



# Platinex Inc.

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

**Q3**

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

**Platinex Inc.**  
**Interim Balance Sheets**

	<b>September 30, 2007</b>	<b>December 31, 2006</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>		
Current		
Cash (note 3)	\$ 1,768,626	\$ 159,603
Accounts receivable	35,128	10,684
Funds held in trust (note 4)	11,607	45,000
Prepaid expenses	21,246	12,371
	1,836,607	227,658
Mining interests (notes 5 & 9)	1,129,319	1,129,319
Property, plant and equipment (note 6)	4,657	3,933
	\$ 2,970,583	\$ 1,360,910
<b>LIABILITIES</b>		
Current		
Accounts payable and accrued liabilities	\$ 449,847	\$ 617,960
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 7)	4,405,881	3,813,400
Share purchase warrants (note 7m)	1,683,872	138,827
Contributed surplus (note 7o)	188,800	123,600
Deficit	(3,757,817)	(3,332,877)
	2,520,736	742,950
	\$ 2,970,583	\$ 1,360,910

**Contingencies and commitments (note 13)**

On behalf of the Board of Directors

***“James R. Trusler”***

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

***“John D. Ross”***

\_\_\_\_\_  
John D. Ross  
Director

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

**Platinex Inc.**  
**Interim Statements of Loss and Deficit**  
(Unaudited)

	For three months ended September 30		For nine months ended September 30	
	2007	2006	2007	2006
<b>Expenses</b>				
Accounting and legal	\$ 16,321	\$ 5,513	\$ 24,345	\$ 24,217
Amortization	812	232	1,476	711
Bank charges and interest	241	7	1,528	502
Consultant's fees	0	0	0	400
Filing fees and dues	9,415	(144)	18,288	4,148
Financing costs	0	0	0	3,500
Insurance	4,783	2,625	11,533	2,625
Interest income	(1,969)	(2,615)	(2,608)	(13,037)
Investor relations	25,281	367	39,103	24,965
Management fees (note 10)	59,854	18,000	95,854	55,104
Office and general	4,288	0	8,542	543
Rent and occupancy (note 10)	1,500	1,412	5,400	7,977
Stock based compensation (note 7o)	65,200	0	65,200	0
Subcontract services	11,633	9,467	33,743	26,048
Telephone expense	1,220	1,856	2,637	4,089
Transfer agent fees	3,295	981	7,657	6,020
Travel	1,784	157	1,959	2,468
<b>Loss before other items</b>	203,658	40,258	314,657	157,480
<b>Exploration expenditures (note 3)</b>	119,937	83,762	592,171	912,236
<b>Loss before income taxes</b>	323,595	124,020	906,828	1,069,716
<b>Future income tax recoverable (note 8)</b>	(481,888)	0	(481,888)	0
<b>Loss (income) after income taxes</b>	(158,293)	124,020	424,940	1,069,716
<b>Deficit, beginning of period</b>	3,916,110	2,591,533	3,332,877	1,645,837
<b>Deficit, end of period</b>	\$ 3,757,817	\$ 2,715,553	\$ 3,757,817	\$ 2,715,553
<b>Basic and fully diluted loss (income) per share</b>	\$ (0.0075)	\$ 0.0381	\$ 0.0248	\$ 0.0666
<b>Weight average number of common shares outstanding</b>	21,186,501	14,271.163	17,151,765	14,199,735

