



# Platinex Inc.

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**Management Discussion and Analysis  
Quarter Ended June 30, 2006**

# Platinex Inc.

## MANAGEMENT DISCUSSION AND ANALYSIS – For the Quarter Ended June 30, 2006

Date: August 29, 2006

### General

Readers of the following discussion and analysis should refer to Platinex Inc.'s (the "Company") interim financial statements and notes thereto for the six months ended June 30, 2006 and the audited financial statements for the years ended December 31, 2005 and 2004 and the notes thereto and the related Management Discussion and Analysis. Those financial statements have been prepared in accordance with Canadian generally accepted accounting policies. All dollar figures included therein and in the following discussion and analysis are quoted in Canadian dollars. This discussion covers the last completed fiscal quarter and the subsequent period up to the date of completion of this MD&A. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.platinex.com](http://www.platinex.com).

### Overall Performance

The Company is in the exploration stage on the only project in which the Company retains an interest, namely the Big Trout Lake property in Ontario, and as such has no revenues to fund these activities. The Company accesses the public markets (limited to accredited investors and flow through rules) to finance exploration activity and the ability to raise additional capital is subject to existing market conditions at that time. The project does not have a defined mineral resource in place whereby the Company can establish a measured asset value for the project; however, based on current or previous geological programs that have been completed on the property, further exploration work is warranted. This has been established on the property based on independent technical reports by Qualified Persons that meet the criteria of National Instrument #43-101.

In the first quarter of 2006, the Company acquired 81 mining leases from a joint venture lead by INCO Ltd. for \$300,000 comprising \$150,000 cash and \$150,000 in stock valued within a price range of \$0.15 to \$0.35 per share. This purchase closed on February 10, 2006 with the issuance of 428,571 shares, significantly enhancing the Big Trout Lake property. The total capitalized cost of the mining leases was \$312,312 which included related acquisition costs. Previous wide spaced drilling by INCO intersected the widest and richest chromium drill intersections ever located in North America. In-fill drilling would be required along a currently defined strike length of 6 km underlying the leases to produce a NI 43-101 compliant resource or reserve and there is no guarantee that that would be successful. A NI 43-101 report to be completed soon will describe the enhanced chromium, platinum group element and base metal potential.

With finance in place, drilling on the Big Trout Lake property was to commence in February, 2006. Kitchenuhmaykoosib Inninuwug First Nation (KI) is the closest First Nation community, located north of the Platinex claims. The publicly funded winter road leading to KI passes through the center of the claims. In February, while contractors were building the drill camp and mobilizing the drill to site, among other things KI members blockaded the winter road and obstructed the crew's ability to bring in the drill and prepare the camp. They also ploughed the lake at the campsite to prevent aircraft from landing. The Ontario Provincial Police on-site stated that they would not interfere with the activities of KI without the Company first obtaining an injunction. Prior to the blockade, Platinex hired a specialist to manage any potential conflict. On behalf of the Company, he negotiated the safe withdrawal of the crew and agreed to temporarily vacate the drill camp and halt mobilization. KI chief and council agreed to commence immediate negotiations respecting Platinex's return to the drill camp and to leave the camp intact. Neither promise was kept by KI. KI did not respond to calls from the Company. Without notice

to, or authorization from the Company, KI members tore down the camp and removed from the site all equipment, fuel and supplies.

Platinex has sought unobstructed access to its mining claims and leases on the Big Trout Lake property to conduct low impact exploration through a motion for injunctive relief against KI. The company also has issued a Statement of Claim against the same parties for damages. KI sought an order preventing Platinex from engaging in any exploration activities pending the trial of the main action between the parties. On August 1<sup>st</sup> the company reported that the Ontario Superior Court in Thunder Bay had issued its judgment.

In late July 2006, the Ontario Superior Court dismissed the company's motion and issued an order that requires KI to establish a consultative committee to engage in tripartite discussions with Platinex and the Provincial Crown with the objective being to develop an agreement by which Platinex can proceed with exploratory drilling on the Big Trout Lake property. Platinex's support in principle for good faith consultations with KI and the Crown notwithstanding, Management has determined that it is obliged to continue to preserve and pursue its full legal rights by way of an appeal. Intention to appeal the Court's decision will not deter Platinex from engaging in tripartite discussions immediately as ordered and, pursuant to this requests to initiate the process have been made by the Company to both KI and the Crown. These discussions are to be initiated shortly.

