Planet Exploration Inc.

Interim Financial Statements
For the three and nine month periods ended
December 31, 2010

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, 2010.

NOTICE OF NO AUDITOR REVIEW OF THE INTERIM FINANCIAL STATEMENTS

The interim financial statements of Planet Exploration Inc. comprising the accompanying interim balance sheet as at December 31, 2010 and the interim statements of loss and deficit and cash flows for the three and nine months 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, MacKay 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" "Darold H. Parken"

Salim Jivraj, Director Darold H. Parken, Director

February 25, 2011

Planet Exploration Inc.
Balance Sheet
(Unaudited)

	December 31, 2010 (Unaudited)	March 31, 2010 (Audited)
Assets		
Current		
Cash and cash equivalents	$ 5,701,174	$ 4,498,886
Accounts receivable	5,238	11,231
Marketable securities	2,275	1,675
	5,708,687	4,511,792
Mineral property interests (note 3)	6,361,641	6,361,641
Other assets	-	1,000
	$ 12,070,328	$ 10,874,433
Liabilities		
Current		
Accounts payable	$ 109,332	$ 98,013
Future income taxes	487,524	487,524
	596,856	585,537
Shareholders' Equity		
Common shares (note 4 (b))	12,425,973	$ 11,341,692
Warrants (note 4(d))	325,900	-
Contributed surplus (note 4(e))	1,433,455	1,169,375
Deficit	(2,711,856)	(2,222,171)
	11,473,472	10,288,896
	$ 12,070,328	$ 10,874,433

Subsequent Events (Note 8)

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
For the Three and Nine Month Periods Ended December 31, 2010
(Unaudited)

	Three months ended December 31 2010	Three months ended December 31 2009	Nine months ended December 31 2010	Nine months ended December 31 2009
Interest Revenue	$ 15,162	$ 4,028	$ 29,618	$ 14,771
Expenses				
General and administrative	32,406	106,976	175,775	302,289
Stock-based compensation	331,179	5,785	342,528	18,306
Amortization	-	-	1,000	104
	363,585	112,761	519,303	320,699
Loss before income taxes	$ (348,423)	$ (108,733)	$ (489,685)	$ (305,928)
Future income tax recovery	-	-	-	(26)
Net and comprehensive loss	$ (348,423)	$ (108,733)	$ (489,685)	$ (305,902)
Deficit, beginning of period	(2,363,433)	(2,129,295)	(2,222,171)	(1,932,126)
Deficit, end of period	$ (2,711,856)	$ (2,238,028)	$ (2,711,856)	$ (2,238,028)
Loss per share - basic and diluted	$ (0.01)	$ (0.00)	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding				
Basic	35,797,451	25,319,190	29,208,645	25,319,190
Diluted	35,797,451	25,319,190	29,208,645	25,319,190

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

Planet Exploration Inc.
Statement of Cash Flows
For the Three and Nine Month Periods Ended December 31, 2010
(Unaudited)

	Three months ended December 31 2010	Three months ended December 31 2009	Nine months ended December 31 2010	Nine months ended December 31 2009
Operating Activities				
Net loss and comprehensive loss	$ (348,423)	$ (108,733)	$ (489,685)	$ (305,902)
Items not affecting cash				
Depreciation	-	-	1,000	104
Future income tax recovery	-	-	-	(26)
Unrealized gain on marketable securities	(925)	(2,975)	(600)	(4,800)
Stock-based compensation	331,179	5,785	342,528	18,306
	(18,169)	(105,923)	(146,757)	(292,318)
Net changes in non-cash working capital items related to operations	19,383	5,893	17,312	31,695
Cash inflow (used) from operations	1,214	(100,030)	(129,445)	(260,623)
Investing Activities				
Additions to mineral properties	-	(26,792)	-	(342,304)
Net change in non-cash working capital items related to investing activities	-	3,272	-	(539,993)
	-	(23,520)	-	(882,297)
Financing Activities				
Units issued for cash (note 4(b))	-	-	1,200,000	-
Issue costs	-	-	(4,267)	-
Options exercised	102,000	-	136,000	-
Net change in non-cash working capital items related to financing activities	12,000	-	-	-
	114,000	-	1,331,733	-
Increase (decrease) in cash and cash equivalents	115,214	(123,550)	1,202,288	(1,142,920)
Cash and cash equivalents, beginning of period	5,585,960	4,842,166	4,498,886	5,861,536
Cash and cash equivalents, end of period	$ 5,701,174	$ 4,718,616	$ 5,701,174	$ 4,718,616
Cash and cash equivalents consist of				
Cash	$ 198,956	$ 118,188	$ 198,956	$ 118,188
Term deposits	5,502,218	4,600,428	5,502,218	4,600,428
	$ 5,701,174	$ 4,718,616	$ 5,701,174	$ 4,718,616
Supplementary information:				
Interest received	$ 15,162	$ 4,028	$ 29,618	$ 14,771

