# Platinex Inc.

**(An Exploration Stage Company)**
**Consolidated Financial Statements**
**December 31, 2010 and December 31, 2009**

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**INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders of Platinex Inc**

I have audited the accompanying consolidated balance sheets of Platinex Inc. as at December 31, 2010 and 2009 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

**Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Platinex Inc. as at December 31, 2010 and 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Emphasis of Matter**

Without qualifying my opinion, I draw attention to note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast substantial doubt about Platinex Inc.'s ability to continue as a going concern.

*Mahendra CA Professional Corporation*

Mahendra CA Professional Corporation
Authorized to practise public accounting by The Institute of Chartered Accountants of Ontario

Markham, Ontario
April 21, 2011

# Platinex Inc.

**(An Exploration Stage Company)**
**Consolidated Balance Sheets**
**As at December 31, 2010 and 2009**

| | | 2010 | | 2009 |
|---|---|---|---|---|
| **Assets** | | | | |
| Current | | | | |
| Cash (note 5) | $ | 2,511,273 | $ | 114,515 |
| Accounts receivable | | 212,796 | | 32,032 |
| Funds held in trust (note 6) | | 0 | | 15,607 |
| Prepaid expenses | | 32,335 | | 22,335 |
| | | 2,756,404 | | 184,489 |
| Property, plant and equipment (note 7) | | 43,365 | | 53,741 |
| Mineral properties and deferred exploration expenditures (notes 8 &15) | | 2,263,358 | | 1,294,834 |
| | $ | 5,063,127 | $ | 1,533,064 |
| **Liabilities** | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | $ | 137,353 | $ | 1,155,315 |
| Note payable (note 9) | | 0 | | 130,000 |
| Advances on settlement (note 8a) | | 0 | | 150,000 |
| | | 137,353 | | 1,435,315 |
| **Shareholders' Equity** | | | | |
| Share capital (note 10) | | 5,900,277 | | 5,303,211 |
| Share purchase warrants (note 11) | | 378,613 | | 221,000 |
| Contributed surplus (note 14) | | 2,812,406 | | 2,497,806 |
| Deficit | | (4,165,522) | | (7,924,268) |
| | | 4,925,774 | | 97,749 |
| | $ | 5,063,217 | $ | 1,533,064 |

**Going concern assumption (note 1)**
**Contingencies and commitments (note 18)**
**Subsequent events (note 19)**

On behalf of the Board of Directors

*"James R. Trusler"*

James R Trusler
President & CEO

*"Michael Blair"*

Michael Blair
Director

The accompanying notes form an integral part of these financial statements

# Platinex Inc.

## (An Exploration Stage Company)

## Consolidated Statements of Operations and Comprehensive income (Loss) and Deficit
## For the years ended December 31, 2010 and December 31, 2009

| | | 2010 | | 2009 |
|---|---|---|---|---|
| **Expenses** | | | | |
| Accounting and legal | $ | 101,483 | $ | 304,265 |
| Amortization | | 12,532 | | 15,713 |
| Consultants fees | | 256,080 | | 126,991 |
| Directors fees | | 56,500 | | 190,333 |
| Filing and transfer agent fees | | 39,973 | | 21,354 |
| Insurance | | 12,150 | | 9,837 |
| Interest expense | | 1,950 | | 5,910 |
| Investor relations | | 57,234 | | 15,917 |
| Management fees (note 16) | | 301,295 | | 574,858 |
| Meals and entertainment | | 6,681 | | 4,508 |
| Office and general | | 28,176 | | 13,863 |
| Office support | | 27,973 | | 78,948 |
| Rent and occupancy | | 78,663 | | 64,197 |
| Stock based compensation (note 12) | | 93,600 | | 54,600 |
| Telephone | | 8,862 | | 7,060 |
| Travel | | 16,146 | | 3,669 |
| Wages and benefits (note 16) | | 215,183 | | 0 |
| **(Loss) before other items** | | (1,314,481) | | (1,492,023) |
| Part XII.6 tax, interest and penalties | | (6,989) | | 0 |
| Mineral properties and deferred exploration expenditures (note 8a) | | (102,935) | | (69,247) |
| **(Loss) for the year before cost recovery** | | (1,424,405) | | (1,561,270) |
| Cost recovery related to Ontario Government settlement (note 8a) | | 5,000,000 | | 377,056 |
| **Income (loss) for the year** | | 3,575,595 | | (1,184,214) |
| **Future income tax recoverable** (notes 2 & 13) | | 183,151 | | 0 |
| **Income (loss) and comprehensive income (loss)** | | 3,758,746 | | (1,184,214) |
| **Balance, beginning of year** | | (7,924,268) | | 6,740,054 |
| **Balance, end of year** | $ | (4,165,522) | $ | (7,924,268) |
| **Basic and fully diluted income (loss) per share (note 18)** | $ | 0.093 | $ | (0.033) |
| **Weighted average number of common shares outstanding** | | 40,422,522 | | 35,501,632 |

