916,947
Incorporation Costs	<u>1,000</u>	<u>1,000</u>
	<u><u>4,784,174</u></u>	<u><u>1,890,494</u></u>
LIABILITIES		
CURRENT		
Accounts Payable	<u>312,489</u>	<u>98,324</u>
FUTURE INCOME TAXES (Note 3)	<u>1,045,259</u>	<u>-</u>
SHAREHOLDERS' EQUITY		
COMMON SHARES (Note 4)	4,063,358	2,242,431
WARRANTS (Note 4)	<u>54,759</u>	<u>58,029</u>
	4,118,117	2,300,460
DEFICIT	<u>(691,691)</u>	<u>(508,290)</u>
	<u><u>3,426,426</u></u>	<u><u>1,792,170</u></u>
	<u><u>4,784,174</u></u>	<u><u>1,890,494</u></u>

PLANET EXPLORATION INC.
STATEMENTS OF LOSS AND DEFICIT
(Unaudited - See Notice to Reader)

	Three Months Ended September 30		Six Months Ended September 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
INTEREST REVENUE	<u>4,721</u>	<u>-</u>	<u>10,681</u>	<u>-</u>
EXPENSES				
General and Administrative	126,329	12,413	191,082	22,316
Stock Based Compensation	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>26,250</u>
	<u>126,329</u>	<u>12,413</u>	<u>194,082</u>	<u>48,566</u>
NET LOSS FOR THE PERIOD	(121,608)	(12,413)	(183,401)	(48,566)
DEFICIT, opening	<u>(570,083)</u>	<u>(323,711)</u>	<u>(508,290)</u>	<u>(287,558)</u>
DEFICIT, closing	<u>(691,691)</u>	<u>(336,124)</u>	<u>(691,691)</u>	<u>(336,124)</u>
Loss per share	<u>(0.008)</u>	<u>(0.002)</u>	<u>(0.013)</u>	<u>(0.009)</u>

PLANET EXPLORATION INC.
STATEMENTS OF CASH FLOW
(Unaudited - See Notice to Reader)

	Three Months Ended September 30		Six Months Ended September 30	
	2003	2002	2003	2002
OPERATING ACTIVITIES	\$	\$	\$	\$
Net Loss for the Period	(121,608)	(12,413)	(183,401)	(48,566)
Item not affecting cash				
Stock-based compensation	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>26,250</u>
Cash flow from operations	(121,608)	(12,413)	(180,401)	(22,316)
Net Changes in Non-cash Working Capital Items Related to Operations	<u>(415,542)</u>	<u>(53,664)</u>	<u>(375,099)</u>	<u>36,237</u>
	<u>(537,150)</u>	<u>(66,077)</u>	<u>(555,500)</u>	<u>13,921</u>
FINANCING ACTIVITIES				
Issue common shares	91,662	-	159,662	38,250
Repayment of shareholder loan	25,000	-	25,000	-
Issue flow through special warrants	<u>-</u>	<u>206,325</u>	<u>-</u>	<u>248,825</u>
	<u>116,662</u>	<u>206,325</u>	<u>184,662</u>	<u>287,075</u>
INVESTING ACTIVITY				
Acquisition of Mineral Properties	(382,356)	(157,821)	(648,802)	(302,307)
Disposition of Mineral Properties	<u>550,000</u>	<u>30,325</u>	<u>550,000</u>	<u>30,325</u>
	167,644	(127,496)	(98,802)	(271,982)
INCREASE (DECREASE) IN CASH	(252,844)	12,752	(469,640)	29,014
CASH, BEGINNING OF PERIOD	<u>695,377</u>	<u>21,665</u>	<u>912,173</u>	<u>5,403</u>
CASH, END OF PERIOD	<u><u>442,533</u></u>	<u><u>34,417</u></u>	<u><u>442,533</u></u>	<u><u>34,417</u></u>

PLANET EXPLORATION INC.
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003
(Unaudited - See Notice to Reader)

1. BASIS OF PRESENTATION

The interim financial statements of Planet Exploration Inc. (the "Company") have been prepared from information provided 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, 2003. 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, 2003.

2. MINERAL PROPERTIES

The Company's mineral properties are located as follows:

	September 30, 2003
	\$
Red Lake Ontario	3,573,966
Mongolia	66,680
Mexico	<u>57,520</u>
	<u><u>3,698,166</u></u>

The Red Lake Ontario balance includes a \$1,045,259 additional amount to give recognition to future income taxes. See Notes 3 and 4 for additional information.