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

1. BASIS OF PRESENTATION

The interim financial statements of Planet Exploration Inc. (the "Company") have been prepared by management in accordance with Canadian generally accepted accounting principles. 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, 2010. The interim financial statements should be read in conjunction with the financial statements and notes thereto and the Company's management discussion and analysis for the year ended March 31, 2010.

2. 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 in hand in highly liquid and highly rated financial instruments.

The Company defines its capital as shareholders' equity of $11,473,472 (March 31, 2010 - $10,288,896), which includes cash and cash equivalents of $5,701,174 (March 31, 2010 - $4,498,886). 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 capital structure, the Company may pay dividends, return capital to shareholders or issue new shares. The Company currently has no externally imposed capital requirements.

3. MINERAL PROPERTY INTERESTS

The Company's active mineral property is located as follows:

	December 31, 2010	March 31, 2010
Red Lake, Ontario (Sidace Lake)	$ 6,361,641	$ 6,361,641

4. SHARE CAPITAL

a) Authorized share capital

Unlimited number of common voting shares without nominal or par value.
Unlimited number of first preferred shares.
Unlimited number of second preferred shares.

4. SHARE CAPITAL (continued)

b) Common shares issued

The issued common shares are as follows:

	Nine months ended December 31, 2010		Year ended March 31, 2010	
	# of Shares	Consideration	# of Shares	Consideration
Balance, beginning of period	25,319,190	$ 11,341,692	25,319,190	$ 11,341,692
Fair value attributed to shares in Unit issuance	10,000,000	874,100	-	-
Issue costs	-	(4,267)	-	-
Exercise of options	800,000	136,000	-	-
Contributed surplus attributed to options exercised	-	78,448	-	-
Balance, end of period	36,119,190	$ 12,425,973	25,319,190	$ 11,341,692

In September 2010, the Company closed a private placement consisting of 10,000,000 Units of the Company, at $0.12 per Unit, for gross proceeds of $1,200,000. Each Unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at any time until September 17, 2012 at an exercise price of $0.25 per share. Of the $1.2 million consideration received, $325,900 has been attributed to the fair value of the warrants using Black-Scholes valuation method and the pro-rata allocation method.

The Company paid a total of $4,267 in issue costs.

4. SHARE CAPITAL (continued)

c) Stock option plan

Specific details as to stock options outstanding are as follows:

	Period ended December 31, 2010		Year ended March 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of period	2,307,500	$ 0.27	2,327,500	$ 0.27
Granted	1,550,000	0.34		
Cancelled	(935,000)	0.37	-	-
Exercised	(800,000)	0.17	-	-
Expired	(170,000)	0.36	(20,000)	0.56
Balance, end of period	1,952,500	$ 0.31	2,307,500	$ 0.27
Exercisable, end of period	1,777,500	$ 0.32	1,995,000	$ 0.28

Number of common shares under option	Exercise price per common share	Weighted average remaining contractual life (years)	Exercisable at December 31, 2010
7,500	0.40	0.67	7,500
395,000	0.17	2.97	220,000
1,550,000	0.34	4.87	1,550,000
1,952,500		4.47	1,777,500

During the quarter 1,550,000 options were granted to various directors and officers of the Company. The options vested immediately. Included in stock-based compensation for the nine months ended December 31, 2010 is $329,034 resulting from this grant and $13,494 relating to the vesting period of previous grants. The amount is included in stock-based compensation expense on the income statement and a corresponding amount is credited to contributed surplus. The fair value was calculated using the following assumptions: risk free interest rate - 4%; expected dividend rate – nil; expected stock price volatility – 72.66%; and expected option life – 5 years.

