



Platinex Inc.

Consolidated Financial Statements

Years Ended December 31, 2020 and 2019

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

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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, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders’ equity (deficiency) 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, 2020 and 2019, 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.

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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.
April 23, 2021

Platinex Inc.
Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	As at December 31, 2020	As at December 31, 2019
ASSETS		
Current assets		
Cash	\$ 1,393,872	\$ 1,154
HST receivable	30,327	52,970
Prepaid expenses	84,741	10,650
Total current assets	1,508,940	64,774
Non-current assets		
Exploration and evaluation assets (note 5)	1,173,540	1
Equipment	549	961
Total non-current assets	1,174,089	962
Total assets	\$ 2,683,029	\$ 65,736
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 247,841	\$ 549,712
Total current liabilities	247,841	549,712
Loan payable (note 6)	40,000	-
Total liabilities	287,841	549,712
Shareholders' equity (deficiency)		
Share capital (note 7)	10,525,580	8,272,886
Share warrant reserve (note 8)	1,654,928	590,391
Contributed surplus (note 9)	1,660,351	1,326,806
Accumulated deficit	(11,445,671)	(10,674,059)
Total shareholders' equity (deficiency)	2,395,188	(483,976)
Total liabilities and shareholders' equity (deficiency)	\$ 2,683,029	\$ 65,736

Nature of operations and going concern (note 1)
 Commitments and contingencies (note 14)
 Subsequent events (note 16)

Approved on behalf of the Board:

 "James Trusler", Director

 "Greg Ferron", Director

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

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

	Year Ended December 31,	
	2020	2019
Expenses		
Professional fees (note 12)	\$ 146,067	\$ 110,778
Consulting fees	20,074	51,429
Depreciation	412	411
Management fees and salaries (note 12)	80,680	114,320
Office and general	135,105	35,259
Rent (note 12)	6,000	12,000
Regulatory and transfer agent fees	20,617	15,448
Share based payments (notes 9 and 12)	362,657	20,400
Impairment of exploration and evaluation asset (note 5)	-	96,723
Net loss and comprehensive loss for the year	\$ (771,612)	\$ (456,768)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	119,321,105	99,265,521

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

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

	Year Ended December 31,	
	2020	2019
Operating activities		
Net loss for the year	\$ (771,612)	\$ (456,768)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	412	411
Share based payments	362,657	20,400
Impairment of exploration and evaluation asset	-	96,723
Changes in non-cash working capital items:		
HST receivable	22,643	(6,918)
Prepaid expenses	(74,091)	(650)
Accounts payable and accrued liabilities	(301,871)	254,883
Net cash used in operating activities	(761,862)	(91,919)
Investing activities		
Expenditures for exploration and evaluation assets	(213,539)	(45,724)
Royalty payment received	-	25,000
Net cash used in investing activities	(213,539)	(20,724)
Financing activities		
Proceeds from common shares issued, net of costs	2,328,119	100,000
Proceeds from loan payable	40,000	-
Net cash provided by financing activities	2,368,119	100,000
Net change in cash	1,392,718	(12,643)
Cash, beginning of year	1,154	13,797
Cash, end of year	\$ 1,393,872	\$ 1,154
Supplemental information		
Fair value of warrants included in units	\$ 803,912	\$ -
Fair value of share issue cost warrants	\$ 176,625	\$ -
Common shares and warrants issued for exploration and evaluation assets	\$ 960,000	\$ 36,000
Fair value of warrants exercised	\$ 126,000	\$ -
Fair value of options exercised	\$ 29,112	\$ -
Common shares issued for option payment	\$ -	\$ 5,000

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

Platinex Inc.
Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
Expressed in Canadian Dollars

