



Platinex Inc.

Condensed Interim Consolidated Financial Statements

Three and Six months ended June 30, 2018

Unaudited - Expressed in Canadian Dollars

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee of the Board of Directors.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim consolidated financial statements by an entity's auditors.

August 29, 2018

Platinex Inc.
Condensed Interim Consolidated Statements of Financial Position
Unaudited - Expressed in Canadian Dollars

| | As at June 30, 2018 | As at December 31, 2017 |
|---|------------------------------------|--|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 79,210 | \$ 510,297 |
| HST receivable | 53,293 | 14,018 |
| Prepaid expenses | 5,084 | 19,592 |
| Total current assets | 137,587 | 543,907 |
| Non-current assets | | |
| Exploration and evaluation assets (note 3) | 2,222,157 | 2,176,173 |
| Property, plant and equipment | 1,667 | 1,961 |
| Goodwill (note 4) | 50,356 | - |
| Total non-current assets | 2,274,180 | 2,178,134 |
| Total assets | \$ 2,411,767 | \$ 2,722,041 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 102,593 | \$ 160,635 |
| Total current liabilities | 102,593 | 160,635 |
| Shareholders' equity | | |
| Share capital (note 5) | 8,130,617 | 7,860,435 |
| Share warrant reserve (note 6) | 580,860 | 411,476 |
| Contributed surplus | 1,040,406 | 1,113,572 |
| Deficit | (7,442,709) | (6,824,077) |
| Total shareholders' equity | 2,309,174 | 2,561,406 |
| Total liabilities and shareholders' equity | \$ 2,411,767 | \$ 2,722,041 |

Nature of operations and going concern (note 1)
Subsequent events (note 9)

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

Platinex Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
Unaudited - Expressed in Canadian Dollars

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|---------------------|------------------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Expenses | | | | |
| Audit and legal | \$ 24,350 | \$ 8,832 | \$ 64,950 | \$ 77,761 |
| Consulting fees (note 6) | 24,000 | 17,700 | 248,000 | 47,200 |
| Depreciation | 147 | 77 | 294 | 153 |
| Directors fees (note 8) | 20,000 | 34,000 | 40,000 | 43,000 |
| Insurance | - | 10,039 | - | 10,039 |
| Investor relations | 2,246 | 23,484 | 5,938 | 29,799 |
| Management fees (note 8) | 57,422 | 34,796 | 108,015 | 65,607 |
| Office and general | 6,447 | 3,449 | 11,958 | 6,955 |
| Rent (note 8) | 4,007 | 3,708 | 7,361 | 7,062 |
| Regulatory and transfer agent fees | 3,378 | 11,819 | 13,329 | 30,048 |
| Royalty agreement purchase | 25,525 | - | 118,787 | - |
| Website and promotion | - | 20,000 | - | 20,000 |
| Total expenses | (167,522) | (167,904) | (618,632) | (337,624) |
| Net loss and comprehensive loss for the period | \$ (167,522) | \$ (167,904) | \$ (618,632) | \$ (337,624) |
| Basic and diluted loss per share | \$ (0.0017) | \$ (0.0022) | \$ (0.0064) | \$ (0.0042) |
| Weighted average number of common shares outstanding - basic and diluted | 97,137,903 | 76,572,644 | 96,588,545 | 79,815,788 |

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

Platinex Inc.
Condensed Interim Consolidated Statements of Cash Flows
Unaudited - Expressed in Canadian Dollars

