



# Platinex Inc.

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**Interim Financial Statements**  
**Quarter Ended June 30, 2007**  
**Unaudited - Prepared by Management**

**Q2**

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

**Platinex Inc.**  
**Balance Sheet**

	<b>June 30, 2007</b>	<b>December 31, 2006</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
Current		
Cash (note 3)	\$ 2,804	\$ 159,603
Accounts receivable	46,558	10,684
Funds held in trust (note 4)	10,607	45,000
Prepaid expenses	10,721	12,371
	70,690	227,658
Mining interests (notes 5 & 9)	1,129,319	1,129,319
Property, plant and equipment (note 6)	4,950	3,933
	\$ 1,204,959	\$ 1,360,910
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 947,522	\$ 617,960
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 7)	3,911,120	3,813,400
Share purchase warrants (note 7s)	138,827	138,827
Contributed surplus (note 7u)	123,600	123,600
Deficit	(3,916,110)	(3,332,877)
	257,437	742,950
	\$ 1,204,959	\$ 1,360,910

**Contingencies and commitments (note 14)**

On behalf of the Board of Directors

***“James R. Trusler”***

\_\_\_\_\_  
James R. Trusler  
Director

***“John D. Ross”***

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John D. Ross  
Director

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

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**Platinex Inc.**  
**Statements of Deficit**  
**(Unaudited)**  
**For six months ended June 30, 2007**

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	2007	2006
<b>Balance, beginning of period</b>	\$ 3,332,877	\$ 1,645,837
Loss for the period	583,233	1,687,040
<b>Balance, end of period</b>	<u>\$ 3,916,110</u>	<u>\$ 3,322,877</u>

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

**Platinex Inc.**  
**Statements of Loss**  
(Unaudited)

	For three months ended June 30		For six months ended June 30	
	2007	2006	2007	2006
<b>Expenses</b>				
Accounting and legal	\$ 5,782	\$ 18,704	\$ 8,024	\$ 18,704
Amortization	332	242	664	479
Bank charges and interest	1,255	31	1,287	495
Consultant's fees	0	400	0	400
Filing fees	3,869	692	8,873	4,292
Financing costs	0	0	0	3,500
Insurance	3,375	1,875	6,750	1,875
Interest income	(135)	(7,637)	(639)	(10,422)
Investor relations	11,677	262	13,822	24,598
Management fees (note 11)	18,000	19,375	36,000	37,104
Office and general	1,999	3,412	4,254	5,233
Rent and occupancy (note 11)	1,500	2,400	3,900	4,800
Subcontract services	11,742	7,092	22,110	16,581
Telephone expense	700	1,220	1,417	2,233
Transfer agent fees	3,164	2,519	4,362	5,039
Travel	0	1,713	175	2,311
<b>Loss before other items</b>	<b>63,260</b>	<b>52,300</b>	<b>110,999</b>	<b>117,222</b>
Exploration expenditures (note 3)	171,040	491,158	472,234	828,474
<b>Loss for the period</b>	<b>\$ 234,300</b>	<b>\$ 543,458</b>	<b>\$ 583,233</b>	<b>\$ 945,696</b>
<b>Basic and fully diluted loss per share</b>	<b>\$ 0.0153</b>	<b>\$ 0.0381</b>	<b>\$ 0.0385</b>	<b>\$ 0.0666</b>
<b>Weight average number of common shares outstanding</b>	<b>15,268,096</b>	<b>14,271,163</b>	<b>15,134,396</b>	<b>14,199,735</b>

