Platinex Inc.

Consolidated Financial Statements

Years ended December 31, 2019 and 2018

Expressed in Canadian Dollars

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Platinex Inc.:

Opinion

We have audited the consolidated financial statements of Platinex Inc. and its subsidiaries (together the “Company”), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders’ (deficiency) equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes the events and conditions indicating that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Anna C. Moreton.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.
June 9, 2020

Expressed in Canadian Dollars

	As at December 31, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash	$ **1,154**	$ 13,797
HST receivable	**52,970**	46,052
Prepaid expenses	**10,650**	10,000
Total current assets	**64,774**	69,849
Non-current assets		
Exploration and evaluation assets (note 5)	**1**	35,000
Equipment	**961**	1,372
Total non-current assets	**962**	36,372
Total assets	$ **65,736**	$ 106,221
LIABILITIES AND SHAREHOLDERS' (DEFICIENCY) EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	$ **549,712**	$ 294,829
Total liabilities	**549,712**	294,829
Shareholders' (deficiency) equity		
Share capital (note 7)	**8,272,886**	8,165,219
Share warrant reserve (note 8)	**590,391**	557,058
Contributed surplus (note 9)	**1,326,806**	1,306,406
Accumulated deficit	**(10,674,059)**	(10,217,291)
Total shareholders' (deficiency) equity	**(483,976)**	(188,608)
Total liabilities and shareholders' (deficiency) equity	$ **65,736**	$ 106,221

Nature of operations and going concern (note 1)
Commitments and contingencies (note 15)
Subsequent events (note 16)

Approved on behalf of the Board:

"James Trusler", Director

"Graham Warren", Director

Platinex Inc.
Consolidated Statement of Loss and Comprehensive Loss
Expressed in Canadian Dollars

	Year Ended December 31, 2019	Year Ended December 31, 2018
Expenses		
Professional fees (note 12)	**$ 110,778**	$ 105,354
Consulting fees (notes 7 and 8)	**51,429**	349,114
Depreciation	**411**	589
Directors fees (note 12)	**-**	40,000
Insurance	**-**	11,276
Investor relations	**11,208**	8,120
Management fees and salaries (note 12)	**114,320**	139,155
Office and general	**24,051**	20,615
Rent (note 12)	**12,000**	10,361
Regulatory and transfer agent fees	**15,448**	21,050
Share based compensation (notes 9 and 12)	**20,400**	266,000
Loss on investments (note 6)	**-**	232,910
Impairment of exploration and evaluation asset (note 5)	**96,723**	2,188,670
Net loss and comprehensive loss for the year	**$ (456,768)**	$ (3,393,214)
Basic and diluted loss per share	**$ 0.00**	$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	**99,265,521**	96,978,181

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

Platinex Inc.
Consolidated Statement of Cash Flows
Expressed in Canadian Dollars

	Year Ended December 31, 2019	Year Ended December 31, 2018
Operating activities		
Net loss for the year	**$ (456,768)**	$ (3,393,214)
Adjustments to reconcile net loss to net cash used in operating activities:		
Consulting fees	**-**	195,000
Consulting fees to be settled in shares	**-**	74,310
Depreciation	**411**	589
Share based compensation	**20,400**	266,000
Loss on investments	**-**	232,910
Impairment of exploration and evaluation asset	**96,723**	2,188,670
Changes in non-cash working capital items:		
HST receivable	**(6,918)**	(32,034)
Prepaid expenses	**(650)**	9,592
Accounts payable and accrued liabilities	**254,883**	59,884
Net cash used in operating activities	**(91,919)**	(398,293)
Investing activities		
Expenditures for exploration and evaluation assets	**(45,724)**	(9,497)
Royalty payment received	**25,000**	-
Acquisition of investments	**-**	(232,910)
Net cash used in investing activities	**(20,724)**	(242,407)
Financing activities		
Share capital issued	**100,000**	-
Proceeds from exercise of warrants and options	**-**	144,200
Net cash provided by financing activities	**100,000**	144,200
Net change in cash	**(12,643)**	(496,500)
Cash, beginning of year	**13,797**	510,297
Cash, end of year	**$ 1,154**	$ 13,797