An option agreement pertaining to a property in Mexico has been entered into by the Company. The option agreement and related finder's fee is awaiting approval of the TSX Venture Exchange (the "Exchange"). Under the terms of the option agreement, in order to earn a 100% interest, Planet is obligated to make a series of cash payments totaling \$415,000 (US) over five years, to issue a total of \$24,000 (US) in Planet shares upon acceptance of the option agreement by the Exchange and is required to conduct exploration programs on the property in the amount of \$1,000,000 (US) over five years. At the feasibility study stage, and subject to regulatory approval at that time, Planet is obligated to pay the Property owner \$1.00 (US) per ounce of recoverable gold or its equivalent in recoverable silver. Planet is also responsible for a 2.5% Net Smelter Return to the owner and has an option to purchase 1.5% for \$1,000,000 (US). Subject to regulatory approval, Planet has agreed to pay a finder's fee of \$25,000 (Cdn) on July 15, 2004, \$25,000 (Cdn) on July 15, 2005, and such number of shares of Planet as may be approved by the TSX Venture Exchange.

3. FUTURE INCOME TAXES

During the current period, an election under the terms of section 85 of the Income Tax Act was used to acquire mineral properties. This resulted in the properties acquired having a lower tax value than the consideration paid. Consequently, \$1,045,259 in future income taxes has been recognized in the accounts. See Notes 2 and 4 for additional information.

4. 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:

	September 30, 2003	
	<u>Number of Shares</u>	<u>Consideration \$</u>
Balance, beginning of the period	11,385,445	2,242,431
Common shares issued for cash upon exercise of warrants	327,027	157,932
Shares issued for cash upon exercise of stock options	50,000	5,000
Shares issued for mineral properties	3,500,000	1,715,000
Stock option compensation	-	3,000
Share subscription receivable	<u>-</u>	<u>(60,005)</u>
	<u>15,262,472</u>	<u>4,063,358</u>
Warrants		

	September 30, 2003	
	<u>Number of Warrants</u>	<u>Consideration \$</u>
Balance, beginning of the period	5,802,945	58,029
Exercised during the period	<u>(327,027)</u>	<u>(3,270)</u>
	<u>5,475,918</u>	<u>54,759</u>

Specific details as to warrants outstanding are as follows:

<u>Number</u>	<u>Price per Common Share \$</u>	<u>Expiry Date</u>
2,500,000	0.125	June 9, 2004
1,025,918	0.45	November 28, 2003
<u>1,950,000</u>	0.60	March 10, 2004
<u>5,475,918</u>		

b) As at September 30, 2003, there were stock options outstanding to purchase 1,350,000 common shares.

c) A director and officer owes \$60,005 under a loan made in connection with the purchase of 412,176 common shares. The amount owing has been deducted from share capital. The loan is unsecured, and

has no fixed terms of repayment. This previously non-interest bearing loan began bearing a 6% per annum interest rate on August 1, 2003. This loan and accrued interest was paid subsequent to the current period.

- d) For the six months ended September 30, 2003, the Company's pro-forma net loss was \$183,401 (2002 - \$86,066) and the Company's pro-forma basic net loss per share was \$0.013 (2002 - \$0.017). For the three months ended September 30, 2003 and 2002 there are no pro-forma amounts to report.

5. RELATED PARTIES TRANSACTIONS

The Company incurred \$30,000 (2002 - \$Nil) in legal fees with a director and officer of the Company and \$13,500 for general and office administration fees with a private company controlled by a director and officer of the Company. Accounts payable includes a total of \$11,750 (2002 - \$Nil) owing to the individual and his company. All fees are measured at the exchange amount and recorded in general administrative expenses. The Company incurred \$11,900 (2002 - \$Nil) in geological fees with an officer and director of the Company. Accounts payable include a total of \$16,340 (2002 - \$Nil) owing to the individual's company. The amount owing includes reimbursable expenses and GST. All the fees are measured at the exchange amount and recorded as additions to mineral properties.

6. SUBSEQUENT EVENT

Subsequent to the end of the period the Company entered into a bought deal financing agreement with Haywood Securities Inc. ("Haywood"). Under the terms of the agreement, Haywood has, subject to certain conditions, agreed to purchase on behalf of clients, \$6,020,000 in Units priced at \$1.40 per Unit. Each Unit consists of one common share and one warrant to purchase one common share at a price of \$2.00 per share exercisable for 24 months. Haywood will be paid a cash commission of 6% and will be entitled to subscribe for 5% of the number of Units sold. This right to subscribe shall extend for a period of 24 months.