



Platinex Inc.

**Annual Financial Statements
Quarter Ended March 31, 2003
(Unaudited)**

Q1

Platinex Inc.
Balance Sheet

March 31,
2003
(unaudited)

December 31,
2002
(audited)

ASSETS

Current

Cash	\$	888	\$	1
Accounts receivable (note 3)		5,321		3,579
Funds held in trust (note 4)		200		200

6,409

3,780

Mining interests (note 5)

900,376

898,436

Capital assets (note 6)

4,856

5,235

\$ 911,641

\$ 907,451

LIABILITIES

Current

Accounts payable and accrued liabilities	\$	325,606	\$	285,115
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SHAREHOLDERS' EQUITY

Capital stock (note 7)		1,806,804		1,806,804
Deficit		(1,220,768)		(1,184,468)

586,034

622,336

\$ 911,641

\$ 907,451

On behalf of the Board of Directors

James R Trusler
President & CEO

Simon Baker
Director

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

Platinex Inc.
Statement of Operations and Deficit
(unaudited)

Three months ended March 31,
2003 **2002**

Revenue

Interest earned	\$	-	\$	516
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Expenses

Management fees (note 11)		18,000		-
Transfer Agent Fees		61		-
Office and general		628		3,628
Accounting and legal (note 11)		449		3,625
Subcontract services (note 11)		5,441		11,003
Rent and occupancy (note 11)		3,000		3,000
Investor relations		7,600		201
Telephone expense		601		1,593
Amortization		379		773
Travel		141		1,487

		36,300		25,310
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Net loss for period

		(36,300)		(24,794)
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Deficit, beginning of period

		(1,220,768)		(474,953)
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Deficit, end of period

	\$	(1,220,768)	\$	(499,747)
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Net loss per share

(weighted average)

	\$	(0.006)	\$	(0.004)
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The accompanying notes form an integral part of these financial statements.

Platinex Inc.

Schedule of Mineral Properties and Deferred Exploration Expenditures

	March 31, 2003 (unaudited)	December 31, 2002 (audited)
Mineral Properties		
Balance, beginning of period	\$ 443,584	\$ 474,339
Expenditures during period		
Duluth , Minnesota, USA	1,844	7,708
Abandonments during period		
Muskox,		(38,462)
Balance, end of period	<u>\$ 445,428</u>	<u>\$ 443,584</u>
Deferred Exploration Expenditures		
Balance, beginning of period	<u>\$ 454,852</u>	<u>\$ 489,698</u>
Expenditures during period		
Accounting and legal	-	350
Compilation	-	2,340
Core sampling and logging	-	-
Delivery	-	-
Fees, dues and licences	-	50
First Nation Relations	-	8,271
Geologist Fees	-	550
Geophysical survey	-	-
Lands management	-	330
Management Fees	-	-
Map Generation	96	847
Office and General	-	101
Other Sub-contract services	-	120
Project Management	-	2,604
Qualifying Report	-	-
Reference Materials	-	35
Remote Sensing	-	-
Travel & Entertainment	-	-
	<u>96</u>	<u>15,598</u>
	454,948	505,296
Abandonments during period	<u>-</u>	<u>(50,444)</u>
Balance, end of period	<u>\$ 454,948</u>	<u>\$ 454,852</u>
	<u><u>\$ 900,376</u></u>	<u><u>\$ 898,436</u></u>

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

Platinex Inc.

1. Nature of Operations

The Company was incorporated on August 12, 1998 under the laws of the Province of Ontario.

The Company has interests in mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on mineral properties, including deferred exploration expenditures, is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and the development of the mineral properties, and upon future production or proceeds from the disposition thereof.

2. Summary of Significant Accounting Policies

These unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles. They are consistent with the policies and methods of their application outlined in the Company's audited financial statements for the year ended December 31, 2002. These financial statements should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2002. The significant policies are as follows:

a) Going concern assumption

These financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts different from those in the accompanying financial statements. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and to arrange financing to meet its current and future obligations.

b) Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

c) Capital assets

Capital assets are recorded at cost. Amortization is provided on the diminishing balance method at the following rates:

Computer Equipment	30%
Computer Software	100%
Furniture and equipment	20%

Amortization is provided at one half annual rates in the year of acquisition.

d) Interest in mineral properties

Mining properties are carried at cost less accumulated amortization, including write-downs. Amortization of mine buildings and mills, equipment and pre-production and development costs commences when a property is put into commercial production, and is calculated on the unit of production method over the expected economic life of the mine.

All direct costs associated with exploration properties are capitalized as incurred. If the property proceeds to development, these costs become part of the pre-production and development costs of the mine. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related costs and expenditures are written off.

The amounts capitalized represent costs to be charged to operations in the future and do not necessarily reflect the present or future values of the particular properties.

e) Foreign currency translation

Balances denominated in foreign currencies are translated to Canadian dollars as follows:

- 1) monetary assets and liabilities at year end rates;
- 2) all other assets and liabilities at historical rates; and
- 3) revenue and expense transactions at the average rate of exchange prevailing during the year.