Supplemental information		
Common shares issued for option payment	**$ 5,000**	$ -
Common shares issued for services	**$ -**	$ 25,000
Warrants issued for services	**$ -**	$ 170,000
Common shares issued for exploration and evaluation assets	**$ 36,000**	$ 38,000
Fair value of warrants exercised	**$ -**	$ 24,418
Fair value of options exercised	**$ -**	$ 73,166

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

Expressed in Canadian Dollars

	Share Capital	Share Warrant Reserve	Contributed Surplus	Accumulated Deficit	Total
Balance, December 31, 2017	**$ 7,860,435**	**$ 411,476**	**$ 1,113,572**	**$ (6,824,077)**	**$ 2,561,406**
Net loss for the year	-	-	-	(3,393,214)	(3,393,214)
Common shares issued for cash (note 7(b))	241,784	(24,418)	(73,166)	-	144,200
Common shares issued for exploration and evaluation assets (note 7(b))	38,000	-	-	-	38,000
Common shares issued for services (note 7(b))	25,000	-	-	-	25,000
Warrants issued (note 8)	-	170,000	-	-	170,000
Share based compensation (note 9(i))	-	-	266,000	-	266,000
Balance, December 31, 2018	**8,165,219**	**557,058**	**1,306,406**	**(10,217,291)**	**(188,608)**
Net loss for the year	-	-	-	(456,768)	(456,768)
Common shares issued for cash (note 7(b))	66,667	33,333	-	-	100,000
Common shares issued for exploration and evaluation assets (note 7(b))	36,000	-	-	-	36,000
Exercise of stock options for advance royalty payment (note 7(b))	5,000	-	-	-	5,000
Share based compensation (note 9(ii)(iii))	-	-	20,400	-	20,400
Balance, December 31, 2019	**$ 8,272,886**	**$ 590,391**	**$ 1,326,806**	**$ (10,674,059)**	**$ (483,976)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Platinex Inc., which together with its subsidiaries 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 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 consolidated financial statements were approved and authorized for issue by the Board of Directors on June 9, 2020.

For the year ended December 31, 2019, the Company generated a net loss of $456,768 (2018 - $3,393,214), has an accumulated deficit of $10,674,059 as at December 31, 2019 (2018 - $10,217,291) and has negative cash flow from operations amounting to $91,919 for (2018 - $398,293).

Management estimates that the funds available as at December 31, 2019 may not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2020. 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.

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 are material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, to the reported 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

These consolidated financial statements have been prepared in accordance with the standards issued by the International Accounting Standards Board ("IASB") and the Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended December 31, 2019. These consolidated financial statements have been prepared on a going concern basis, under the historical cost model, except for certain financial instruments at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

The consolidated financial statements include the accounts of the Company, and its wholly owned subsidiaries PTX Nevada LLC, Endurance Elements Inc., South Timmins Mining Inc., Cannabis Mall Inc. and Platinex Investment Inc.

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

b) Foreign Currency Translation

The consolidated financial statements of the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent company and its subsidiaries is the Canadian dollar. The presentation currency of the Company is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

c) Exploration and Evaluation Assets

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation ("E&E") expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials, surveys, sampling costs, geological expenses, geophysical studies and drilling costs during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of that project are deemed to be impaired. As a result, those E&E expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

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

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as a 'mine under construction'. E&E assets are tested for impairment before the assets are transferred to mine under construction.

