

Planet Exploration Inc.

Condensed Interim Financial Statements

Three Months Ended June 30, 2011

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

PLANET EXPLORATION INC.
Index to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Condensed interim statement of financial position	2
Condensed interim statements of operations and comprehensive loss	3
Condensed interim statements of changes in equity	4
Condensed interim statements of cash flows	5
Notes to the condensed interim financial statements	6 - 33

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

PLANET EXPLORATION INC.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	June 30, 2011	March 31, 2011 (Note 12)	April 1, 2010 (Note 12)
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,122,897	\$ 5,628,154	\$ 4,498,886
Investments in equity instruments (Note 5)	5,625	2,850	1,675
Receivables (Note 4)	70,297	21,901	11,231
Prepaid expenses	44,558	6,638	-
Total current assets	5,243,377	5,659,543	4,511,792
Equipment (Note 6)	-	-	1,000
Resource properties (Note 7)	6,558,440	6,075,444	5,874,117
Total assets	\$ 11,801,817	\$ 11,734,987	\$ 10,386,909
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 283,120	\$ 146,853	\$ 98,013
Total liabilities	283,120	146,853	98,013
SHAREHOLDERS' EQUITY			
Capital and reserves			
Share capital (Note 9)	12,874,829	12,874,829	11,341,692
Contributed surplus	1,510,687	1,488,156	1,184,223
Accumulated other comprehensive loss	(475)	(3,250)	(4,425)
Deficit	(2,866,344)	(2,771,601)	(2,232,594)
Total equity	11,518,697	11,588,134	10,288,896
Total liabilities and equity	\$ 11,801,817	\$ 11,734,987	\$ 10,386,909

Nature and Continuation of Operations (Note 1)
Subsequent Event (Note 13)

Approved and authorized by the Board of Directors

“Christopher Taylor” Director “Tony M. Ricci” Director

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

PLANET EXPLORATION INC.
Condensed Interim Statements of Operations and Comprehensive Loss
((Expressed in Canadian Dollars))
(Unaudited – prepared by management)

	<i>Three Months Ended June 30,</i>	
	2011	2010
		Note 12
Expenses		
Amortization	\$ -	\$ 1,000
Management fees	13,389	36,000
Office, general and consulting	38,403	23,625
Professional fees	6,156	13,150
Rent	6,000	-
Share-based compensation	22,531	3,233
Transfer agent and filing fees	3,718	758
Travel, promotion and shareholder information	21,471	379
Total expenses	111,668	78,145
Other income		
Interest income	16,925	4,986
Net loss for the period	\$ (94,743)	\$ (73,159)
Deficit, beginning of period	(2,771,601)	(2,232,594)
Deficit, end of period	\$ (2,866,344)	\$ (2,305,753)
Basic and diluted loss per common share	\$ (0.003)	\$ (0.003)
Weighted average number of common shares outstanding		
	36,624,190	25,319,190
Net loss for the period	\$ (94,743)	\$ (73,159)
Change in fair value on investment in equity instruments		
Unrealized gain (loss) on available-for-sale securities	2,775	(625)
Net Comprehensive loss for the period	\$ (91,968)	\$ (73,784)

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

PLANET EXPLORATION INC.
Condensed Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	<i>Share Capital</i>		<i>Contributed Surplus</i>	<i>Accumulated Other Comprehensive Income</i>	<i>Deficit</i>	<i>Total</i>
	<i>Number of Shares</i>	<i>Amount</i>				
Balance, April 1, 2010	25,319,190	\$ 11,341,692	\$ 1,184,223	\$ (4,425)	\$ (2,232,594)	\$ 10,288,896
Share-based compensation	-	-	3,233	-	-	3,233
Unrealized loss on available-for-sale securities	-	-	-	(625)	-	(625)
Net loss for the period	-	-	-	-	(73,159)	(73,159)
Balance, June 30, 2010	25,319,190	\$ 11,341,692	\$ 1,187,456	(5,050)	\$ (2,305,753)	\$ 10,218,345
Balance, March 31, 2011	36,624,190	\$ 12,874,829	\$ 1,488,156	(3,250)	\$ (2,771,601)	\$ 11,588,134
Stock-based compensation	-	-	22,531	-	-	22,531
Unrealized gain on available-for-sale securities	-	-	-	2,775	-	2,775
Net loss for the period	-	-	-	-	(94,743)	(94,743)
Balance, June 30, 2011	36,624,190	\$ 12,874,829	\$1,510,687	(475)	\$ (2,866,344)	\$ 11,518,697

