



Platinex Inc.

Interim Financial Statements
Quarter Ended March 31, 2005
Unaudited - Prepared by Management

Q1

These unaudited interim financial statements have not been reviewed by the Company's auditor.

Platinex Inc.
Balance Sheet

| | March 31 2005 (unaudited) | December 31 2004 (audited) |
|--|---------------------------------|----------------------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 26,776 | \$ 39,300 |
| Accounts receivable (note 3) | 8,853 | 5,831 |
| Funds held in trust (note 4) | 1,250 | 1,250 |
| | <hr/> 36,879 | <hr/> 46,381 |
| Mining interests (note 5) | 817,007 | 817,007 |
| Capital assets (note 6) | 3,105 | 3,347 |
| | <hr/> \$ 856,991 | <hr/> \$ 866,735 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities (note 14) | \$ 440,163 | \$ 443,584 |
| SHAREHOLDERS' EQUITY | | |
| Capital stock (note 7) | 2,098,493 | 2,058,493 |
| Deficit | (1,681,665) | (1,635,342) |
| | <hr/> 416,828 | <hr/> 423,151 |
| | <hr/> \$ 856,991 | <hr/> \$ 866,735 |

On behalf of the Board of Directors

“signed”

James R Trusler
President & CEO

“signed”

Simon Baker
Director

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

Platinex Inc.
Notes to Financial Statements
(unaudited)
For three months ended March 31, 2005

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 financial statements have been prepared in accordance with accounting principles generally accepted in Canada. 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

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are made in the period in which they become known. Actual results could differ from those 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

Effective January 1, 2003 the Company adopted the recommendation issued by the Canadian Institute of Chartered Accountants regarding the expensing of exploration expenditures as incurred. Costs attributable to property acquisitions are capitalized while exploration expenditures on the property can only be capitalized once mineral reserves have been established. Once a mineral reserve has been established, all development costs will be capitalized. These costs together with the costs of mining interests will be charged to operations on a unit-of-production method based on estimated recoverable reserves. If the mining interests are abandoned, or when an impairment in value has been determined, the capitalized costs will be charged to operations.

The Company will continue to carry deferred exploration expenditures incurred prior to January 1, 2003 as an asset; however, when events or changes in circumstances indicate that the carrying amount may not be recoverable, the Company will evaluate the carrying value of the asset and an impairment will be recognized at that time.

e) Translation of foreign currency

Foreign currency denominated monetary assets and liabilities of Canadian operations are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and at exchange rates prevailing at the transaction date for non-monetary items. Revenues and expenses are converted at the average exchange rate for the year. Exchange gains or losses arising from the transaction are included in operations.

2. Summary of Significant Accounting Policies (continued)

f) Income taxes

The Company accounts for income taxes using the asset and liability method. Under this method, future income taxes assets and liabilities are determined based on differences between the financial statement carrying value of existing assets and liabilities and their respective income tax bases (temporary differences), and losses carried forward. Future income tax assets and liabilities are measured using tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in operations in the period in which the change is substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

g) Accounting for stock-based compensation

Effective January 1, 2003, the Company adopted, on a prospective basis, the accounting recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, "Stock-Based Compensation and other Stock-Based Payments". This section requires the use of the fair-value method to calculate all stock-based compensation associated with granting stock options to employees and directors, and the inclusion of that expense in the statement of operations. Under the new accounting policy, the Company measures stock-based compensation on the date of the grant and recognizes this cost over the vesting period of the options in results of operations. No stock options were granted during 2003, 2004 and the first quarter of 2005.

h) Impairment of long-lived assets

Effective January 1, 2004, the Company adopted the CICA Handbook Section 3063, "Impairment of Long-Lived Assets". This section requires the Company to assess the impairment of long-lived assets, which consist primarily of mineral property, plant and equipment, whenever events or changes in circumstances indicated that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying value of the asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value.

For the Company, the adoption of CICA Handbook Section 3063 had no impact on results of operations previously presented.

i) Asset retirement obligations

Effective January 1, 2004, the Company adopted the CICA Handbook Section 3110, "Asset Retirement Obligations". This section requires that the fair value of a liability or an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The estimate excludes the residual value of the related assets. The associated retirement costs are capitalized as part of the carrying amount of the long-lived assets and amortized over the life of the asset. The amount of liability is subject to re-measurement at each reporting period. This differs from prior practice which involved accruing for the estimated retirement obligation through annual charges to earnings over the estimated life of the property.

For the Company, the adoption of CICA Handbook Section 3110 had no impact on the results of operation previously presented.

At the present time, the Company has concluded that there are no asset retirement obligations associated with any of the properties.

3. Accounts Receivable

As at March 31, 2005 and December 31, 2004, accounts receivable represents a provision of recovery of Goods and Services taxes paid and payable.

4. Funds Held In Trust

Funds held in trust represent monies advanced to lawyers.

Platinex Inc.
Notes to Financial Statements
(unaudited)
For the three months ended March 31, 2005

5. Mining Interests

| | March 31 2005 | December 31 2004 |
|-------------------------|--------------------------|-----------------------------|
| | (unaudited) | (audited) |
| Big Trout Lake, Ontario | | |
| Property | \$ 413,492 | \$ 413,492 |
| Exploration | 403,515 | 403,515 |
| | \$ 817,007 | \$ 817,007 |

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 9). The Company has received approval of assessment work filed and these claims are in good standing until dates from October, 2005 to February 2007.

