



**Platinex Inc.**  
(A Development Stage Company)  
**Management's Discussion and Analysis**  
**For the Quarter Ended September 30, 2009**

# Platinex Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Quarter Ended September 30, 2009

### General

The following management's discussion and analysis ("MD&A") relates to the financial condition and results operations of Platinex Inc. for the quarter ended September 30, 2009 and should be read in conjunction with the interim unaudited financial statements for the quarter ended September 30, 2009. The interim financial statements have not been audited or reviewed by the Company's auditor. The interim financial statements and related notes have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada and all amounts, unless otherwise indicated, are expressed in Canadian dollars. Disclosures in the interim statements do not conform in all respects to GAAP for the annual statements. These statements follow the same accounting policies and methods as the most recent audited annual financial statements and should be read in conjunction with the audited financial statements for the year ended December 31, 2008. This discussion covers the last completed fiscal quarter and the subsequent period up to the date of the filing of this MD&A; this MD&A is dated November 30, 2009.

Operating results for the nine months ended September 30, 2009 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2009. The following discussion includes significant updates since the management's discussion and analysis reported for the year ended December 31, 2008.

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).

### Forward Looking Statements

This management's discussion and analysis contains statements about expected future events and financial and operating results of Platinex Inc. that are forward looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. These forward looking statements are based on current expectations. There is substantial risk that forward looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on the Company's forward looking statements as a number of factors including economic conditions, technological change, regulatory change, and competitive factors, could cause actual future results, conditions, actions or events to differ materially from targets, expectations, estimates or intentions expressed in the forward looking statements; many of which are beyond the Company's control.

### Overview of Company and Going Concern

The Company was incorporated on August 12, 1998 under the laws of the Province of Ontario. The Company which is a development stage entity as defined by the Canadian Institute of Chartered Accountants ("CICA") *Accounting Guideline 11* is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Company is in the process of exploring its resource properties for mineral resources and has not determined whether the properties contain economically recoverable reserves. The recovery of the amounts shown for the mineral properties and the related deferred expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the exploration, and upon future profitable production.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise additional financing, if

## **Overview of Company and Going Concern cont'd**

necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying value.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of development of such properties these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, breakdown in law and order, government backed extortion, and non-compliance with regulatory requirements.

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

## **Overall Performance and Market Conditions**

The Company is in the exploration stage on its various properties that are herein described 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; the ability to raise additional capital is subject to existing market conditions at that time. The projects do not have a defined mineral resource in place whereby the Company can establish a measured asset value. However, based on current or previous geological programs that have been completed on and adjacent to certain of the properties, further exploration work is warranted. This has been established on certain of the properties based on independent technical reports by Qualified Persons that meet the criteria of National Instrument 43-101 and on certain other properties with internal summary reports which do not meet all the criteria of National Instrument 43-101.

Drilling of the Herrick vein on Platinex's Shining Tree gold property this winter has provided confirmation of a substantial gold deposit. Considerable follow up drilling is warranted.

Due to the apparent suspension of the rule of law in portions of northwestern Ontario and substantial losses stemming from the 2006 blockade and ensuing legal actions to protect Platinex's property rights, in 2006, Platinex has diverted its main attention from the Big Trout Lake property to identification of other promising properties through research. This activity has culminated with the acquisition through staking and option of seven PGE prospects and one gold property which are described in greater detail herein. Including the Muskox property some 66,801 ha. (163,258 acres) have been staked and/or acquired by option. Qualifying reports have been completed for the Shining Tree and Muskox properties and summary reports have been completed for McFaulds North and McFaulds South. The initial stages of the Shining Tree drill program were completed in the first quarter of fiscal 2009. Recently a pending proceedings order has been filed by the Mining Commissioner which will protect all of Platinex's Ontario platinum claims into the future, as of May 14, 2008. This order will keep the claims in good standing for 23 months after expiry of the legal claim against Ontario by Platinex.

The market decline has made it very difficult to finance remote property exploration for platinum through issuance of equity. In order to deal with this challenge Platinex has adopted a strategic plan, the Company has shifted its focus to exploration of the Shining Tree Gold property (described under New Property Acquisitions). The ability to establish resources and to be able to bring such a property to production quickly should the exploration bear fruit were key to this decision. To mitigate the Company's overhead expenses during economic downturn, the monthly cash burn rate has been reduced to between \$10,000 and \$15,000. Further through settlement of a lawsuit with Cartwright Drilling (stemming from the inability to complete the drilling contract on Big Trout Lake in 2006) and adoption of contingency arrangements some \$310,000 in short term liabilities have been eliminated.

