



# Platinex Inc.

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**Financial Statements  
December 31, 2005 and December 31, 2004**

**BOLTON & BOLTON**  
*Chartered Accountants*

**AUDITORS' REPORT**

**To the Shareholders of  
Platinex Inc.**

We have audited the balance sheets of Platinex Inc. as at December 31, 2005 and 2004 and the statements of loss, deficit and cash flows for the years then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Unionville, Ontario  
March 24, 2006

***Bolton & Bolton***

Chartered Accountants

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**Platinex Inc.**  
**Balance Sheets**  
**As at December 31, 2005 and 2004**

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**2005**

**2004**

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**ASSETS**

Current

Cash (note 3)	\$ 663,242	\$ 39,300
Accounts receivable	26,952	5,831
Subscriptions receivable (notes 4 & 8)	598,000	0
Funds held in trust (note 5)	11,798	1,250
Prepaid expenses	68,763	0

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	1,368,755	46,381
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Mining interests (notes 6 & 11)	817,007	817,007
Property, plant and equipment (note 7)	2,552	3,347

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	\$ 2,188,314	\$ 866,735
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**LIABILITIES**

Current

Accounts payable	\$ 112,630	\$ 443,584
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**SHAREHOLDERS' EQUITY**

Capital stock (note 8)	3,583,594	2,058,493
Share purchase warrants (note 8)	137,927	0
Deficit	(1,645,837)	(1,635,342)

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	2,075,684	423,151
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	\$ 2,188,314	\$ 866,735
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**Contingencies and commitments (note 11)**

On behalf of the Board of Directors

**James R Trusler**

**Michael Proctor**

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James R Trusler  
President & CEO

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Michael Proctor  
Director

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

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**Platinex Inc.**  
**Statements of Deficit**  
For the years ended December 31, 2005 and December 31, 2004

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	2005	2004
<b>Balance, beginning of year</b>	\$ 1,635,342	\$ 1,447,486
Loss for the year	10,495	187,856
<b>Balance, end of year</b>	<u>\$ 1,645,837</u>	<u>\$ 1,635,342</u>

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

**Platinex Inc.**  
**Statements of Loss**  
For the years ended December 31, 2005 and December 31, 2004

	2005	2004
<b>Expenses</b>		
Management fees (note 12)	\$ 59,100	\$ 67,500
Accounting and legal (note 12)	110,294	17,566
Interest expense	26,881	0
Subcontract services	26,596	15,512
Financing costs	25,000	0
Filing fees	13,721	0
Office and general	10,652	1,979
Rent and occupancy (note 12)	10,000	12,000
Consultants fees	11,956	0
Foreign exchange loss	10,374	0
Investor relations	9,461	7,805
Transfer agent fees	6,844	1,334
Telephone	3,061	2,565
Meals and entertainment	1,707	29
Travel	1,081	1,269
Amortization	999	1,195
Interest Income	(2,875)	0
<b>Loss before other items</b>	<b>324,852</b>	<b>128,754</b>
Exploration expenditures	172,135	78,111
Abandonment of mineral property (note 6)	0	(19,009)
<b>Loss for the year before income taxes</b>	<b>496,987</b>	<b>187,856</b>
<b>Future income tax recoverable</b> (notes 8 & 9)	<b>(486,492)</b>	<b>0</b>
<b>Loss for the year</b>	<b>10,495</b>	<b>187,856</b>
<b>Basic and fully diluted loss per share</b>	<b>\$ 0.001</b>	<b>\$ 0.027</b>
<b>Weighted average number of common shares outstanding</b>	<b>10,086,439</b>	<b>6,955,235</b>

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

**Platinex Inc.**  
**Statements of Cash Flows**

For the years ended December 31, 2005 and December 31, 2004

	<b>2005</b>	<b>2004</b>
<b>Operating activities</b>		
Loss for the year	\$ (10,495)	\$ (187,856)
Non-cash items		
Tax benefits renounced - flow-through shares	(486,492)	0
Amortization	999	1,195
Abandonment of mineral property	0	(19,009)
	(495,988)	(205,670)
Decrease (increase) in accounts receivable	(21,121)	2,822
Increase in funds held in trust	(10,548)	0
Increase in prepaid expenses	(68,763)	0
Increase in accounts payable	157,468	112,579
	(438,952)	(90,269)
<b>Investing Activities</b>		
Purchase of property, plant and equipment	(204)	(822)
<b>Financing Activities</b>		
Common shares issued for cash net of financing costs	1,661,098	45,000
Subscriptions receivable	(598,000)	0
	1,063,098	45,000
<b>Change in cash</b>	623,942	(46,091)
<b>Cash, beginning of year</b>	39,300	85,391
<b>Cash, end of year</b>	\$ 663,242	\$ 39,300

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

**Platinex Inc.**  
**Notes to Financial Statements**  
**December 31, 2005 and December 31, 2004**

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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**

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 notes 11 and 15(c).

