



**Platinex Inc.**

**Consolidated Financial Statements**

**Years Ended December 31, 2022 and 2021**

**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, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in shareholders’ 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, 2022 and 2021, 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.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our auditor’s report, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<i>Assessment of the existence of impairment indicators for exploration and evaluation assets</i>	
Refer to note 5	Our approach to addressing the matter involved the following procedures, among others:
<p>As at December 31, 2022, the carrying amount of the Company's exploration and evaluation assets was \$3,002,457.</p> <p>At each reporting period, management assesses property rights, evaluation and exploration assets to determine whether there are any indicators of impairment. If any such indicators exist, the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.</p> <p>Management assesses property rights, evaluation and exploration assets for impairment based on, at minimum, the presence of any one of the following facts and circumstances:</p> <ul style="list-style-type: none"> <li>(i) the period for which the Company has the right to explore in the specific area has expired during the year or will expire in the near future, and is not expected to be renewed;</li> <li>(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;</li> <li>(iii) the Company has decided to discontinue exploration for and evaluation of mineral resources in the specific area; and/or</li> <li>(iv) for areas of likely development, available data indicates that the carrying amount exceeds the recoverable amount.</li> </ul> <p>No impairment indicators were identified by management as at December 31, 2022.</p> <p>We considered this a key audit matter due to the significance of the exploration and evaluation assets and the judgments made by management in their assessment of whether there existed impairment indicators related to the exploration and evaluation assets. These factors have resulted in a high degree of subjectivity in performing audit procedures, related to the judgment applied by management.</p>	<p>Evaluating the judgments made by management in assessing for the presence of impairment indicators, which included the following:</p> <ul style="list-style-type: none"> <li>• Obtained evidence to support (i) the right to explore the area and (ii) claim expiration dates, by reference to government license renewals for a sample of claims under the Shining Tree, W2 Project and Muskrat property agreements.</li> <li>• Read the board of directors' minutes and resolutions and observed evidence supporting the continued and planned exploration expenditures, which included evaluating results of the Company's work programs and reviewing drilling programs subsequent to year end.</li> <li>• Assessed whether available data indicates the potential for commercially viable mineral resources.</li> <li>• Based on evidence obtained in other areas of the audit, considered whether other facts and circumstances suggest that the carrying amount may exceed the recoverable amount.</li> </ul>

### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Aycha Aziz.

*Baker Tilly WM LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.  
April 28, 2023

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

	As at December 31, 2022	As at December 31, 2021
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 147,985	\$ 203,263
Receivables	71,968	16,925
Prepaid expenses (note 5)	264,454	25,029
<b>Total current assets</b>	<b>484,407</b>	<b>245,217</b>
<b>Non-current assets</b>		
Exploration and evaluation assets (note 6)	3,002,457	2,146,908
<b>Total non-current assets</b>	<b>3,002,457</b>	<b>2,146,908</b>
<b>Total assets</b>	<b>\$ 3,486,864</b>	<b>\$ 2,392,125</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 14)	\$ 479,093	\$ 245,524
Promissory note (note 7)	258,625	258,625
<b>Total current liabilities</b>	<b>737,718</b>	<b>504,149</b>
Loan payable (note 8)	40,000	40,000
<b>Total liabilities</b>	<b>777,718</b>	<b>544,149</b>
<b>Shareholders' equity</b>		
Share capital (note 9)	12,318,019	10,799,399
Share warrant reserve (note 10)	2,301,233	1,633,309
Share-based payment reserve (note 11)	2,166,694	2,068,594
Accumulated deficit	(14,076,800)	(12,653,326)
<b>Total shareholders' equity</b>	<b>2,709,146</b>	<b>1,847,976</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,486,864</b>	<b>\$ 2,392,125</b>

Nature of operations and going concern (note 1)  
 Commitments and contingencies (note 15)  
 Subsequent events (note 17)

**Approved on behalf of the Board:**

"Sam Kiri", 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,	
	2022	2021
<b>Expenses</b>		
Professional fees (note 14)	\$ 347,547	\$ 159,697
Consulting fees (note 14)	64,897	107,477
Depreciation	-	549
Interest and finance expense	36,045	8,625
Investor relations and marketing	483,990	264,010
Management fees and directors' fees (note 14)	270,250	168,384
Office and general	88,039	76,117
Rent (note 14)	8,000	6,000
Regulatory and transfer agent fees	26,606	8,553
Share-based payments (notes 7, 11 and 14)	98,100	408,243
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (1,423,474)</b>	<b>\$ (1,207,655)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>192,696,444</b>	<b>158,308,358</b>