**Going concern assumption (note 1)**

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

## Platinex Inc.

### (An Exploration Stage Company)

### Consolidated Statements of Cash Flows

### For the years ended December 31, 2010 and December 31, 2009

| | 2010 | 2009 |
|---|---|---|
| **Operating activities** | | |
| Income (loss) for the year | $ 3,758,746 | $ (1,184,214) |
| Non cash items | | |
| Tax benefits renounced – flow through shares | (183,151) | 0 |
| Amortization | 12,532 | 15,713 |
| Impairment in value of mineral properties and deferred exploration expenditures | 67,268 | 0 |
| Stock based compensation (note 12) | 93,600 | 54,600 |
| | 3,748,995 | (1,113,901) |
| Accounts receivable | (180,764) | (6,482) |
| Funds held in trust | 15,607 | 0 |
| Prepaid expenses | (10,000) | 34,972 |
| Accounts payable and accrued liabilities | (1,017,962) | 613,733 |
| Advances on settlement | (150,000) | 150,000 |
| | 2,405,876 | (321,678) |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (2,156) | 0 |
| Purchase of mineral properties and deferred exploration expenditures | (1,035,792) | (322,859) |
| | (1,037,948) | (322,859) |
| **Financing activities** | | |
| Common shares issued net of financing costs | 1,158,830 | 203,500 |
| Note payable (note 9) | (130,000) | 130,000 |
| | 1,028,830 | 333,500 |
| **Change in cash** | 2,396,758 | (311,037) |
| **Cash,** beginning of year | 114,515 | 425,552 |
| **Cash,** end of year | $ 2,511,273 | $ 114,515 |
| **Supplemental information:** | | |
| Common shares issued for services rendered (note 8) | $ 0 | $ 161,600 |
| Common shares issued for deferred exploration expenditures (note 8) | $ 24,000 | $ 4,250 |
| Broker warrants charged to financing cost of share issue | $ 89,491 | $ 0 |
| Future income taxes accounted for as financing cost of share issue | $ 183,151 | $ 0 |

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

## 1. Nature of Operations and Going Concern

Platinex Inc. ("Platinex" or "the Company") was incorporated on August 12, 1998 under the laws of the Province of Ontario. The Company which is a exploration stage entity as defined by the Canadian Institute of Chartered Accountants ("CICA") *Accounting Guideline 11*, is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Company is in the process of exploring its resource properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The recovery of the amounts shown for the mineral properties and the related deferred expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the exploration, and upon future profitable production.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of development of such properties these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used. Such adjustments may be material.

The company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

## 2. Summary of Significant Accounting Policies

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year except as described in note 3. Outlined below are those policies considered particularly significant.

a) Basis of Consolidation

The consolidated financial statements include the accounts of the company, and its newly incorporated wholly owned Subsidiary PTX Nevada LLC, which has been inactive since its incorporation on November 23, 2009.

b) Mineral Properties and Deferred Exploration Expenditures

Mineral properties and deferred exploration expenditures include rights and options to acquire interests in exploration properties and deferred exploration expenses.

Expenditures incurred on non-producing mining properties identified as having development potential are deferred until the economic viability of the project has been established, at which time these costs are added to mining properties.

**2. Summary of Significant Accounting Policies (continued)**

b) Mineral Properties and Deferred Exploration Expenditures cont'd

Mineral properties and deferred exploration expenditures are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the carrying value of the assets may not be recoverable, as identified by comparing their net book value to the estimated undiscounted future cash flows generated by their use and eventual disposal. Impairment is measured as the excess of the carrying value over the fair value, determined principally by discounting the estimated net future cash flows expected to be generated from the use and eventual disposal of the related asset. In the event that the Company has insufficient information about its mineral properties and deferred exploration expenditures to estimate future cash flows to test the recoverability of the capitalized costs, the Company will test for impairment by comparing the fair value to the carrying amount, without first performing a test for recoverability. If a property is subsequently determined to be significantly impaired in value, the property and related deferred costs are written down to their net realizable value. Other general exploration expenses are charged to operations as incurred. Th cost of mineral properties abandoned or sold and their related deferred exploration costs or proceeds are charged to operations in the current year.

c) Property, plant and equipment

Property, plant and equipment are recorded at cost net of any landlord leasehold allowances. Amortization is provided at one half annual rates in the year of acquisition. Amortization is provided at the following rates:

| | | |
|---|---|---|
| Computer equipment | 30% | declining balance method |
| Computer software | 100% | declining balance method |
| Furniture and equipment | 20% | declining balance method |
| Leasehold improvements | | term of the lease straight line basis |

d) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include the collectability of amounts receivable, balances of accrued liabilities, the fair value of financial instruments, the rates for amortization of equipment, the recoverability of mineral interests, determination of asset retirement and environmental obligations, future income tax assets and liabilities, valuation allowance for future income tax assets and the determination of the variables used in the calculation of stock-based compensation. While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

e) Income taxes

The Company accounts for income taxes using the asset and liability method. Under this method, future income tax assets and liabilities are determined based on differences between the financial statement carrying value of existing assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward. Future income tax assets and liabilities are measured using tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantively enacted. When the future realization of income tax assets does not meet the test of being more likely than not to occur a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

f) Flow through financing

The Company has financed a portion of its exploration activities through the issue of flow through shares, which transfer the tax deductibility of exploration expenditures to the investor. Proceeds received on the issue of such shares have been credited to capital stock. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow through share arrangements are renounced to investors in accordance with income tax legislation. When these expenditures are renounced, temporary taxable differences created by the renunciation will reduce share capital.

**2. Summary of Significant Accounting Policies (continued)**

g) Income (Loss) per share

Basic income (loss) per share is calculated using the weighted number of shares outstanding. Diluted income (loss) per share is calculated using the treasury stock method. In order to determine diluted income (loss) per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversions of options and warrants that would increase earnings per share or decrease loss per share.

h) Stock-based compensation

The Company records compensation cost based on the fair value method of accounting for stock-based compensation. The fair value of stock options is determined using the Black-Scholes option pricing model. The fair value of the options is recognized over the vesting period as compensation expense and contributed surplus. When options are exercised, the proceeds received, together with any related amount in contributed surplus, will be credited to share capital.

i) Asset retirement obligations

The Company will record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its mining properties. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to interest in mineral properties and amortized over the useful life of the properties. As the Company does not currently have any legal obligations relating to the reclamation of its interest in mineral properties, this standard has had no impact on the accounts of the Company. The Company did not have any asset retirement obligations as at December 31, 2010 and December 31, 2009.