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

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

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
<b>Operating activities</b>				
Net loss (income) for the period	\$ 158,293	\$ (124,020)	\$ (424,940)	\$ (1,069,716)
Add back non-cash items:				
Amortization	812	232	1,476	479
Exploration expenses exchanged for shares	0	0	50,000	0
Tax benefit renounced flow through shares	(481,888)	0	(481,888)	0
Stock based compensation (note 7o)	65,200	0	65,200	0
	(257,583)	(123,788)	(790,152)	(1,069,005)
(Increase) decrease in accounts receivable	11,430	7,679	(24,444)	(24,557)
(Increase) decrease in funds held in trust	(1,000)	2,752	33,393	(36,000)
(Increase) decrease in prepaid expenses	(10,525)	2,625	(8,875)	35,138
Increase (decrease) in accounts payable	(497,675)	(103,402)	(155,393)	225,141
	(755,353)	(214,134)	(945,471)	(959,629)
<b>Investing Activities</b>				
Purchase of property, plant and equipment	(519)	0	(2,200)	1,404
Purchase of mining interests	0	0	0	(312,312)
	(519)	0	(2,200)	(313,716)
<b>Financing Activities</b>				
Common shares issued net of financing costs	2,840,800	0	2,875,800	150,000
Financing cost of share issue	(319,106)	0	(319,106)	0
Subscriptions receivable	0	0	0	598,000
	2,521,694	0	2,556,694	748,000
<b>Change in cash</b>	1,765,822	(214,134)	1,609,023	(525,345)
<b>Cash, beginning of period</b>	2,804	352,031	159,603	663,242
<b>Cash, end of period</b>	\$ 1,768,626	\$ 137,897	\$ 1,768,626	\$ 137,897

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

**Platinex Inc.**  
**Notes to Interim Financial Statements**  
**(Unaudited)**  
**For the nine months ended September 30, 2007**

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**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**

a) Basis of Presentation

These unaudited interim financial statements have been prepared by management in accordance with generally accepted accounting principles. The accounting policies used in the preparation of the interim unaudited financial statements conform to those used in the Company's annual audited financial statements and reflect all normal and recurring adjustments considered necessary to fairly state the results for the periods presented. These unaudited interim financial statements should be read in conjunction with the annual audited financial statements for the Company's most recently completed fiscal year ended December 31, 2006, as they do not include all disclosures required for annual financial statements.

b) 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.

c) 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

d) 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.

e) 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.

**2. Summary of Significant Accounting Policies (continued)**

f) 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.

g) 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.

h) Flow-through shares

Under the Canadian Income Tax Act, the Company may issue securities referred to as flow-through shares, whereby the investor may claim the tax deductions arising from the qualifying expenditure of the proceeds by the Company. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective corporate tax rate), thereby reducing share capital. Previously unrecognized tax assets may then offset or eliminate the liability recorded.

i) 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.

j) 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.

k) 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.

**Platinex Inc.**  
**Notes to Interim Financial Statements**  
**(Unaudited)**  
**For the nine months ended September 30, 2007**

**3. Cash**

Included in cash as at September 30, 2007 is \$601,146 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.

**5. Mining Interests**

	<b>September 30 2007</b>	<b>December 31 2006</b>
Big Trout Lake, Ontario		
Property - 221 mining claims	\$ 413,492	\$ 413,492
- 81 mining leases	312,312	312,312
Exploration	403,515	403,515
	<b>\$ 1,129,319</b>	<b>\$ 1,129,319</b>

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 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.

	<b>September 30 2007</b>	<b>December 31 2006</b>
Cost	\$ 22,309	\$ 20,109
Accumulated amortization	17,652	16,176
	<b>\$ 4,657</b>	<b>\$ 3,933</b>

**Platinex Inc.**  
**Notes to Interim Financial Statements**  
**(Unaudited)**  
**For the nine months ended September 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, 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	8,921,357	2,875,800
Share purchase warrants		(1,545,045)
Financing costs of share issue		(319,106)
Tax benefits renounced (note 8)		(481,888)
Balance at September 30, 2007	24,131,120	\$ 4,405,881

**Platinex Inc.**  
**Notes to Interim Financial Statements**  
**(Unaudited)**  
**For the nine months ended September 30, 2007**