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

PLANET EXPLORATION INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three Months Ended June 30,	
	2011	2010
		Note 12
Cash used in operating activities		
Net loss for the period	\$ (94,743)	\$ (73,159)
Items not involving cash:		
Amortization	-	1,000
Share-based compensation	22,531	3,233
	(72,212)	(68,926)
Changes in non-cash working capital items:		
Accounts receivable	(48,331)	7,521
Accrued interest	(65)	-
Prepaid	(37,920)	-
Accounts payable	136,267	11,287
Net cash used in operating activities	(22,261)	(50,118)
Net cash used in investing activities		
Additions to mineral properties	(482,996)	-
Decrease in cash and cash equivalents	(505,257)	(50,118)
Cash and cash equivalents, beginning of period	5,628,154	4,498,886
Cash and cash equivalents, end of period	\$ 5,122,897	\$ 4,448,768
Cash and cash equivalents consists of		
Cash	\$ 5,112,897	\$ 98,661
Term deposits	-	4,350,107
	\$ 5,112,897	\$ 4,448,768
Supplementary cash flow information		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

1. NATURE AND CONTINUANCE 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.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency the Company, unless otherwise noted.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) and in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

(b) Basis of measurement

The accompanying condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) on a going concern basis. In 2010 Canadian generally accepted accounting principles (“GAAP”) was revised to incorporate IFRS, and required publicly accountable companies to apply IFRS standards effective for the years beginning on or after January 1, 2011. Therefore, the Company has begun reporting on the IFRS basis for these condensed interim financial statements. Within these condensed interim financial statements, the term Canadian GAAP refers to Canadian GAAP prior to the adoption of IFRS.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

2. BASIS OF PREPARATION *(continued)*

(b) Basis of measurement *(continued)*

The Company's condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements. This includes IAS 34, Interim Financial Reporting, and IFRS 1, First-Time Adoption of IFRS. Subject to certain transition elections disclosed in Note 12, the Company has consistently applied the same accounting policies in its opening IFRS statements of financial position and statements of operations and comprehensive loss, including the nature and effect of changes in account policies from those used in the Company's financial statements for the year ended March 31, 2011. Comparative figures for the year ended March 31, 2011 in these interim consolidated financial statements have been restated to give effect to these accounting policy changes.

These condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP based audited annual financial statements for the year ended March 31, 2011. Material changes in reporting from the annual financial statements in Canadian GAAP to these condensed interim financial statements in IFRS are discussed in Note 12.

The condensed interim financial statements have been prepared on a historical cost basis, except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

(c) Critical judgments in applying accounting policies

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These condensed interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

2. BASIS OF PREPARATION *(continued)*

(c) Critical judgments in applying accounting policies *(continued)*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of receivables which are included in the condensed interim statements of financial position;
- the carrying value and the recoverability of resource properties, which are included in the interim statements of financial position;
- the estimated useful lives of equipment which are included in the condensed interim statements of financial position and the related amortization included in profit or loss;
- the inputs used in the accounting for share-based compensation expense included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below are expected to be adopted for the year ending March 31, 2012 and have been applied consistently to all periods presented in these condensed interim financial statements and in preparing the opening IFRS statement of financial position at April 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Foreign currencies

The Company's functional and reporting currency for all its operations is the Canadian dollar as this is the currency of the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the date of the statement of financial position. Non-monetary assets and liabilities are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currencies *(continued)*

The financial results of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency. The presentation currency of the Company is Canadian Dollars. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the rate of exchange in effect at the transaction date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation from the transition date are recognized as other comprehensive income. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income. On disposal of part or all of the operations, the proportionate share of the related cumulative gains and losses previously recognized in the comprehensive income are included in determining the profit or loss on disposal of that operation.

(b) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

i. Financial assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired:

- fair value through profit or loss ("FVTPL");
- held-to-maturity ("HTM");
- available for sale ("AFS"); and,
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset. All transactions related to financial instruments are recorded on a trade date basis.

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

i. Financial assets *(continued)*

Available-for-sale ("AFS")

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the profit or loss.

Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

i. Financial assets *(continued)*

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Derecognition of financial assets

A financial asset is derecognized when:

- the contractual right to the asset's cash flows expire; or
- if the Company transfers the financial asset and substantially all risks and rewards of ownership to another entity.