| | Six Months Ended June 30, | |
|---|--------------------------------------|-------------------|
| | 2018 | 2017 |
| Operating activities | | |
| Net loss for the period | \$ (618,632) | \$ (337,624) |
| Adjustments to reconcile net and comprehensive loss to net cash used in operating activities: | | |
| Consulting fees | 195,000 | - |
| Depreciation | 294 | 153 |
| Non-cash working capital items: | | |
| HST receivable | (39,275) | 49,863 |
| Prepaid expenses and deposits | 14,508 | 7,500 |
| Accounts payable and accrued liabilities | (58,042) | (81,640) |
| Due to related parties | - | (123,003) |
| Net cash and cash equivalents used in operating activities | (506,147) | (484,751) |
| Investing activities | | |
| Exploration and evaluation assets, net of shares issued to acquire claims | (7,984) | (46,278) |
| Property, plant and equipment | - | (1,468) |
| Goodwill | (50,356) | - |
| Net cash and cash equivalents used in investing activities | (58,340) | (47,746) |
| Financing activities | | |
| Share capital issued | 133,400 | 423,451 |
| Net cash and cash equivalents provided by financing activities | 133,400 | 423,451 |
| Net change in cash and cash equivalents | (431,087) | (109,046) |
| Cash and cash equivalents, beginning of period | 510,297 | 267,843 |
| Cash and cash equivalents, end of period | \$ 79,210 | \$ 158,797 |

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

Platinex Inc.
Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
Unaudited - Expressed in Canadian Dollars

| | Share Capital | Share Warrant Reserve | Contributed Surplus | Accumulated Deficit | Total |
|--|---------------------|-----------------------------|------------------------|------------------------|---------------------|
| Balance, December 31, 2016 | \$ 6,829,380 | \$ 169,749 | \$ 891,680 | \$ (5,942,643) | \$ 1,948,166 |
| Net loss for the period | - | - | - | (337,624) | (337,624) |
| Share capital issued (note 5(i) to (xxi)) | 611,254 | - | - | - | 611,254 |
| Stock options exercised | - | - | (45,400) | - | (45,400) |
| Warrants exercised | - | (26,840) | - | - | (26,840) |
| Balance, June 30, 2017 | \$ 7,440,634 | \$ 142,909 | \$ 846,280 | \$ (6,280,267) | \$ 2,149,556 |
| Balance, December 31, 2017 | \$ 7,860,435 | \$ 411,476 | \$ 1,113,572 | \$ (6,824,077) | \$ 2,561,406 |
| Net loss for the period | - | - | - | (618,632) | (618,632) |
| Share capital issued (note 5(xxii) to (xxx)) | 270,182 | - | - | - | 270,182 |
| Stock options exercised | - | - | (73,166) | - | (73,166) |
| Warrants exercised | - | (616) | - | - | (616) |
| Warrants issued | - | 170,000 | - | - | 170,000 |
| Balance, June 30, 2018 | \$ 8,130,617 | \$ 580,860 | \$ 1,040,406 | \$ (7,442,709) | \$ 2,309,174 |

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

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

1. NATURE OF OPERATIONS AND GOING CONCERN

Platinex Inc., which together with its subsidiary is collectively referred to as the "Company" or "Platinex", is a Canadian company whose business activity is the exploration and evaluation of mineral properties in Canada. Platinex Inc. (the "Company") was incorporated under the Ontario Business Corporations Act on August 12, 1998.

Until March 22, 2017, the Company was listed on the TSX Venture Exchange, having the symbol PTX-V, as a Tier 2 mining issuer. Effective March 23, 2017, the Company is listed on the Canadian Securities Exchange, having the symbol PTX. The address of the Company's corporate office and principal place of business is 807-20 William Roe Blvd., Newmarket, Ontario, L3Y 5V8, Canada.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 29, 2018.

The Company has interest in mineral properties located in which are presently at the exploration and evaluation stage. Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration and evaluation assets.

For the six months ended June 30, 2018, the Company generated a net loss of \$618,632 (six months ended June 30, 2017 - \$337,624), has an accumulated deficit of \$7,442,709 as at June 30, 2018 (December 31, 2017 - \$6,824,077) and has negative cash flow from operations amounting to \$506,147 for (six months ended June 30, 2017 - \$484,751).