E&E expenditures are classified as intangible assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Impairment of Non - Financial Assets

Where the carrying amount of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to a maximum amount equal to the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

An impairment loss is recognized in profit or loss, except to the extent it reverses gains previously recognized in other comprehensive loss/income.

e) Financial Instruments

The primary measurement categories for financial assets and liabilities are measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at December 31, 2019:

Classification	IFRS 9
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Financial assets

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows

- FVTPL and FVTOCI

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the consolidated statement of loss in the period in which they arise.

Financial assets at FVTOCI are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost less any impairment.

- 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 measured at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Financial Instruments (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL 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 accrued liabilities do not fall into any of the exemptions and are therefore 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.

f) Provisions

Rehabilitation Provision

The operations of the Company may be affected by changes in environmental regulations, including those relating to future reclamation and site restoration. The likelihood of new regulations and their overall effect upon the Company are unknown and unpredictable. The Company plans to meet and, if possible, surpass standards set by legislation, by applying technically proven and economically feasible measures.

Environmental expenditures relating to environmental and reclamation programs are charged to operations, or are capitalized and amortized, depending on their future economic benefits, over the estimated remaining life of the related business operation, net of expected recoveries. Liabilities related to environmental protection and reclamation costs are recognized when the obligation is incurred and the fair value of the related costs can be reasonably estimated. This includes future removal and site restoration costs required by environmental law or contracts. As at December 31, 2019 and 2018, the Company had no material rehabilitation obligations.

Other Provisions

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

Onerous Contracts

A provision for onerous contracts would be recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision would be measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company would recognize any impairment loss on the assets associated with the contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Income Taxes

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

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current period and any adjustment to income taxes payable in respect of previous periods. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal period.

Deferred income tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred income tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable income will be available against which the deferred income tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred income tax asset to the extent that it has become probable that future taxable income will allow the deferred income tax asset to be recovered.

h) Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the periods presented, all options and warrants were excluded from the calculation of diluted loss per share because they were anti-dilutive.

i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Share-based Payments (continued)

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

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

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

j) Equity

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Contributed surplus comprises the cumulative value of share-based compensation where the options have not been exercised. Share warrant reserves comprise the value of the Company's outstanding and expired warrants. The Company's accumulated deficit comprises all current and prior period losses. Equity financing transactions may involve the issuance of units. Units comprise common shares and share purchase warrants. The Company accounts for unit offering financing using the relative fair value method. Under this method, the fair values of the shares and share purchase warrants are determined separately and prorated to the actual proceeds received. The fair value of the shares is determined using the share price at the issue date. The fair value of share purchase warrants is measured using the Black-Scholes option pricing model at the issue date.

k) Leases ("IFRS 16")

IFRS 16 was issued in January 2016 and became effective for the Company as at January 1, 2019. IFRS 16 replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment losses, if any. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard had no impact on the consolidated financial statements as at January 1, 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Uncertainty over Income Tax Treatments ("IFRIC 23")

The Company adopted IFRIC 23 on January 1, 2019 on a modified retrospective basis without restatement of comparative information. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The adoption of the new standard had no impact on the consolidated financial statements as at January 1, 2019.

m) Business Combinations ("IFRS 3")

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020 with early adoption permitted. The amendment clarifies that a business must include, at minimum, an input and a substantive process that together contribute to the ability to create outputs, and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets by providing supplemental guidance for assessing whether an acquired process is substantive. The Company has decided to early adopt the amendments to IFRS 3 effective January 1, 2019 and shall apply the amended standard in assessing business combinations on a prospective basis. For acquisitions that are determined to be acquisitions of assets as opposed to business combinations, the Company allocates the transaction price to the individual identifiable assets acquired and liabilities assumed on the basis of their relative fair values, and no goodwill is recognized. Acquisitions that continue to meet the definition of a business combination are accounted for under the acquisition method, without any changes to the Company's accounting policy. The adoption of the new standard had no impact on the Company's consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

Judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized on the consolidated financial statements include:

a) Going concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgements of management with respect to assumptions surrounding the short and long-term operating budget, investment and financing activities and management's strategic planning. Should those judgements prove to be inaccurate, management's continued use of the going concern assumptions would be inappropriate.