## **Overall Performance and Market Conditions cont'd**

Discussions are underway with major and intermediate companies to finance exploration on the Company's other properties. A lobbying firm, Blackstone Media Group was retained partially on a contingency basis to ensure that the Ontario government addresses Platinex's need to obtain shareholder value for its Big Trout Lake claims and leases. A trip in August by the president to the property was thwarted by threats of KI First Nation to damage the plane. After reappearance in the Superior court in Thunder Bay, the Province of Ontario sought and received Platinex's consent to non-binding mediation. The mediation has now been followed with negotiation and Platinex is hopeful of a favourable outcome. Ontario has paid Platinex's mediation and legal costs throughout the recent process.

The strategic plan is available to interested parties on request.

## **Muskox Property, Nunavut**

In November, 2007, Platinex completed the staking of 38 mining claims totaling 35,231 ha. (87,058 acres) on the Muskox intrusion. A revised NI 43-101 report was filed on SEDAR and the company website during the third quarter of fiscal 2008. The Muskox property is located 30 km south of Kugluktuk and 350 km north of Yellowknife.

The Muskox Intrusion is one component of one of the world's largest magmatic episodes – the Mackenzie Magmatic Event. In size and style of magmatic activity, it is strikingly similar to the Permian-Triassic events which created the huge Noril'sk sulphide deposits; the world's principal supplier of Palladium.

The Muskox intrusion was first discovered by Henry Vuori, of INCO, in the 1950's and he immediately recognized the layered nature and the similarity of this igneous body to the Bushveld Igneous Complex in South Africa. The Muskox Intrusion has since been subjected to intensive exploration and scientific investigation within its exposed portions. It is a textbook referenced layered intrusion carrying many small occurrences and deposits of anomalous to high grade nickel-copper-platinum group element mineralization. It exposes a 120 km long sheet like feeder dike striking north at the south end of the complex before expanding into a wedge shaped area opening to the north which is exposed for a further 51 km. The wedge shaped area contains a gently dipping (estimate 4 degrees) 1800 m thick layered ultramafic section which is succeeded by at least 150 m of layered mafic rock. At this point the upper limit of the intrusion is in contact with the pre-existing country roof rocks and it continues to the north under a successively thicker cover of rocks. The intrusion is evidenced by extremely anomalous gravity and magnetic highs which continue to the north and expand outwards for hundreds of kilometers. Taking into account the area covered by these anomalies it appears to be the largest intrusion of its type in the world and in theory, potentially the largest source of PGE in the world. The Muskox Intrusion strongly resembles chemically the Bushveld Igneous Complex.

The entire intrusion, including the covered portion, is estimated to be in excess of 350 km long. The Muskox Reef, which contains up to 6.2 g/t PGE+Au, occurs in the upper portion of the Ultramafic Zone of the intrusion. Currently, the Merensky Reef in the Bushveld Complex supplies most of the world platinum from a similar horizon higher up in the igneous stratigraphic column. The recently released report makes the case for the existence of a similar horizon within the Muskox Intrusion above the exposed stratigraphy closer to the focal point of the mantle plume from which the original magma was produced.

The report analyzes the mineral potential of the Muskox Intrusion with emphasis on the untested down dip extension of the intrusion which underlies the Platinex property. The report cites a number of lines of evidence that has been used by scientific writers to establish the fact that the Muskox Intrusion continues north under cover rocks. Recommendations are made to geologically map the property in conjunction with

## **Muskox Property, Nunavut cont'd**

ground geophysics and subsequently to directly test favourable targets by diamond drilling. First and second phase budgets of \$420,000 and \$2,200,000 are proposed.

For the purpose of this Management's Discussion and Analysis James R. Trusler, P.Eng, President and CEO of Platinex Inc. is the qualified person.

## **New Property Acquisitions**

During the second half of 2008, Platinex completed several qualifying reports and summary reports and commenced exploration on one gold property and six additional PGE prospects in Ontario comprising 1,905 claim units for 30,850 ha. (76,200 acres). Initial exploration was being carried out on several of these properties in 2008, and in the first six months of 2009. Depending on previous work on the specific property and terrain conditions the proposed additional work may involve airborne geophysical surveys, ground geological, geophysical, and geochemical surveys with line-cutting and drilling.