The Company has classified cash and cash equivalents as FVPTL, marketable securities as available-for-sale, reclamation bond as held-to-maturity, and receivables and loans receivable are classified as loans and receivables.

ii. Financial Liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or "other financial liabilities".

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Financial instruments *(continued)*

ii. Financial Liabilities *(continued)*

The Company classifies the non-derivative financial liabilities to the following categories: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

The Company classified its financial liabilities, which consisted of accounts payable and accrued liabilities, as trade and other payables.

Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

iii) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

(c) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is recognized in profit and loss as it accrues, using effective interest method.

(d) Equipment

Equipment is recorded at historical cost less accumulated depreciation and impairment charges. Equipment is depreciated on a straight line basis over 5 years.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Property and equipment *(continued)*

Residual values and useful economic lives are reviewed at least annually, and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to an item of property and equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expenses during the period in which they are incurred. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and recognized in profit or loss.

(e) Mineral properties – exploration and evaluation assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into development costs on the statement of financial position. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Impairment of non-financial assets

At each date of the statement of financial position, the Company's carrying amounts of its assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Impairment of financial assets

At each reporting date, the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

(h) Restoration and environmental rehabilitation provision

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. The Company is required to record the estimated present value of future cash flows associated with site reclamation as a liability when the liability is incurred and increase the carrying value of the related assets for that amount. The obligations recognized are statutory, contractual or legal obligations. The liability is accreted over time for changes in the fair value of the liability through charges to accretion, which is included in the statement of operations.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Restoration and environmental rehabilitation provision *(continued)*

Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or the straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs to date.

(h) Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(i) Share-based compensation

The Company has a stock option plan as described in Note 9. An individual is classified as an employee, versus a consultant, when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Compensation expense attributable to share based awards to employees is measured at the fair value at the date of grant using the Black-Scholes model, and is recognized over the period that the employee becomes unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The fair value, under the Black-Scholes model, takes into account a number of variables, including the exercise price of the award, the expected dividend rate, the expected life of the options, forfeiture rate and the risk free interest rate.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Share-based compensation *(continued)*

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credit to share capital, adjusted for any consideration paid.

(j) Accounting for Flow-through Shares

The Company finances a significant portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Warrant reserve – if warrants are being issued, based on the valuation derived using the Black-Scholes option-pricing model;
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature; and
- Share capital – the residual balance.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets as explained in Note 3(e).

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to income, on a proportionate basis, as an offset to deferred tax expense.

(k) Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Taxes *(continued)*

i) Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

ii) Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the following temporary differences:

- liabilities arising from initial recognition of goodwill for which amortization is not deductible for tax purposes;
- liabilities arising from the initial recognition of an asset/liability other than in a business combination which, at the time of the transaction, does not affect either the accounting or the taxable profit; and
- liabilities arising from undistributed profits from investments where the entity is able to control the timing of the reversal of the difference and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Taxes *(continued)*

iii) Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable
- Receivables and payables are stated with the amount of sales tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(l) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

(m) Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit such as unrealized gains or losses on available-for-sale investments, gains or losses on certain derivative instruments and foreign currency gains or losses related to translation of the financial statements of foreign operations. The Company's comprehensive income (loss), components of other comprehensive income, and cumulative translation adjustments are presented in the consolidated statements of comprehensive income (loss) and the consolidated statements of changes in equity.

(n) Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after January 1, 2011 or later periods.

The following new standards, amendments and interpretations, that have not been early adopted in these interim financial statements, will not have an effect on the Company's future results and financial position:

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(n) Standards, amendments and interpretations not yet effective *(continued)*

- IFRS 1 – Severe Hyperinflation (Effective for periods beginning on or after July 1, 2011)
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets (Effective for periods beginning on or after January 1, 2012)
- IFRS 7 – Financials Instruments: Disclosures, Amendment regarding Disclosures on Transfer of Financial Assets (Effective for periods beginning on or after January 1, 2012)
- IFRS 9 – Financial Instruments (Effective for periods beginning on or after January 1, 2013)

4. RECEIVABLES

The Company's receivables arise from Harmonized Sales Tax (HST) receivable due from Canadian government taxation authorities, receivable and advances to a director and an officer of the Company. The receivables balance is broken down as follows:

	<i>June 30,</i> <i>2011</i>	<i>March 31,</i> <i>2011</i>	<i>April 1,</i> <i>2010</i>
HST recoverable	\$ 61,984	\$ 13,653	\$ 11,231
Interest receivable	65	-	-
Advances (Note 10)	8,248	8,248	-
	\$ 70,297	\$ 21,901	\$ 11,231

5. INVESTMENT IN EQUITY INSTRUMENTS

Available-for-sale investment consists of an investment in common shares of publicly traded companies, and therefore has no fixed maturity date or coupon rate. The fair value of the listed available-for-sale investment has been determined directly by reference to published price quotations in an active market. During the period the Company recorded an increase in fair value of the investment in the amount of \$2,775 in other comprehensive loss.