Management estimates that the funds available as at June 30, 2018 may not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2018. The Company will have to raise additional funds to continue operations. The Company is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Company will be successful in these actions, management is confident that it will be able to secure the necessary financing through the issuance of new debt and equity. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although these consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, the above-noted facts and circumstances cast significant doubt on the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported revenues and expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

Basis of Presentation and Measurement

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and under the historical cost method, except for certain financial instruments measured at fair value.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2017 and December 31, 2016 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods adopted are consistent with those disclosed in Note 3 to the Company's consolidated financial statements for the years ended December 31, 2017 and December 31, 2016.

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

2. BASIS OF PREPARATION (Continued)

Basis of Presentation and Measurement (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim consolidated financial statements are disclosed in note 4 of the Company's consolidated financial statements as at and for the years ended December 31, 2017 and December 31, 2016.

Change in accounting policies

IFRS 9, Financial Instruments

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance had no impact on the Company's unaudited condensed interim consolidated financial statements.

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

| Classification | IAS 39 | IFRS 9 |
|--|--|----------------|
| Cash | Loans and receivables (amortized cost) | Amortized cost |
| Accounts payable and accrued liabilities | Other financial liabilities (amortized cost) | Amortized cost |

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

Financial assets

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest".

The Company's cash is classified as financial assets and measured at amortized cost.

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

2. BASIS OF PREPARATION (Continued)

Changes in accounting policies (continued)

IFRS 9, Financial Instruments (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and other liabilities do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

3. EXPLORATION AND EVALUATION ASSETS

| | Shining Tree | Nabish Lake | Total |
|-------------------------------------|---------------------|------------------|---------------------|
| Balance at December 31, 2016 | \$ 1,884,270 | \$ 12,628 | \$ 1,896,898 |
| Exploration costs | 291,903 | - | 291,903 |
| Impairment | - | (12,628) | (12,628) |
| Balance at December 31, 2017 | 2,176,173 | - | 2,176,173 |
| Exploration costs | 45,984 | - | 45,984 |
| Balance at June 30, 2018 | \$ 2,222,157 | \$ - | \$ 2,222,157 |

a) Shining Tree Property, Ontario

In 2011, the Company vested an option agreement with Skead Holdings Ltd., with respect to 139 claim units (5,680 acres or 2,299 ha), situated in Churchill, MacMurchy and Asquith Townships in Ontario (the "Shining Tree property"). In March, 2018, the Company settled an cumulative overdue advance royalty payment by issuance of 292,307 common shares to Skead Holdings Ltd. in connection with the Shining Tree property. The settlement comprised an aggregate amount of \$73,000, which included a \$35,000 cash payment. The Company now holds a 100% interest in the claims subject to a 3% NSR and advance royalty payments of \$10,000 per year commencing in April, 2019.

3. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Shining Tree Property, Ontario (continued)

Further Platinex may eliminate the requirement for future advance royalty payments by making a one-time advance royalty payment of \$100,000. Two thirds of the 3% NSR may be reduced by payment of: \$75,000 for each one-quarter percent for the first one-half percent; \$150,000 for each one-quarter percent for the second one-half percent; \$250,000 for each one-quarter percent for the third one-half per cent, and; \$400,000 for each one-quarter percent for the final one-half percent (\$1.75 million in aggregate). If Skead Holdings Ltd wishes to sell the residual royalty interest the Company retains a right of first refusal to purchase the NSR. On May 10, 2012, the Company acquired a lease (40 acres, 16 ha) from Gary John McBride for 200,000 shares of the Company. The lease is central to the Shining Tree property.