j) Financial Instruments

All financial assets and liabilities are classified into one of the following five categories: held for trading; held-to-maturity; loans and receivable; available-for-sale financial assets; and other financial liabilities. All financial instruments are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and recognition of the changes in fair value of financial instruments depends upon their initial classifications:

Held-for-trading financial assets - are measured at fair value with subsequent changes in fair value recognized in current period net income. Held-to-maturity assets, loans and receivables and other financial liabilities **-** are initially measured at fair value and subsequently measured at amortized cost with changes recognized in current period net income. Available-for-sale financial assets **-** are measured at fair value with subsequent gains and losses included in other comprehensive income until the asset is removed from the balance sheets.

k) Comprehensive income (loss)

Comprehensive income (loss), composed of net income (loss) and other comprehensive income (loss), is defined as the change in shareholders' equity from transactions and other events from non-owner sources. Other comprehensive income (loss) for the Company includes unrealized gains and losses on available-for-sale securities and changes in fair market value of derivatives designated as cash flow hedges, all net of related income taxes. The components of comprehensive income (loss) are disclosed in the statement of operations and comprehensive income (loss). Cumulative changes in other comprehensive income (loss) are included in accumulated other comprehensive income (loss) ("ACOL") which is presented as a separate category in shareholders' equity. As at December 31, 2010 and 2009, other comprehensive income (loss) equaled net income net income (loss) and no separate statement was prepared.

**2. Summary of Significant Accounting Policies (continued)**

l) Cash and Cash Equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less. The Company invests cash in term deposits maintained in high credit quality institutions. Cash and cash equivalents include restricted cash. Restricted cash represents amounts that must be spent on the mineral properties as a result of the issuance of flow-through shares. See note 5.

m) Future Accounting Changes

*International Financing Reporting Standards ("IFRS"):*
On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable entities will be required to prepare financial statements in accordance with IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The Company will adopt IFRS for its fiscal year beginning January 1, 2011. The transition from current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Company's reported financial position and results of operations. Management is currently assessing the impact of adopting IFRS and it has not yet determined its effect on the Company's consolidated financial statements. The Company expects a smooth transition to IFRS for reporting the first quarter of 2011.

*Section 1582, Business Combinations 1601, Consolidations and 1602 Non-controlling Interests*
In January 2009, the CICA issued these new sections to replace Section 1581, *"Business Combinations"* and Section 1600*, "Consolidated Financial Statements"* Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company does not believe that these new sections will have an impact on its consolidated financial statements.

**3. Capital Management**

The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration and development of mineral properties. The capital of the company consists of its shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration and development stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the company will be able to raise funds in the future. All equity financing requires the approval of the Board of Directors. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2010 and 2009. The company is not subject to externally imposed capital requirements.

## 4. Financial Instruments and Risk Factors

The Company has designated its cash as held-for-trading, measured at fair value. Accounts receivable, accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2010 and December 31, 2009 the carrying value of the Company's financial instruments represent their fair value because of the limited term of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Fair Value Hierarchy and Liquidity Risk Disclosure

The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of these amendments resulted in additional disclosures in the notes to the consolidated financial statements.

At December 31, 2010, the company's financial instruments that are carried at fair value, consisting of cash have been classified as Level 2 within the fair value hierarchy

Credit Risk

The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash is maintained at a major financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore management believes bear minimal risk. Financial instruments include accounts receivable tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to this financial instrument is minimal.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2010, the Company had cash balances of $2,511,273 (December 31, 2009 - $114,515 to settle current liabilities of $137,353 (December 31, 2009 - $1,435,315) all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

a) Interest rate risk
The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company has no loans and consequently is not required to hedge against interest rate risk.

b) Foreign Currency risk
The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

c) Price Risk
The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

d) Fair values
The estimated fair value of the Company's financial instruments has been determined based on the Company's assessment of available market information and appropriate valuation methodologies. However, these estimates may not necessarily be indicative of the amounts that the Company could realize in a current market exchange. The Company's cash, accounts receivable, accounts payable and accrued liabilities are considered financial instruments. The estimated fair values of these financial instruments approximate their carrying amounts because of the limited term of these instruments.

## 5. Cash

Included in cash as at December 31, 2010 is $69,198 of monies received from the issue of flow-through shares ($0- December 31, 2009). The use of these funds is restricted to exploration expenditures.

## 6. Funds Held in Trust

Funds held in trust represent monies advanced to lawyers.

## 7. Property, Plant and Equipment

| | 2010 Cost | 2010 Accumulated Amortization | 2009 Cost | 2009 Accumulated Amortization |
|---|---|---|---|---|
| Computer hardware | $ 31,764 | $ 23,106 | $ 29,609 | $ 19,857 |
| Computer software | 626 | 626 | 626 | 626 |
| Furniture and equipment | 55,507 | 24,500 | 55,507 | 16,749 |
| Leasehold improvements | 7,782 | 4,082 | 7,782 | 2,551 |
| | $ 95,679 | $ 52,314 | $ 93,524 | $ 39,783 |
| Net book value | | $ 43,365 | | $ 53,741 |