	Share Capital	Share Warrant Reserve	Contributed Surplus	Accumulated Deficit	Total
Balance, December 31, 2018	\$ 8,165,219	\$ 557,058	\$ 1,306,406	\$ (10,217,291)	\$ (188,608)
Net loss and comprehensive loss for the year	-	-	-	(456,768)	(456,768)
Common shares issued for cash (note 7(b)(iii))	66,667	33,333	-	-	100,000
Common shares issued for exploration and evaluation assets (note 7(b)(i))	36,000	-	-	-	36,000
Exercise of stock options for advance royalty payment (note 7(b)(ii))	5,000	-	-	-	5,000
Share based payments	-	-	20,400	-	20,400
Balance, December 31, 2019	8,272,886	590,391	1,326,806	(10,674,059)	(483,976)
Net loss and comprehensive loss for the year	-	-	-	(771,612)	(771,612)
Common shares issued for cash (note 7(b)(iv)(v)(vi)(viii)(x))	1,402,203	803,912	-	-	2,206,115
Share issue costs	(242,621)	176,625	-	-	(65,996)
Common shares issued for exploration and evaluation assets (note 5)	750,000	210,000	-	-	960,000
Common shares issued for the exercise of stock options (note 7(b)(vii))	67,112	-	(29,112)	-	38,000
Share based payments	-	-	362,657	-	362,657
Common shares issued for the exercise of warrants (note 7(b)(ix))	276,000	(126,000)	-	-	150,000
Balance, December 31, 2020	\$10,525,580	\$ 1,654,928	\$ 1,660,351	\$ (11,445,671)	\$ 2,395,188

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 April 23, 2021.

For the year ended December 31, 2020, the Company generated a net loss of \$771,612 (2019 - \$456,768), has an accumulated deficit of \$11,445,671 as at December 31, 2020 (2019 - \$10,674,059) and has negative cash flow from operations amounting to \$761,862 for (2019 - \$91,919).

Management estimates that the funds available as at December 31, 2020 may not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2021. 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.

Commencing in March 2020, the outbreak of the novel strain of coronavirus known as "COVID-19" 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 COVID-19 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.

Although these consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, the above-noted events and conditions indicate a material uncertainty 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 year ended December 31, 2020. These consolidated financial statements have been prepared on a going concern basis, under the historical cost model, except for certain financial instruments measured 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 of disposal, 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 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, 2020:

Classification	IFRS 9
Cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Loan payable	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 profit or loss in the period in which they arise.

Financial assets at FVTOCI are initially recognized at fair value plus transaction costs, and subsequently measured at fair value with any gains or losses recognized in other comprehensive income 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 FVTPL: 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". Financial assets classified at amortized cost are measured using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash flows over the expected life of the financial asset, or where appropriate, a shorter period.

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. Financial liabilities classified at amortized cost are measured using the effective interest rate method.

The Company's accounts payable and accrued liabilities and loan payable 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.

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset, then derecognition is appropriate.

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, 2020 and 2019, the Company had no material rehabilitation obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Provisions (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, when options or warrants are granted for the service. When shares are granted, fair value is measured using the market price on the date of grant. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Flow-through Share Private Placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditures are completed.

New accounting policies

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments became effective for annual periods beginning on or after January 1, 2020 and were required to be applied prospectively. The adoption of the amendments had no impact on the Company's consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments became effective for annual periods beginning on or after January 1, 2020 and were required to be applied prospectively. The adoption of the amendments had no impact on the Company's consolidated financial statements.

Accounting standards effective for future periods

There are no IFRS or IFRIC interpretations that are not yet in effect that are currently expected to have a material impact on the Company.

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 in 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (continued)

b) 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.

c) 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.

d) 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.

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 5, 7 and 9.

b) Commitments and Contingencies refer to note 14.

5. EXPLORATION AND EVALUATION ASSETS

	Shining Tree
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
Option payment - shares and warrants	960,000
Exploration costs	213,539
Balance at December 31, 2020	\$ 1,173,540

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. Advance royalty payments for 2019 and 2020 have been paid.