The Company entered into two agreements in August 2016 and a further five agreements in November, 2016, January, 2017, March, 2017, April, 2017 and June 2017 and staked claims in December, 2016 which significantly expand the size and potential of its Shining Tree gold property. Platinex has entered into an option agreement with Skead Holdings Ltd. and Ashley Gold Mines Limited, with respect to certain claims situated in Churchill, MacMurchy and Asquith Townships, in Ontario. Platinex has the right to acquire a 100%-interest in the 54 claim units and a 50% interest in a further 8 claim units (991 ha or 2,480 acres), subject to a 2% NSR, by issuing 200,000 shares of Platinex, and by making cash payments (or share equivalent) of \$95,000 and by incurring property expenditures of \$500,000 during the ensuing four-year period to August 17, 2020. Platinex also entered into an agreement with two prospectors to purchase a 100% interest in four claims comprising 20 claim units (320 ha or 800 acres) in Churchill, MacMurchy and Asquith Townships, in Ontario by issuing 400,000 shares of Platinex. Platinex subsequently entered into five agreements with one prospector to purchase a 100% interest in: ten claims comprising 70 claim units (1,120 ha or 2,800 acres) for 398,000 shares on Nov. 3, 2016; four claims comprising 43 claim units (688 ha. or 1,720 acres) for 71,429 shares on January 25, 2017; eight claims comprising 96 claim units (1,536 ha or 3,840 acres) for 86,705 shares on March 30, 2017; 21 claims comprising 267 claim units (4,272 ha or 10,680 acres) for 391,250 shares on April 20, 2017 and 9 claims comprising 127 claim units (2,032 ha or 5,080 acres) for \$5,000 and 436,190 shares on June 20, 2017. Platinex also staked claims comprising 45 claim units (720 ha or 1,800 acres). Six claim units were subsequently included in the Skead Agreement.

The property acquisition has encircled the former producing Ronda Gold Mine and includes the southern half of the workings enhancing the Shining Tree property's exposure to the intersection of a major east-west gold bearing structure, the Tyrrell-Ridout Deformation Zone and a north-south fault. In particular, Platinex has focused on acquisition of the recently mapped expression of the Tyrrell-Ridout Deformation Zone as it represents a possible source of the many gold in till anomalies. The combined property created by the acquisitions comprises 876 claim units (14,018 ha or 35,040 acres).

b) Nabish Lake, Ontario

The Nabish Lake property comprises 10 claims totalling 94 claim units, in the Kenora Mining District of Ontario. The company has not made any option payments required under the agreement since 2014, but has maintained the claims in good standing by restaking the expired claims.

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

4. BUSINESS COMBINATION

In January 2018, the Company acquired a 51% interest in Intergalactic Foods LLC; 40% of the purchase was from a third party and 11% from the issuance of new units. The Company has determined that the Acquisition was a business combination in accordance with the definition of IFRS 3, Business Combinations, and as such has accounted for it in accordance with this standard. The following table sets forth a preliminary allocation of the purchase price to the assets acquired, based on a preliminary estimate of fair value. Final valuations of assets and liabilities are not yet complete due to the timing of the acquisition and the inherent complexity associated with the valuations. The preliminary allocation is subject to adjustment with the final allocation to be completed later in 2018.

| | | |
|----------|----|--------|
| Cash | \$ | 44,062 |
| Goodwill | | 50,356 |
| | \$ | 94,418 |

5. SHARE CAPITAL

a) Authorized: Unlimited number of common shares.

b) Issued:

| | Number of common shares | Amount |
|-----------------------------------|----------------------------|---------------------|
| Balance, December 31, 2016 | 72,227,326 | \$ 6,829,380 |
| Shares issuance (i) to (xxi) | 9,447,574 | 611,254 |
| Balance, June 30, 2017 | 81,674,900 | \$ 7,440,634 |
| Balance, December 31, 2017 | 94,605,288 | \$ 7,860,435 |
| Share issuance (xxii) to (xxx) | 2,660,307 | 270,182 |
| Balance, June 30, 2018 | 97,265,595 | \$ 8,130,617 |

For the six months ended June 30, 2017

- (i) On January 17, 2017, 100,000 options having an exercise price of \$0.05 were exercised for 100,000 common shares of the Company.
- (ii) On January 18, 2017, 300,000 warrants and 20,000 options each having an exercise price of \$0.05 were exercised for 320,000 common shares of the Company.
- (iii) On January 24, 2017, the Company entered into a claim purchase agreement for a 100% interest in certain mining claims in the Fawcett and Asquith Townships of Ontario. On February 17, 2017, the Company issued 71,429 common shares of the Company @ \$0.205 per share in settlement of the purchase price payable.
- (iv) On January 31, 2017, 375,000 warrants and 250,000 options each having an exercise price of \$0.05 were exercised for 625,000 common shares of the Company.