b) Functional currency

The determination of functional currency for the Company's subsidiaries requires assessment of the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgements to determine the primary economic environment in which the Company operates. The Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (continued)

c) Impairment of Exploration and Evaluation Assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses, is a subjective process involving judgement and a number of estimates and interpretations in many cases. Determining whether to test for impairment of exploration and evaluation assets requires management's judgement, among others, regarding the following:

(i) The period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
(ii) Substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned;
(iii) Exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or
(iv) Sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Additional external factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends and significant declines in ore prices.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs must be determined. Identifying the cash generating units requires considerable management judgement. In testing an individual asset or cash generating unit for impairment and identifying a reversal or impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available.

Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and losses may occur during the next period.

d) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

e) Income Taxes and Other Taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgement is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Expressed in Canadian Dollars

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and assumptions are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

a) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share options, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in notes 8 and 9.

b) Commitments and Contingencies refer to notes 5 and 15.

5. EXPLORATION AND EVALUATION ASSETS

	Shining Tree
Balance at December 31, 2017	**$ 2,176,173**
Exploration costs	47,497
Impairment	(2,188,670)
Balance at December 31, 2018	**35,000**
Option payment - cash	28,000
Option payment - shares	36,000
Royalty payment received	(25,000)
Exploration costs	22,724
Impairment	(96,723)
Balance at December 31, 2019	**$ 1**

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario

In 2011, the Company vested an option agreement with Skead Holdings Ltd. ("Skead"), 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 a cumulative overdue advance royalty payment by issuance of 292,307 common shares to Skead 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. Skead has agreed to defer payment of the April 2019 advance royalty payments.

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 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 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 (issued in 2016), 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. The option is currently in arrears by $25,000. 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 (issued in 2016). 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 November 3, 2016 (issued in 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. On December 12, 2017, the Company issued 138,888 shares to Skead and Ashley Gold Mines Limited to satisfy a portion of a $25,000 option payment on the Skead-Ashley option.

In January and March 2019, the following amendments were made to option agreement with Skead and Ashley Gold Mines Limited:

(i) The $25,000 option in arrears was increased to $30,000 and due on January 18, 2019 through the issuance of shares (see note 16(i));
(ii) Final option payment of $30,000 (payable in cash) due August 1, 2019; (amended see below)
(iii) Year 3 expenditures of $150,000 due on or before August 17, 2020; (amended see below)
(iv) Year 4 expenditures of $200,000 due on or before August 17, 2021. (amended see below)

For the year ended December 31, 2019, the Company assessed the impairment indicators under IFRS 6 and has recorded a write-down of $96,723 (2018 - $2,188,670) due to the lack of budgeted resources available and committed to the property.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario (continued)

On April 12, 2019, the Company closed a transaction for the assignment of its ownership rights, under an option agreement with Skead and Ashley Gold Mines Limited with respect to a 50% interest in claim L4212960, to Goldeye Explorations Ltd., a subsidiary of Treasury Metals Inc. The terms include proceeds of $25,000 received in cash and a 1% NSR royalty on 50% of the claim. The residual requirements of Platinex under the Skead-Ashley option were accordingly amended to:

(i) Final option payment of $28,000 (paid);
(ii) Year 3 expenditures of $140,000 due on or before August 17, 2020;
(iii) Year 4 expenditures of $186,667 due on or before August 17, 2021.

On October 28, 2019, the Company announced that it had entered into two Letters of Intent to acquire two prospective claim groups adjoining its Shining Tree property in Churchill and MacMurchy Townships, Ontario.

The first Letter of Intent ('LOI') with Skead is with respect to 19 cell claims and one fractional claim. It is intended to include these claims in an existing royalty agreement (3% NSR) with Skead and to provide Skead with staking costs of approximately $1,000. The LOI also calls for the inclusion of two legacy claims held solely by Platinex in the Skead royalty agreement. The arrangement is intended to be concluded upon Platinex completing a financing which is currently in progress.