**8. Mineral Properties and Deferred Exploration Expenditures**

| | Big Trout Lake $ | Muskox $ | Shining Tree $ | North McFaulds Lake $ | South McFaulds Lake $ | Awkward Lake $ | Core Zone $ | Norton Lake $ | Tib Lake $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Mineral properties:** | | | | | | | | | | |
| Balance at December 31, 2008 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Write down | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| **Deferred exploration expenditures:** | | | | | | | | | | |
| Balance at December 31, 2008 | 0 | 67,267 | 364,518 | 169,490 | 213,138 | 25,243 | 58,576 | 42,133 | 31,609 | 971,974 |
| First Nations relations | 0 | 0 | 1,656 | 0 | 0 | 0 | 0 | 0 | 0 | 1,656 |
| Consulting | 36,028 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,028 |
| Core storage and processing | 8,035 | 0 | 9,078 | 0 | 0 | 0 | 0 | 0 | 0 | 17,113 |
| Drilling | 0 | 0 | 170,381 | 0 | 0 | 0 | 0 | 0 | 0 | 170,381 |
| Field and office support | 5,820 | 0 | 15,099 | 0 | 0 | 0 | 0 | 0 | 0 | 20,919 |
| Filing and assessments | 6,765 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,766 |
| Geological | 5,320 | 0 | 4,247 | 0 | 0 | 0 | 0 | 0 | 0 | 9,567 |
| Legal fees | 6,649 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,649 |
| Management fee | 0 | 0 | 49,500 | 0 | 0 | 0 | 0 | 0 | 0 | 49,500 |
| Mapping | 629 | 0 | 18,648 | 0 | 0 | 0 | 0 | 0 | 0 | 19,278 |
| Property option | 0 | 0 | 54,250 | 0 | 0 | 0 | 0 | 0 | 0 | 54,250 |
| Balance before write-downs | 69,247 | 67,267 | 687,377 | 169,490 | 213,138 | 25,243 | 58,576 | 42,133 | 31,609 | 1,364,080 |
| Write down (note 8a) | (69,247) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (69,247) |
| | 0 | 67,267 | 687,377 | 169,490 | 213,138 | 25,243 | 58,576 | 42,133 | 31,609 | 1,294,833 |
| Balance at December 31, 2009 | 1 | 67,267 | 687,377 | 169,490 | 213,138 | 25,243 | 58,576 | 42,133 | 31,609 | 1,294,834 |

**8. Mineral Properties and Deferred Exploration Expenditures cont'd**

| | Big Trout Lake $ | Muskox $ | Shining Tree $ | North McFaulds Lake $ | South McFaulds Lake $ | Awkward Lake $ | Core Zone $ | Norton Lake $ | Tib Lake $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|---|
| **Mineral properties:** | | | | | | | | | | |
| Balance at December 31, 2009 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Write down (note 8a) | (1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (1) |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Deferred exploration expenditures:** | | | | | | | | | | |
| Balance at December 31, 2009 | 0 | 67,267 | 687,377 | 169,490 | 213,138 | 25,243 | 58,576 | 42,133 | 31,609 | 1,294,833 |
| Assaying and analysis | | | 49,556 | | | | | | | 49,556 |
| First Nations relations | 0 | 0 | 7,837 | 0 | 0 | 0 | 0 | 0 | 0 | 7,837 |
| Core storage and processing | 0 | 0 | 73,546 | 0 | 0 | 0 | 0 | 0 | 0 | 73,546 |
| Drilling | 0 | 0 | 393,031 | 0 | 0 | 0 | 0 | 0 | 0 | 393,031 |
| Filing and assessments | 0 | 36,347 | 606 | 0 | 0 | 0 | 0 | 0 | 0 | 36,953 |
| Geological (note 16) | 0 | 0 | 350,582 | 0 | 0 | 0 | 0 | 0 | 0 | 330,344 |
| Geophysical survey | | | 30,314 | | | | | | | 30,314 |
| Mapping | 0 | 0 | 22,336 | 912 | 0 | 0 | 0 | 0 | 0 | 23,248 |
| Option payments | 0 | 0 | 79,000 | 0 | 0 | 0 | 0 | 0 | 0 | 79,000 |
| Travel and transportation | | | 28,073 | | | | | | | 28,072 |
| Balance before write-downs | 0 | 103,614 | 1,722,277 | 170,402 | 213,138 | 25,243 | 58,576 | 42,133 | 31,609 | 2,366,972 |
| Write down (note 8b) | 0 | (103,614) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (103,614) |
| Balance at December 31, 2010 | 0 | 0 | 1,722,277 | 170,402 | 213,138 | 25,243 | 58,576 | 42,133 | 31,609 | 2,263,358 |

**8. Mineral Properties and Deferred Development Expenditures (continued)**

a) Big Trout Lake, Ontario

During 1999, the Company acquired a 100% interest in 221 mining claims located in the Patricia Mining Division of northwestern Ontario. On February 10, 2006 the Company acquired a 100% unencumbered interest in 81 renewable mining leases, expiring from April 1, 2010 to April 1, 2011, from a joint venture operated by INCO Limited for $162,312 cash and the issuance of $150,000 worth of the Company's common shares (428,751 common shares issued). The Company attempted to commence its exploratory drill program on the Big Trout Lake property in February, 2006. Members of the First Nation, Kitchenuhmaykoosib Inninuwug ("KI") restricted access to the property preventing commencement of the drill program. In April 2006, Platinex commenced a lawsuit against KI for damages and sought unobstructed access to its mining claims and leases. In February 2008, Platinex delivered written notice to the Province of Ontario of its intention to proceed with legal action for recovery from Ontario of damages suffered by Platinex arising from the dispute with KI. In accordance with Accounting Guideline AcG-11, the capitalized asset value has been assessed as impaired due to the lack of access to the property and has accordingly been written down. The claims and leases were surrendered in December 2009 to the Ontario government in return for a payment of $5,000,000 plus additional mediation and negotiation costs totaling $377,056 and a 2.5% Net Smelter Royalty subject to the related lawsuits between the Company, KI and Ontario being dismissed.

b) Muskox Property, Nunavut

In November, 2007, Platinex completed the staking of 38 mining claims totaling 87,058 acres (35,246 ha.) on the Muskox intrusion. The Muskox property is located 30 km south of Kugluktuk and 350 km north of Yellowknife and has been staked to cover a portion of the Muskox layered intrusion. The feature is one of the largest mafic layered intrusions in the world and is prospective for PGE's. The Company posted a qualifying report on this property in October 2008. As the Company chose not to complete the necessary assessment work to maintain the Muskox property claims, the claims expired in November 2010 and the property has accordingly been written down.