On November 30, 2004, the Company granted Brigadier Gold Limited ("Brigadier") an option to acquire a 50% undivided interest in the property. The terms of the option include Brigadier's commitment to (a) grant the Company an option to purchase 200,000 common shares of Brigadier at \$0.50 per share; (b) purchase 200,000 of the Company's common shares on or before January 14, 2005 for a purchase price of \$50,000; and (c) pay the Company \$300,000 by January 14, 2005, which funds must be expended on exploration by April 1, 2006, pay the Company \$700,000 by January 14, 2006 which must be expended on exploration by April 1, 2006, and pay an additional \$1,000,000 by January 14, 2007, which the Company must expend on exploration by April 1, 2007.

Brigadier failed to make the required payments due on January 14, 2005 and, in accordance with the terms of the agreement, Brigadier's right to exercise the option terminated.

6. Capital Assets

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

| | March 31 2005 | December 31 2004 |
|--------------------------|--------------------------|-----------------------------|
| | (unaudited) | (audited) |
| Cost | \$ 17,413 | \$ 17,413 |
| Accumulated Amortization | 14,308 | 14,006 |
| | \$ 3,105 | \$ 3,347 |

7. Capital Stock

a) Authorized: Unlimited number of common shares

b) Issued:

| | Number of shares | Amount |
|------------------------------|-----------------------------|---------------|
| Balance at December 31, 2003 | 6,928,934 | \$ 2,013,493 |
| Issued for cash | 180,000 | 45,000 |
| | 7,108,934 | 2,058,493 |
| Balance at December 31, 2004 | 7,108,934 | 2,058,493 |
| Issued for cash | 160,000 | 40,000 |
| | 7,268,934 | \$ 2,098,493 |
| Balance at March 31, 2005 | 7,268,934 | \$ 2,098,493 |

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7. Capital Stock cont'd

- c) On May 14, 2003, the Company completed the sale by private placement of 446,757 common shares at a price of \$0.25 per share, for net proceeds of \$111,689.
- d) On December 2, 2003, the Company completed the sale by private placement of 40,000 common shares at a price of \$0.25 per share, for net proceeds of \$10,000.
- e) On December 31, 2003, the Company completed the sale by private placement of 340,000 common shares (flow-through) at a price of \$0.25 per share, for net proceeds of \$85,000.
- f) On May 13, 2004, the Company completed the sale by private placement of 40,000 common shares at a price of \$0.25 per share, for net proceeds of \$10,000.
- g) On December 30, 2004, the Company completed the sale by private placement of 140,000 common shares at a price of \$0.25 per share, for net proceeds of \$35,000.
- h) As at March 31, 2005, 2,380,000 of the issued shares are held in escrow and an additional 214,757 shares have been issued to management and directors which may be subject to escrow.
- i) 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.
- j) On January 10, 2005, the Company completed the sale by private placement of 160,000 common shares at a price of \$0.25 per share, for net proceeds of \$40,000.

8. Income Taxes

At December 31, 2004, the Company had federal non-capital loss carry forwards of approximately \$1,460,000 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 | 176,000 |
| 2008 | 208,000 |
| 2009 | 620,000 |
| 2010 | 160,000 |
| 2011 | 206,000 |

The benefits of these losses have not been recorded in the financial statements. At December 31, 2004, the Company reports a total of approximately \$773,000 of various classes of exploration expenses available for carry forward to apply against taxable income of subsequent 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 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.

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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.

During the first quarter of 2005, the Company accrued \$18,000 in management fees (\$15,000 – 2004) and reimbursed rent and utility costs of \$3,000 (\$3,000 – 2004) to a partnership owned by James R. Trusler, who is director and also acts as the President and CEO of the Company. Of the management, fees \$6000 were allocated to exploration (engineering services) on the Big Trout Lake property.

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, 2001 on December 15, 2000 and to December 31, 2002 on February 5, 2002. Effective September 1, 2001 and up to December 31, 2003, Telacorp Inc. waived the geological and management fees due under this agreement.

During the first quarter of 2005, the Company paid \$0 in management fees (\$1,000 – 2004) to a company which is owned by Simon Baker, who is director and also acts as the Vice-President of the Company.

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, 2005, the Company accrued accounting fees of \$2,037 (\$0 – 2004) to an officer of the Company
- d) Included in accounts payable at March 31, 2005 is an amount of \$216,489 (December 31, 2004 - \$210,682) that is due to related parties.

12. Basic and Diluted Loss per Share

The basic and diluted loss per share is computed by dividing the loss by the number of common shares outstanding during the period. The conversion of stock options was not included in the calculation of diluted loss per share since the calculation would be anti-dilutive.

13. Fair Value of Financial Instruments

At March 31, 2005 and December 31, 2004, the Company estimates that the carrying value of cash, accounts receivable, funds held in trust and accounts payable approximate their fair value due to the immediate or short-term nature.

14. Subsequent Events

On May 9, 2005, Platinex Inc. filed an application to list its shares on the TSX Venture Exchange. On May 24, 2005 an unbrokered private placement of 3,558,136 shares (including 862,000 flow-through shares) was completed for net proceeds of \$892,517 resulting in the issued and outstanding share capital to be 10,827,070 common shares. The financing included the issuance of 1,657,136 shares for trade debt of \$414,416.

15. Comparative Results

Certain of the comparative results have been reclassified to conform with the presentation in the annual audited financial statements.