The second LOI with a partnership represented by Joe B. Hinzer involves 8 cell claims in Churchill Township. This LOI contemplates entering into a definitive agreement to acquire 100% interest in the Dirks-Hinzer Property subject to an agreed royalty, reimbursement for past exploration and completion of a favourable due diligence by Platinex. The transaction is to be completed after Platinex completes a financing currently in progress and, at Platinex's option, may be paid in Platinex common shares.

6. INVESTMENTS IN INTERGALACTIC FOODS, LLC AND DAVE'S SPACE CAKES LLC

In January 2018, the Company entered into an agreement to acquire a 51% interest in Intergalactic Foods, LLC ("IGF"), an entity incorporated in Oregon for cash consideration of $94,418 (US$75,000). The Company subsequently advanced cash of $41,150 to IGF for operating expenses. The Company concluded it did not have control as the 49% shareholder managed the operations and made all decisions. During the year ended December 31, 2018, IGF was unable to commence operations. The Company entered into a separate royalty agreement with the principal of IGF, Dave McNicoll, for cash consideration of $93,262 (US$75,000), under which the Company acquired a five (5%) gross revenue royalty of Dave's Space Cakes LLC. No royalties have been received under the agreement. As at December 31, 2018, the Company determined that there were indicators of impairment and recorded a loss on investment of $232,910 in net loss during the year then ended.

Expressed in Canadian Dollars

7. SHARE CAPITAL

a) Authorized: Unlimited number of common shares.

b) Issued:

	Number of common shares	Amount
Balance, December 31, 2017	**94,605,288**	**$ 7,860,435**
Common share issuances (i) to (iv)	2,876,307	304,784
Balance, December 31, 2018	**97,481,595**	**8,165,219**
Common share issuances (v)	600,000	36,000
Issuance of common shares for private placement (vii)	3,333,332	100,000
Warrants valuation (vii)	-	(33,333)
Exercise of stock options for option payment (vi)	100,000	5,000
Balance, December 31, 2019	**101,514,927**	**$ 8,272,886**

For the year ended December 31, 2018

(i) During the year ended December 31, 2018, 2,000,000 options having a weighted average exercise price of $0.05 were exercised for 2,000,000 common shares of the Company for gross proceeds of $105,000. Options were exercised during a period when the Company's market share price was $0.23.

(ii) During the year ended December 31, 2018, 484,000 warrants having a weighted average exercise price of $0.08 were exercised for 484,000 common shares of the Company for gross proceeds of $39,200. Warrants were exercised during a period when the Company's market share price was $0.14.

(iii) On January 31, 2018, 100,000 common shares at a price of $0.25 were issued as a finder's fee in connection with the investment in IGF (note 6) and was recognized as consulting fees. The fair value of the shares issued was determined based on the market price at the date of the issuance.

(iv) 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 in connection with the Shining Tree property. The fair value of the shares issued was determined based on the market price at the date of the issuance. The advance royalty settlement comprised an aggregate amount of $73,000, which is comprised of a $35,000 cash payment and the $38,000 fair value of the common shares issued.

For the year ended December 31, 2019

(v) On January 24, 2019, Platinex issued 600,000 common shares (valued at $36,000) to satisfy a required payment to maintain the Company's interest in the Shining Tree property.

(vi) On May 13, 2019, Skead exercised 100,000 stock options for 100,000 common shares (valued at $5,000) to satisfy a required advance royalty payment on the Shining Tree property.

Expressed in Canadian Dollars

7. SHARE CAPITAL (continued)

(vii) On August 26, 2019, the Company closed a private placement of 3,333,332 Units for aggregate gross proceeds of $100,000. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one common share at an exercise price of $0.075 for a period of 24 months from issuance.

