

Planet Exploration Inc.

Interim Financial Statements
For the six month period ended
September 30, 2004



NOTICE TO READER

We have compiled the balance sheet of Planet Exploration Inc. as at September 30, 2004 and the statements of loss and deficit and cash flows for the six 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
November 21, 2004

"DNTW LLP"
Chartered Accountants

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

	<u>September 30, 2004</u> (Unaudited)	<u>March 31, 2004</u> (Audited)
Assets		
Current		
Cash and Term Deposits	\$ 7,526,928	\$ 7,228,219
Accounts Receivable	26,456	701,868
Marketable Securities	6,100	6,100
	<u>7,559,484</u>	<u>7,936,187</u>
Mineral Properties (note 2)	4,366,414	3,950,795
	<u>\$ 11,925,898</u>	<u>\$ 11,886,982</u>
Liabilities		
Current		
Accounts Payable	\$ 50,208	\$ 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	(1,125,267)	(1,057,831)
	<u>11,036,297</u>	<u>10,747,983</u>
	<u>\$ 11,925,898</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 September 30		Six months ended September 30	
	2004	2003	2004	2003
Interest Revenue	<u>\$ 34,487</u>	<u>\$ 4,721</u>	<u>\$ 62,540</u>	<u>\$ 10,681</u>
Expenses				
General and administrative	76,094	126,329	129,976	191,082
Stock-based Compensation	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
	<u>76,094</u>	<u>126,329</u>	<u>129,976</u>	<u>194,082</u>
Net loss for the period	<u>\$ (41,607)</u>	<u>\$ (121,608)</u>	<u>(67,436)</u>	<u>(183,401)</u>
Deficit, beginning of period			<u>(1,057,831)</u>	<u>(508,290)</u>
Deficit, end of period			<u>\$ (1,125,267)</u>	<u>\$ (691,691)</u>
Loss per share - basic and diluted	<u>\$ (0.002)</u>	<u>\$ (0.008)</u>	<u>\$ (0.003)</u>	<u>\$ (0.013)</u>

See accompanying notes to financial statements

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

	Three months ended September 30		Six months ended September 30	
	2004	2003	2004	2003
Operating Activities				
Net loss for the period	\$ (41,607)	\$ (121,608)	\$ (67,436)	\$ (183,401)
Item not affecting cash				
Stock-based compensation	-	-	-	3,000
Cash flow from operations	(41,607)	(121,608)	(67,436)	(180,401)
Net changes in non-cash working capital items related to operations	26,218	(415,542)	(20,922)	(375,099)
	(15,389)	(537,150)	(88,358)	(555,500)
Financing Activities				
Repayment of shareholder loan	-	25,000	-	25,000
Issue of common shares	-	91,662	355,750	159,662
	-	116,662	355,750	184,662
Investing Activity				
Disposition of mineral properties		550,000		550,000
Acquisition of mineral properties	(26,899)	(382,356)	(415,619)	(648,802)
Decrease in non-cash working capital items related to investing activities	608,223	-	446,936	-
	581,324	167,644	31,317	(98,802)
Increase (decrease) in cash	565,935	(252,844)	298,709	(469,640)
Cash and term deposits, beginning of period	6,960,993	695,377	7,228,219	912,173
Cash and term deposits, end of period	\$ 7,526,928	\$ 442,533	\$ 7,526,928	\$ 442,533
Supplementary information:				
Interest received	\$ 34,487	\$ 4,721	\$ 62,540	\$ 10,681
Income tax paid	\$ -	\$ -	\$ -	\$ -

See accompanying notes to financial statements

Planet Exploration Inc.
Notes to the Financial Statements
September 30, 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>September 30, 2004</u>
Red Lake Ontario	\$ 3,542,720
Mongolia	473,209
Mexico	241,960
China	108,525
	<u>\$ 4,366,414</u>

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:

	<u>September 30, 2004</u>	
	<u># of Shares</u>	<u>Consideration</u>
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>

	<u>September 30, 2004</u>	
	<u># of Warrants</u>	<u>Consideration</u>
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.
 Note to the Financial Statements
 September 30, 2004
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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>September 30, 2004</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Balance, April 1, 2004	1,350,000	\$ 0.59
Exercised	(200,000)	0.36
Balance, September 30, 2004	<u>1,150,000</u>	<u>\$ 0.79</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	2.58
500,000	0.600	3.66
500,000	0.700	3.51
<u>100,000</u>	0.075	3.66
<u>1,150,000</u>		

4. RELATED PARTY TRANSACTIONS

For the six months ending September 30, 2004, the Company incurred \$30,030 in consulting fees from an officer of the Company and \$30,000 in legal fees from a law firm in which a director of the Company is principal. These fees have been included in general and administrative expenses.