c) Shining Tree Property, Ontario

In April 2008, Platinex entered into a property option agreement with Skead Holdings Ltd. with respect to certain claims situated in Churchill, MacMurchy and Asquith Townships, in Ontario (the "Shining Tree property"). Platinex has the right to acquire a 100%-interest in the 139 claim units 5,680 acres (2,299 ha), subject to a 3% NSR, by issuing 250,000 shares of Platinex, by making cash payments (or share equivalent) of $250,000.00 and by incurring property expenditures of $850,000.00 during the ensuing four-year period to April 11, 2012. The Company released a qualifying report on the property on October 3, 2008 and has commenced exploration including an airborne geophysical survey, stripping, trenching, till sampling and drilling of 49 holes for 5,500 MT. In October 2010, the Company entered into an agreement with Canadian Prospective Ventures (CPV") to acquire an option on twelve claim units for 474 acres (192ha) adjoining the Shining Tree claims optioned from Skead Holdings Ltd. Under the agreement, Platinex must make payments totaling $20,000, issue 300,000 shares and incur expenditures on the property of $100,000 over a three year period. Upon exercise of the option CPV will retain a 2% NSR royalty.

d) North McFaulds Lake, Ontario

The North McFaulds Lake property is located 22 km north of Noront Resources' Eagle One and Double Eagle nickel-copper-PGE discoveries and 30 km southeast of the recent White Pine Resources/Metalex Ventures VMS discoveries. This property comprises 609 contiguous claim units covering 9,862 ha (24,360 acres). The property adjoins on the south and east a claim block held by MacDonald Mines and Temex Resources, and on the west blocks held by Noront Resources/Bold Resources option and Renforth Resources. It was staked to cover a layered intrusion coupled with magnetic anomalies which was recently revealed in survey publications by the Ontario government. A strong linear magnetic anomaly coincident with a strong regional gravity anomaly underlies the property.

**8. Mineral Properties and Deferred Development Expenditures (continued)**

e) South McFaulds Lake, Ontario

The South McFaulds Lake property is located 25 km southwest of Noront Resources' Eagle One and Double Eagle nickel-copper-PGE and Black Bird chromitite discoveries. This property comprises 696 claim units in six blocks covering 11,271 ha (27,840 acres). The property adjoins a block held by MacDonald Mines, Temex and Ring of Fire Resources on the southeast. James Bay Resources holds blocks of claims within and to the north of the Platinex holdings. Platinex's property was staked to cover a layered intrusion that is coupled with magnetic anomalies and the projected strike extension to the southwest of the host environment for the Noront discoveries evidenced in outcrop on the property; all of which have been recently revealed in survey publications by the Ontario government. The property is also centered on, and in part marginal to, a regional gravity anomaly. A summary report was released on this property in the third quarter of fiscal 2008 and an airborne geophysics program is planned to be carried out when funding is available.

f) Awkward Lake, Ontario

The Awkward Lake property is located 175 km north of Thunder Bay. This property comprises 88 contiguous claim units covering 1,425 ha (3,520 acres). The property adjoins the Navigator Minerals Inc property on the south and the Obongo Precious Metals Inc and Vale Canada Limited properties on the east. It was staked to cover the northern portion of the Awkward Lake intrusion which is believed to be the same age and style as the producing Lac des Iles intrusion belonging to North American Palladium Ltd. and contains known nickel-copper-PGE mineralization.

g) Core Zone, Ontario

The Core Zone property is located 174 km north of Thunder Bay and to the south of the previously mentioned Navigator Minerals Inc. property. Platinex's property covers 306 claim units comprising 4,896 ha (12,240 acres) and was staked to cover a layered intrusion believed genetically related to the chromium-bearing Puddy Lake ultramafic intrusion. Nickel-copper-PGE mineralization has been found within the area described.

h) Norton Lake, Ontario

The Norton Lake property is located 413 km north of Thunder Bay and 50 km northeast of Fort Hope in Ontario. This property comprises 56 claim units for 907 ha (2,240 acres). The property covers a magnetic anomaly to the south and west of a 2.46 million-tonne resource of nickel, copper, cobalt, and palladium held by White Tiger Mining Corp, Rainy Mountain Royalty Corp. and Trillium North Minerals. Lake sediment anomalies in the area suggest an environment promising for these metals on the Norton Lake prospect.

i) Tib Lake, Ontario

The Tib Lake property is located 60 km northwest of Thunder Bay. This property comprises 49 claim units covering 793.5 ha (1960 acres). The property adjoins the Tib Lake property of Houston Lake Resources to the south and was staked to cover the northern portion of the Tib Lake layered intrusion. The intrusion is known to be related to the producing Lac des Iles intrusion and is mineralized on the adjacent property with nickel-copper-PGEs. The Company performed initial till sampling on the property.

## 9. Note Payable

The note payable of $0 as at December 31, 2010 ($130,000 - December 31, 2009) bears interest at 6% per annum calculated annually and payable on March 31 each year commencing on March 31, 2010. The final payment of interest and principal shall be made on March 31, 2019. If the Company completes a public offering or private placement of any shares in the capital of the company then 15% of the net cash proceeds received shall be applied to reduce the principal sum. The principal amount has been repaid during the fiscal year and the note has been retired.