6. PROPERTY AND EQUIPMENT

<i>Equipment</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Carrying amounts</i>
Balance, April 1, 2010	\$ 1,000	\$ -	\$ 1,000
Addition	-	1,000	(1,000)
Disposal	-	-	-
Balance, March 31, 2011	\$ 1,000	1,000	-
Addition	-	-	-
Disposal	-	-	-
Balance, June 30, 2011	\$ 1,000	\$ 1,000	-

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

7. RESOURCE PROPERTIES

	<i>Red Lake (Sidace Lake) Property</i>	<i>Golden Loon Property</i>	<i>Total</i>
Balance, April 1, 2010	\$ 5,874,117	\$ -	\$ 5,874,117
Acquisition costs	-	155,487	155,487
Exploration costs	-	45,840	45,840
Change during the period	-	201,327	201,327
Balance, March 31, 2011	5,874,117	201,327	6,075,444
Reclamation bond (Note 8)	-	50,000	50,000
Advances	-	100,000	100,000
Acquisition costs	-	3,274	3,274
Exploration costs	-	329,722	329,722
Change during the period	-	482,996	482,996
Balance, June 30, 2011	\$ 5,874,117	\$ 684,323	\$ 6,558,440

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

8. RECLAMATION BOND

The Company designated the reclamation bond as held-to-maturity financial asset which is measured at amortized costs using the effective interest method. Any changes to the carrying amount of the reclamation bond, including impairment losses, are recognized in the profit or loss.

The reclamation bond is a guaranteed investment certificate held in a financial institution as security for reclamation obligations pursuant to the *Mines Act* and Health, Safety and Reclamation Code for Mines in British Columbia. The investment bears the variable interest rate of prime less 2.25% per annum and matures April 27, 2012. The reclamation bonds relate to the Golden Loon resource property.

9. SHARE CAPITAL

a) Common shares

The Company is authorized to issue an unlimited number of common voting shares without par value, first preferred shares, and second preferred shares. The holder of common shares is entitled to receive any dividend declared by the Company on such shares.

The Company did not issue common shares during the three months ended June 30, 2011.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

9. SHARE CAPITAL *(continued)*

b) Preferred shares

The Company is authorized to issue an unlimited number of first preferred shares and second preferred shares issuable in series with the issue price to be fixed by the directors. The holders of first preferred shares are entitled to preference over the common shares and the second preferred shares with respect to payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

The Company did not issue any preferred shares.

c) Stock Options

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.

During the three months ended June 30, 2011, the Company recognized share-based compensation of \$22,531 (2010 - \$3,233) in contributed surplus, which will be applied to share capital upon exercise. The weighted average fair value of the options granted during the period ended June 30, 2011, was \$0.14 per option (2010 - \$Nil). The weighted average fair value of the options vested during the period ended June 30, 2011 and granted during previous periods was \$0.10 per option (2010 - \$0.10).

The fair value of stock options granted during the three months ended June 30, 2011 is determined using the Black-Scholes Option Pricing Model with assumptions as follows:

	<u>2011</u>	<u>2010</u>
Risk-free interest rate	1.75%	-
Estimated volatility	103%	-
Expected life	1 Years	-
Expected dividend yield	0%	-

Option-pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

The weighted average share price at the date of exercise of options was \$0.32 during the three months ended June 30, 2011.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

9. SHARE CAPITAL *(continued)*

c) Stock Options *(continued)*

	June 30, 2011		March 31, 2011	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Balance, beginning of period	2,177,500	\$ 0.31	2,307,500	\$ 0.27
Cancelled	-	-	(935,000)	0.37
Granted	300,000	0.36	1,800,000	0.34
Exercised	-	-	(825,000)	0.17
Expired	-	-	(170,000)	0.36
Balance, end of period	2,477,500	\$ 0.32	2,177,500	\$ 0.31
Exercisable, end of period	2,302,500	\$ 0.33	2,002,500	\$ 0.32