The warrants issued were assigned an aggregate fair value of $33,333 using the Black-Scholes option pricing model, using the relative fair value method, with the following assumptions: dividend yield 0%, expected volatility 143%, risk-free rate of return 1.39% and expected life of 2 years.

c) Commitment to issue shares:

During the year ended December 31, 2018, the Company entered into an agreement to settle $74,310 of consulting fees in common shares of the Company. The amount is included in accounts payable and accrued liabilities as at December 31, 2019.

8. WARRANTS

The following table reflects the continuity of warrants for the years ended December 31, 2019 and 2018:

	Number of warrants	Weighted average exercise price ($)
Balance, December 31, 2017	**21,485,700**	**0.15**
Granted [1]	750,000	0.24
Exercised	(484,000)	(0.08)
Expired	(480,200)	(0.12)
Balance, December 31, 2018	**21,271,500**	**0.15**
Granted (note 7(vii))	3,333,332	0.075
Balance, December 31, 2019	**24,604,832**	**0.14**

[1] 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 measured at their fair value of $0.23 per warrant for a total value of $170,000.

The following table reflects the warrants issued and outstanding as of December 31, 2019:

Date of Expiry	Number of warrants outstanding	Exercise price ($)
January 9, 2023	750,000	0.24
November 25, 2021	3,938,500	0.20
August 26, 2021	3,333,332	0.075
June 28, 2021	4,583,000	0.10
November 15, 2021[1]	12,000,000	0.15
	24,604,832	**0.14**

[1] On November 1, 2019, the Company extended the expiry dates of an aggregate of 12,000,000 common share purchase warrants with original expiry date of November 15, 2019 for an additional twenty-four months. The exercise price and all other terms of the warrants remain unchanged.

Expressed in Canadian Dollars

9. STOCK OPTIONS

In October 2005, the Company's Board of Directors approved a stock option plan. Under the terms of the Company's stock option plan, a maximum of 10% of the issued and outstanding common shares are reserved for issuance to the Company's directors, officers, employees and eligible consultants. The stock option plan was approved by the Company's non-participatory shareholders on May 24, 2006 and is re-approved each successive year at the Annual General Meeting.

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

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2017	**7,400,000**	**0.07**
Granted (i)	3,800,000	0.07
Exercised	(2,000,000)	(0.05)
Balance, December 31, 2018	**9,200,000**	**0.07**
Granted (ii)(iii)	1,200,000	0.05
Exercised	(100,000)	(0.05)
Expired / Forfeited	(2,050,000)	(0.07)
Balance, December 31, 2019	**8,250,000**	**0.07**

(i) On August 1, 2018 and August 17, 2018, the Company granted an aggregate of 3,800,000 options with a five-year term at an exercise price of $0.07 to the directors and officers of the Company. The options vested immediately and were valued at their grant date fair value of $0.07 per option for a total of $266,000 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 170%; share price ranging from $0.075 to $0.085; exercise price of $0.07; risk-free interest rate ranging from 2.19% to 2.25% and an expected life of 5 years.

(ii) On April 23, 2019, the Company granted an aggregate of 200,000 options with a five-year term at an exercise price of $0.05 to an officer of the Company. The options vested immediately and were valued at their grant date fair value of $0.037 per option for a total of $7,400 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 156%; share price of $0.04; exercise price of $0.05; risk-free interest rate of 1.57% and an expected life of 5 years.

(iii) On November 1, 2019, the Company granted an aggregate of 1,000,000 options with a five-year term at an exercise price of $0.05 to certain officers and directors of the Company. The options vested immediately and were valued at their grant date fair value of $0.013 per option for a total of $13,000 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 156%; share price of $0.015; exercise price of $0.05; risk-free interest rate of 1.46% and an expected life of 5 years.