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

**Platinex Inc.**  
**Statements of Cash Flows**  
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
<b>Operating activities</b>				
Net loss for the period	\$ (234,300)	\$ (543,458)	\$ (583,233)	\$ (945,696)
Add back: amortization	332	242	664	479
	(233,968)	(543,216)	(582,569)	(945,217)
(Increase) decrease in accounts receivable	(13,785)	(7,483)	(35,874)	(24,557)
(Increase) decrease in funds held in trust	0	9,046	34,393	(36,000)
(Increase) decrease in prepaid expenses	775	(5,362)	1,650	35,138
Increase (decrease) in accounts payable	176,950	158,547	329,562	225,141
	(70,028)	(388,468)	(252,838)	(745,495)
<b>Investing Activities</b>				
Purchase of property, plant and equipment	(529)	0	(1,681)	(1,404)
Purchase of mining interests	0	(1,263)	0	(312,312)
	(529)	(1,263)	(1,681)	(313,716)
<b>Financing Activities</b>				
Common shares issued	35,000	0	97,720	150,000
Subscriptions receivable	0	0	0	598,000
	35,000	0	97,720	748,000
<b>Change in cash</b>	(35,557)	(389,731)	(156,799)	(311,211)
<b>Cash, beginning of period</b>	38,361	741,762	159,603	663,242
<b>Cash, end of period</b>	\$ 2,804	\$ 352,031	\$ 2,804	\$ 352,031

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

**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, to arrange financing to meet its current and future obligations and the outcome of the matters discussed in note 13.

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) Property, plant and equipment

Property, plant and equipment 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 (note 5); 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.

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. Cash**

Included in cash as at June 30, 2007 is \$372 of monies received from the issue of flow-through shares (\$85,371 – December 31, 2006). The use of these funds is restricted to exploration expenditures.

**4. Funds Held In Trust**

Funds held in trust represent monies advanced to lawyers.

**Platinex Inc.**  
**Notes to Financial Statements**  
**(Unaudited)**  
**For the six months ended June 30, 2007**

**5. Mining Interests**

	June 30 2007	December 31 2006
Big Trout Lake, Ontario		
Property - 221 mining claims	\$ 413,492	\$ 413,492
- 81 mining leases	312,312	312,312
Exploration	403,515	403,515
	<u>\$ 1,129,319</u>	<u>\$ 1,129,319</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 (note9). The Company has received approval of assessment work filed and these claims are in good standing until the legal proceedings are resolved (note 13).

On February 10, 2006 the Company acquired a 100% unencumbered interest in 81 renewable mining leases, expiring from April 1, 2010 to April 1, 2011, from a joint venture operated by Inco Limited for \$162,312 cash and the issuance of \$150,000 worth of the Company's common shares (428,751 common shares issued) (notes 9 & 13).

**6. Property, Plant and Equipment**

Property, plant and equipment comprise computer equipment and software and furniture and fixtures.

	June 30 2007	December 31 2006
Cost	\$ 21,790	\$ 20,109
Accumulated amortization	16,840	16,176
	<u>\$ 4,950</u>	<u>\$ 3,933</u>

**Platinex Inc.**  
**Notes to Financial Statements**  
**(Unaudited)**  
**For the six months ended June 30, 2007**

**7. Capital Stock, Warrants and Stock Options**

a) Authorized: Unlimited number of common shares

b) Issued:

	Number of shares	Amount
Balance at December 31, 2004	7,108,934	\$ 2,058,493
Shares issued for cash	4,780,296	1,763,598
Shares issued in exchange for trade debt	1,953,362	488,422
Share purchase warrants		(137,927)
Financing costs of share issue		(102,500)
Tax benefits renounced - flow-through		(486,492)
Balance at December 31, 2005	13,842,592	3,583,594
Shares issued for cash	625,000	115,000
Shares issued in exchange for trade debt	428,571	150,000
Share purchase warrants		(900)
Financing costs of share issue		(3,600)
Tax benefits renounced - flow-through		(30,694)
Balance at December 31, 2006	14,896,163	3,813,400
Shares issued in exchange for trade debt	313,600	62,720
Shares issued for cash	87,500	35,000
Balance at June 30, 2007	15,297,263	\$ 3,911,120