As of June 30, 2011, the following stock options were outstanding and exercisable:

Number of common shares under options	Exercise price per common share	Expiry Date	Number of Options exercisable
7,500	\$ 0.40	August 30, 2011	7,500
370,000	\$ 0.17	December 18, 2013	195,000
1,550,000	\$ 0.34	November 11, 2015	1,550,000
250,000	\$ 0.35	March 31, 2016	250,000
300,000	\$ 0.36	April 15, 2012	75,000
2,477,500			2,077,500

d) Share purchase warrants

Warrant transactions are summarized as follows:

	June 30, 2011		March 31, 2011	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	9,850,000	\$ 0.25	-	\$ -
Issued in private placement	-	-	10,000,000	0.25
Exercised	-	-	(150,000)	0.25
Balance, end of period	9,850,000	\$ 0.25	9,850,000	\$ 0.25

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

9. SHARE CAPITAL *(continued)*

d) Share purchase warrants *(continued)*

The Company's warrants are exercisable only for common stock. The following table summarizes information about warrants outstanding and exercisable at June 30, 2011:

<i>Exercise Price</i>	<i>Expiry Date</i>	<i>Warrants Outstanding</i>	<i>Weighted Average Remaining Contracted Life (Years)</i>
\$ 0.25	September 17, 2012	9,850,000	1.22

10. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2011, the Company incurred \$66,013 (2010 – \$nil) in geological services which were capitalized to mineral properties, \$7,822 (2010 – \$nil) in promotion and shareholder information included in prepaid expenses, \$37,960 (2010 – \$nil) in office, administration and consulting expenses, \$159 (2010 – \$nil) in professional fees, \$2,889 in management fees and \$1,658 in travel, promotion and shareholder information from a company in which an officer and a director of the Company is a director. \$32,874 (March 31, 2011 – \$3,853) was payable as at June 30, 2011. These expenses were charged to the Company at cost.

During the three months ended June 30, 2011, the Company incurred \$10,500 (2010 – \$nil) in management fees from a company controlled by a director and officer of the Company. \$3,920 was payable with respect to these fees as at June 30, 2011 (March 31, 2011 – \$3,920).

During the three months ended June 30, 2011, the Company paid a total of \$44,000 (2010 – \$nil) for rent to companies with directors in common. The Company expensed \$6,000 (2010 – \$nil) of this amount as rental expense during the current period, \$32,000 (March 31, 2011 – \$nil) representing 16 months rental fees is included in prepaid expenditures and \$6,000 (March 31, 2011 – \$nil) was paid to settle a prior period payable.

During the three months ended June 30, 2011, the Company incurred \$nil (2010 - \$36,000) in management fees from an officer and directors of the Company. \$Nil was payable with respect to these fees as at June 30, 2011 (March 31, 2011 - \$nil).

During the three months ended June 30, 2011, the Company incurred \$Nil (2010 - \$15,000) in consulting fees from a director of the Company. There was no payable with respect to this fee as at June 30, 2011 and March 31, 2011.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

10. RELATED PARTY TRANSACTIONS *(continued)*

Accounts receivable from a director and officer of the Company amounts to \$8,248 (March 31, 2011 - \$8,248).

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.

11. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Capital Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the 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 issue new shares through private placements, the sale of assets, debt, or return of capital to shareholders. As at June 30, 2011, the Company does not have any debt, other than accounts payable and accrued liabilities, and is not subject to externally imposed capital requirements.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company maintains sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration and evaluation stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration and evaluation programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash and cash equivalents are invested in business accounts with quality financial institutions, are available on demand for the Company's programs, and are not invested in any asset backed commercial paper.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

11. FINANCIAL AND CAPITAL RISK MANAGEMENT *(continued)*

c) Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, other assets and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and equivalents, and other assets with high-credit quality financial institutions.

The majority of the Company's cash and cash equivalents are held with major Canadian based financial institutions.

d) Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company does not have any exposure to any highly inflationary foreign currencies..

e) Interest Rate Risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash and cash equivalents and reclamation bond. The Company's practice has been to invest cash at floating rates of interest, in cash equivalents, in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in reclamation bond as they are generally held with large financial institutions.

f) Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

The estimated fair value of financial assets is equal to their carrying values due to the short-term nature of these instruments.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

As stated in Note 2, these condensed interim financial statements are for the period covered by the Company's first condensed interim financial statements prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied in preparing the condensed interim financial statements for the three months ended June 30, 2011 and 2010, the condensed financial statements for the year ended March 31, 2011 and the opening IFRS statement of financial position on the transition date, April 1, 2010.