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 percent, 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.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario (continued)

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 expanded 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, MacMurphy 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 "Skead-Ashley option"). The Skead-Ashley option was in arrears by \$30,000 (subsequently settled, see below). 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, MacMurphy 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 the Skead-Ashley option agreement:

- (i) The \$25,000 option in arrears was increased to \$30,000 and due on January 18, 2019 through the issuance of shares (issued);
- (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)

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; (waived)
- (iii) Year 4 expenditures of \$186,667 due on or before August 17, 2021.(completed)

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 MacMurphy 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. Platinex is currently renegotiating terms to include more claim units in the agreement with Skead, but exclude the two legacy claims held by Platinex.

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario (continued)

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. Terms are being negotiated whereby Platinex would provide a purchase payment of shares of Platinex for the 8 cell unit property, include up to a 2% NSR and undertake to do further exploration on the property.

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 due to the lack of budgeted resources available and committed to the property.

On July 24, 2020, the Company announced that pursuant to the terms of the mining investment agreement (the "Purchase Agreement") dated July 15, 2020 between the Company, Treasury Metals Inc. ("Treasury") and its wholly-owned subsidiary Goldeye Explorations Limited, the Company has acquired an aggregate of 208 unpatented mining claims located in the Shining Tree District, Northern Ontario (the "Mining Claims") and three net smelter royalties (the "Royalties").

In consideration for acquiring the Mining Claims and the Royalties (the "Acquisition"), Platinex issued 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 entitles Treasury to purchase one common share of Platinex at a price of \$0.05 per share for a period of 24 months from the date of issue. If Treasury exercises the Consideration Warrants on or before September 1, 2020, it will receive an additional non-transferable common share purchase warrant (a "Secondary Warrant") for each Consideration Warrant exercised. Each Secondary Warrant entitles the holder to purchase one common share of Platinex at a price of \$0.20 per share for a period of 24 months from the date of the closing of the Acquisition. The Secondary Warrants provide that Treasury shall not exercise the Secondary Warrants if such exercise would result in it owning 20% or more of the issued and outstanding common shares of Platinex.

The Consideration Shares were valued at \$750,000 based on the share price on July 15, 2020. The Consideration Warrants issued were assigned an aggregate fair value of \$210,000 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.06, dividend yield 0%, expected volatility 194%, risk-free rate of return 0.27% and expected life of 2 years.

The parties have agreed that the Consideration Shares will be placed in a voluntary escrow agreement, with 25% (3,125,000 Consideration Shares) to be released on the 12th, 15th, 18th and 24th month anniversaries of the closing of the Acquisition. Treasury has agreed to support and vote for the recommendations of the Company's management at all shareholder meetings of the Company held during the time that the Consideration Shares are held in escrow. As at December 31, 2020, 12,500,000 Consideration Shares were held in escrow.

The Royalties consist of a 100% interest in three royalty agreements, consisting of (i) a 2% net smelter royalty in respect of the Sonia-Puma Property held by Minera Goldeye Chile Limitada (which has been acquired by Newmont Goldcorp); (ii) a 1% net smelter royalty in respect of nine mineral claims forming part of the McFaulds Lake Project held by AurCrest Resources Inc.; and (iii) a 2% net smelter royalty in respect of 29 mineral claims located in MacMurchy Township, Ontario held by Golden Harp Resources Inc.

Platinex Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2020 and 2019
Expressed in Canadian Dollars

5. EXPLORATION AND EVALUATION ASSETS (Continued)

Shining Tree Property, Ontario (continued)