5. SHARE CAPITAL (continued)

For the six months ended June 30, 2017 (continued)

- (v) On February 6, 2017, 400,000 warrants having an exercise price of \$0.05 were exercised for 400,000 common shares of the Company.
- (vi) On March 21, 2017, 300,000 warrants and 900,000 options each having an exercise price of \$0.05 were exercised for 1,200,000 common shares of the Company.
- (vii) On March 24, 2017, 50,000 warrants and 500,000 options each having an exercise price of \$0.05 were exercised for 550,000 common shares of the Company.
- (viii) On March 27, 2017, the Company entered into a claim purchase agreement for a 100% interest in certain mining claims in the Asquith, Fawcett and Churchill Townships of Ontario. On March 30, 2017, the Company issued 86,705 common shares of the Company @ \$0.22 per share in settlement of the purchase price payable.
- (ix) On March 30, 2017, 7,000 warrants having an exercise price of \$0.10 were exercised for 7,000 common shares of the Company.
- (x) On April 4, 2017, 600,000 warrants having an exercise price of \$0.05 were exercised for 600,000 common shares of the Company.
- (xi) On April 5, 2017, 400,000 warrants having an exercise price of \$0.05 were exercised for 400,000 common shares of the Company.
- (xii) On April 12, 2017, 150,000 warrants having an exercise price of \$0.05 were exercised for 150,000 common shares of the Company.
- (xiii) On April 18, 2017, 100,000 options having an exercise price of \$0.05 were exercised for 100,000 common shares of the Company.
- (xiv) On April 20, 2017, the Company entered into a claim purchase agreement for a 100% interest in 267 mining claims (4,272 ha or 10,680 acres) in the Shining Tree area of Ontario. On April 24, 2017, the Company issued 391,250 common shares of the Company @ \$0.12 per share in settlement of the purchase price payable.
- (xv) On May 16, 2017, 700,000 warrants having an exercise price of \$0.05 were exercised for 700,000 common shares of the Company.
- (xvi) On June 5, 2017, 400,000 warrants having an exercise price of \$0.05 were exercised for 400,000 common shares of the Company.
- (xvii) On June 14, 2017, 400,000 warrants having an exercise price of \$0.05 were exercised for 400,000 common shares of the Company.
- (xviii) On June 20, 2017, 90,000 warrants having an exercise price of \$0.05 were exercised for 90,000 common shares of the Company.
- (xix) On June 20, 2017, the Company entered into a claim purchase agreement for a 100% interest in 127 mining claims (2,032 ha or 5,080 acres) in the Shining Tree area of Ontario. On June 20, 2017, the Company issued 436,190 common shares of the Company @ \$0.08 per share in settlement of the purchase price payable.
- (xx) On June 23, 2017, 100,000 warrants having an exercise price of \$0.05 were exercised for 100,000 common shares of the Company.
- (xxi) On June 28, 2017, 2,320,000 warrants having an exercise price of \$0.05 were exercised for 2,320,000 common shares of the Company.

