PLATINEX INC.

FINANCIAL STATEMENTS

December 31, 2000 and June 30, 2001

AUDITORS' REPORT

To the Directors of
Platinex Inc.

We have audited the balance sheets of Platinex Inc. as at December 31, 2000 and 1999 and the statements of loss, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 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 positions of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Unionville, Ontario
May 10, 2001 Chartered Accountants

REVIEW ENGAGEMENT REPORT

To the Directors of
Platinex Inc.

We have reviewed the balance sheets of Platinex Inc. as at June 30, 2001 and 2000 and the statements of loss, deficit and cash flows for the six-month periods then ended. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to the information supplied to us by the company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with generally accepted accounting principles.

Unionville, Ontario
July 31, 2001

Chartered Accountants

PLATINEX INC.
Balance Sheets

	June 2001 (Unaudited)	June 2000 (Unaudited)	December 2000	December 1999
ASSETS				
Current				
Cash	$ 166,868	$ 38,602	$ 525,188	$ 228,687
Cash - restricted (Note 3)	-	81,186	-	221,998
Accounts receivable (Note 13)	71,233	34,519	44,567	8,738
Funds held in trust (Note 4)	6,277	10,000	7,063	-
Prepaid expenses (Note 5)	278,299	119,967	183,073	11,570
	522,677	284,274	759,891	470,993
Mining interests (Note 6)	921,119	691,496	850,564	511,308
Capital assets (Note 7)	10,079	-	9,065	-
	$ 1,453,876	$ 975,770	$ 1,619,520	$ 982,301
LIABILITIES				
Current				
Accounts payable	$ 69,154	$ 107,148	$ 102,367	$ 28,849
SHAREHOLDERS' EQUITY				
Capital stock (Note 8)	1,784,304	1,044,439	1,784,304	1,044,439
Deficit	(399,582)	(175,817)	(267,151)	(90,987)
	1,384,722	868,622	1,517,153	953,452
	$ 1,453,876	$ 975,770	$ 1,619,520	$ 982,301

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

On behalf of the Board of Directors

Simon L. Baker

James R. Trusler

PLATINEX INC.
Notes to the Financial Statements
December 31, 2000 and June 30, 2001

1. Nature of Operations

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

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

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant policies are as follows:

a) Going concern assumption

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

b) Use of estimates

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

c) Capital assets

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

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

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

2. Summary of Significant Accounting Policies (continued)

d) Interest in mineral properties

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

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

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

e) Foreign currency translation

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

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

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

3. Cash – Restricted

The balance represents funds raised in December 1999 for qualifying exploration expenditures to be renounced to investors under the terms of a flow-through share agreement.

4. Funds Held In Trust

Funds held in trust represent monies advanced to lawyers to be disbursed against costs relating to the Company's prospectus. Stock exchange fees in the amount of $4,280 and a payment to the securities commission in the amount of $3,000 have been made from these funds and will be included in prepaid expenses (see note 5). There has also been a payment of $785 to Lang Michener from funds held in trust.

5. Prepaid Expenses

Prepaid expenses represent costs incurred to date with respect to the prospectus. These costs will be charged against capital stock when the shares are issued.

Prepaid expenses are broken down as follows:

	June 30 2001	*December 31 2000*
Legal fees	$ 222,999	$ 138,773
Accounting fees	42,300	34,300
Agents' fees	10,000	10,000
Investor relations	3,000	-
	$ 278,299	$ 183,073

6. Mining Interests

	Balance January 1 2000	*Period Expenditures 2000*	*Balance December 31 2000*	*Period Expenditures 2001*	*Balance June 30 2001*
Big Trout Lake					
Ontario					
Property	$ 413,492		$ 413,492	$ -	$ 413,492
Exploration	72,444	239,014	311,458	50,617	362,075
Duluth					
Minnesota, USA					
Property	5,747	16,238	21,985	399	22,384
Exploration	19,035	29,171	48,206	1,566	49,772
Muskox, Nunavut					
Property	-	38,462	38,462	-	38,462
Exploration	590	16,371	16,961	17,973	34,934
Total					
Property	419,239	54,700	473,939	399	474,338
Exploration	92,069	284,556	376,625	70,156	446,781
	$ 511,308	$ 339,256	$ 850,564	$ 70,555	$ 921,119

6. Mining Interests (continued)

Mineral property descriptions:

Big Trout Lake, Ontario

During 1999 the Company acquired a 100% interest in certain Mining claims located in the Patricia Mining Division of northwestern Ontario. By an agreement dated February 24, 1999 the Company acquired these claims from an officer/director in exchange for shares (Note 8c).

Duluth, Minnesota, USA

During 1999 the Company acquired a 100% interest in three mineral leases covering mining units situated in the County of St. Louis, in the state of Minnesota. These lease are for a term of 50 years commencing on June 16, 1999 with an annual rental of US$1,500. (rent has been paid to December 31, 2001). If the leases achieve commercial production, a bid royalty of 0.25% and a base royalty of 3.95% increase on a sliding scale are payable to the State.

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

Muskox, Nunavut

In July, 2000 the Company staked 34 claims comprising 86,669 acres (35,089 hectares) near the Coppermine River. These claims were recorded on September 1, 2000.

7. Capital Assets

Capital assets comprise computer equipment and software and furniture and fixtures having an accumulated cost of $16,022 and accumulated amortization of $5,943.