Pursuant to the terms of the Purchase Agreement, Treasury has agreed to exercise a minimum of 3,000,000 Consideration Warrants on or before September 1, 2020. Prior to September 1, 2020, Treasury exercised 3,000,000 Consideration Warrants for proceeds of \$150,000, and the 3,000,000 common shares were issued to Treasury in November 2020. In connection with the exercise of the Consideration Warrants, 3,000,000 Secondary Warrants were issued to Treasury. The 3,000,000 Secondary Warrants were assigned an aggregate fair value of \$129,000 using the Black-Scholes option pricing model with the following assumptions: share price of \$0.06, dividend yield 0%, expected volatility 202%, risk-free rate of return 0.24% and expected life of 1.87 years. The value of the Secondary Warrants was included in share capital as share issue costs. Treasury has the right to participate in future financings which may be conducted by Platinex in order to allow it to maintain its pro rata equity interest in Platinex for a period of 24 months from the closing of the Acquisition. The Purchase Agreement also provides Treasury with the right to appoint one nominee to the board of directors of Platinex for a period of two years.

On August 14, 2020, Skead Holdings Ltd and Ashley Gold Mines Limited waived the requirement for Platinex to conduct and file \$140,000 of assessment work prior to August 17, 2020. On December 4, 2020, Skead-Ashley accepted that the Year 4 expenditures had been incurred which resulted in the vesting of the option and the claims were duly registered in Platinex's name.

6. LOAN PAYABLE

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%.

7. SHARE CAPITAL

a) Authorized: Unlimited number of common shares.

b) Issued:

	Number of common shares	Amount
Balance, December 31, 2018	97,481,595	\$ 8,165,219
Common share issuances (i)	600,000	36,000
Exercise of stock options for option payment (ii)	100,000	5,000
Issuance of common shares for private placement (iii)	3,333,332	100,000
Warrants valuation (iii)	-	(33,333)
Balance, December 31, 2019	101,514,927	8,272,886
Issuance of common shares for private placement (iv)(v)(vi)(viii)(x)	38,095,671	2,206,115
Warrants valuation (iv)(v)(vi)(viii)(x)	-	(803,912)
Share issue costs - cash (vi)(viii)(x)	-	(65,996)
Share issue costs - warrants (vi)(x) (note 5)	-	(176,625)
Common shares issued for the exercise of stock options (vii)	700,000	38,000
Value of stock options exercised	-	29,112
Common shares issued for the exercise of warrants (ix)	3,000,000	150,000
Value of warrants exercised	-	126,000
Common shares issued for exploration and evaluation assets (note 5)	12,500,000	750,000
Balance, December 31, 2020	155,810,598	\$ 10,525,580

7. SHARE CAPITAL (Continued)

For the year ended December 31, 2019

- (i) 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.
- (ii) On May 13, 2019, Skead exercised 100,000 stock options for 100,000 common shares (for proceeds of \$5,000) to satisfy a required advance royalty payment on the Shining Tree property. Market price on the date of exercise was \$0.05 per share.
- (iii) 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 relative fair value of the warrants issued was \$33,333 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 143%, risk-free rate of return 1.39% and expected life of 2 years.

For the year ended December 31, 2020

- (iv) On January 28, 2020, the Company completed a second interim closing of its non-brokered private placement of 700,000 units for aggregate gross proceeds of \$21,000. Each unit consisted of one common share and one common share purchase 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 relative fair value of the warrants issued was \$7,000 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 164%, risk-free rate of return 1.48% and expected life of 2 years.

- (v) On March 3, 2020, the Company completed the final closing of its non-brokered private placement of 400,000 units for aggregate gross proceeds of \$12,000. Each unit consisted of one common share and one common share purchase 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 relative fair value of the warrants issued was \$4,000 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 152%, risk-free rate of return 0.97% and expected life of 2 years.

- (vi) On July 15, 2020, the Company completed a non-brokered private placement of 11,843,333 units for gross proceeds of \$355,300. Each unit consists of one common share and one common share purchase warrant. 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 the date of issuance.

In connection with the private placement, the Company paid Haywood Securities Inc. and Canaccord Genuity Corp. ("Finders") an aggregate of (i) cash fees of \$17,580, equal to 8% of the subscription proceeds realized from subscribers introduced to the private placement by such Finders; and (ii) 560,800 finder's warrants, representing 8% of the number of units purchased by subscribers referred by the Finders. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.05 for a period of 12 months from the date of issuance.