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,	
	2022	2021
<b>Operating activities</b>		
Net loss for the year	\$ (1,423,474)	\$ (1,207,655)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	-	549
Share-based payments	98,100	408,243
Interest and draw down fee accrual	-	8,625
Changes in non-cash working capital items:		
Receivables	(55,043)	13,402
Prepaid expenses	(239,425)	59,712
Accounts payable and accrued liabilities	350,069	(2,317)
<b>Net cash used in operating activities</b>	<b>(1,269,773)</b>	<b>(719,441)</b>
<b>Investing activities</b>		
Expenditures for exploration and evaluation assets	(618,299)	(773,368)
<b>Net cash used in investing activities</b>	<b>(618,299)</b>	<b>(773,368)</b>
<b>Financing activities</b>		
Proceeds from common shares issued	1,832,794	52,200
Proceeds from promissory note	-	250,000
<b>Net cash provided by financing activities</b>	<b>1,832,794</b>	<b>302,200</b>
<b>Net change in cash</b>	<b>(55,278)</b>	<b>(1,190,609)</b>
<b>Cash, beginning of year</b>	<b>203,263</b>	<b>1,393,872</b>
<b>Cash, end of year</b>	<b>\$ 147,985</b>	<b>\$ 203,263</b>
<b>Supplemental information</b>		
Common shares issued for exploration and evaluation assets	\$ 237,250	\$ 200,000
Common shares issued for debt settlement	\$ 116,500	\$ -
Fair value of warrants exercised	\$ -	\$ 21,619
Fair value of warrants included in units	\$ 667,924	\$ -

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



**Platinex Inc.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
**Expressed in Canadian Dollars**

	Share Capital	Warrant Reserve	Share-based Payment Reserve	Accumulated Deficit	Total
<b>Balance, December 31, 2020</b>	<b>\$ 10,525,580</b>	<b>\$ 1,654,928</b>	<b>\$ 1,660,351</b>	<b>\$(11,445,671)</b>	<b>\$ 2,395,188</b>
Net loss and comprehensive loss for the year	-	-	-	(1,207,655)	(1,207,655)
Common shares issued for exploration and evaluation assets (note 6)	200,000	-	-	-	200,000
Common shares to be issued for the exercise of warrants (note 9(b)(i))	73,819	(21,619)	-	-	52,200
Share-based payments	-	-	408,243	-	408,243
<b>Balance, December 31, 2021</b>	<b>10,799,399</b>	<b>1,633,309</b>	<b>2,068,594</b>	<b>(12,653,326)</b>	<b>1,847,976</b>
Net loss and comprehensive loss for the year	-	-	-	(1,423,474)	(1,423,474)
Common shares issued for cash (note 9(b)(ii)(iii))	1,329,180	599,820	-	-	1,929,000
Share issue costs	(164,310)	68,104	-	-	(96,206)
Common shares issued for exploration and evaluation assets (note 6)	237,250	-	-	-	237,250
Common shares issued for settlement of debt (note 9(b)(iv))	116,500	-	-	-	116,500
Share-based payments	-	-	98,100	-	98,100
<b>Balance, December 31, 2022</b>	<b>\$ 12,318,019</b>	<b>\$ 2,301,233</b>	<b>\$ 2,166,694</b>	<b>\$(14,076,800)</b>	<b>\$ 2,709,146</b>

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.

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 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors on April 26, 2023.

For the year ended December 31, 2022, the Company incurred a net loss of \$1,423,474 (year ended December 31, 2021 - \$1,207,655) and has an accumulated deficit of \$14,076,800 as at December 31, 2022 (December 31, 2021 - \$12,653,326).

Management estimates that the funds available as at December 31, 2022 may not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2022. 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 believes 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 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, 2022. 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. During the years ended December 31, 2022 and 2021, the Company's wholly owned subsidiaries were inactive.

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 or loss ("FVTPL").