In preparing the opening IFRS statement of financial position and the financial statements for the interim period ended June 30, 2011, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-change over Canadian GAAP.

The guidance for first time adoption of IFRS is set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company has elected to take the following IFRS1 optional exemptions:

a) Business combinations

IFRS 1 provides the option to apply IFRS 3, Business Combinations, retrospectively or prospectively from the transition date. The retrospective basis would require restatement of all business combinations that occurred prior to the transition date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its transition date and such business combinations have not been restated.

b) Leases

IFRS 1 allows an exemption for first-time adopters to determine whether an arrangement existing at the IFRS transition date contains a lease on the basis of facts and circumstances existing at the transition date, instead of the inception of the agreements. The Company has elected to use this exemption.

c) Cumulative translation differences

IFRS 1 allows an exemption for first-time adopters to deem cumulative translation differences to be \$Nil for foreign operations at the date of transition to IFRS. The Company has elected to use this exemption.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

The following IFRS 1 mandatory exceptions applied to the Company:

a) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. IFRS employs a conceptual framework that is similar to Canadian GAAP. The Company's IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Reconciliation of pre-changeover Canadian GAAP equity, comprehensive loss and cash flows to IFRS

IFRS1 requires an entity to reconcile equity, comprehensive loss, and cash flows for prior periods. The changes made to the statements of financial position and statements of operations and comprehensive loss as shown below have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows has been disclosed.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(i) Reconciliation of statement of financial position as at April 1, 2010 (Transition Date)

The reconciliation between the Canadian GAAP and the IFRS statement of financial position as at April 1, 2010 (Transition Date to IFRS) is provided below:

	GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,498,886	\$ -	\$ 4,498,886
Investments in equity instruments	1,675	-	1,675
Receivable	11,231	-	11,231
	<u>4,511,792</u>	<u>-</u>	<u>4,511,792</u>
Equipment	1,000	-	1,000
Resource properties	6,361,641	(487,524)	5,874,117
	<u>4,511,792</u>	<u>-</u>	<u>4,511,792</u>
Total assets	<u>\$ 10,874,433</u>	<u>\$ (487,524)</u>	<u>\$ 10,386,909</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 98,013	\$ -	\$ 98,013
Future income taxes	487,524	(487,524)	-
	<u>487,524</u>	<u>(487,524)</u>	<u>-</u>
Total liabilities	<u>585,537</u>	<u>(487,524)</u>	<u>98,013</u>
EQUITY			
Share capital	11,341,692	-	11,341,692
Contributed surplus	1,169,375	14,848	1,184,223
Accumulated other comprehensive loss	-	(4,425)	(4,425)
Deficit	(2,222,171)	(10,423)	(2,232,594)
	<u>10,288,896</u>	<u>-</u>	<u>10,288,896</u>
Total liabilities and equity	<u>\$ 10,874,433</u>	<u>\$ -</u>	<u>\$ 10,386,909</u>

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(ii) Reconciliation of statement of financial position as at June 30, 2010

The reconciliation between the Canadian GAAP and the IFRS statement of financial position as at June 30, 2010 is provided below:

	GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,448,768	\$ -	\$ 4,448,768
Investments in equity instruments	1,050	-	1,050
Receivable	3,710	-	3,710
	<u>4,453,528</u>	<u>-</u>	<u>4,453,528</u>
Resource properties	6,361,641	(487,524)	5,874,117
Total assets	<u>\$ 10,815,169</u>	<u>\$ -</u>	<u>\$ 10,327,645</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 109,300	\$ -	\$ 109,300
Future income taxes	487,524	(487,524)	-
Total liabilities	<u>596,824</u>	<u>(487,524)</u>	<u>109,300</u>
EQUITY			
Share capital	11,341,692	-	11,341,692
Contributed surplus	1,175,159	12,297	1,187,456
Accumulated other comprehensive loss	-	(5,050)	(5,050)
Deficit	(2,298,506)	(7,247)	(2,305,753)
Total equity	<u>10,218,345</u>	<u>-</u>	<u>10,218,345</u>
Total liabilities and equity	<u>\$ 10,815,169</u>	<u>\$ -</u>	<u>\$ 10,327,645</u>