Management is concerned that the Court's decision sanctions 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.

Under subsection 129(4) of the Mining Act RSO 1990 c.M.14, as amended, the Mining and Lands Commissioner has ordered that effective April 18<sup>th</sup> 2006 Platinex's mining claims are to remain in good standing until the legal proceedings are resolved.

During the quarter work commenced to evaluate 17,000 feet of drill core from previous drilling of the leases. The company intends to resample and assay most of this core for platinum group elements. Work continues to integrate the data from the leases with the data on the claims which yielded a great amount of information from litho-geochemical work and multi-criteria analysis.

On August 24, 2006 Platinex announced that its drilling contractor, Cartwright Drilling Inc. is claiming \$310,073 plus 2% per month in damages. The claim arises out of a drilling contract between Platinex and Cartwright under which Cartwright was to perform drilling on Platinex's Big Trout Lake property. Cartwright's drilling crew was forced to leave the property as a result of actions taken by the local native Band, KI. Cartwright claims it is entitled to damages under the contract. Platinex believes that the amounts claimed by Cartwright are excessive and intends to file a defense.

Platinex has been evaluating several potential property acquisitions in order to have an additional outlet to spend its flow through funds by year end if the Big Trout Lake drilling project cannot proceed this fall.

### **Big Trout Lake Ontario**

The Big Trout Lake Igneous Complex is a large layered intrusion with an unfolded strike length of up to 90 km and a thickness of up to 7 km. It is tholeiitic, rich in chromium and differentiated analogous to the Bushveld Igneous Complex of South Africa, the Stillwater Complex of Montana and the Great Dyke of Zimbabwe. The intrusion is of a critical mass sufficient to contain extensive concentrations of platinum group elements.

A recent synthesis of all exploration and research data on the Big Trout Lake property has greatly improved the focus of future exploration efforts. Currently the remainder of a two phase exploration program is planned at a total cost of \$1,221,500 to test six targets which have already been shown to be well mineralized with platinum group elements (PGE), nickel and copper. Details of this exploration are presented on the Company website at <http://www.platinex.com/>. The program and budget may be subject to revision on completion of the new qualifying report.

The recently acquired leases provided a continuation of geology favourable for platinum group elements at the base of the intrusion. INCO completed three drill fences over a 6.4 km strike length to assess the stratigraphy of chromium mineralization within the basal portion of the intrusion. Thick intersections of chromium mineralization are evident in the fences of drill holes.

There is insufficient drill hole information to establish a resource on the property and it is unknown if further drilling will define a resource. There is no guarantee that additional drilling will confirm the grades and thicknesses as indicated. However based on the model concept that the three larger chromium horizons are continuous between each section the potential volume of the mineralized bodies to a depth of 500 metres would be 72,000,000 m<sup>3</sup>, and at a specific gravity of 3.1, this would be equivalent to over 220,000,000 tonnes. The weighted average of the grade intervals is 13.31% Cr<sub>2</sub>O<sub>3</sub>. The chrome/iron ratio is approximately 1:1. Platinex management believes that there may be a very large deposit of chromium underlying the Big Trout Lake property rivaling in size all other known deposits. Previous mineralogical analyses have suggested that the ferrochromite mineral contains too much iron to meet specifications for steel making. Two recent ideas suggest that this apparent obstacle is not insurmountable.

Recent developments of extractive technologies for chromium in South Africa on the UG2 reef and by Ressources Miniere Pro-Or Inc in Quebec have established the possibility of producing and marketing chromite which has significant iron content. Another alternative is to consider pelletizing the ferrochromite-magnetite mineralization and then use this as a continuous feed in steel furnaces.