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at December 31, 2022:

<b>Financial instrument</b>	<b>Classification</b>
Cash	Amortized cost
Receivables (excluding HST receivable)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Promissory note	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 profit or 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 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.

**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.

**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, 2022 and 2021, 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.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

g) Government assistance

A forgivable loan from government is treated as government assistance when there is reasonable assurance that the Company will meet the terms for forgiveness of the loan. The government assistance is presented in the profit or loss as other income. If there is no reasonable assurance that the entity will meet the terms for forgiveness of the loan, the loan is recognized as a liability in accordance with IFRS 9 Financial Instruments. The liability would become a government grant (forgivable loan) when there is reasonable assurance that the entity will meet the terms for forgiveness.

h) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that 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 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 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 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 tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

i) Earnings (loss) per Share

Basic earnings (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 earnings (loss) per common share is computed by dividing the net earnings (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.

j) 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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **j) Share-Based Payments (continued)**

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 share-based payment reserve or in share warrant reserve, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve 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.

#### **k) Equity**

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. Share-based payment reserve 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.

#### **l) 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 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.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

m) 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) 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.

b) 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.



#### 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 6, 9 and 11.

##### b) Commitments and Contingencies refer to note 15.

#### 5. PREPAID EXPENSES

	As at December 31, 2022	As at December 31, 2021
Prepaid insurance	\$ 17,146	\$ 16,029
Prepaid investor relations	45,400	9,000
Prepaid consulting fees	194,908	-
Rent deposit	2,000	-
Legal retainer	5,000	-
	<b>\$ 264,454</b>	<b>\$ 25,029</b>

#### 6. EXPLORATION AND EVALUATION ASSETS

	Shining Tree	W2 Project	Muskrat	Total
<b>Balance at December 31, 2020</b>	<b>\$ 1,173,540</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,173,540</b>
Acquisition - shares	200,000	-	-	200,000
Royalty payment received	(12,500)	-	-	(12,500)
Exploration costs	785,868	-	-	785,868
<b>Balance at December 31, 2021</b>	<b>2,146,908</b>	<b>-</b>	<b>-</b>	<b>2,146,908</b>
Acquisition - shares	26,000	211,250	-	237,250
Acquisition -cash	11,500	40,000	25,000	76,500
Exploration costs	448,664	117,135	-	565,799
Grant received	(24,000)	-	-	(24,000)
<b>Balance at December 31, 2022</b>	<b>\$ 2,609,072</b>	<b>\$ 368,385</b>	<b>\$ 25,000</b>	<b>\$ 3,002,457</b>

**6. 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, MacMurphy and Asquith Townships in Ontario (the "Shining Tree property"). 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, 2020 and 2021 have been paid.

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.

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 ("Ashley Gold"), with respect to certain claims situated in Churchill, MacMurphy and Asquith Townships, in Ontario. Platinex acquired a 100% interest in the 54 claim units and 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").

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.

In January and March 2019, the following amendments were made to the Skead-Ashley option agreement:

- (i) The 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 the Skead-Ashley option agreement 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 remaining requirements 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)

## **6. EXPLORATION AND EVALUATION ASSETS (Continued)**

### Shining Tree Property, Ontario (continued)

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 exercised the Consideration Warrants on or before September 1, 2020, it would have received 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 12<sup>th</sup>, 15<sup>th</sup>, 18<sup>th</sup> and 24<sup>th</sup> 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, 2022, 6,250,000 (2021 - 6,250,000) 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 MacMurphy Township, Ontario held by Golden Harp Resources Inc.

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 provided 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 and Ashley Gold 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. EXPLORATION AND EVALUATION ASSETS (Continued)**

Shining Tree Property, Ontario (continued)

On August 18, 2021, the Company acquired additional mining claims in Shining Tree Property from Alamos Gold Inc. Consideration for the additional mining claims included 5,000,000 common shares of Platinex (fair valued at \$200,000) which are subject to a six month hold period from the date of issue and 2% net smelter returns royalty on the mining claims. One half of the 2% NSR may be reduced by payment of \$500,000.

On March 22, 2022, the Company acquired 63 mining claims adjoining its Shining Tree Project from Skead. Consideration for the mining claims was \$11,500 (paid) and the issuance of 400,000 shares (valued at \$20,000). The mining claims are subject to a 2% NSR of which the Company has the rights to repurchase up to 1% at the rate of \$400,000 per 0.5%.