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(iii) Reconciliation of statement of financial position as at March 31, 2011

The reconciliation between the Canadian GAAP and the IFRS statement of financial position as at March 31, 2011 is provided below:

	GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	\$ 5,628,154	\$ -	\$ 5,628,154
Investments in equity instruments	2,850	-	2,850
Receivable	21,901	-	21,901
Prepaid	6,638	-	6,638
	<u>5,659,543</u>	-	<u>5,659,543</u>
Resource properties	6,562,968	(487,524)	6,075,444
Total assets	<u>\$ 12,222,511</u>	<u>\$ (487,524)</u>	<u>\$ 11,734,987</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 146,853	\$ -	\$ 146,853
Future income taxes	487,524	(487,524)	-
Total liabilities	<u>634,377</u>	<u>(487,524)</u>	<u>146,853</u>
EQUITY			
Share capital	12,874,829	-	12,874,859
Contributed surplus	1,479,303	8,853	1,488,156
Accumulated other comprehensive income	-	(3,250)	(3,250)
Deficit	(2,765,998)	(5,603)	(2,771,601)
Total equity	<u>11,588,134</u>	<u>-</u>	<u>11,588,134</u>
Total liabilities and equity	<u>\$ 12,222,511</u>	<u>\$ -</u>	<u>\$11,734,987</u>

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(iv) Reconciliation of statement of operations and comprehensive loss for the three months ended June 30, 2010

The reconciliation between the Canadian GAAP and the IFRS statement of operations and comprehensive loss for the three months ended June 30, 2010 is provided below:

	<i>GAAP</i>	<i>Effect of transition to IFRS</i>	<i>IFRS</i>
Expenses			
Amortization	\$ 1,000	\$ -	\$ 1,000
Consulting fees	21,750	-	21,750
Management fees	36,000	-	36,000
Office and general	1,875	-	1,875
Professional fees	13,150	-	13,150
Share-based compensation	5,784	(2,551)	3,233
Transfer agent and filing fees	758	-	758
Travel, promotion and shareholder information	379	-	379
Total expenses	<u>80,696</u>	<u>(2,551)</u>	<u>78,145</u>
Other income (expense)			
Interest income	4,986	-	4,986
Loss on held-for-trading securities	(625)	625	-
Net loss for the period	<u>\$ (76,335)</u>	<u>\$ 3,176</u>	<u>\$ (73,159)</u>
Deficit, beginning of period	<u>(2,222,171)</u>		<u>(2,232,594)</u>
Deficit, end of period	<u>(2,298,506)</u>		<u>(2,305,753)</u>
Basic and diluted loss per common share	<u>\$ (0.003)</u>		<u>\$ (0.003)</u>
Weighted average number of common shares outstanding	<u>25,319,190</u>		<u>25,319,190</u>
Net loss for the period	\$ (76,335)		\$ (73,159)
Change in fair value on investment in equity instruments			
Unrealized loss on available-for-sale securities	-	(625)	(625)
Net Comprehensive loss for the period	<u>\$ 76,335</u>		<u>\$ (73,784)</u>

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(v) Reconciliation of statement of operations and comprehensive loss for the year ended March 31, 2011

The reconciliation between the Canadian GAAP and the IFRS statement of operations and comprehensive loss for the year ended March 31, 2011 is provided below:

	GAAP	Effect of transition to IFRS	IFRS
Expenses			
Amortization	\$ 1,000	-	\$ 1,000
Consulting fees	52,250	-	52,250
Management fees	87,335	-	87,335
Office and general	40,207	-	40,207
Professional fees	52,396	-	52,396
Share-based compensation	358,540	(5,995)	352,545
Total expenses	591,728	(5,995)	585,733
Other income			
Interest income	46,726	-	46,726
Gain on held-for-trading securities	1,175	(1,175)	-
Net loss for the period	\$ (543,827)	\$ 4,820	\$ (539,007)
Deficit, beginning of period	(2,222,171)	(10,423)	(2,232,594)
Deficit, end of period	(2,765,998)	5,603	(2,771,601)
Basic and diluted loss per common share	\$ (0.018)		\$ (0.017)
Weighted average number of common shares outstanding			
	31,058,012		31,058,012
Net loss for the period	\$ (543,827)		\$ (539,007)
Change in fair value on investment in equity instruments			
Unrealized gain on available-for-sale securities, net of tax	-	1,175	1,175
Net Comprehensive loss for the period	\$ (543,827)		\$ (537,832)

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

(vi) Notes to the reconciliation

Share-based payments

IFRS 2 is effective for the Company from inception and is applicable to all issuances of share-based payments from inception.