For the purposes of this document James R. Trusler, P.Eng, President and CEO of Platinex Inc. is the qualified person.

The properties are described below.

- a) **Shining Tree Gold Property** – In April 2008, Platinex entered into an option agreement with Skead Holdings Ltd., with respect to certain claims situated in Churchill, Macmurchy and Asquith Townships, in Ontario (the "Shining Tree property"). Platinex has the right to acquire a 100%-interest in the 136 claim units (5,440 acres or 2,176 ha), subject to a 3% NSR, by issuing 250,000 shares of Platinex, by making cash payments (or share equivalent) of \$250,000 and by incurring property expenditures of \$850,000.00 during the ensuing four-year period to April 11, 2012.

The Company SEDAR-filed its NI 43-101 qualifying report dated October 2, 2008, by J.G. Bryant and D. Jamieson (the "Report") which examines the Herrick gold deposit on Shining Tree property and seven other known gold prospects, some of which have been explored underground. The Report qualifies the sampling and drilling work by Unocal (1989) and Fort Knox (1990) compliant to NI 43-101 standards.

The property is underlain by a northwest trending, steeply dipping, sequence of felsic to mafic metavolcanic rocks intruded by irregular quartz feldspar porphyries of Early Precambrian age.

Shining Tree's Herrick deposit was discovered in 1918 and subsequently was developed by a 94 m shaft with 345 m of lateral development on two veins. In 1989 Unocal Ltd. evaluated the historic data and, based on that, stated a potential for the system to carry 1,732 tonnes per vertical foot at 7.2 g/t Au over a width of 1.8 m (400 ounces per vertical foot), Unocal carried out diamond drilling of 11 holes for 1,473m and collected 201 channel samples and 35 composite grab samples on the Herrick vein. In 1990 Fort Knox Gold Inc. followed this work with 45 further channel samples and confirmed the presence of gold mineralization over a 385 m strike length, obtaining samples grading up to 56.5 g/t Au over 1.0 m.

The Report states that, "Judging from evidence of previous results on the Herrick deposit there is a potential to outline a small commercial gold deposit. On a larger scale the bulk of the property may be at the low temperature top of an epithermal system that could well be associated with a world-class gold deposit at depth." Gold geologists recognize that the Shining Tree property is located on the westward extension of the Cadillac Malartic/Larder fault systems that are associated with several gold deposits that contained between 10 and 30 million ounces of gold. This potential has been suggested for the Shining Tree property.

In October 2008, Platinex initiated its Phase I exploration program. Particular interest is focused on 77 samples recovered from basal till that have been processed by Overburden Drilling Management. Many of the samples contain pristine gold grains indicating a nearby bedrock source.

## New Property Acquisitions cont'd

### a) **Shining Tree Gold Property cont'd**

In addition, forty of the samples each returned more than ten gold grains (up to 79 gold grains in total in one sample) that indicate several nearby previously unexplored gold occurrences in the bedrock.

The Phase I \$594,454 exploration program now complete included an airborne geophysical survey, till sampling, and 26 holes for a total of 1,270 m of diamond drilling.

Initial drill results from the 26 hole program on the Herrick prospect in Churchill Township, Ontario have extended the strike of the structure, substantiated the hole to hole continuity, as well as indicating that significant gold mineralization occurs in thicker zones than was previously recognized. A significant gold deposit has been established to exist and much more drilling to extend the known deposit in four directions is imperative.

The original surface sampling by Herrick Gold Mines outlined a 97.5 m length in 3 sections of the Central zone averaging 20.28 g/tonne Au/1.30 m and a length of 63.9 m of the West zone averaging 9.15 g/tonne Au/1.27 m. Further sampling of the upper 25 m of the shaft averaged 50 g/tonne Au/1.5 m. These results have not been qualified.

The Central zone has been channel sampled in 26 locations along a 241 m strike length (by Unocal and Fort Knox Gold) and intersected by 21 drill holes to a depth of 90 m. The arithmetic average grade of these samplings is 6.2 g/tonne /1.95 m average true width. These results have been qualified.