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; 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 December 31, 2005 is \$404,280 of monies received from the issue of flow-through shares (\$0 – December 31, 2004). The use of these funds is restricted to exploration expenditures.

**4. Subscriptions Receivable**

The subscription receivable as at December 31, 2005 of \$598,000 represents the gross proceeds receivable from the sale of flow-through common shares by private placement in December 2005 (note 8(l)). These funds are restricted in their use for exploration expenditures.

**5. Funds Held In Trust**

Funds held in trust represent monies advanced to lawyers.

**Platinex Inc.**  
**Notes to Financial Statements**  
**December 31, 2005 and December 31, 2004**

**6. Mining Interests**

	<b>December 31 2005</b>	<b>December 31 2004</b>
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 10). The Company has received approval of assessment work filed and these claims are in good standing until dates from February, 2006 to February 2007.

**7. Property, Plant and Equipment**

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

	<b>December 31 2005</b>	<b>December 31 2004</b>
Cost	\$ 17,617	\$ 17,413
Accumulated amortization	15,065	14,066
	\$ 2,552	3,347

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

- a) Authorized: Unlimited number of common shares
- b) Issued:

	<b>Number of shares</b>	<b>Amount</b>
Balance at December 31, 2003	6,928,934	\$ 2,013,493
Issued for cash	180,000	45,000
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

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

- c) In May 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.
- d) In December 2004, the Company completed the sale by private placement of 140,000 common shares of which 100,000 are flow-through common shares at a price of \$0.25 per share, for net proceeds of \$35,000.
- e) 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.
- f) 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).
- g) 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).
- h) 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.
- i) 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.
- j) 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.
- k) 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.
- l) 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.
- m) 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.
- n) As at December 31, 2005, 3,850,056 of the issued shares are held in escrow.
- o) 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, 2005, 526,000 of these options were still outstanding. These remaining options will expire 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 is subject to approval by the Company's disinterested shareholders at the next meeting of shareholders.

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. These options form part of the new stock option plan as disclosed above.

**Platinex Inc.**  
**Notes to Financial Statements**  
**December 31, 2005 and December 31, 2004**

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

p) Share purchase warrants.

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

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>	<b>Expiry Date</b>	<b>Amount</b>
Outstanding January 1, 2005	0			\$ 0
Warrants issued on private placement (k)	436,363	\$ 0.825	Dec 20, 2007	56,727
Warrants issued on private placement (l)	1,160,000	\$ 1.000	Dec 30, 2007	81,200
Outstanding December 31, 2005	1,596,363			\$ 137,927

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

**9. 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 2005</b>	<b>December 31 2004</b>
Future income tax liability		
Renounced mineral expenditures on flow-through shares	\$ (486,492)	\$ 0
Future income tax assets		
Non - capital losses carried forward	613,901	499,089
Canadian development and exploration expenditures	80,213	0
Total future tax assets	694,114	499,089
Valuation allowance for future tax assets	(207,622)	(499,089)
Future income tax assets	486,492	0
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 2005</b>	<b>Year ended December 31 2004</b>
Loss before income taxes	\$ (496,987)	\$ (187,856)
Income tax (recovery) at the combined federal and provincial rates of 36.11%	(179,462)	(67,835)
Non-deductible exploration expenditures	62,223	0
Renounced mineral expenditures on flow through share	(80,213)	67,835
Utilization of non capital losses	(289,040)	0
Actual income tax (recovery) expense	\$ (486,492)	\$ 0

## 9. Income Taxes (cont'd)

At December 31, 2005, the Company had federal non-capital loss carry forwards of approximately \$1,700,087 for Canadian income tax purposes, to reduce future taxable income. These non-capital loss carry forwards expire as follows:

2006	\$ 84,002
2007	175,754
2008	207,802
2009	620,205
2010	160,501
2011	127,544
2012	324,279

The benefits of these losses have not been recorded in the financial statements. At December 31, 2005, the Company reports a total of approximately \$800,794 of various classes of exploration expenses available for carry forward to apply against taxable income of subsequent taxation years.