- c) In January 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.
- d) In May 2005, the Company completed the exchange of 1,609,636 common shares at a price of \$0.25 per share for trade debt obligations of \$402,410; and the exchange of 47,500 common shares at a price of US \$0.20 per share for trade debt obligations of US \$9,500 (CDN \$11,956).
- e) In May 2005, the Company completed the sale by private placement of 1,326,000 common shares of which 862,000 shares are flow-through common shares at a price of \$0.25 per share for net proceeds of \$331,500 and the sale of 575,000 common shares at a price of US \$0.20 per share for net proceeds of US \$115,000 (CDN \$144,348).
- f) In October 2005, the Company completed the exchange of 296,226 common shares at a price of \$0.25 per share for trade debt obligations of \$74,057.
- g) In October 2005, the Company completed the sale by private placement of 304,500 flow-through common shares at a price of \$0.30 per share for net proceeds of \$91,350.
- h) In October 2005, the Company completed the sale by private placement of 564,000 common shares at a price of \$0.25 per share for net proceeds of \$141,000.

**Platinex Inc.**  
**Notes to Financial Statements**  
**(Unaudited)**  
**For the six months ended June 30, 2007**

**7. Capital Stock, Warrants and Stock Options (continued)**

- i) In December 2005, the Company completed the sale by private placement of 727,273 units at a price of \$0.55 per unit for gross proceeds of \$400,000. Each unit consists of one flow-through common shares and one-half of one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share of the company at an exercise price of \$0.825 per common share until the expiry date of December 20, 2007. Agents were paid a cash commission of 10% of the gross proceeds plus 72,727 broker warrants issued on the same terms as the related warrants.
- j) In December 2005, the Company completed the sale by private placement of 1,087,273 units at a price of \$0.55 per unit for gross proceeds of \$598,000. Each unit consists of one flow-through common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share of the common at an exercise price of \$0.85 per common share until December 30, 2006 and \$1.15 per common share until the expiry date of December 30, 2007. Agents were paid a cash commission of 5% on \$400,000 of the gross proceeds plus 72,727 broker warrants issued on the same terms as the related warrants.
- k) In December 2005, the Company completed the sale by private placement of 36,250 flow-through shares at a price of \$0.48 per share for net proceeds of \$17,400.
- l) In February 2006, the company completed the exchange for debt to acquire the interest in the 81 mining leases (note 5) for 428,571 common shares at a price of \$0.35 per share, for net proceeds of \$150,000 (note 9).
- m) In December 2006, the company completed the sale by private placement of 200,000 common shares at a price of \$0.15 per share, for net proceeds of \$30,000.
- n) In December 2006, the company completed the sale by private placement of 200,000 flow-through common shares at a price of \$0.20 per share, for net proceeds of \$40,000.
- o) In December 2006, the company completed the sale by private placement of 225,000 flow-through common shares at a price of \$0.20 per share for gross proceeds of \$45,000. Agents were paid a cash commission of 8% of the gross proceeds plus 22,500 broker warrants exercisable into one non-flow-through common share of the company at an exercise price of \$0.20 per common share until the expiry date of December 30, 2007.
- p) In March 2007, the Company completed the exchange of 313,600 common shares at a price of \$0.20 per share for trade debt obligations of \$62,720 (note 10c).
- q) In May 2007, the company completed the sale by private placement of 87,500 common shares at a price of \$0.40 per share, for net proceeds of \$35,000.
- r) As at June 30, 2007, 1,732,525 (2,310,034 – December 31, 2006) of the issued shares are held in escrow.
- s) Share purchase warrants.

The following summarizes the warrants that have been issued, exercised or have expired during the period:

	Number of Warrants	Weighted Average Exercise Price	Expiry Date	Amount
Outstanding January 1, 2005	\$ 0			\$ 0
Warrants issued on private placement (i)	436,363	\$ 0.825	Dec 20, 2007	56,727
Warrants issued on private placement (j)	<u>1,160,000</u>	\$ 1.000	Dec 30, 2007	<u>81,200</u>
Outstanding December 31, 2005	1,596,363			137,927
Warrants issued on private placement (o)	<u>22,500</u>	\$ 0.200	Dec 29, 2007	<u>4,500</u>
Outstanding December 31, 2006 and June 30, 2007	<u>\$ 1,618,863</u>			<u>\$ 145,427</u>

The share purchase warrants are valued using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 4.02% (3.85% - 2005); expected volatility of 70% (85% - 2005); expected life of 1 year (1.5 years – 2005) and expected dividend yield of 0%. The fair value of \$900 (\$137,927 – 2005) has been recognized in the Company's accounts.