The West zone has been sampled in 25 locations intersected in 23 drill holes along a strike length of 275 m to a depth of 60 m. The arithmetic average grade of this sampling is 3.87 g/tonne /1.81 m average true width. These results also have been qualified.

Assaying using pulp and metallic techniques is to be conducted in December followed by further till sampling and the deeper drilling on both the Herrick Gold deposit and the previous Producing Rhonda Mine.

- b) **North McFaulds Lake** – is located 22 km north of Noront Resources' Eagle One and Double Eagle nickel-copper-PGE discoveries and 30 km southeast of the recent WSR/Metalex Ventures VMS discoveries in the James Bay Lowlands area known as the Ring of Fire. This property comprises 609 contiguous claim units covering 9,862 ha (24,360 acres). The property adjoins on the south and east a claim block held by MacDonald Mines and Temex Resources, and on the west blocks held by Noront Resources/Bold Ventures option and Renforth Resources. It was staked to cover a layered intrusion coupled with magnetic anomalies which was recently revealed in survey publications by the Ontario government. A strong linear magnetic anomaly coincident with a strong regional gravity anomaly and provides evidence of a mineralized layered ultramafic intrusion underlying the property. A summary report has been completed and posted on the company website.

Layered intrusions in the McFaulds Lake area containing Ni-Cu-PGE mineralization and thick chromium layers have been co-related with Platinex's Big Trout Lake holdings 250 km to the west in a domal structure. Platinex Management believes that the Company will be able to apply its unique knowledge of the geology of the Big Trout Lake Igneous Complex and its tectonic setting to the McFaulds Lake area.

The claims will be protected under a pending proceedings order for 23 months after the conclusion of a legal claim against Ontario.

- c) **South McFaulds Lake** – is located 25 km southwest of Noront Resources' Eagle One and Double Eagle nickel-copper-PGE and Blackbird chromitite discoveries in the James Bay Lowlands area known as the Ring of Fire.. This property comprises 696 claim units in six claim blocks covering 11,271 ha (27,840 acres). Platinex's property was staked to cover a portion of the Ring of Fire layered intrusion that is coupled with magnetic anomalies and the projected strike extension to the southwest of the host

## New Property Acquisitions cont'd

### c) **South McFaulds Lake cont'd**

environment for the Noront, Freewest, and KWG Resources discoveries. The property is also centered on and in part marginal to a regional gravity anomaly. A summary report has been completed on this property and an airborne geophysics program is planned to be carried out in 2010 contingent on financing. Substantial interest has been shown in this property by other companies.

The claims will be protected under a pending proceedings order for 23 months after the conclusion of a legal claim against Ontario.

- d) **Norton Lake** – is located 413 km north of Thunder Bay and 50 km northeast of Fort Hope in the James Bay Lowlands of Ontario southwest of the Ring of Fire. This property comprises 56 claim units for 907 ha (2,240 acres). The property covers a magnetic anomaly to the south and west of a 2.46 million-tonne resource of nickel, copper, cobalt, and palladium held by Cascadia International Resources and East West Resources. Lake sediment anomalies in the area suggest an environment promising for these metals on the Norton Lake prospect and the magnetic signatures of several anomalies are identical to the anomaly hosting the known deposit.

The claims will be protected under a pending proceedings order for 23 months after the conclusion of a legal claim against Ontario.

- e) **Awkward Lake** – is located 175 km north of Thunder Bay. This property comprises 88 contiguous units covering 1,425 ha (3,520 acres). The property adjoins the INCO property on the south and the Cascadia International Resources property on the southwest as with Norton Lake (above). It was staked to cover the northern portion of the Awkward Lake intrusion which is believed to be the same age and style as the productive Lac des Iles intrusion belonging to North American Palladium Ltd. and contains known nickel-copper-PGE mineralization.

The claims will be protected under a pending proceedings order for 23 months after the conclusion of a legal claim against Ontario.

- f) **Core Zone** – is located 174 km north of Thunder Bay and to the south of the previously mentioned INCO property. Platinex's property covers 302 claim units comprising 4,891 ha (12,080 acres) and was staked to cover a layered intrusion believed genetically related to the chromium-bearing Puddy Lake ultramafic intrusion. Nickel-copper-PGE mineralization has been found within the area described.

The claims will be protected under a pending proceedings order for 23 months after the conclusion of a legal claim against Ontario.