## 10. 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. During fiscal 2005, the Company issued common shares in exchange for trade debt as described in notes 8f and 8h.

## 11. 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 (see note 15(c)), KI had consented to low impact exploration, continued consultations and employment opportunities as the project progressed.

As disclosed in note 15(c), KI is aggressively opposing the Company's exploration activities and is preventing the Company from its right of quiet possession of the property. The Company is in the process of seeking injunctive relief against KI and others in order to continue its exploration drilling without obstruction or interference. The outcome of these proceedings is uncertain. The resolution of this uncertainty will confirm whether or not there is a loss or impairment of the Company's mining interests.

Since the outcome of the 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.

## 12. 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. Effective September 1, 2005, the Company entered into a new management agreement with J. R. Trusler & Associates for a period expiring on the first anniversary of listing on the TSX Venture Exchange, whereby J. R. Trusler & Associates agreed to provide management services at the rate of \$6,000 per month, to supply geological services at a rate of \$500 per day to a maximum of \$6,000 per month and to supply office space and related services at the rate of \$1,000 per month. Commencing from the date of listing, unless and until such time as the Company completes an equity financing for gross proceeds of not less than \$120,000, all amounts payable to J. R. Trusler & Associates under this management agreement shall accrue as a loan to the Company, which loan shall not become due and payable to J. R. Trusler & Associates prior to January 1, 2007.

During the year ended December 31, 2005, the Company paid \$72,000 in management fees (\$69,000 - 2004) and reimbursed rent and utility costs of \$12,000 (\$12,000 - 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, \$29,400 was allocated to exploration (engineering services) on the Big Trout Lake property in 2005 (\$1,500 - 2004).

During the year ended December 31, 2005, James R. Trusler received 57,036 common shares in consideration for outstanding debt by the corporation of \$14,259 and J.R. Trusler & Associates received 884,224 shares in consideration for outstanding debt by the corporation of \$221,057.

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

**12. Related Parties cont'd**

- 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. Giving consideration to the resumption of geological and management fees in April 2005, during the third quarter a consulting agreement was entered into with Telacorp Inc. as of April 1, 2005 whereby Telacorp Inc. has agreed to provide geological and consulting services for a minimum of six (6) days per month at a per diem rate of \$500. This agreement remains in effect for a term ending on the first anniversary of the listing of the Company on the TSX Venture Exchange. Commencing from the date of listing, unless and until such time as the Company completes an equity financing for gross proceeds of not less than \$120,000, all amounts payable to Telacorp under this agreement shall accrue as a loan to the Company, which loan shall not become due and payable to Telacorp prior to January 1, 2007.

During the year ended December 31, 2005, the Company paid \$28,000 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. Of the management fees, \$11,500 was allocated to exploration expenditures on the Big Trout Lake property in 2005 (\$1,000 – 2004).

During the year ended December 31, 2005, Telacorp Inc. received 77,040 shares in consideration for outstanding debt by the corporation of \$19,260.

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

- c) During the year ended December 31, 2005, the Company incurred legal fees of \$31,600 (2004 - \$10,450) to a legal firm where one of the firm's partners is a director of the Company.

During the year ended December 31, 2005, a partner of a legal firm, who is a director of the company, received 136,999 shares in consideration for outstanding debt by the corporation of \$34,250.

- d) During the period ended September 30, 2005, the Company incurred accounting fees of \$17,754 (\$7,107 – 2004) to an officer of the Company.
- e) Included in accounts payable at December 31, 2005 is an amount of \$22,912 (2004 - \$210,682) that is due to related parties.

**13. 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.

**14. Fair Value of Financial Instruments**

At December 31, 2005 and 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.

**15. Subsequent Events**

- a) On January 25, 2006 the Company announced the granting of an aggregate of 865,000 options to various directors, officers, employees and consultants 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 \$.38 per share at anytime until January 25, 2011. The plan remains subject to the approval of disinterested shareholders at the next meeting of shareholders.
- b) On February 10, 2006 the Company closed an agreement to acquire a 100% unencumbered interest in 81 mining leases from a joint venture operated by Inco Limited for \$150,000 cash and the issuance of \$150,000 worth of the Company's common shares (428,751 common shares issued).
- c) 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.