7. SHARE CAPITAL (Continued)

For the year ended December 31, 2020 (continued)

- (vi) (continued) The relative fair value of the warrants issued was \$127,406 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 194%, risk-free rate of return 0.27% and expected life of 2 years.

The finder's warrants issued were assigned an aggregate fair value of \$21,871 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 248%, risk-free rate of return 0.24% and expected life of 1 year.

- (vii) On July 31, 2020, 700,000 stock options for were exercised for 700,000 common shares (for proceeds of \$38,000). Market price on the date of exercise was \$0.08 per share.
- (viii) On August 26, 2020, the Company completed a non-brokered private placement of 13,722,000 units for gross proceeds of \$960,540. Each unit consists of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one additional common share at an exercise price of \$0.10 for a period of 36 months from the date of issuance.

In connection with this private placement, the Company paid aggregate cash finders fees of \$13,282, equal to 6% of the subscription proceeds realized from subscribers introduced by such finders.

The relative fair value of the warrants issued was \$406,041 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 189%, risk-free rate of return 0.28% and expected life of 3 years.

- (ix) Pursuant to the terms of the Purchase Agreement in note 5, in September 2020, Treasury exercised 3,000,000 Consideration Warrants for proceeds of \$150,000. The 3,000,000 common shares were issued on November 5, 2020.
- (x) On December 31, 2020, the Company completed a non-brokered private placement of 11,430,338 flow-through units for gross proceeds of \$857,275. Each unit consists of one flow-through common share and one half common share purchase warrant of the Company. Each full warrant entitles the holder to acquire one non-flow-through common share at an exercise price of \$0.10 for a period of 24 months from the date of issuance. No flow-through premium was recognized as at December 31, 2020.

In connection with the private placement, the Company paid aggregate of (i) cash fees of \$30,660, equal to 6% of the subscription proceeds realized from subscribers introduced by such finders; and (ii) 408,800 finder's warrants, representing 6% of the number of units purchased by subscribers referred by the finders. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.075 for a period of 18 months from the date of issuance. The Company incurred an additional \$4,474 in share issue costs in connection with the private placement.

The relative fair value of the warrants was \$259,465 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 197%, risk-free rate of return 0.20% and expected life of 2 years.

The fair value of the finder's warrants was \$25,754 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 228%, risk-free rate of return 0.20% and expected life of 1.5 years.

Platinex Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2020 and 2019
Expressed in Canadian Dollars

7. SHARE CAPITAL (Continued)

c) Commitment to issue shares:

During the year ended December 31, 2018, the Company entered into an agreement to settle a portion of consulting fees in common shares of the Company. As at December 31, 2020, the amount to be settled was \$59,679 and is included in accounts payable and accrued liabilities.

8. WARRANTS

The following table reflects the continuity of warrants for the years ended December 31, 2020 and 2019:

	Number of warrants	Weighted average exercise price (\$)
Balance, December 31, 2018	21,271,500	0.15
Granted (note 7(iii))	3,333,332	0.075
Balance, December 31, 2019	24,604,832	0.14
Granted (notes 5 and 7(iv)(v)(vi)(viii)(x))	41,350,102	0.09
Exercised	(3,000,000)	0.05
Balance, December 31, 2020	62,954,934	0.11

The following table reflects the warrants issued and outstanding as of December 31, 2020:

Date of Expiry	Number of warrants outstanding	Exercise price (\$)
June 28, 2021	4,583,000	0.10
July 15, 2021	560,800	0.05
August 26, 2021	3,333,332	0.075
November 15, 2021	12,000,000	0.15
November 25, 2021	3,938,500	0.20
January 28, 2022	700,000	0.075
March 3, 2022	400,000	0.075
June 30, 2022	408,800	0.075
July 15, 2022	11,843,333	0.075
July 15, 2022	2,000,000	0.05
July 15, 2022	3,000,000	0.20
December 31, 2022	5,715,169	0.10
January 9, 2023	750,000	0.24
August 24, 2023	13,722,000	0.10
	62,954,934	0.11