8. Capital Stock

a) Authorized: Unlimited number of common shares

b) Issued:

	Number of shares	*Amount*
Issued for cash	750,000	$ 7,500
Balance at December 31, 1998	750,000	7,500
Issued for cash	30,000	7,500
Issued pursuant to private offerings	2,244,000	610,389
Issued pursuant to acquisition of mineral property	1,600,000	400,000
Issued pursuant to agency agreements	65,100	19,050
Balance at December 31, 1999 and June 30, 2000	4,689,100	1,044,439
Issued pursuant to private offerings	1,323,077	739,865
Balance at December 31, 2000 and June 30, 2001	6,012,177	$1,784,304

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

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

e) The Company has granted the agents of the private placement a non-transferable two-year share purchase warrant entitling the agents to acquire 7.5 units, each comprising 12,000 common shares, at a price of $3,000 per unit. These warrants expire on October 19, 2001.

f) In December 1999, the Company completed the sale by private placement of 444,000 flow-through shares at a price of $0.50 per share, for net proceeds of $204,240.

g) The Company has granted the agents of the private placement a non-transferable two-year share purchase warrant for 22,200 common shares at a price of $0.50 per share. These warrants expire on December 31, 2001.

h) On February 7, 2000, options to purchase 420,000 common shares were granted to employees and directors exercisable at $0.85 per share and expire five years from the date upon which a receipt for a prospectus in connection with the initial distribution of common shares is issued by the regulatory authority.

i) In July, 2000, the Company completed the sale by private placement of 400,000 common shares at a price of $0.50 per share, for net proceeds of $200,000.

8. Capital stock (continued)

j) In October 2000, the Company completed the sale by private placement of 923,077 common shares at a price of $0.65 per share, for net proceeds of $539,865.

k) As of December 31, 2000, 2,380,000 of the issued shares are held in escrow.

9. Income Taxes

At June 30, 2001, the Company had federal non-capital loss carry forwards of approximately $402,793 for Canadian income tax purposes, to reduce future taxable income. These non-capital loss carry forwards expire as follows:

2005	$6,328
2006	84,659
2007	179,375
2008	132,431

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

The Company reports a total of $901,274 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.

11. Contingencies and Commitments

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

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

12. Related Parties

1. During the period ended June 30, 2001 the Company paid management fees of $36,000 and reimbursement of rent and utilities of $6,000 to a company owned and operated by an officer/director and during the period ended June 30, 2000 the Company paid management fees of $36,000 ($4,500 being allocated to deferred expenditures) and reimbursement of rent and utilities of $6,000 to a company owned and operated by an officer/director.

2. During the period ended June 30, 2001, the Company paid management fees of $18,000 ($4,500 being allocated to deferred expenditures as First Nations Relations) to a company owned and operated by an officer/director and during the period ended June 30, 2000 the Company paid management fees of $19,250 ($11,000 being allocated to deferred expenditures).

3. During the period ended June 30, 2001, the Company paid legal fees of $8,607 to a legal firm where one of the firm's partners is a director of the company and during the period ended June 30, 2000 the Company paid legal fees of $11,900 to a legal firm where one of the firm's partners is a director of the company.

13. Fair Value of Financial Instruments

At June 30, 2001 and 2000, the Company estimates that the fair value of all financial instruments approximates the carrying value.

14. Accounts Receivable

Accounts receivable comprise an advance against expenses in the amount of $10,000, a provision of recovery of Goods and Services taxes paid and payable in the amount of $55,637and an accrual for interest earned on investments in the amount of $5,596.

15. Financing Agreements

1. On February 4, 2000, (amended December 1, 2000) the Company entered into an Agency Agreement pertaining to the distribution of up to 800,000 flow-through units (each unit consisting of one flow-through common share and one-half of one non-flow-through common share purchase warrant "warrant") at a price of $1.00 per unit and up to 500,000 non-flow-through units (each unit consisting of one non-flow-through common share and one-half of one warrant) at a price of $0.85 per unit and 130,000 Agents warrants. Each full warrant entitles the holder to purchase one additional non-flow-through common share for a period of two years exercisable at a price of $1.05 per share during the first year and at a price of $1.20 per share during the second year.

   The costs relating the this issue are the agent's commission of 9% of the gross proceeds, a corporate finance and sponsorship fee of $10,000 (which has already been paid to the agent) and other expenses estimated not to exceed $175,000

   The agent has the right to sell up to an additional 15% of the units sold under this offering for a period of 45 days following the closing date.

16. Financing agreements (Continued)

2. The company issued a prospectus (related to the financing agreement in note 16(1) dated February 8, 2001 and amended March 13, 2001 relating to the issue of up to 1, 250,000 flow-through common shares at a price of $0.65 per share and up to 700,000 non-flow-through units (each unit comprising one non-flow-through common share and one-half of one warrant) at a price of $0.65 per share and 125,000 agent's warrants to purchase shares and 70,000 agent's warrants to purchase units. Each full warrant entitles the holder to purchase an additional non-flow-through share for a period of eighteen months exercisable at a price of $0.80 per share.

3. On May 9, 2001, the company received notice from the agents of the termination of the agency agreement for the distribution of flow-through units and non-flow-through units referred to in Note 15(1) and 15 (2).