On December 29, 2022, the Company acquired a 100% interest in two (2) claims in Leonard township. Consideration for the mining claims was the issuance of 150,000 common shares (valued at \$6,000).

W2 Project

On January 7, 2022, the Company acquired a 100% ownership interest in the W2 Copper-Nickel-PGE Project (the "W2 Project"). The transaction was effected by way of a purchase and sale agreement (the "Agreement") between Platinex's wholly owned subsidiary, Endurance Elements Inc. ("Endurance Elements"), and Springer Mineral Resources Corporation ("Springer").

Pursuant to the Agreement, Platinex issued 3,625,000 common shares (valued at \$181,250) to Springer. Platinex also paid \$25,000 in cash and granted Springer a net smelter returns royalty of up to 2% on the mining claims comprising the W2 Project. An additional \$25,000 cash payment was made within 90 days of closing. Platinex has the option to buy back half of the NSR royalty for total consideration of \$1,000,000.

Subject to certain conditions and two shareholder value enhancing project milestones being achieved Platinex will pay up to an additional \$300,000 to Springer, of which \$212,500 can be paid through the issuance of shares of Platinex.

On May 10, 2022, the Company announced the acquisition of additional mining claims adjacent to the W2 Project. Consideration for the acquisition consisted of 200,000 common shares and a 2% NSR royalty to the seller. The Company has the right at any time to repurchase half of the NSR royalty for \$1,000,000. Platinex issued an aggregate of 200,000 common shares (valued at \$10,000) for the current acquisition.

On December 29, 2022, the Company closed an option agreement with two (2) arm's length parties, through which it has the right to acquire a 100% interest in 52 unpatented mining claims at the W2 Project. The Company paid \$5,000 and issued 500,000 common shares (valued at \$20,000) on closing. The shares are subject to a statutory 4-month hold period. To earn its 100% interest, the Company must make additional payments totaling \$35,000 over the three-year term of the option agreement. Upon exercising the option, the vendors will retain a 1.5% NSR royalty on the claims. Platinex has the right to repurchase a 0.5% NSR royalty at any time for \$500,000, leaving a total 1.0% NSR royalty on the claims.

## **6. EXPLORATION AND EVALUATION ASSETS (Continued)**

### Muskrat Dam Project

On December 14, 2022, the Company signed a binding letter of intent to option a 100% ownership interest in the Muskrat Dam Critical Minerals Project (the “Muskrat Dam Project” or the “Project”). The Muskrat Dam Project is located in Northwestern Ontario approximately 125 km northeast of Frontier Lithium’s PAK lithium project and 125 km northwest of Newmont’s Musselwhite gold mine. The Project comprises six (6) property blocks, which together cover 10,950 hectares.

The binding letter of intent provides for Platinex, through its wholly owned subsidiary, Endurance Elements, to acquire a 100% ownership interest in the Muskrat Dam Critical Minerals Project by way of an earn-in option agreement with an arm’s length party.

Pursuant to the Agreement, Platinex will pay the following consideration and work commitments:

#### **Payments:**

- \$25,000 paid in cash on closing; (paid)
- \$25,000 paid in shares and issuance of 600,000 share purchase warrants with an exercise price of \$0.05 and term of 3 years within 60 days of closing;
- \$25,000 paid in shares on the 1st anniversary;
- \$75,000 paid in shares on the 2nd anniversary; and
- \$100,000 paid in shares on the 3rd anniversary.

#### **Work expenditure commitments:**

- Commitment to spend \$100,000 by 1st anniversary;
- Commitment to spend \$100,000 by 2nd anniversary; and
- Commitment to spend \$100,000 by 3rd anniversary.

#### **Milestone Payments:**

- \$50,000 paid in cash upon completion of a successful prospecting and evaluation program confirming lithium grades exceeding 1%; and
- \$250,000 paid in cash or shares (min. \$75,000 in cash) upon completion of an NI 43-101 mineral resource estimate on the Muskrat Dam Project.