Platinex Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2020 and 2019
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 then 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 table reflects the continuity of stock options for the years ended December 31, 2020 and 2019:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2018	9,200,000	0.07
Granted (i)(ii)	1,200,000	0.05
Exercised	(100,000)	(0.05)
Expired	(2,050,000)	(0.07)
Balance, December 31, 2019	8,250,000	0.07
Granted (iii)(iv)(v)(vi)(vii)	5,125,000	0.08
Exercised	(700,000)	(0.05)
Expired / Forfeited	(2,800,000)	(0.07)
Balance, December 31, 2020	9,875,000	0.08

(i) 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.

(ii) 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.

(iii) On July 24, 2020, the Company granted stock options to purchase 3,175,000 common shares at \$0.085 per share to officers and directors. The options will expire on July 24, 2025. The options vested immediately and were valued at their grant date fair value of \$0.082 per option for a total of \$260,350 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 186%; share price of \$0.085; exercise price of \$0.085; risk-free interest rate of 0.34% and an expected life of 5 years.

(iv) On August 14, 2020, the Company granted stock options to purchase 200,000 common shares at \$0.07 per share to consultants. The options will expire on August 14, 2025. The options vested immediately and were valued at their grant date fair value of \$0.067 per option for a total of \$13,400 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 186%; share price of \$0.07; exercise price of \$0.07; risk-free interest rate of 0.42% and an expected life of 5 years.

(v) On August 17, 2020, the Company granted stock options to purchase 300,000 common shares at \$0.07 per share to an officer and a consultant. The options will expire on August 17, 2025. The options vested immediately and were valued at their grant date fair value of \$0.069 per option for a total of \$20,700 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 186%; share price of \$0.07; exercise price of \$0.07; risk-free interest rate of 0.39% and an expected life of 5 years.

Platinex Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2020 and 2019
Expressed in Canadian Dollars

9. STOCK OPTIONS (Continued)

(vi) On September 2, 2020, the Company granted stock options to purchase 650,000 common shares at \$0.06 per share to a senior officer and consultants. The options will expire on August 17, 2025. The options vested immediately and were valued at their grant date fair value of \$0.058 per option for a total of \$37,700 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 186%; share price of \$0.06; exercise price of \$0.06; risk-free interest rate of 0.35% and an expected life of 5 years.

(vii) On October 8, 2020, the Company granted stock options to purchase 800,000 common shares at \$0.065 per share to consultants. The options will expire on October 8, 2025. The options vested 50% immediately and the remaining 50% on the first anniversary. The options were valued at their grant date fair value of \$0.062 per option for a total of \$49,600 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 184%; share price of \$0.065; exercise price of \$0.065; risk-free interest rate of 0.37% and an expected life of 5 years.

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2020:

Expiry date	Options outstanding	Options exercisable	Exercise price (\$)	Weighted average remaining contractual life (years)
September 7, 2021	550,000	550,000	0.05	0.68
September 18, 2022	1,700,000	1,700,000	0.10	1.72
August 1, 2023	1,200,000	1,200,000	0.07	2.58
August 17, 2023	100,000	100,000	0.07	2.63
April 23, 2024	200,000	200,000	0.05	3.31
November 1, 2024	1,000,000	1,000,000	0.05	3.84
July 24, 2025	3,175,000	3,175,000	0.085	4.56
August 14, 2025	200,000	200,000	0.07	4.62
August 17, 2025	300,000	300,000	0.07	4.63
September 2, 2025	650,000	650,000	0.06	4.67
October 8, 2025	800,000	400,000	0.065	4.77
	9,875,000	9,475,000	0.08	3.53

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, 2020 and 2019, the Company had no financial instruments valued using the fair value hierarchy.