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

- c) 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).
- d) 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.
- e) 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.
- f) 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.
- g) 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 9 & 10c).
- h) 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.
- i) On August 8, 2007, the Company completed the sale by private placement of 2,142,668 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 \$940,300. 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. Agents were paid a cash commission of \$46,520 plus 68,000 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009 and 75,733 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.30 per common share until the expiry date of August 8, 2009.
- j) 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. Agents were paid a cash commission of \$75,000 representing 10% of the gross proceeds plus 214,287 broker warrants exercisable into one non-flow-through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 10, 2009 and one additional warrant exercisable into one non-flow through common share of the Company at an exercise price of \$0.60 until August 10, 2008 or at an exercise price of \$0.75, if not exercised by August 10, 2008, until the expiry date of August 10, 2009.
- k) On August 29, 2007, the Company completed the sale by private placement of 2,878,333 non-flow through units at a price of \$0.30 per unit and 820,000 flow-through common shares at a price of \$0.35 per share for gross proceeds of \$1,150,500. 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. Agents were paid a cash commission of \$98,194 plus 202,667 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.30 per common share until the expiry date of August 8, 2009 and 65,600 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009.
- l) As at September 30, 2007, 1,732,527 (2,310,036 – December 31, 2006) of the issued shares are held in escrow.

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

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

m) 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	436,363	\$ 0.825	Dec 20, 2007	56,727
	<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 (f)	<u>22,500</u>	\$ 0.200	Dec 29, 2007	<u>900</u>
Outstanding December 31, 2006	1,618,863			138,827
Warrants issued on private placement (i to j)	2,142,668	\$ 0.350	August 8, 2009	492,814
	75,733	\$ 0.300	August 8, 2009	18,176
	68,000	\$ 0.350	August 8, 2009	15,640
	214,287	\$ 0.350	August 10, 2009	49,286
	214,287	\$ 0.675	August 10, 2009	36,429
	2,142,856	\$ 0.675	August 10, 2009	364,285
	2,878,333	\$ 0.350	August 8, 2009	518,100
	202,667	\$ 0.300	August 8, 2009	38,507
	<u>65,600</u>	\$ 0.350	August 8, 2009	<u>11,808</u>
	<u>9,623,294</u>			<u>\$ 1,683,872</u>

The share purchase warrants are valued using the Black-Scholes option pricing model with the following assumptions: 2007 risk free interest rate from 4.37% to 4.61% (4.02% - 2006; 3.85% - 2005); 2007 expected volatility of 100% (70% - 2006; 85% - 2005); 2007 expected life of 2 years (1 year - 2006; 1.5 years - 2005) and expected dividend yield of 0%. The fair value of \$1,683,872 (\$138,827 - 2006; \$137,927 - 2005) has been recognized in the Company's accounts.

n) 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.

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 Company upon payment of an exercise price of \$0.36 per share at any time until June 18, 2012.

**Platinex Inc.**  
**Notes to Interim Financial Statements**  
**(Unaudited)**  
**For the nine months ended September 30, 2007**

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

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

The following summarizes information about the stock options outstanding and exercisable at September 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
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1,325,000			1,325,000

o) 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.

For the nine months ended September 30, 2007, the company granted 220,000 options, under the company's stock option plan. 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 4.20% and 4.69%; expected volatility of 100%; expected life of 5 years and expected dividend yield of 0%. The fair value of \$65,200 has been charged to the statement of loss and offset to contributed surplus.

**Platinex Inc.**  
**Notes to Interim Financial Statements**  
**(Unaudited)**  
**For the nine months ended September 30, 2007**

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**8. Future Income Tax Recovery**

During the nine months ended September 30, 2007, the Company renounced \$1,334,500 of exploration expenditures under flow-through commitments. The full benefit of the Company's non-capital loss carryforwards will be used to reduce future income tax liabilities arising from the renunciation of these flow-through shares. Their benefit has given rise to an income tax credit of \$481,888 which is reflected in earnings for the three months ended September 30, 2007 and a corresponding reduction to share capital, which is reflected as at September 30, 2007.

**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. In fiscal 2006, the company issued common shares in exchange for trade debt as described in note 7c and also in fiscal 2007 as described in note 7g.