#### **NSR royalty:**

- The Company received a 2% NSR royalty and has the option to buy back half of the NSR royalty for total consideration of \$500,000

## **7. PROMISSORY NOTE**

On November 9, 2021, the Company entered into a promissory note agreement for \$250,000 from a lender. The drawdown fee was 2% of the loan amount (\$5,000). The promissory note bore interest at the rate of 10% per annum and was due on maturity. The promissory note had a six-month term maturing on May 9, 2022. In addition, the Company granted to the lender 500,000 stock options at an exercise price of \$0.05 per share and expiry date of November 17, 2024. The fair value of these stock options was \$22,000.

In May 2022, the Company exercised its option to extend the promissory note for another six months with the payment of a 2% renewal fee.

**Platinex Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2022 and 2021**  
**Expressed in Canadian Dollars**

**7. PROMISSORY NOTE (Continued)**

On November 9, 2022, the Company extended the promissory note for another twelve months (maturing November 9, 2023) with the payment of an additional 2% renewal fee. The loan bears interest at 10% per annum and can be extended for an additional 12 months with each 6-month extension subject to a 2% renewal fee. The loan may be converted to 5,000,000 common shares of the Company at the option of the lender.

The loan is secured by royalties consisting of a 100% interest in three royalty agreements plus a royalty on claim, being:

- (i) a 2% net smelter royalty in respect of the Sonia-Puma Property held by Minera Goldeye Chile Linitada (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.;
- (iii) a 1% net smelter royalty in respect of 29 mineral claims located in MacMurchy Township, Ontario held by Golden Harp Resources Inc.; and
- (iv) a 1% NSR royalty on 50% of claim L4212960.

**8. 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, 2023. 25% of the loan amount is eligible for forgiveness provided that the Company pays back 75% of the loan on or before December 31, 2023. If the Company does not repay the loan by December 31, 2023, the loan may be converted into a 2-year term loan at an interest rate of 5%.

**9. SHARE CAPITAL**

a) Authorized: Unlimited number of common shares.

b) Issued:

	Number of common shares	Amount
<b>Balance, December 31, 2020</b>	<b>155,810,598</b>	<b>\$ 10,525,580</b>
Common shares issued for the exercise of warrants (i)	844,000	52,200
Value of warrants exercised	-	21,619
Common shares issued for exploration and evaluation assets (note 6)	5,000,000	200,000
<b>Balance, December 31, 2021</b>	<b>161,654,598</b>	<b>10,799,399</b>
Issuance of common shares for private placement (ii)(iii)	35,375,667	1,929,000
Warrants valuation (ii)(iii)	-	(599,820)
Share issue costs - cash	-	(96,206)
Share issue costs - warrants (ii)(iii)	-	(68,104)
Common shares issued for debt settlement (iv)	2,330,000	116,500
Common shares issued for exploration and evaluation assets (note 6)	4,875,000	237,250
<b>Balance, December 31, 2022</b>	<b>204,235,265</b>	<b>\$ 12,318,019</b>

**9. SHARE CAPITAL (Continued)**

**For the year ended December 31, 2021**

- (i) During the year ended December 31, 2021, 844,000 warrants were exercised for gross proceeds of \$52,200. The weighted average market price of the Company's shares during the period in which warrants were exercised was \$0.05.

**For the year ended December 31, 2022**

- (ii) On April 5, 2022, the Company completed a private placement of 16,060,000 units at a price of \$0.05 per unit ("Unit") and 12,221,667 flow through units ("FT Unit") at a price of \$0.06 per unit. Each Unit and FT Unit consists of one common share and one-half warrant. Each full warrant is exercisable into one common share at \$0.07 for a period of 36 months. The Company paid cash commissions of \$65,830 and issued 1,699,367 warrants as finders' fees. Finders' warrants have the same terms as the Unit and FT Unit warrants.

The relative fair value of the warrants issued was \$486,345 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.32% and expected life of 3 years.

The finder's warrants issued were assigned an aggregate fair value of \$64,576 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.32% and expected life of 3 years. Expected volatility was based on the Company's historical share prices.

- (iii) On May 4, 2022, the Company completed a private placement of 3,294,000 units at a price of \$0.05 per Units and 3,800,000 FT Units at a price of \$0.06 per unit. Each Unit and FT Unit consists of one common share and one-half warrant. Each full warrant is exercisable into one common share at \$0.07 for a period of 36 months. The Company paid cash commissions of \$22,680 and issued 84,000 warrants as finders' fees. Finders' warrants have the same terms as the Unit and FT Unit warrants.