Some three dimensional analysis of the chromium-iron mineralization outlined over a 6.4 km strike length by previous drilling of the leases is being conducted by Burnside Engineering. In addition, Process Research Ortech Inc. has been retained to conduct a scoping study on the chromium-iron deposit. The scoping study is being directed to evaluate the economic parameters based on this limited data and will be completed in early September.

Platinex has recently commenced the evaluation of 17,000 feet of core, which has been maintained in storage in Sudbury, Ontario by INCO Ltd. since it was drilled in the 1970's through to 1980. This core is to be transferred to Platinex's own core storage facility near Peterborough in the near future and is suitable for sampling and assaying. Enquiries are being made of INCO Ltd to acquire any additional samples of chromium mineralization removed from core boxes. The chromium samples, if obtainable, will be used for further research, beneficiation studies and analyzed for platinum group elements. The portion of core drilled in 1980 will be analyzed in entirety for platinum group elements. This core represents the potential continuation to known zones of platinum mineralization underlying the Platinex claims and there is a significant possibility of revealing a new reef-type deposit from this work. For the purpose of this document Mr. J.R. Walls of R.J. Burnside & Associates Limited is the Independent Qualifying Person.

## **Results of Operations**

In 2005, several financings were completed issuing 6,733,658 shares and 1,596,363 warrants to purchase shares to net the treasury \$1,525,101. The working capital stood at \$1,256,125 at December 31, 2005 compared to a working capital of \$147,192 at June 30, 2006 for an increase in working capital of \$1,108,933.

During the first quarter of fiscal 2006, exploration expenses totaled \$337,316 and administrative expenses were \$64,922 compared to \$29,373 of exploration expenditures and administration expenses of \$16,951 in the first quarter of 2005.

During the second quarter of fiscal 2006, exploration expenses totaled \$491,158 and administrative expenses were \$52,300 compared to \$6,200 of exploration expenditures and administration expenses of \$79,808 in the second quarter of 2005. Of the 2006 second quarter exploration expenses, \$400,404 were legal costs related to securing access to the property. The company is currently awaiting an opinion on the tax treatment of these expenditures.

### Summary of Quarterly Results

The following tables set out the selected unaudited financial information for the Company for the first six months of fiscal 2006 and each of the last eight quarters of fiscal 2005 and 2004.

Year 2006		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Revenue	\$	--	\$	--	\$		\$	
Exploration	\$	337,316	\$	491,158	\$		\$	
Administration	\$	64,922	\$	52,300	\$		\$	
Net Loss	\$	402,238	\$	543,458	\$		\$	
Net Loss per share basic and fully diluted	\$	0.0285	\$	0.0381	\$		\$	

Year 2005		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Revenue	\$	--	\$	--	\$	--	\$	--
Exploration	\$	29,373	\$	6,200	\$	111,747	\$	24,815
Administration	\$	16,951	\$	79,808	\$	90,220	\$	162,669
Future Income Tax Recoverable	\$	0	\$	0	\$	0	\$	(486,492)
Net Loss (Income)	\$	46,324	\$	86,008	\$	201,967	\$	(323,804)
Net Loss per share basic and fully diluted	\$	0.0064	\$	0.0089	\$	0.0187	\$	0.0257

Year 2004		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Revenue	\$	--	\$	--	\$	--	\$	--
Exploration	\$	55,522	\$	22,589	\$	--	\$	--
Administration	\$	24,687	\$	42,258	\$	34,048	\$	27,761
Net Loss	\$	61,200	\$	64,847	\$	34,048	\$	27,761
Net Loss per share basic and fully diluted	\$	0.0088	\$	0.0093	\$	0.0049	\$	0.0039

### Liquidity and Capital Resources

The Company's working capital position as of December 31, 2005 was \$1,256,125, which decreased by \$1,108,933 by the end of the second quarter of 2006 to \$147,192. This change comprises exploration expenditures for the period totaling \$828,474, plus administrative expenditures totaling \$117,222, plus the acquisition of mining interests of \$312,312 plus the purchase of property, plant and equipment of \$1,404 less amortization of \$479 and less the issuance of common shares of \$150,000. Following the unexpected costs associated with the disruption of the drilling program, cash resources on hand are insufficient to allow the Company to move its exploration activities on the Big Trout Lake property through its next phase and cover budgeted administrative expenses for the foreseeable future. However, the recently initiated legal consultation process, if successful, will enable further financing

efforts for the first phase of drilling to proceed. Provided that drilling results prove to be successful the Company will have to review funding alternatives at that time to further advance on the project. The Company does not have any long term contractual obligations.