**Platinex Inc.**  
**Notes to Financial Statements**  
**(Unaudited)**  
**For the six months ended June 30, 2007**

**7. Capital Stock, Warrants and Stock Options (continued)**

t) Stock options.

In August 2001, options to purchase 574,500 common shares were granted to employees and directors at \$0.50 per share. As at December 31, 2006, 501,000 (526,000 – 2005) of these options were still outstanding. These remaining options expired on March 27, 2007.

In October 2005, the Company's Board of Directors approved a new stock option plan. Under the terms of the Company's new stock option plan, a maximum of 10% of the issued and outstanding common shares have been reserved for issuance to the Company's directors, officers, employees and eligible consultants. The new stock option plan was approved by the Company's non participatory shareholders on May 24, 2006.

In December 2005, the Company's Board of Directors granted an option to purchase 240,000 common shares at an option price of \$0.50 per share to the Company's investor relations firm, subject to non participatory shareholder approval of the stock option plan as disclosed above.

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance at December 31, 2004 and December 31, 2005	526,000	\$ 0.50
Expired	(85,000)	0.41
Granted	1,165,000	0.39
	1,606,000	0.43
Balance at December 31, 2006	1,606,000	0.43
Expired	(501,000)	0.50
Granted	220,000	0.38
	1,325,000	0.41
Balance at June 30, 2007	1,325,000	0.41

The following summarizes information about the stock options outstanding and exercisable at June 30, 2007.

<b>Number of Options Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Number of Options Exercisable</b>
240,000	\$ 0.50	Dec 1, 2010	240,000
805,000	\$ 0.38	Jan 25, 2011	805,000
60,000	\$ 0.14	Aug 8, 2011	60,000
60,000	\$ 0.45	May 14, 2012	60,000
160,000	\$ 0.36	June 18, 2012	160,000
1,325,000			1,325,000

u) Stock based compensation.

In 2006, the company granted 1,165,000 options, 240,000 of which were granted in 2005 subject to shareholder approval. The stock option plan was approved by the shareholders on May 24, 2006. The options granted to employees and non-employees were valued using the Black-Scholes option pricing model with the following assumptions: risk free interest rate between 4.13% and 4.19%; expected volatility of 70%; expected life form 4.5 to 5 years and expected dividend yield of 0%. The fair value of \$123,600 has been charged to the statement of loss and offset to contributed surplus.

In May 2007, the Company granted 60,000 options to a director of the company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Corporation upon payment of an exercise price of \$0.45 per share at any time until May 14, 2012.

In June 2007, the Company granted in aggregate 160,000 options to a director, an officer and an eligible consultant of the company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Corporation upon payment of an exercise price of \$0.36 per share at any time until June 18, 2012.

**Platinex Inc.**  
**Notes to Financial Statements**  
**(Unaudited)**  
**For the six months ended June 30, 2007**

**8. Income Taxes**

Future income taxes reflect the net tax effects on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes.

There is 1 future income tax liability and there are 2 future income tax assets as follows:

	<b>December 31 2006</b>	<b>December 31 2005</b>
Future income tax liability		
Renounced mineral expenditures on flow-through shares	\$ (30,694)	\$ (486,492)
Future income tax assets		
Non - capital losses carried forward	662,239	613,901
Canadian development and exploration expenditures	84,667	80,213
Total future tax assets	746,906	694,114
Valuation allowance for future tax assets	(716,212)	(207,622)
Future income tax assets	30,694	486,492
Net future income tax liability and assets	\$ 0	\$ 0

The Company provided a valuation allowance equal to the future tax assets (except for the amount of the non-capital losses equal to offset the future income tax liability in accordance with CICA Handbook EIC-146) because it is not presently more likely than not that they will be realized. The Company's actual income tax (recovery) expense for each of the years ended is made up as follows:

	<b>Year ended December 31 2006</b>	<b>Year ended December 31 2005</b>
Loss before income taxes	\$ (1,717,734)	\$ (496,987)
Income tax (recovery) at the combined federal and provincial rates of 36.11%	(620,274)	(179,462)
Non-deductible exploration expenditures	496,800	62,158
Renounced mineral expenditures on flow through shares	(30,694)	(486,492)
Stock based compensation	44,632	0
Non capital losses not utilized	78,671	117,097
Other	170	207
Actual income tax recovery	\$ (30,694)	\$ (486,492)

At December 31, 2006, the Company had federal non-capital loss carry forwards of approximately \$1,833,950 for Canadian income tax purposes, to reduce future taxable income. These non-capital loss carry forwards expire as follows:

2007	\$ 175,754
2008	207,802
2009	620,205
2010	160,501
2011	127,544
2012	324,279
2013	217,865

The benefits of these losses have not been recorded in the financial statements. At December 31, 2006, the Company reports a total of approximately \$1,363,789 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 fiscal 1999, the Company acquired mining claims in exchange for 1,600,000 common shares having a value of \$0.25 per share. During fiscal 2005, the Company issued common shares in exchange for trade debt as described in notes 7d and 7f. In fiscal 2006, the company issued common shares in exchange for trade debt as described in note 7l and also in fiscal 2007 as described in note 7p.

**10. Related Parties**

- a) During the period ended June 30, 2007, the Company paid \$36,000 in management fees (\$38,000 - 2006) and reimbursed rent and utility costs of \$6,000 (\$6,000 - 2006) to a partnership owned by the President and CEO of the Company. Of the management fees, \$18,000 was allocated to exploration (expenditures) on the Big Trout Lake property in 2007 (\$20,000 - 2006). Of the rent and utility costs, \$2,100 was allocated to exploration expenditures on the Big Trout Lake property in 2007 (\$1,200 - 2006). As at June 30, 2007, \$7,500 (\$5,000 - 2006) was included in prepaid expenses as an advance to the partnership owned by the President and CEO of the Company on account of expenses.
- b) During the period ended June 30, 2007, the Company paid \$0 in management fees (\$39,945 - 2006) to a company owned by a director and Vice-President of the Company. Of the management fees, \$0 were allocated to exploration expenditures on the Big Trout Lake property in 2007 (\$38,570 - 2006). As at June 30, 2007, \$1,745 (\$5,000 - 2006) was included in prepaid expenses as an advance to the company owned by a director and Vice-President of the Company on account of expenses.
- c) During the period ended June 30, 2007, the Company incurred legal fees of \$50,027 (\$8,050 - 2006) to a legal firm where one of the firm's partners is a director of the Company. These legal fees are related to the Big Trout Lake property and have been included in the exploration expenditures. During the period ended June 30, 2007, a partner of the legal firm, who is a director of the company, received 250,000 shares in consideration for outstanding debt by the corporation of \$50,000 (\$0 - 2006).
- d) During the period ended June 30, 2007, the Company incurred financial management fees of \$18,000 (\$17,729 - 2006) to an officer of the Company.
- e) Included in accounts payable at June 30, 2007 is an amount of \$21,964 (\$18,736 - 2006) that is due to related parties.

**11. Basic and Diluted Loss per Share**

The basic and diluted loss per share is computed by dividing the loss by the weighted average 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.

**12. Fair Value of Financial Instruments**

At June 30, 2007 and December 31, 2006, the Company estimates that the carrying value of cash, accounts receivable, funds held in trust and accounts payable approximate their fair value due to their immediate or short-term nature.

### 13. Contingencies and Commitments

At the commencement of the Big Trout Lake project in 1999, the Kitchenuhmaykoosib Inninuwug First Nations ("KI") community informed the Company that it was 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 right to pursue exploration. Until recent developments, KI had consented to low impact exploration, continued consultations and employment opportunities as the project progressed.