The relative fair value of the warrants issued was \$113,475 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.65% and expected life of 3 years.

The finder's warrants issued were assigned an aggregate fair value of \$3,528 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility 172%, risk-free rate of return 2.65% and expected life of 3 years. Expected volatility was based on the Company's historical share prices.

- (iv) On May 4, 2022, the Company issued 2,330,000 common shares to arm's length service providers to settle an aggregate of \$116,500 of debt.

- 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. During the year ended December 31, 2022, the Company obtained confirmation from the service provider that the amount owing was extinguished. As at December 31, 2022, the amount to be settled was \$nil (2021 - \$59,679) and was included in accounts payable and accrued liabilities.

**Platinex Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2022 and 2021**  
**Expressed in Canadian Dollars**

**10. WARRANTS**

The following table reflects the continuity of warrants for the years ended December 31, 2022 and 2021:

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2020</b>	<b>62,954,934</b>	<b>0.11</b>
Exercised (note 6)	(844,000)	0.06
Expired	(23,971,632)	0.14
<b>Balance, December 31, 2021</b>	<b>38,139,302</b>	<b>0.10</b>
Granted (note 9(ii)(iii))	19,471,200	0.07
Expired	(23,667,302)	0.09
<b>Balance, December 31, 2022</b>	<b>33,943,200</b>	<b>0.09</b>

The following table reflects the warrants issued and outstanding as of December 31, 2022:

Date of Expiry	Number of warrants outstanding	Exercise price (\$)
January 9, 2023	750,000	0.24
August 24, 2023	13,722,000	0.10
April 4, 2025	15,840,200	0.07
May 4, 2025	3,631,000	0.07
	<b>33,943,200</b>	<b>0.09</b>

**11. 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, 2022 and 2021:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, December 31, 2020</b>	<b>9,875,000</b>	<b>0.08</b>
Granted (i)(ii)(iii)(iv)(v)	7,775,000	0.07
Expired / Forfeited	(1,550,000)	0.06
<b>Balance, December 31, 2021</b>	<b>16,100,000</b>	<b>0.07</b>
Granted (vi)(vii)	2,700,000	0.05
Expired / Forfeited	(3,900,000)	0.09
<b>Balance, December 31, 2022</b>	<b>14,900,000</b>	<b>0.06</b>



## 11. STOCK OPTIONS (Continued)

(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. The options vested immediately and were valued at their grant date fair value of \$0.052 per option for a total of \$162,500 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 179%; share price of \$0.055; exercise price of \$0.08; risk-free interest rate of 0.59% and an expected life of 5 years.

(ii) On February 22, 2021, the Company granted stock options to purchase 50,000 common shares at \$0.055 per share to a director. The options will expire on February 22, 2026. The options vested immediately and were valued at their grant date fair value of \$0.053 per option for a total of \$2,650 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 179%; share price of \$0.055; exercise price of \$0.055; risk-free interest rate of 0.67% and an expected life of 5 years.

(iii) On March 29, 2021, the Company granted stock options to purchase 600,000 common shares at \$0.07 per share to an advisor and a consultant. The options will expire on March 29, 2026. The options vested immediately and were valued at their grant date fair value of \$0.057 per option for a total of \$34,200 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 177%; share price of \$0.06; exercise price of \$0.07; risk-free interest rate of 0.97% and an expected life of 5 years.

(iv) On April 18, 2021, the Company granted stock options to purchase 600,000 common shares at \$0.07 per share to an advisor and consultants. The options will expire on April 18, 2026. The options vested immediately and were valued at their grant date fair value of \$0.067 per option for a total of \$40,200 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 177%; share price of \$0.07; exercise price of \$0.07; risk-free interest rate of 0.95% and an expected life of 5 years.

(v) On November 17, 2021, the Company granted stock options to purchase 3,400,000 common shares at \$0.05 per share to senior officers, directors and consultants. The options will expire on November 17, 2026. The options vested immediately and were valued at their grant date fair value of \$0.044 per option for a total of \$149,600 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 174%; share price of \$0.05; exercise price of \$0.05; risk-free interest rate of 1.13% and an expected life of 3 years.