**10. Related Parties**

- a) During the period ended September 30, 2007, the Company paid \$78,000 in management fees (\$57,000 - 2006) and reimbursed rent and utility costs of \$9,000 (\$9,000 - 2006) to a partnership owned by the President and CEO of the Company. Of the management fees, \$39,000 was allocated to exploration (expenditures) on the Big Trout Lake property in 2007 (\$30,000 - 2006). Of the rent and utility costs, \$3,600 was allocated to exploration expenditures on the Big Trout Lake property in 2007 (\$1,800 - 2006). As at September 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 September 30, 2007, the Company paid \$10,000 in management fees (\$48,947 - 2006) to a company owned by a director and Vice-President of the Company. Of the management fees, \$10,000 were allocated to exploration expenditures on the Big Trout Lake property in 2007 (\$47,570 - 2006). As at September 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 September 30, 2007, the Company incurred legal fees of \$104,485 (\$8,050 - 2006) to a legal firm where one of the firm's partners is a director of the Company. Of the legal fees, \$90,089 (\$0 - 2006) are related to the Big Trout Lake property and have been included in the exploration expenditures. During the period ended September 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 September 30, 2007, the Company incurred financial management fees of \$56,854 (\$26,729 - 2006) to an officer of the Company.
- e) During the period ended September 30, 2007, the Company incurred \$29,500 (\$0 - 2006) of costs related to the issuance of shares to a director of the Company.
- f) Included in accounts payable at September 30, 2007 is an amount of \$40,203 (\$0 - 2006) that is due to related parties.

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

The basic and fully 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 and warrants was not included in the calculation of the fully diluted loss per share since the calculation would be anti-dilutive.

**12. Fair Value of Financial Instruments**

At September 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.

**Platinex Inc.**  
**Notes to Interim Financial Statements**  
**(Unaudited)**  
**For the nine months ended September 30, 2007**

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**14. Subsequent Events**

- a) On October 3, 2007, the Company completed the sale by private placement of 1,119,000 non-flow through units at a price of \$0.30 per unit and 591,428 flow-through common shares at a price of \$0.35 per share for gross proceeds of \$542,700. 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. Agents were paid 19,000 broker warrants exercisable into one flow-through common share of the Company at an exercise price of \$0.30 per common share until the expiry date of August 8, 2009 and 47,314 broker warrants exercisable into one flow-through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009.
- b) By further ruling on October 25, 2007 the court ordered that the drilling project can commence immediately and that KI members may not obstruct or interfere with the company's ability to access the exploration property to conduct the archaeological pre-screening of the 24 holes and the subsequent drilling. Although KI has indicated that it may appeal the October 25, 2007 decision, counsel advises that the time under the rules for initiating an appeal has elapsed.
- c) In October 2007, the Company granted in aggregate 1,180,000 options to certain directors, an officer and certain eligible consultants of the Company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Company upon payment of an exercise price of \$0.32 per share at any time until October 16, 2012.
- d) In November 2007, the Company granted in aggregate 60,000 options to 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 Company upon payment of an exercise price of \$0.325 per share at any time until November 19, 2012.
- e) On November 20, 2007, the company issued 500,000 warrants in trust for the KI. These warrants were issued under a memorandum of understanding which formed part of a declaratory order made by Mr. Justice Smith in his decision of May 22, 2007.

The warrants have an exercise price of 40 cents and they expire on November 20, 2009. The warrants vest in four equal instalments of 125,000 each whereby one instalment vests after the completion of every six test holes in the 24-drill hole program proposed for the Company's Big Trout Lake property. The warrants, and any shares issued upon their exercise, have a four-month hold period which expires on March 21, 2008.

Platinex has established a trust fund for KI for which the securities counsel to Platinex will act as trustee. The warrants have been issued to the trustee in trust and they will be released to KI upon request or as directed by the court.

- f) On November 21, 2007, Mr. Justice Smith adjourned the hearing on costs for the injunction motions. Because of the alleged conduct of certain KI members since October 25, 2007, Platinex is bringing a motion for an order allowing it to conduct some exploratory drilling without archaeological pre-screening and for orders respecting the alleged contempt by KI members of the October 25, 2007 order. The hearing of the contempt motion is scheduled for December 6 and 7, 2007.