Exploration expenditures will continue to expand during 2006 compared to 2005 as the Company has budgeted larger scale exploration programs in the current year. Platinex has been evaluating several potential property acquisitions in order to have an additional outlet to spend its flow through funds by year end if the Big Trout Lake drilling project cannot proceed immediately. As mentioned before, financing alternatives will be driven by existing factors in the market at the time.

### **Transactions with Related Parties**

During the six months ended June 30, 2006, the Company paid \$38,000 in management fees (\$36,000 - 2005) and reimbursed rent and utility costs of \$6,000 (\$6,000 - 2005) to a partnership owned by the President and CEO of the Company. Of the management fees, \$20,000 was allocated to exploration expenditures on the Big Trout Lake property in 2006 (\$6,000 - 2005). Of the rent and utility costs, \$1,200 was allocated to exploration expenditures on the Big Trout Lake property in 2006 (\$0 - 2005). As at June 30, 2006, \$5,000 was included in prepaid expenses as an advance to the partnership owned by the President and CEO of the Company on account of expenses.

During the six months ended June 30, 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 72,177 shares in consideration for outstanding debt by the corporation of \$182,295.

During the six months ended June 30, 2006, the Company paid \$39,945 in management fees (\$9,000 - 2005) to a company owned by a director and Vice-President of the Company. Of the management fees, \$38,570 was allocated to exploration expenditures on the Big Trout Lake property in 2006 (\$0 - 2005). As at June 30, 2006, \$5,000 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.

During the six months ended June 30, 2006, the Company incurred legal fees of \$8,050 (\$3,500 - 2005) to a legal firm where one of the firm's partners is a director of the Company. These legal fees were attributable to the acquisition of the mining leases and have been capitalized in the mining interests.

During the six months ended June 30, 2005, a partner of the legal firm, who is a director of the company, received 96,999 shares in consideration for outstanding debt by the corporation of \$24,250.

During the six months ended June 30, 2006, the Company incurred financial management fees of \$17,729 (\$7,209 - 2005) to an officer of the Company.

Included in accounts payable at June 30, 2006 is an amount of \$18,736 (\$29,083 - 2005) that is due to related parties.

### **Accounting Estimates/Change in Accounting Policy**

There have been no changes in accounting estimates or in accounting policies in the first six months of fiscal 2006.

### **Exploration Expenditures for the six months ended June 30, 2006:**

Property:                      Big Trout Lake \$828,474

For a comparison of expenditures for the first six months of 2005 please refer to the charts above.

## **Outstanding Share Capital**

The Company has authorized share capital of an unlimited number of common shares. As at June 30, 2006 the Company had outstanding: a) 14,271,163 common shares, b) 526,000 Employee's Options to purchase common shares at \$0.50 per share, c) 1,596,363 warrants to purchase common shares, d) 240,000 options of the TSX-V option plan have been allocated at \$0.50 per share as approved at the May 24, 2006 shareholder meeting.

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).

## **Summary of Warrants Issued**

At the end of the Company's year end December 31, 2005 there were 1,596,363 warrants to purchase common shares outstanding.

(a)	FrontierAlt	- 363,636 warrants	72,727 broker warrants
(b)	MineralFields	- 727,273 warrants,	72,727 broker warrants
(c)	Northern Precious Metals	- 360,000 warrants	

## **Summary of Options Issued**

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 and June 30, 2006, 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.

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.

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 new stock option plan was approved by the disinterested shareholders at the annual meeting of shareholders on May 29, 2006.

On August 9, 2006 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 \$0.14 per share at anytime until August 8, 2011.

## **Escrowed Shares**

At June 30, 2006 there were 3,850,056 of the issued shares held in escrow.