(vi) On March 14, 2022, the Company granted stock options to purchase 900,000 common shares at \$0.05 per share to a director. The options will expire on March 14, 2025. One-third of the options vest on each of July 14, 2022, November 14, 2022 and March 14, 2023. The options were valued at their grant date fair value of \$0.039 per option for a total of \$35,100 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 172%; share price of \$0.05; exercise price of \$0.05; risk-free interest rate of 1.79% and an expected life of 3 years.

(vii) On June 27, 2022, the Company granted stock options to purchase 1,800,000 common shares at \$0.05 per share to a director. The options will expire on June 27, 2025. The options vested immediately and were valued at their grant date fair value of \$0.035 per option for a total of \$63,000 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 176%; share price of \$0.04; exercise price of \$0.05; risk-free interest rate of 3.21% and an expected life of 3 years.

Expected volatilities used in the Black Scholes option pricing model were based on the Company's historical share prices.

**Platinex Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2022 and 2021**  
**Expressed in Canadian Dollars**

**11. STOCK OPTIONS (Continued)**

The following table reflects the Company's stock options outstanding and exercisable as at December 31, 2022:

Expiry date	Options outstanding	Options exercisable	Exercise price (\$)	Weighted average remaining contractual life (years)
April 23, 2024	200,000	200,000	0.05	1.31
November 1, 2024	1,000,000	1,000,000	0.05	1.84
November 17, 2024	3,400,000	3,400,000	0.05	1.88
March 14, 2025	900,000	600,000	0.050	2.20
June 27, 2025	1,800,000	1,800,000	0.05	2.49
July 24, 2025	1,775,000	1,775,000	0.085	2.56
August 14, 2025	200,000	200,000	0.07	2.62
August 17, 2025	300,000	300,000	0.07	2.63
September 2, 2025	650,000	650,000	0.06	2.67
October 8, 2025	800,000	800,000	0.065	2.77
February 18, 2026	2,825,000	2,825,000	0.08	3.14
February 22, 2026	50,000	50,000	0.055	3.15
March 29, 2026	600,000	600,000	0.070	3.24
April 18, 2026	400,000	400,000	0.070	3.30
	<b>14,900,000</b>	<b>14,600,000</b>	<b>0.06</b>	<b>2.49</b>

**12. 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, share warrant reserves and share-based payment reserve in the amount of \$16,785,946 (2021 - \$14,501,302). 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, 2022 and 2021.

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

### 13. 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, 2022 and 2021, the Company had no financial instruments valued using the fair value hierarchy.

As at December 31, 2022 and 2021, the carrying value of the Company's cash, receivables (excluding HST receivable), accounts payable and accrued liabilities and promissory note 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.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. 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. The Company's maximum exposure to credit risk is the carrying value of cash. The Company's management of credit risk has not changed materially from that of the prior year.

#### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at December 31, 2022, the Company had a cash balance of \$147,985 (2021 - \$203,263) to settle current liabilities of \$737,718 (2021 - \$504,149). 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. The Company's management of liquidity risk has not changed materially from that of the prior year.

The following table details the Company's contractual maturities for its financial liabilities:

	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>Total</b>
Accounts payable and accrued liabilities	\$ 479,093	\$ -	\$ -	\$ 479,093
Promissory note	258,625	-	-	258,625
Loan payable	-	40,000	-	40,000
	<b>\$ 737,718</b>	<b>\$ 40,000</b>	<b>\$ -</b>	<b>\$ 777,718</b>

### **13. FINANCIAL INSTRUMENTS AND RISK FACTORS (Continued)**

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company's management of market risk has not changed materially from that of the prior year.

#### **(a) Interest Rate Risk**

Interest rate risk is the risk related to the fair value or future cash payments of interest-bearing financial instruments due to changes in interest rates. 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 promissory note with a fixed interest rate and a loan payable which is interest-free if paid before December 31, 2023. 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) Other Price Risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market (other than interest rate risk and foreign currency 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.

**Platinex Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2022 and 2021**  
**Expressed in Canadian Dollars**

**14. 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. 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 Directors, 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,	
	2022	2021
Management and directors fees	\$ 198,250	\$ 168,384
Professional fees	96,000	72,000
Consulting fees	82,181	59,250
Share-based compensation	43,850	182,900
	<b>\$ 420,281</b>	<b>\$ 482,534</b>

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

	Year Ended December 31,	
	2022	2021
Rent paid	\$ -	\$ 6,000

As at December 31, 2022, related parties were owed \$63,000 (December 31, 2021 - \$27,311) recorded in accounts payable and accrued liabilities. Amounts owing to related parties are non-interest bearing and have no repayment terms.