## 10. Share Capital

a) Authorized: Unlimited number of common shares

b) Issued:

| | Number of shares | Amount |
|---|---|---|
| Balance at December 31, 2008 | 34,220,406 | $ 5,071,711 |
| Shares issued for cash (note 10n) | 400,000 | 40,000 |
| Shares issued per property option agreement (note 10i) | 50.000 | 4,250 |
| Shares issued in exchange for trade debt (notes 10e to 10h, 10j to 10m) | 1,710,933 | 161,600 |
| Exercise of warrant –valuation reallocation (note 10n) | | 28,000 |
| Financing cost of share issue | | (2,350) |
| Balance at December 31, 2009 | 36,381,339 | 5,303,211 |
| Shares issued for cash (note 10p, 10e) | 10,269,200 | 1,229,598 |
| Shares issued per property option agreement (note 10o, 10q) | 200,000 | 24,000 |
| Share purchase warrants | | (289,122) |
| Financing cost of share issue | | (184,259) |
| Tax benefits renounced | | (183,151) |
| Balance at December 31, 2010 | 46,850,539 | $ 5,900,277 |

c) On January 23, 2009, the company completed a shares for services payment of $20,000 by the issuance of 235,294 common shares at a deemed value of $0.085 per share.

d) On March 6, 2009, the company completed a shares for services payment of $8,333 by the issuance of 98,039 common shares at a deemed value of $0.085 per share.

e) On April 9, 2009, the company completed a shares for services payment of $17,433 by the issuance of 174,333 common shares at a deemed value of $0.10 per share.

f) On April 28, 2009, the company completed a shares for debt payment of $70,000 by the issuance of 700,000 common shares at a deemed value of $0.10 per share and a promissory note for $130,000 due March 31, 2019 bearing interest at 6% payable annually and requiring payments of 15% of the net cash proceeds received from future private placements until the principal and interest is paid.

g) On May 6, 2009, the company completed a shares for services payment of $8,333 by the issuance of 98,039 common shares at a deemed value of $0.085 per share.

h) On June 8, 2009, the company completed a shares for services payment of $8,333 by the issuance of 98,039 common shares at a deemed value of $0.085 per share.

**10. Share Capital cont'd**

i) On June 8, 2009, the Company issued 50,000 common shares with a determined value per share of $0.085 in consideration of the execution of the property option agreement with Skead Holdings Ltd. for the Shining Tree property (note 9c) and the granting of the property option contained therein

j) On July 6, 2009, the company completed a shares for services payment of $8,333 by the issuance of 98,039 common shares at a deemed value of $0.085 per share.

k) On August 6, 2009, the company completed a shares for services payment of $8,333 by the issuance of 98,039 common shares at a deemed value of $0.085 per share.

l) On September 8, 2009, the company completed a shares for services payment of $8,333 by the issuance of 69,444 common shares at a deemed value of $0.12 per share.

m) On October 6, 2009, the company completed a shares for services payment of $4,167 by the isuance of 41,667 common shares at a deemed value of $0.109 per share.

n) On December 11, 2009, 400,000 warrants were exercised at a price of $0.10 per warrant for gross proceeds of $40,000

o) On April 12, 2010, the Company issued 50,000 common shares with a determined value per share of $0.125 in consideration of the execution of the property option agreement with Skead Holdings Ltd. for the Shining Tree property (note 8c) and the granting of the property option contained therein and on November 22, 2010 an additional 100,000 shares with a determined value per share of $0.115.

p) On July 29, 2010 the Company completed a non-brokered private placement of flow-through and non-flow-through units of proceeds for $851,000. The Company issued 4,925,000 flow-through units at $0.12 per unit. Each unit consisted of one flow-through common share and 1/2 of one common share purchase warrant. Each common share purchase warrant is exercisable for one common share at an exercise price of $0.16 no later than July 29, 2012. Platinex also issued 2,600,000 non-flow-through units at $0.10 per unit. Each unit consisted of one common share and 1/2 of one common share purchase warrant. Each common share purchase warrant is exercisable for one common share at an exercise price of $0.15 no later than July 29, 2012. Platinex paid an 8% cash finder's fee and 8% broker warrants. The broker warrants consisted of (i) 394,000 warrants each exercisable for $0.12 no later than July 29, 2012 to purchase one common share and 1/2 of one common share purchase warrant (exercisable for $0.16 no later than July 29, 2012 to purchase one common share), and (ii) 208,000 warrants each exercisable for $0.10 no later than July 29, 2012 to purchase one common share and 1/2 of one common share purchase warrant (exercisable for $0.15 no later than July 29, 2012).

q) On October 13, 2010 the Company issued 50,000 shares with a determined value per share of $0.125 in consideration of the execution of the property option agreement with Canadian Prospecting Ventures Inc. for inclusion in the Shining Tree property (note 8c) and the granting of the property option contained therein.

r) On December 16, 2010 the Company completed a private placement of 364,200 flow-through units at $0.19 per unit. Each unit consisted of one flow-through common share and 1/2 of one common share purchase warrant. Each common share purchase warrant is exercisable for one common share at an exercise price of $0.27 no later than December 16, 2012 and 2,380,000 non flow-through shares at $0.13 per share. Agents were paid cash commission of $30,288 representing 8% cash finder's fee and 27,032 warrants each exercisable for $0.19 no later that June 16, 2012 to purchase one common share and 1/2 of one common share purchase warrant (each whole warrant exercisable for $0.27 no later than June 16, 2012 to purchase one common share), and 190,400 warrants each exercisable for $0.13 no later than June 16, 2012 to purchase one common share.