As at December 31, 2020 and 2019, the carrying value of the Company's cash, accounts payable and accrued liabilities represent their fair values due to their short-term nature. The carrying value of the loan payable approximates its fair value due to the immaterial amount of interest rate risk associated with the financial liability.

10. FINANCIAL INSTRUMENTS AND RISK FACTORS (Continued)

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. 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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. As at December 31, 2020, the Company had a cash balance of \$1,393,872 (2019 - \$1,154) to settle current liabilities of \$247,841 (2019 - \$549,712). 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 within 30 days and are subject to normal trade terms.

Market Risk

(a) Interest Rate Risk

Interest rate risk consists of two components; to the extent that payments are made or received on the Company's monetary assets or liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and to the extent that the prevailing market interest rates differ from the interest rate on the Company's monetary assets and liabilities, the Company is exposed to interest rate price 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 a loan payable which is interest-free if paid before December 31, 2022. Management intends to repay the loan before such date.

(b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. 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 in the amount of \$13,840,859 (2019 - \$10,190,083). 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.

Platinex Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2020 and 2019
Expressed in Canadian Dollars

11. CAPITAL MANAGEMENT (Continued)

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, 2020 and 2019.

The Company is not subject to any externally imposed capital requirements.

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 periods:

	Year Ended December 31,	
	2020	2019
Rent paid	\$ 6,000	\$ 12,000

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.

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

	Year Ended December 31,	
	2020	2019
Management fees and salaries	\$ 80,680	\$ 114,320
Professional fees	59,837	46,094
Share based compensation	253,800	20,400
	\$ 394,317	\$ 180,814

As at December 31, 2020, related parties were owed \$9,597 (2019 - \$215,572) recorded in accounts payable and accrued liabilities.

Platinex Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2020 and 2019
Expressed in Canadian Dollars

13. SEGMENTED REPORTING

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

14. 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.

Flow-through commitments

The Company is obligated to spend \$857,275 by December 31, 2022. The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for certain tax-related amounts that may become payable by the subscribers if the Company does not meet its expenditure commitments.

15. 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% - 2019) are as follows:

	Year Ended December 31,	
	2020	2019
Loss before income taxes	\$ (771,612)	\$ (456,768)
Income tax recovery at the statutory rate - 26.5% (2019 - 26.5%)	206,000	121,000
Adjustments:		
Change in statutory income tax rates and other	-	(54,000)
Non-deductible expenses	(97,000)	(5,000)
Share issuance cost	17,000	-
Benefit of tax assets not recognized	(126,000)	(62,000)
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, 2020	As at December 31, 2019
Non-capital loss carry-forwards	\$ 2,192,000	\$ 2,073,000
Canadian development and exploration expenditures	933,000	933,000
Share issuance costs	16,000	9,000
	3,141,000	3,015,000
Deferred tax benefits not recognized	(3,141,000)	(3,015,000)
Deferred tax assets	\$ -	\$ -

15. INCOME TAXES (Continued)

As at December 31, 2020, the Company has federal non-capital loss carry forwards of approximately \$8,273,000 for Canadian income tax purposes which expire between 2027 and 2040 and approximately \$3,520,000 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.

16. SUBSEQUENT EVENTS

(i) On February 18, 2021, the Company granted stock options to purchase 3,125,000 common shares at \$0.08 per share to a senior officer, directors and consultants. The options will expire on February 18, 2026.

(ii) On March 29, 2021, the Company granted stock options to purchase 600,000 common shares at \$0.07 per share to an advisor and consultant. The options will expire on March 29, 2026.

(iii) On April 19, 2021, the Company granted stock options to purchase 600,000 common shares at \$0.07 per share to consultants. The options will expire on April 19, 2026.

(iv) Subsequent to December 31, 2020, the Company issued 400,000 common shares for the exercise of warrants for gross proceeds of \$20,000.