**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.

Flow-through commitments

The Company is obligated to spend approximately \$489,000 by December 31, 2023. 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.

**Platinex Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2022 and 2021**  
**Expressed in Canadian Dollars**

**16. 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% (2021 - 26.5%) are as follows:

	Year Ended December 31,	
	2022	2021
Loss before income taxes	\$ (1,423,474)	\$ (1,207,655)
Income tax recovery at the statutory rate	377,000	320,000
Adjustments:		
Non-deductible expenses and other	(25,000)	(111,000)
Adjustment to prior year estimate	-	7,000
Benefit of tax assets not recognized	(352,000)	(216,000)
<b>Total income tax expense (recovery)</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2022	As at December 31, 2021
Non-capital loss carry-forwards	\$ 2,767,000	\$ 2,407,000
Canadian development and exploration expenditures	939,000	939,000
Share issuance costs	27,000	10,000
Equipment	1,000	1,000
	3,734,000	3,357,000
Deferred tax benefits not recognized	(3,734,000)	(3,357,000)
<b>Deferred tax assets</b>	<b>\$ -</b>	<b>\$ -</b>

As at December 31, 2022, the Company has federal non-capital loss carry forwards of approximately \$10,443,000 for Canadian income tax purposes which expire between 2027 and 2042 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.

## 17. SUBSEQUENT EVENTS

(i) Subsequent to December 31, 2022, 750,000 warrants expired unexercised.

(ii) On January 10, 2023, the Company granted 5,000,000 stock options to members of the board, officers, technical advisory committee, and consultants. The stock options granted at an exercise price of \$0.05 for a period of three years and vest immediately.

(iii) On February 6, 2023, the Company entered into a binding heads of agreement with Fancamp Exploration Ltd. ("Fancamp") with respect to advancing the exploration and development of certain gold mineral properties owned by the parties located in Ontario in the Timmins mining camp (the "Transaction"). The Transaction includes several components, pursuant to which (i) Platinex and Fancamp will transfer certain mining properties which they currently hold to South Timmins Mining Inc. ("Goldco"), currently a 100% wholly owned subsidiary of Platinex; (ii) enter into a shareholders' agreement respecting the operations of Goldco; (iii) Platinex will conduct a non-brokered private placement of flow-through units for gross proceeds of up to \$1,000,000; and (iv) Platinex will conduct a private placement of non-flow-through units for gross proceeds of up to \$2,000,000, of which Fancamp will subscribe for 9.5% of the issued and outstanding shares of Platinex.

In addition, on the Closing Date, Fancamp shall have the right to nominate one director to the board of directors of Platinex, which right shall remain subject to Fancamp holding not less than 7.5% of the issued and outstanding shares of Platinex, calculated on a non-diluted basis.

The Transaction closed on March 15, 2023 concurrent with the private placement below.

(iv) On March 15, 2023, the Company announced that it has completed a private placement raising proceeds of \$2.7 million. The private placement consisted of gross proceeds of \$2,119,540 for 52,437,797 non flow-through units at a price of \$0.04 per Non-FT unit and \$591,300 for 13,640,000 flow-through units at a price of \$0.045 per flow-through units.

Each non flow-through unit is comprised of one common share of the Company and one half of one common share purchase warrant, with each whole warrant exercisable into one common share of the Company at a price of \$0.055 at any time on or before the date which is 60 months from the closing date.

Each warrant shall be exercisable into one non-flow-through common share of the Company at a price of \$0.055 per share at any time on or before the date which is 60 months after the closing date.

The Company paid finder's fees of \$55,028 and issued 1,301,027 finder's warrants in relation to the private placement. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.05 per share for a period of 24 months from closing.

(v) Subsequent to December 31, 2022, the Company issued 500,000 shares (valued at \$25,000) and 600,000 share purchase warrants with an exercise price of \$0.05 and term of 3 years pursuant to the Muskrat Dam Project. In addition, the Company also issued 1,750,000 shares (valued at \$87,500) for the achievement of a W2 Project milestone.