**11. Warrants**

| | Number of warrants | December 31, 2010 Weighted average exercise price | Number of warrants | December 31,2009 Weighted average Exercise price |
|---|---|---|---|---|
| Balance, beginning of year | 6,700,000 | $ 0.38 | 16,289,745 | $ 0.40 |
| Granted, private placements | 5,067,136 | 0.15 | 0 | 0 |
| Exercised | 0 | 0 | (400,000) | 0.10 |
| Expired or cancelled | (6,700,000) | 0.38 | (9,189,745) | 0.43 |
| Balance, end of year | 5,067,136 | $ 0.15 | 6,700,000 | $ 0.38 |

| Number of Warrants | Exercise Price | Grant Date Fair Value Of Warrants | Date of Expiry |
|---|---|---|---|
| 2,462,500 | $ 0.16 | $ 172,375 | July 29, 2012 |
| 1,300,000 | 0.15 | 104,000 | July 29, 2012 |
| 394,000 | 0.12 | 31,520 | July 29, 2012 |
| 197,000 | 0.16 | 15,760 | July 29, 2012 |
| 208,000 | 0.10 | 16,640 | July 29, 2012 |
| 104,000 | 0.15 | 7,280 | July 29, 2012 |
| 182,100 | 0.27 | 12,747 | December 16, 2012 |
| 29,136 | 0.19 | 3,059 | June 16, 2012 |
| 190,400 | 0.13 | 15,232 | June 16, 2012 |
| 5,067,136 | | $ 378,613 | |

The warrants granted were valued using the Black-Scholes option pricing model with the following assumptions, quoted at their weighted averages.

| | 2010 | 2009 |
|---|---|---|
| Expected dividend yield | 0 | 0 |
| Expected volatility | 136% | - |
| Risk free interest rate | 1.53% | - |
| Expected life | 1.5 to 2 years | - |

## 12. Stock Options

In October 2005, the Company's Board of Directors approved a new stock option plan. Under the terms of the Company's new stock option plan, a maximum of 10% of the issued and outstanding common shares have been reserved for issuance to the Company's directors, officers, employees and eligible consultants. The new stock option plan was approved by the Company's non participatory shareholders on May 24, 2006.

In December 2005, the Company's Board of Directors granted an option to purchase 240,000 common shares at an option price of $0.50 per share to the Company's investor relations firm, subject to non participatory shareholder approval of the stock option plan as disclosed above. These options were cancelled during the period ended June 30, 2009.

In 2007, the company granted 1,460,000 options (1,165,000 – 2006, 240,000 of which were granted in 2005 subject to shareholder approval which was obtained on May 24, 2006). The fair value of $469,600 has been charged to the statement of operations and has been offset to contributed surplus. During the year ended December 31, 2010, 120,000 (December 31, 2009 325,000) of these options were cancelled.

In March 2009, the Company granted options to purchase 220,000 shares at an option price of $0.20 per share to certain employees and eligible consultants. In March 2009, the Company approved and in June 2009, the non participatory shareholders ratified, the re-pricing of 2,180,000 options issued in prior periods having a weighted average exercise price of $0.35 per share to $0.20 per share. The fair value of $54,600 on account of these transactions has been charged to the statement of operations and has been offset to contributed surplus (note 14).

On June 1, 2010, the Company issued 120,000 options with an exercise price of $0.20 per share, with a five year term to an investor relations firm.

On June 25, 2010, the Company issued 1,020,000 options to certain of the Company's directors, officer and eligible consultants at an option price of $0.20 per share.

Summary of stock option activity:

| | December 31, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| | Number of stock options | Weighted average exercise price | Number of stock Options | Weighted Average exercise price |
| Balance, beginning of year | 2,460,000 | $ 0.20 | 2,565,000 | $ 0.36 |
| Re-pricing original | 0 | 0 | (2,180,000) | 0.35 |
| Re-pricing - new | 0 | 0 | 2,180,000 | 0.20 |
| Granted | 1,140,000 | 0.20 | 220,000 | 0.20 |
| Exercised | 0 | 0 | 0 | 0 |
| Expired or cancelled | (180,000) | 0.20 | (325,000) | 0.47 |
| Balance, end of year | 3,420,000 | $ 0.20 | 2,460,000 | $ 0.20 |

**12. Stock Options cont'd**

As at December 31, 2010, the following stock options were outstanding:

| Date of Expiry | Number of Options Exercisable | Number of Options Outstanding | Exercise Price | Grant Date Fair Value of Options Granted |
|---|---|---|---|---|
| January 25, 2011 | 720,000 | 720,000 | 0.20 | $ 14,400 |
| May 28, 2011 | 60,000 | 60,000 | 0.14 | 5,400 |
| May 28, 2011 | 400,000 | 400,000 | 0.20 | 8,000 |
| June 18, 2012 | 40,000 | 40,000 | 0.20 | 800 |
| October 16, 2012 | 780,000 | 780,000 | 0.20 | 15,600 |
| November 19, 2012 | 60,000 | 60,000 | 0.20 | 1,200 |
| March 11, 2014 | 220,000 | 220,000 | 0.20 | 11,000 |
| May 31, 2015 | 120,000 | 120,000 | 0.20 | 12,000 |
| June 25, 2015 | 1,020,000 | 1,020,000 | 0.20 | 81,600 |
| | 3,420,000 | 3,420,000 | | $ 150,000 |

| Black-Scholes Option Pricing Assumptions | 2010 | 2009 | 2008 |
|---|---|---|---|
| Expected dividend yield | 0% | 0% | - |
| Expected volatility | 135.85% | 129.7% | - |
| Risk-free interest rate | 2.35% | 2.44% | - |
| Expected life | 5 years | 5 years | - |

**13. Income Taxes**

a) Provision for income taxes

Major items causing the Company's tax rate to differ from the combined federal and provincial statutory rate of 30.99% (33% - 2009) are as follows:

| | 2010 | 2009 |
|---|---|---|
| Income (loss) before income taxes | $ 3,575,595 | $ (1,184,214) |
| Income tax recovery at the statutory rate | (1,108,077) | 390,791 |
| Adjustments: | | |
| Exploration expenditures (capitalized) amortized | 151,172 | (22,852) |
| Renounced mineral expenditures on flow through shares | (183,151) | 0 |
| Stock based compensation | (29,007) | (18,018) |
| Non capital losses (not utilized) utilized | 986,743 | (342,720) |
| Other | (832) | (7,201) |
| Actual income tax (recovery) | $ (183,151) | $ 0 |