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

5. SHARE CAPITAL (continued)

For the six months ended June 30, 2018

- (xxii) On January 8, 2018, 500,000 options having an exercise price of \$0.05 were exercised for 500,000 common shares of the Company.
- (xxiii) On January 23, 2018, 100,000 warrants having an exercise price of \$0.05 were exercised for 100,000 common shares of the Company.
- (xxiv) On January 24, 2018, 900,000 options having an exercise price of \$0.05 were exercised for 900,000 common shares of the Company.
- (xxv) On January 29, 2018, 100,000 options having an exercise price of \$0.10 were exercised for 100,000 common shares of the Company.
- (xxvi) On January 31, 2018, 100,000 common shares at a price of \$0.25 were issued as part of the royalty investment in Dave's Space Cakes LLC; the Company is entitled to a 5% gross revenue royalty with payments commencing on June 28, 2018.
- (xxvii) On March 13, 2018, the Company executed a shares-for-debt settlement transaction of cumulative overdue advance royalty payments in which Platinex issued 292,307 common shares at a price of \$0.13 per share to Skead Holdings Ltd., in connection with the Shining Tree property. The advance royalty settlement comprised an aggregate amount of \$73,000, which included a \$35,000 payment in cash.
- (xxviii) On March 23, 2018, 500,000 options having an exercise price of \$0.05 were exercised for 500,000 common shares of the Company.
- (xxix) On March 26, 2018, 28,000 broker warrants having an exercise price of \$0.05 were exercised for 28,000 common shares of the Company.
- (xxx) On June 22, 2018, 140,000 broker warrants having an exercise price of \$0.05 were exercised for 140,000 common shares of the Company.

6. WARRANTS

The following table reflects the continuity of warrants for the periods ended June 30, 2018 and 2017:

| | Number of warrants | Weighted average exercise price (\$) | |
|-----------------------------------|-----------------------|---|----------------|
| Balance, December 31, 2016 | 16,473,200 | 0.12 | 169,749 |
| Granted | 12,216,000 | 0.15 | 256,000 |
| Exercised | (7,203,500) | (0.06) | (14,273) |
| Balance, December 31, 2017 | 21,485,700 | 0.15 | 411,476 |
| Granted | 750,000 | 0.22 | 170,000 |
| Exercised | (268,000) | 0.05 | (616) |
| Expired | (84,000) | 0.05 | - |
| Balance, June 30, 2018 | 21,883,700 | 0.15 | 580,860 |

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

6. WARRANTS (Continued)

The following table reflects the warrants issued and outstanding as of June 30, 2018:

| Date of Expiry | Number of warrants outstanding | Exercise price (\$) | Grant date fair value (\$) |
|-------------------|--------------------------------|---------------------|----------------------------|
| January 9, 2023 | 750,000 | 0.24 | 170,000 |
| November 25, 2021 | 4,094,600 | 0.20 | 25,720 |
| June 28, 2021 | 4,667,000 | 0.10 | 129,140 |
| November 15, 2019 | 12,000,000 | 0.15 | 253,000 |
| November 25, 2018 | 156,100 | 0.10 | - |
| November 30, 2018 | 216,000 | 0.05 | 3,000 |
| | 21,883,700 | 0.15 | 580,860 |

On January 9, 2018, the Company issued 750,000 compensation warrants, with an exercise price of \$0.24 per warrant and a warrant expiration date, five years from date of issue, to arm's length parties for consulting services rendered to the Company. These warrants were assigned a value of \$170,000.

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

| | 2018 | 2017 |
|-------------------------|---------|---------|
| Expected dividend yield | 0.00 % | 0.00 % |
| Expected volatility | 218 % | 213 % |
| Risk free rate | 2.19 % | 1.44 % |
| Expected life | 5 years | 2 years |

7. 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 and each successive year at the Annual General Meeting.

The following summarizes the stock option activity for the following periods:

| | Number of stock options | Weighted average exercise price (\$) |
|-----------------------------------|-------------------------|--------------------------------------|
| Balance, December 31, 2016 | 6,300,000 | 0.09 |
| Granted | 3,050,000 | 0.10 |
| Exercised | (1,950,000) | 0.05 |
| Balance, December 31, 2017 | 7,400,000 | 0.07 |
| Exercised | (2,000,000) | 0.05 |
| Balance, June 30, 2018 | 5,400,000 | 0.08 |

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

7. STOCK OPTIONS (Continued)

On September 18, 2017, the Company granted an aggregate of 3,050,000 options with a five-year term at an exercise price of \$0.10 to the directors, officers and consultants of the Company. The options vested immediately were valued at \$270,000 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 218.68%; risk-free interest rate of 1.79% and an expected life of 5 years.