Pre-changeover Canadian GAAP allows the Company to calculate the fair value of equity instruments with graded vesting and recognize the compensation costs from the date of grant over the vesting period using the straight-line basis. The Company determines the fair value of stock options granted using the Black-Scholes option pricing model.

IFRS 2 requires each tranche in an award with graded vesting features to be treated as a separate grant with a different vesting date and fair value. Each grant is accounted for on that basis.

Further, pre-changeover Canadian GAAP allows the Company to recognize compensation costs as if all instruments granted that are subject only to a service requirement are expected to vest. The effect of actual forfeitures would then be recognized as they occur.

IFRS 2 requires the Company to recognize compensation costs over the vesting period based on the best available estimate of the number of equity instruments expected to vest. On the vesting date, the estimate is revised to equal the number of equity instruments that ultimately vested.

As a result of the above differences, contributed surplus was increased by \$14,848 at April 1, 2010 (June 30, 2010 - \$12,297; March 31, 2011 - \$8,853) and deficit was increased by a corresponding amount.

Financial Instruments

Under pre-changeover Canadian GAAP, the Company has classified its marketable securities as held-for-trading financial assets and the unrealized gain or loss were recognized in net income or loss in the period in which they arise.

The IFRS exemption allows a first time adopter at the date of transition to designate a financial asset on initial recognition as available-for-sale or fair value through profit and loss if certain conditions are met at the date of transition. Under IFRS, a financial asset or liability may be designated as fair value through profit and loss only when permitted by IAS 39 paragraph 11A or when doing so results in more relevant information because either: i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases; or ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24 Related Party Disclosures), for example the entity's board of directors and chief executive officer.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

12. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (*continued*)

(vi) **Notes to the reconciliation** (*continued*)

At the date of transition, the Company has elected to designate the marketable securities as available-for-sale as the marketable securities do not meet the criteria to be designated as fair value through profit or loss.

As a result of the revision of the designation of the marketable securities, accumulated other comprehensive income or loss was decreased by \$4,425 at April 1, 2010 (June 30, 2010 - \$5,050; March 31, 2011 – \$3,250) and deficit was increased by a corresponding amounting.

Deferred tax liabilities

Under pre-changeover Canadian GAAP, when an asset is acquired other than in a business combination and the tax basis of that asset is less than its cost, the cost of future income taxes recognized at the time of acquisition is added to the cost of the asset. When an asset is acquired other than in a business combination and the tax basis of that asset is greater than its cost, the benefit related to future income taxes recognized at the time of the acquisition is deducted from the cost of the asset. The Company has acquired interest in a mineral property in which its tax basis of the asset is less than its cost.

IAS 12 requires a deferred tax liability to be recognized in respect of all taxable temporary differences except those arising from i) the initial recognition of goodwill; or ii) the initial recognition of an asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A temporary difference may arise on initial recognition of an asset or liability. The method of accounting for such a temporary difference depends on the nature of the transaction that led to the initial recognition of the asset or liability:

(a) If the temporary difference arises as the results of a business combination, deferred tax is recognized on the temporary difference with a corresponding adjustment to goodwill or any bargain purchase gain.

(b) If the temporary difference arises in a transaction that give rise to an accounting or taxable profit or loss, deferred tax is recognized on the temporary difference.

(c) If the temporary difference arises in any other circumstances (i.e. not in a business combination or in a transaction that gives rise to an accounting or taxable profit or loss) no deferred tax is recognized.

It was determined that there should not be deferred tax liability recognized as the temporary difference arises from the mineral property interests the Company acquired were not acquired in a business combination or in a transaction that give rise to an accounting or taxable profit or loss.

As a result of the above differences, future income tax was decreased by \$487,524 at April 1, 2010 (June 30, 2010 - \$487,524; March 31, 2011 - \$487,524) and mineral property cost was decreased by a corresponding amount.

PLANET EXPLORATION INC.
Notes to Condensed Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

13. SUBSEQUENT EVENTS

Subsequent to the period ended June 30, 2011, upon TSX Venture Exchange approval, the Company issued 300,000 shares to the optionor and 15,000 to the finder of the Golden Loon property at a deemed price of \$0.23 per share.