Expressed in Canadian Dollars

9. STOCK OPTIONS (continued)

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2019:

Expiry date	Options outstanding	Options exercisable	Exercise price ($)	Weighted average remaining contractual life (years)
September 7, 2021	1,850,000	1,850,000	0.05	1.69
September 18, 2022	2,400,000	2,400,000	0.10	2.72
August 1, 2023	2,200,000	2,200,000	0.07	3.59
August 17, 2023	600,000	600,000	0.07	3.63
April 23, 2024	200,000	200,000	0.05	4.32
November 1, 2024	1,000,000	1,000,000	0.05	4.84
	8,250,000	**8,250,000**	**0.07**	**3.08**

10. FINANCIAL INSTRUMENTS AND RISK FACTORS

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

Fair Value of Financial Instruments

The fair value hierarchy is comprised of three 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). As at December 31, 2019 and 2018, the Company had no financial instruments valued using the fair value hierarchy.

As at December 31, 2019 and 2018, the carrying value of the Company’s cash and accounts payable and accrued liabilities represent their fair values due to their short-term nature.

Credit Risk

The Company’s credit risk is attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is maintained at a major financial institution with reputable credit and therefore management believes credit risk to be minimal.

Liquidity Risk

As at December 31, 2019, the Company had a cash balance of $1,154 (2018 - $13,797) to settle current liabilities of $549,712 (2018 - $294,829). If additional financing in the near term is delayed, the Company may consider the sale of non-core assets to assist it in meeting its ongoing capital requirements. The Company’s accounts payable and accrued liabilities are generally due in 30 days and are subject to normal trade terms.

Market Risk

(a) Interest Rate Risk

The Company has cash balances subject to nominal interest rate. 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 exposed to interest rate risk on liabilities.

10. FINANCIAL INSTRUMENTS AND RISK FACTORS (continued)

Market Risk (continued)

(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 not significant and therefore does not hedge its foreign exchange risk.

(c) Price Risk

The Company is indirectly 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.

11. 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 share capital, warrants and options. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of 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 expects to 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 determines 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 years ended December 31, 2019 and 2018.

12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors and other key management personnel, 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 parties).

The following summarizes the Company's related party transactions for the years:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Rent paid	**$ 12,000**	$ 9,000

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. The Company's key management personnel include the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary.

Expressed in Canadian Dollars

12. RELATED PARTY TRANSACTIONS (continued)

Remuneration of key management personnel of the Company for the years are presented below:

	Year Ended December 31, 2019	2018
Management fees and salaries	**$ 114,320**	$ 138,870
Professional fees	**46,094**	11,424
Directors fees	**-**	40,000
Stock based compensation	**20,400**	266,000
	$ 180,814	$ 456,294

As at December 31, 2019, related parties were owed $215,572 (2018 - $40,078) recorded in accounts payable and accrued liabilities.

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 26.5% (26.5% - 2018) are as follows:

	Year Ended December 31, 2019	2018
Loss before income taxes	**$ (456,768)**	$ (3,393,214)
Income tax recovery at the statutory rate - 26.5% (2018 - 26.5%)	**121,000**	916,000
Adjustments:		
Change in statutory income tax rates and other	**(54,000)**	43,000
Non-deductible expenses	**(5,000)**	(135,000)
Benefit of tax assets not recognized	**(62,000)**	(824,000)
Total income tax expense (recovery)	**$ -**	**$ -**

b) Deferred income tax balances

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

	As at December 31, 2019	As at December 31, 2018
Non-capital loss carry-forwards	**$ 2,073,000**	$ 2,012,000
Canadian development and exploration expenditures	**933,000**	924,000
Share issuance costs	**9,000**	17,000
	3,015,000	2,953,000
Deferred tax benefits not recognized	(3,015,000)	(2,953,000)
Deferred tax assets	**$ -**	**$ -**

13. INCOME TAXES (continued)

As at December 31, 2019, the Company has federal non-capital loss carry forwards of approximately $7,821,000 for Canadian income tax purposes which expire between 2027 and 2039 and approximately $3,545,000 of various classes of exploration expenditures, which under certain circumstances can be used to reduce the taxable income of future years.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