## Officers and Directors

Individual	Office Held
James R. Trusler	Director, President and CEO
Simon L. Baker	Director, Vice President, Corporate Development
James Marrelli	Director
Thomas Atkins	Director
John D. Ross	Director
R. Bruce Reilly	CFO
Holly Kane	Secretary

## Risks and Uncertainties

The securities of the Corporation must be considered speculative, generally because of the nature of the business and its stage of development. In addition, a prospective investor should carefully consider the following factors:

### a) Mineral Exploration and Development

Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There are no assurances that even if a body of commercial ore is discovered on the properties, a mine will be brought into commercial production.

### b) Metal Prices

The Corporation's future revenues, if any, are expected to be derived in large part from the sale of platinum group elements and base metals. The price of those commodities fluctuates widely and is affected by numerous factors beyond the Corporation's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global and regional consumption patterns, speculative activities, levels of supply and demand, increased productions due to new mine developments and improved mining methods, etc. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Corporation's operations cannot be accurately predicted.

### c) Additional Financing

The Corporation currently requires additional financing to conduct exploration, carry on business as a going concern and maintain its listing on the TSX Venture Exchange. The Corporation does not currently have sufficient financial resources to undertake by itself all of its planned exploration and possible development programs. The exploration and development of the property may therefore depend on the Corporation's ability to obtain additional required financing. There is no assurance that additional funding will be available to allow the Corporation to fulfill its obligations on the property.

### d) Government Regulation

Exploration and development of the property will be affected to varying degrees by: i) government regulations relating to such matters as environmental protection, health, safety, and labour; ii) mining laws; iii) restrictions on production; price controls; tax increases; iv) maintenance of claims; v) tenure; and vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Corporation's operations;

### e) Limited Market

The Company recently listed its Common shares on the TSX Venture Exchange and a limited market for its securities has developed. However, the continued listing is subject to the Company maintaining all the listing requirements of the TSX Venture Exchange.



f) Title to Assets

Although the Company has received or will receive title opinions for any properties in which it has a material interest, there is no guarantee that title to such properties will not be challenged or impugned. At present a title opinion has been obtained for the claims on the Big Trout Lake Property and it disclosed no material issues. The Company has not conducted surveys of the claims in which it holds direct interests and therefore, the precise area and location of such claims may be in doubt. The mining leases which the Company recently acquired are surveyed.

g) Exploration and Development

There is no known body of commercial mineralized material on the Company's mineral properties. Development of the Company's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involves a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of bodies of commercial mineralized material. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract metal from mineralized material and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection.

h) Operating Hazards and Risks

Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved. Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company maintains liability insurance in an amount which it considers adequate for its operations; however, the Company may become subject to liability for pollution, cave-ins or hazards against which it cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material, adverse effect on the Company's financial position.

i) Competition and Agreements with Other Parties

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospects for mineral exploration in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

j) Management

The Company is a relatively new company and has no proven history of performance or earnings and its ability to develop into a viable business enterprise is largely dependent upon its management.

k) Dependence on Key Personnel

The Company currently has one person working full-time who functions primarily in management, supervisory and administrative capacities. The Company's success is highly dependent upon the performance of its key personnel and, in particular, James R. Trusler. The Company currently has a consulting contract with James R. Trusler. The Company does not maintain key-man life insurance. The loss of the services of senior management and/or key personnel could have a material and adverse effect on the Company, its business and results of operations.

l) Cash Flow

The Company has no source of operating cash flow to fund all of its exploration and development projects. Any further significant work would likely require additional equity or debt financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on existing and future exploration or joint venture properties. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration and the possible partial or total loss of the Company's interest in certain properties. Additional equity financing will result in further potential dilution to purchasers of securities.

m) Limited History of Operations

The Company has a limited history of operations. The Company currently has no revenues from operations or the provision of a return on investment. Most of the Company's anticipated revenue will come from development of the Big Trout Lake Property, which is in the start-up phase. Investors should be aware of the delays, expenses and difficulties encountered in an enterprise in this critical stage, many of which may be beyond the Company's control including, but not limited to, problems related to regulatory compliance costs and delay and costs that may exceed current estimates. There can be no assurance that the Company will be able to implement its business strategies, successfully develop any of the planned projects or complete such projects according to specifications in a timely manner or on a profitable basis. There is no guarantee that either the Company or its current properties will generate any earnings, operate profitably or provide a return on investment in the future.