Year to date basic and diluted per share amounts are calculated using the weighted average number of common shares outstanding during the period of 29,208,645 (2009 – 25,319,190).

4. SHARE CAPITAL (continued)

d) Warrants

	Period ended December 31, 2010		Year ended March 31, 2010	
	Number of Purchase Warrants	Consideration	Number of Purchase Warrants	Consideration
Balance, beginning of period	-	$ -	-	$ -
Issued	10,000,000	325,900	-	-
Balance, end of period	10,000,000	$ 325,900	-	$ -

The warrants issued in the financing noted in 4(b) were valued at $325,900, using the Black-Scholes valuation method and the pro-rata allocation method. The warrants have a remaining life span of 1.73 years.

e) Contributed surplus

	Nine Months ended December 31, 2010	Year Ended March 31, 2010
Balance, beginning of year	$ 1,169,375	$ 1,145,285
Stock-based compensation	342,528	24,090
Contributed surplus on options exercised	(78,448)	-
Balance, end of year	$ 1,433,455	$ 1,169,375

f) Loss per share amounts

Options to purchase 1,952,500 (2009 – 2,307,500) common shares and warrants to purchase 10,000,000 (2009 – nil) common shares were outstanding as at December 31, 2010 but were not included in the diluted earnings per share because the effect would be anti-dilutive.

5. RELATED PARTY TRANSACTIONS

For the nine months ended December 31, 2010, the Company incurred $25,000 (2009 - $50,000) in director's fees from a former 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 until August 31, 2010.

5. RELATED PARTY TRANSACTIONS (continued)

For the nine months ended December 31, 2010, the Company incurred $25,000 (2009 - $50,000) in director's fees from a former 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 until August 31, 2010. The director resigned in November 2010.

For the nine months ended December 31, 2010, the Company incurred $35,000 (2009 - $68,000) in director's fees from a director of the Company. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of $7,000 until August 31, 2010.

For the nine months ended December 31, 2010, the Company incurred $nil (2009 - $48,540) in geological consulting fees from a company in which a former officer and director of the Company is the principal shareholder. $45,540 of the fees incurred in the comparative period were capitalized to mineral properties with the remainder being included in general and administrative expenses. The director resigned in October 2010.

For the nine months ended December 31, 2010, the Company incurred $14,000 (2009 - $nil) in management consulting fees from a company which is controlled by a director of the Company. These fees have been included in general and administrative expenses and were paid at a fixed monthly rate of $3,500 beginning in September 2011.

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 $20,680 (March 2010 – $nil) owing to related parties.

6. 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 and available for sale.

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.

6. FINANCIAL INSTRUMENTS (continued)

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.

7. FINANCIAL RISK FACTORS

The Company holds various forms of financial instruments as described in note 6. 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 fluctuations as a result of changes in market rates. As at December 31, 2010 a 1% change in interest rates would affect the revenue derived from cash and cash equivalents by approximately $57,000 (March 31, 2010 - $45,000) on an annual basis.

b) Credit risk

The Company is exposed to credit risk with respect to its cash and cash equivalents and accounts receivable. Risk is minimized as cash and cash equivalents are held at a major financial institution and the accounts receivable consists primarily of Goods and Services Tax Input Tax Credits and is receivable from the Canada Revenue Agency.

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 December 31, 2010, the Company had a working capital balance of $5,599,355 (March 31, 2010 - $4,413,779).

d) Foreign currency risk

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

7. FINANCIAL RISK FACTORS (continued)

e) Fair values

The methods and assumptions used to develop fair value measurements for those financial instruments carried at fair value in the balance sheet have been prioritized into three levels of a fair value hierarchy included in Section 3862 of the CICA Handbook. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities, level two includes inputs that are observable other than quoted prices included in level one and level three includes inputs that are not based on observable market data. The Company's cash and cash equivalents and marketable securities are level one fair value measurements. The fair values of financial instruments consisting of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term nature.

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.

8. SUBSEQUENT EVENT

On February 15, 2011, the Company entered into an option agreement with Tilava Mining Corporation (Tilava), a private company to acquire an initial 70% interest, which can be increased to 100%, in Tilava's Golden Loon gold and copper project located 80 kilometers north of Kamloops, British Columbia. The Company will pay $45,000 and issue 300,000 common shares to Tilava upon receipt of applicable regulatory approvals.