14. SEGMENTED REPORTING

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

15. COMMITMENTS AND CONTINGENCIES

Environmental

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

16. SUBSEQUENT EVENTS

(i) On January 23, 2020, the Company announced that it retains a 2.5% NSR royalty on a 19 km strike length of the Big Trout Lake Igneous Complex in northwestern Ontario. Work on the Big Trout Lake Igneous Complex was halted pending a lands dispute between the Ontario government, and the Kitchenuhmaykoosib Inninuwug FN. In 2009, Platinex relinquished its property interests to the Ontario government while retaining a 2.5% NSR royalty in perpetuity should some other party acquire the land prior to the end of December, 2034.

(ii) On January 28, 2020 and March 3, 2020, the Company completed the second and third closings of a non-brokered private placement, issuing a total of 1,100,000 units for gross proceeds of $33,000. Each unit consists of one common share of the Company and one warrant of the Company. Each warrant entitles the holder to acquire one additional common share at an exercise price of $0.075 for a period of 24 months from issuance.

16. SUBSEQUENT EVENTS (continued)

(iii) On March 11, 2020, the Company and Treasury Metals Inc. ("Treasury") have entered into a non-binding heads of agreement between the two companies (the "Transaction"):

a) Treasury will transfer a 100% interest in its 280 claim unit 5,045 Ha. (12,466 ac.) Shining Tree Fawcett East property (the "Shining Tree East Property") to Platinex, to create the largest combined gold focused property package in the Shining Tree District, Northern Ontario (the "Shining Tree Property"). The Shining Tree Property is located on 21km of the Tyrrell-Ridout Deformation Zone which also hosts both IAMGOLD's Côté Lake gold deposit and Pan American's Juby deposit;
b) Treasury will transfer to Platinex royalties comprising four Ontario and Chile based exploration projects covering gold, PGM's and base metal opportunities (the "Royalties") to enhance Platinex's existing royalty portfolio;
c) In consideration for acquiring the Shining Tree East Property and the Royalties, Platinex will issue to Treasury 12,500,000 common shares ("Consideration Shares") of Platinex and 5,000,000 non-transferable common share purchase warrants ("Consideration Warrants") of Platinex. Each Consideration Warrant will be exercisable at a price of $0.05 per share for a period of three years from the date of issuance, provided that if the closing price of the common shares of Platinex ("Platinex Shares") is equal to or greater than $0.30 for a period of 20 consecutive trading days, Platinex will have the right to increase the exercise price of the Consideration Warrants by giving a written notice to Treasury that the exercise price shall be increased to $0.15 per share on the date that is 10 days from the date of such notice. In addition, Treasury shall not exercise the Consideration Warrants if such exercise would result in Treasury owning 20% or more of the issued and outstanding Platinex Shares;
d) Treasury will contribute operational efficiencies between the two companies with a view to provide effective management going forward to advance the Shining Tree Property;
e) Treasury will undertake to support Platinex's management for a two-year period in shareholder votes;
f) Platinex will grant Treasury a first right of refusal to participate in further financings of Platinex shares for a period of two years to maintain its percentage interest; and
g) Treasury will have the right to appoint a nominee to the board of directors of Platinex.

Completion of the Transaction is subject to further due diligence and the parties entering into a formal agreement.

(iv) In March 2020, the outbreak of the novel strain of coronavirus known as "COVID19" has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

(v) In May 2020, the Company received a government guaranteed loan of $40,000 to help with operating costs during COVID-19. The loan is interest-free until December 31, 2022. 25% of the loan amount is eligible for forgiveness provided that the Company pays back 75% of the loan on or before December 31, 2022. If the Company does not repay the loan by December 31, 2022, the loan may be converted into a 3-year term loan at an interest rate of 5%.