n) Conflicts of Interest

Each of James R. Trusler, Thomas Atkins and Simon L. Baker, a director and/or officer of the Company, is an officer and/or director of, or is associated with other natural resource companies that acquire interest in mineral properties. Such associations may give rise to conflicts of interest from time to time. As required by law, each of the directors of the Company is required to act honestly, in good faith and in the best interests of the Company. Any conflicts which arise shall be disclosed by the directors in accordance with the Business Corporation Act (Ontario) and they will govern themselves in respect thereof to the best of their ability with the obligations imposed on them by law.

o) Dividends

The Company has not, since the date of its incorporation, declared or paid any dividends on its Common Shares and does not currently intend to pay dividends. Earnings, if any, will be retained to finance further growth and development of the business of the Company.

p) Resale of Shares

The continued operation of the Company will be dependent upon its ability to procure additional financing. There can be no assurance that any such that other financings can be obtained. If the Company is unable to generate such revenues or obtain such additional financing, any investment in the Company may be lost. In such event, the probability of resale of the shares purchased would be diminished.

q) Effect of Scaling Back Exploration Programs

If less than the maximum financing is achieved and no further funds are raised, or if illegal interference by one or more outside parties impedes exploration, the planned exploration on the Big Trout Lake Property will be scaled back and/or not implemented at all. Failure to complete the program may lead to loss of all of the claims held by the Company on the Big Trout Lake Property. If the Company is unable to carry out a program or is only able to carry out a scaled back program on the Big Trout Lake Property, an application to extend the claims for one year will be made. There is no assurance that such an application will be approved by the government.

q) Environmental Factors

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the Company's properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

r) First Nation Concerns

The mining claims comprising the Big Trout Lake Property and the newly acquired leases are within the area in northwestern Ontario covered by the James Bay Treaty, known as Treaty No. 9. The area covered by the treaty is about 280,000 square miles, about two-thirds of the Province. It was signed in 1905 and 1906 by the governments of Canada and Ontario with some of the aboriginal peoples, and adhered to in 1929 and 1930 by others. The treaty allocated "reserves" within the treaty area to the aboriginal people residing in the area at the time. The Company's mining claims are approximately 17km south of the nearest reserve land.

During mobilization for the drilling program in February 2006, the Company encountered difficulties with KI, as outlined in "Overall Performance" above. It is the position of Management demonstrated over the past several years that the Company recognizes a mutual benefit to be gained in working with local First Nations and developing sustainable economic development in the area. The KI First Nation has indicated to the company, among other things, that mineral exploration and development in their area has environmental, wildlife and lifestyle concerns. The Company has made extensive efforts to engage in good faith consultations over the past several years with KI representatives, with a view to developing a level of cooperation with them that will answer their concerns and that would permit the orderly and timely exploration of the Company's mining claims. In particular, the Company has focused on the extremely low environmental impact of early stage exploration and has sought to re-assure KI that cooperative progress on exploration can be to mutual benefit, both economically and in learning valuable information to assist with land use planning.

In view of the Ontario Superior Court decision in favour of KI, which requires a tripartite consultation process between KI, Provincial Government and the Company, management continues to review its rights and legal options, without prejudice to its commitment to the good faith consultation process.

### **Cautionary Statement**

This MD&A contains "forward looking statements" that reflect Platinex Inc.'s current expectations and projections about its future results. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which are, by their very nature, not guarantees of Platinex Inc.'s future operational or financial performance, and are subject to risks, performance, prospects, or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, fluctuations in the market valuations for platinum group elements, and other metal commodities, difficulties in obtaining required approvals for the development of the Big Trout Lake project and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks and uncertainties, including the risks and uncertainties identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. Platinex Inc. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

“James R. Trusler”

James R. Trusler  
President and CEO

August 29, 2006