Exchange gains or losses arising on these transactions are reflected in income in the year incurred.

2. Summary of Significant Accounting Policies – cont'd

f) Income taxes

Income taxes are accounted for using the future income tax method. Under this method income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between tax and accounting bases of assets and liabilities for the benefit of losses available to be carried forward for tax purposes that are likely to be realized. Future income tax assets and liabilities are measured using tax rates expected to be recovered or settled.

g) Accounting for stock-based compensation

Effective January 1, 2002 the Company adopted the new accounting recommendations relating to stock-based compensation and other stock-based payments as detailed in the Canadian Institute of Chartered Accountants handbook section 3870. CICA 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services applying the fair value method of accounting for stock options awarded to its employees and directors. On the date options on the Company's shares are granted to the employees and directors no compensation will be recorded when the exercise price is equal to the market value of the shares. The application of CICA 3870 had no impact on the Company's financial statements.

3. Accounts Receivable

As at March 31, 2003, the accounts receivable represents a provision for recovery of Goods and Services Taxes paid and payable.

4. Funds Held In Trust

Funds held in trust represent monies advanced to lawyers to be applied against registration fees in British Columbia.

5. Mining Interests

	<i>Balance</i> <i>March 31, 2003</i> (unaudited)		<i>Balance</i> <i>December 31, 2002</i> (unaudited)
Big Trout Lake, Ontario			
Property	\$ 413,492	\$	413,492
Exploration	403,514		403,418
Duluth, Minnesota, USA			
Property	31,936		30,092
Exploration	51,434		51,434
Total			
Property	445,428		443,584
Exploration	454,948		454,852
	<u>\$ 900,376</u>	<u>\$</u>	<u>898,436</u>

Mineral property descriptions:

Big Trout Lake, Ontario

During 1999 the Company acquired a 100% interest in certain Mining claims located in the Patricia Mining Division of northwestern Ontario. By an agreement dated February 24, 1999 the Company acquired these claims from an officer/director in exchange for shares (Note 8c). The Company is required to make minimum assessment work totaling \$88,236 by July 17, 2003.

Duluth, Minnesota, USA

During 1999 the Company acquired a 100% interest in three mineral leases covering mining units situated in the County of St. Louis, in the state of Minnesota. These leases are for a term of 50 years commencing on June 16, 1999 with an annual rental of US\$1,500. (rent has been paid to December 31, 2002). If the leases achieve commercial production, a bid royalty of 0.25% and a base royalty of 3.95% increasing on a sliding scale are payable to the State.

5. Mining Interests – cont'd

During 2000 the Company acquired a 100% interest in twelve mineral leases covering mining units situated in the County of St. Louis, in the state of Minnesota. These leases are for a term of 50 years commencing on December 31, 2000 with annual rental of approximately US\$4,800 (rent has been paid to December 31, 2002). If the leases achieve commercial production, a bid royalty ranging from 0.05% to 0.27% with a base royalty of 3.95% increasing on a sliding scale are payable to the State.

Muskox, Nunavut

In July, 2000 the Company staked 34 claims comprising 86,669 acres (35,089 hectares) near the Coppermine River. These claims were recorded on September 1, 2000. In order to hold the claims the Company had to perform work valued at \$346,675 and have the work approved for assessment by September 1, 2002. If less than the \$346,675 were expended the claims comprising the Muskox Property would be reduced proportionately. During the 2002 the Company allowed the claims to lapse.

6. Capital Assets

Capital assets comprise computer equipment and software and furniture and fixtures.

	<i>Balance March 31, 2003</i>	<i>Balance December 31, 2002</i>
	(unaudited)	(audited)
Cost	\$ 16,591	\$ 16,591
Accumulated amortization	11,735	11,356
Net book value	<u>\$ 4,856</u>	<u>\$ 5,235</u>

7. Capital Stock

a) Authorized: Unlimited number of common shares

b) Issued:

	<i>Number of shares</i>	<i>Amount</i>
Issued for cash	750,000	\$ 7,500
Balance at December 31, 1998	750,000	7,500
Issued for cash	30,000	7,500
Issued pursuant to private offerings	2,244,000	610,389
Issued pursuant to acquisition of mineral property	1,600,000	400,000
Issued pursuant to agency agreements	65,100	19,050
Balance at December 31, 1999	4,689,100	1,044,439
Issued pursuant to private offerings	1,323,077	739,865
Balance at December 31, 2000	6,012,177	1,784,304
Issued pursuant to private offerings	90,000	22,500
Balance at December 31, 2002 and March 31, 2003	<u>6,102,177</u>	<u>\$ 1,806,804</u>

c) In February 1999, the Company acquired certain mining claims from a related party in exchange for 1,600,000 common shares at a price of \$0.25 per share. An independent firm of geologists established the value of the mining claims.

d) In October 1999, the Company completed the sale by private placement of 1,800,000 common shares at a price of \$0.25 per share, for net proceeds of \$406,149.

e) The Company granted the agents of the private placement a non-transferable two-year share purchase warrant entitling the agents to acquire 7.5 units, each comprising 12,000 common shares, at a price of \$3,000 per unit. These warrants were exercised on October 19, 2001 resulting in the issuance of 90,000 common shares for net proceeds of \$22,500.