In late February, 2006 due to the conduct of members of the Kitchenuhmaykoosib Inninuwug First Nations ("KI") community, and in order to ensure the safety of its on-site workers, Platinex vacated its camp in the Big Trout Lake area and temporarily halted the exploration program on its claims. After Platinex's forced departure, and without its authorization, KI members tore down the camp and removed all items from the site. The Company's efforts to engage the KI community in discussions to resolve the situation have been unsuccessful. Platinex is in the process of seeking injunctive relief against KI, the KI Band Council and others so that it can continue its exploratory drilling without obstruction or interference. The Company also has issued a Statement of Claim against the same parties for damages.

KI aggressively opposed the Company's exploration activities and prevented the Company from its right of quiet possession of the property. The Company sought injunctive relief against KI and others in order to continue its exploration drilling without obstruction or interference.

In late July 2006, the Ontario Superior Court dismissed the company's motion and granted injunctive relief to KI conditional on it establishing a consultation committee to engage in tripartite discussions with Platinex and the Provincial Crown with the objective of developing an agreement to allow Platinex to conduct its exploratory drilling on the Big Trout Lake property. Management was concerned that the Court's July 2006 decision sanctioned the KI unilateral "moratorium" on prospecting and exploration on KI's traditional territory. Minister Ramsay of the Ministry of Natural Resources has stated publicly that the KI "moratorium" has no legal standing. Further, Platinex's activities were based on assurances from the Provincial Government that the Company has the right and the obligation to explore its claims, and the obligation to keep those claims in good standing. Platinex's support in principle for good faith consultations with KI and the Crown notwithstanding, Management determined that it was obliged to continue to preserve and pursue its full legal rights by way of an appeal. Such an appeal has not yet been argued. The Court-mandated tripartite discussions were initiated in August. At KI's insistence, those discussions focused on the development of a consultation protocol. Although Platinex agreed in October 2006 to the terms of the KI-proposed protocol, such a document was never executed and substantive discussions concerning Platinex's exploratory drill program did not take place prior to the Court ordered re-appearance in January 2007.

In January 2007, the parties agreed to extend the injunction order until April 2007 in a further effort to conclude a protocol and reach an agreement on the Platinex drilling. Because KI and the Provincial Government could not come to an agreement on certain issues including the quantum of funding for KI's participation in the consultation, a protocol was not executed and substantive discussions did not commence. On April 2, 3 and 4, 2007, KI argued its motion for an order prohibiting Platinex from conducting any drilling on the Big Trout Lake property until the trial of the main action. Platinex opposed KI's motion. The Provincial Government proposed a Court-supervised process that would allow Platinex to commence its drilling while consultation continued. Platinex supported this proposal. The Court reserved its judgment.

On May 1, 2007, the Court dismissed KI's motion for further injunctive relief and made certain declaratory orders. The May 1, 2007 ruling contemplated that Platinex's drilling program could commence on June 1, 2007 with certain consultation processes in place. By further ruling on May 22, 2007, the Court imposed a consultation protocol, memorandum of understanding and timetable and ordered that Platinex could commence phase one (24 holes) of its exploratory drill program on June 1, 2007.

Since the outcome of certain matters involving the Company and KI over the Big Trout Lake property has yet to be determined, the Company has not made any provision in the financial statements for any loss or impairment in the mining assets or any costs related to this action.

### 14. Subsequent Events

On August 8, 2007, the Company completed the sale by private placement of 2,116,001 non-flow through units at a price of \$0.30 per unit and 850,000 flow-through common shares at a price of \$0.35 per share for gross proceeds of \$932,300. Each non-flow through unit consists of one common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009.

On August 10, 2007, the Company completed the sale by private placement of 2,142,856 flow-through units at a price of \$0.35 per unit for gross proceeds of \$750,000. Each flow through unit consists of one flow-through common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share at an exercise price of \$0.60 per non-flow through common share until August 10, 2008 and \$0.75 per non-flow through common share until the expiry date of August 10, 2009.

On August 10, 2007, the Company completed the sale by private placement of 26,667 non-flow through units at a price of \$0.30 per unit for gross proceeds of \$8,000. Each non-flow through unit consists of one common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share at an exercise price of \$0.35 per common share until the expiry date of August 10, 2009.