**13. Income Taxes cont'd**

b) Future tax balances

The effects on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes are as follows:

| | 2010 | 2009 |
|---|---|---|
| Future income tax liability | | |
| Renounced mineral expenditures on flow-through shares | $ (183,151) | $ 0 |
| Future income tax assets | | |
| Non - capital losses carried forward | 0 | 1,050,742 |
| Canadian development and exploration expenditures | 436,787 | 477,937 |
| Total future tax assets | 436,787 | 1,528,679 |
| Valuation allowance for future tax assets | (253,636) | (1,528,679) |
| Future income tax assets | 183,151 | 0 |
| Net future income tax liability and assets | $ 0 | $ 0 |

The Company provided a valuation allowance equal to the future tax assets (except for the amount of the non-capital losses equal to offset the future income tax liability in accordance with CICA Handbook EIC-146) because it is not presently more likely than not that they will be realized.

c) Tax loss carry forwards

As at December 31, 2010, the Company has federal non-capital loss carry forwards of approximately $0 for Canadian income tax purposes and approximately $1,409,446 of various classes of exploration expenditures, which under certain circumstances can be used to reduce the taxable income of future years

**14. Contributed Surplus**

| | December 31 2010 | December 31 2009 |
|---|---|---|
| Balance, beginning of period | $ 2,497,806 | $ 732,027 |
| Stock options re-priced (note 12) | 0 | 43,600 |
| Stock options granted and vested during the period (note 12) | 93,600 | 11,000 |
| Exercise of stock options, reallocation of valuation | 0 | 0 |
| Expiry of warrants, reallocation of valuation | 221,000 | 1,711,179 |
| Balance, end of period | $ 2,812,406 | $ 2,497,806 |

## 15. Non-Cash Transactions

The Company issued during the year ended December 31, 2010 150,000 shares (December 31, 2009, 50,000 shares) with a determined value per share in consideration of the execution of the property option agreement with Skead Holdings Ltd. for the Shining Tree property (notes 10o ) and the granting of the option contained therein. The Company issed during the year ended December 31, 2010 50,000 shares with a determined value per share in consideration of the property option agreement with Canadian Prospective Venture Inc for the 12 claim units at the Shining Tree property (note 10q).

## 16. Related Parties

The Company had the following transactions with related parties that were in the normal course of operations and measured at the exchange amounts, which is the amount of consideration established and agreed to by the related parties:

| | 2010 | 2009 |
|---|---|---|
| Paid to a Director of the Company who is also the President and Chief Executive Officer of the Company | | |
| Management fees | $ 167,026 | $ 242,000 |
| Geological fee charged to mineral properties and deferred exploration expenditure | 68,667 | 42,000 |
| Wages and benefits | 62,000 | 0 |
| | $ 297,693 | $ 284,000 |
| Paid to a Director of the Company who is also the Chief Financial Officer of the Company | | |
| Management fee | $ 48,000 | $ 123,900 |
| Wages and benefits | 51,210 | 0 |
| | $ 99,210 | $ 123,900 |
| Paid to a Director of the Company who is also the Vice President of the Company | | |
| Management fee | $ 86,293 | $ 0 |
| Geological fee charged to mineral properties and deferred exploration expenditure | 12,200 | 0 |
| Wages and benefits | 68,010 | 0 |
| | $ 166,503 | $ 0 |
| Directors fees paid | $ 56,500 | $ 190,333 |

## 17. Basic and Diluted Loss per Share

The basic and diluted earning (loss) per share is computed by dividing the income (loss) by the weighted average number of common shares outstanding during the period. The conversion of stock options was not included in the calculation of diluted earnings (loss) per share since the calculation would be anti-dilutive.

## 18. Contingencies and Commitments

a) Flow-Through Expenditures

As at December 31, 2010, the Company is committed to incur prior to December 31, 2011, on a best efforts basis $69,198 ($0 – 2009) in qualifying Canadian exploration expenditures pursuant to private placements for which flow-through proceeds had been received prior to December 31, 2010 and renounced to subscribers effective as at that date. The Company acknowledges that the classification of expenditures for flow-through purposes and the related renunciation of these expenditures is subject to interpretation. No provision for any possible future liability arising from a different interpretation by the tax authorities has been recognized in these consolidated financial statements.

**18. Contingencies and Commitments cont'd**

b) Shining Tree Property - Option Agreement with Skead Holdings Ltd.

On April 11, 2008, Platinex entered into a property option agreement with Skead Holdings Ltd. with respect to certain claims situated in Churchill, MacMurchy and Asquith Townships, in Ontario (the "Shining Tree property"). Platinex has the right to acquire a 100%-interest in the 139 claim units (5,680 acres or 2,299 ha), subject to a 3% NSR, by issuing 250,000 shares of Platinex, by making cash payments (or share equivalent) of $250,000 and by incurring property expenditures of $850,000 during the ensuing four-year period to April 11, 2012 (note 8c).

On September 16, 2010 Platinex entered into an agreement with Canadian Prospective Ventures (CPV") to acquire an option on twelve claim units for 474 acres (192ha) adjoining the Shining Tree claims optioned from Skead Holdings Ltd. Under the agreement, Platinex must make payments totaling $20,000, issue 300,000 shares and incur expenditures on the property of $100,000 over a three year period. Upon exercise of the option CPV will retain a 2% NSR royalty (note 8c).

c) Lease Commitments

The company is committed to the following minimum payments under operating leases for office space:

| | |
|---|---|
| 2011 | $76,086 |
| 2012 | $78,135 |
| 2013 | $32,841 |

**19. Subsequent Events**

a) On January 5, 2011 the Company granted an additional 170,000 options with an exercise price of $0.20 per share with a five year term to an investor relations firm (note 12).

b) On April 1, 2011, the Company granted stock options to certain directors, officers, and consultants to purchase 1,560,000 common shares at $0.12 per share; the options expire on April 1, 2016.