7. Capital stock (continued)

- f) In December 1999, the Company completed the sale by private placement of 444,000 flow-through shares at a price of \$0.50 per share, for net proceeds of \$204,240.
- g) The Company granted the agents of the private placement a non-transferable two-year share purchase warrant for 22,200 common shares at a price of \$0.50 per share. These warrants expired on December 31, 2001.
- h) In July 2000, the Company completed the sale by private placement of 400,000 common shares at a price of \$0.50 per share, for net proceeds of \$200,000.
- i) In October 2000, the Company completed the sale by private placement of 923,077 common shares at a price of \$0.65 per share, for net proceeds of \$539,865.
- j) As of March 31, 2003, 2,380,000 of the issued shares are held in escrow.
- k) On August 2, 2001, options to purchase 574,500 common shares were granted to employees and directors at \$0.50 per share. These options will expire March 27, 2007.

8. Income Taxes

As at December 31, 2002, the Company had federal non-capital loss carry forwards of approximately \$1,183,000 for Canadian income tax purposes, to reduce future taxable income. These non-capital loss carry forwards expire as follows:

2005	\$6,000
2006	84,000
2007	175,000
2008	208,000
2009	709,000

The benefits of these losses have not been recorded in the financial statements.

The Company, as at March 31, 2003, reports an approximate total of \$788,000 of various classes of exploration expenses available for carry forward to apply against taxable income of subsequent taxation years.

9. Non-Cash Transactions

During the year ending December 31, 1999, the Company acquired mining claims in exchange for 1,600,000 common shares having a value of \$0.25 per share.

10. Contingencies and Commitments

The Company's mining and exploration activities are subject to various governmental laws and regulations. These environmental regulations are continually changing and are generally becoming more restrictive. The Company believes its operations comply, in all material respects, with all applicable laws and regulations. When estimated costs are reasonably determinable, the Company will record a provision for environmental and reclamation obligations based on management's estimates of such costs. Such estimates are, however, subject to change based on negotiations with regulatory authorities, changes in laws and regulations and as new information becomes available.

The Big Trout Lake First Nations Band ("Band") has informed the Company that it is opposed to any exploration activities on the Big Trout Lake Property. The Ontario Ministry of Natural Resources and the Ontario Ministry of Northern Development and Mines have confirmed that the Company has the right to quiet possession of the property and the obligation to pursue exploration. The Company has initiated consultations with the Band, which are continuing, and is hopeful that a mutually acceptable accommodation of each party's interest will be reached. The Band has consented to low impact exploration, continuing consultations and employment opportunities as the project progresses. The Company does not feel that the actions of the Band will have an adverse affect on the Company's financial condition.

11. Related Parties

- a) On October 19, 1999, the Company entered into a management agreement with J. R. Trusler & Associates to provide management services at the rate of \$6,000 per month and to supply office space and related services at the rate of \$1,000 per month effective October 1, 1999 and until April 19, 2000. This agreement was extended to April 19, 2001 on December 19, 2000 and until April 19, 2002 on July 5, 2001. Effective September 1, 2001 and up to December 31, 2002, J. R. Trusler & Associates waived the management fees due under the agreement.

11. Related Parties – cont'd

During the period ended March 31, 2003, the Company paid management fees and reimbursement of rent and utilities of \$21,000 to J. R. Trusler & Associates. During the period ended March 31, 2002, the Company paid no management fees and reimbursement of rent and utilities of \$3,000 to J. R. Trusler & Associates.

James R. Trusler, promoter, President and CEO and director of the Company is a principal partner of J R Trusler & Associates.

- (b) On January 2, 2000, the company signed an engagement letter with Telacorp Inc. to provide geological and management services for a minimum of 6 days per month at a per diem rate of \$500 until December 31, 2000. This agreement was extended to December 31, 2002 on February 5, 2002. Effective September 1, 2001 and up to December 31, 2002, Telacorp Inc. waived the geological and management fees due under this agreement.

During the period ended March 31, 2003, the Company paid no management fees to Telacorp Inc. During the period ended March 31, 2002, the Company paid no management fees to Telacorp Inc..

Simon Baker, Vice-President Corporate Development and director of the Company is the president and principal owner of Telacorp Inc.

- c) During the period ended March 31, 2003, the Company paid no legal fees to a legal firm where one of the firm's partners is a director of the company. During the period ended March 31, 2002, the Company paid legal fees of \$2,193 of which \$2,193 was allocated to prepaid expenses to a legal firm where one of the firm's partners is a director of the company.
- d) During the period ended March 31, 2003, the Company paid no accounting fees to an officer of the company. During the period ended March 31, 2002, the Company paid accounting fees of \$3,625, to an officer of the company.

12. Fair Value of Financial Instruments

At March 31, 2003, the Company estimates that the fair value of all financial instruments approximates the carrying value.

13. Subsequent Event

On May 15, 2003, the Company closed a private placement of 446,757 shares for total consideration of \$111,689.