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

| | 2018 | 2017 |
|-------------------------|---------|---------|
| Expected dividend yield | 0.00 % | 0.00 % |
| Expected volatility | 218 % | 196 % |
| Risk free rate | 1.79 % | 0.59 % |
| Expected life | 5 years | 5 years |

The following table reflects the Company's stock options outstanding and exercisable as at June 30, 2018:

| Expiry date | Options outstanding | Options exercisable | Exercise price (\$) | Weighted average remaining contractual life (years) |
|--------------------|---------------------|---------------------|---------------------|---|
| May 14, 2019 | 600,000 | 600,000 | 0.05 | 0.87 |
| September 7, 2021 | 1,850,000 | 1,850,000 | 0.05 | 3.19 |
| September 18, 2022 | 2,950,000 | 2,950,000 | 0.10 | 4.22 |
| | 5,400,000 | 5,400,000 | 0.08 | 3.50 |

8. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals. Related party transactions are conducted in the normal course of operations and are measured at the exchange value (the value amount established and agreed to by the related person).

The following summaries the Company's related party transactions for the periods are presented below:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------------------------|--------------------------------|----------|------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Rent paid | \$ 3,000 | \$ 3,000 | \$ 6,000 | \$ 6,000 |
| Exploration and evaluation assets | \$ - | \$ - | \$ - | \$ 2,069 |

Platinex Inc.
Notes to Condensed Interim Consolidated Financial Statements
Three and Six Months Ended June 30, 2018
Unaudited - Expressed in Canadian Dollars

8. RELATED PARTY TRANSACTIONS (Continued)

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. Company's key management personnel include the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary.

Remuneration of Directors and key management of Company for the periods are presented below:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|-----------------|--|-------------|--------------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Directors fees | \$ 20,000 | \$ 34,000 | \$ 40,000 | \$ 43,000 |
| Management fees | \$ 57,422 | \$ 34,796 | \$ 108,015 | \$ 65,607 |

9. SUBSEQUENT EVENTS

(i) On August 2, 2018, the Company announced the grant of 3,200,000 stock options to newly appointed directors of the Company. These options are exercisable at a price of \$0.07 per share and have a term of 5 years.

(ii) On August 17, 2018, the Company announced the grant of 600,000 stock options to existing directors and officers of the Company. These options are exercisable at a price of \$0.07 per share and have a term of 5 years.

(iii) On April 4, 2018, Platinex announced that it has entered into an letter of intent ("LOI") to acquire a 51% interest in Glas Huis, an Oregon-based cannabis company specializing in the production of premium quality craft products including top shelf flower and solventless concentrates. Platinex will acquire a 51% interest in Glas Huis for total consideration of US\$2 million, of which US\$1.5 million will be invested into Glas Huis in the form of a senior secured promissory note carrying an interest rate of 10% with a 30-month term and US\$500,000 will be in the form of Platinex common shares issued to current Glas Huis shareholders priced at the 10-day VWAP prior to closing. In addition, Platinex will have an option to increase its ownership interest in Glas Huis to up to 75% by funding the build-out of a secondary cultivation facility.

On August 17, 2018, the Company also announced that the LOI with Glas Huis has been renegotiated extending the closing date of the Definitive Agreement until September 30, 2018 and changing the terms whereby Platinex can increase its initial 51% interest in Glas Huis to 60% by expending US\$1.5 million over 6 months beginning September 2018 and granting 500,000 options versus the issuance of 500,000 shares of Platinex. The initial expenditures by the Company for the second half of 2018 are estimated at approximately US\$160,000. The LOI provides conditions which are customary for this type of transaction, including regulatory approvals and Platinex completing the change of business pursuant to the policies of the Canadian Securities Exchange.