- g) **Tib Lake** – is located 60 km northwest of Thunder Bay. This property comprises 49 claim units covering 793.5 ha (1960 acres). The property adjoins the Tib lake property of Houston Lake Resources to the south and was staked to cover the northern portion of the Tib Lake layered intrusion. The intrusion is known to be related to the producing Lac des Iles intrusion and is mineralized on the adjacent property with nickel-copper-PGEs. Testing of this property is warranted, especially when considered in light of North American Palladium's nearby operation (currently temporarily shut down) that demands feedstock.

The claims will be protected under a pending proceedings order for 23 months after the conclusion of a legal claim against Ontario.

James R. Trusler, P.Eng, President and CEO of Platinex Inc. is the qualified person as defined by National Instrument 43-101 with respect to the content of this release.

Platinex is engaging local First Nations prior to commencing exploration on the ground.

## **Big Trout Lake Property, Ontario**

As detailed in previous reports, the Company attempted to commence its exploratory drill program on the Big Trout Lake property in February, 2006. Members of the First Nation, Kitchenuhmaykoosib Inninuwug (“KI”) barricaded the winter access road, bulldozed the Company airstrip and removed camp buildings, fuel and equipment and prevented the commencement of the drill program.

In April, 2006, Platinex commenced a lawsuit against KI for damages, and 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. KI sought an order preventing Platinex from engaging in any exploration activities pending the trial of the main action between the parties.

As described in detail in the management’s discussion and analysis for the year ended December 31, 2007 Platinex has made considerable efforts to attain access to its property for the purpose of exploration through both litigation and attempts to appease KI. The litigation appeared to be coming to a conclusion as on December 7, 2007, after offering no defense to the charge, the KI leaders and certain KI members were held to be in contempt of Court. The Court was advised, for the first time, that KI was asserting sovereignty over its traditional lands, was not aware of the previous intensive efforts to finalize a consultation protocol or the MOU and would not meet with Platinex to resolve the dispute until issues as between KI and Ontario had been resolved.

The province has failed to apply or enforce its own laws or take responsibility for its inactions and damages suffered by Platinex. In fact the government of Ontario has failed to establish its sovereignty despite the allocation of claims and leases under the Mining Act and exacting taxes on lease holders.

In February 2008, Platinex delivered written notice to the Province of Ontario of its intention to proceed with legal action for recovery from Ontario of damages suffered by Platinex arising from the dispute with KI.

On March 17, 2008, Chief Morris, four council members and one KI employee were sentenced to six months in jail for contempt of Court. Platinex advised the court that fines as opposed to incarceration were an appropriate remedy for the contempt of court. Notwithstanding the submissions of Platinex’s legal counsel, the Court held that in order to ensure the supremacy of the rule of law and respect for the administration of justice, a period of incarceration, as opposed to fines, was necessary and appropriate. The contemnors filed an appeal of their sentences but not of their conviction. The appeal was heard on May 28, 2008 and the contemnors sentences were reduced to time served. Platinex did not oppose the appeal consistent with its opposition to incarceration.

In May 2008, Platinex issued a statement of claim to the Province of Ontario for \$50 million in general damages and \$20 million in special damages in relation to the dispute with KI.

KI maintains that it will physically remove Platinex workers from Platinex’s property if the company attempts to carry out work. The Company has indicated that it will not attempt to drill the property until invited to do so by KI. The claims have been protected under a pending proceedings order by the Mining and Lands Commissioner while the matter remains unresolved.

In February 2009, Platinex retained Blackstone Canada, a Lobbyist and Public Relations firm. Blackstone will be focusing on a number of areas – including restoring the company’s brand and image to its rightful place, as well as dealing with the McGuinty Government to try to find a solution to the current impasse over the Big Trout Lake property.

Several irritants remain from the prejudices shown by agents of the Crown against Platinex which have cost Platinex, its shareholders and their families dearly. Firstly there is the matter that the drilling was an imperative communicated to Platinex by the Ministry of Northern Development and Mines “MNDM” in 2004. At that time MNDM stated that there would be no further Exclusion of Time Orders for First Nations matters and the drilling had to proceed. Secondly as respects police protection and Ontario control of use of the roads including the winter road to Platinex’s camp, it is a matter of record that in 2006 Ministry of Natural Resources and the OPP at first instructed Platinex that a blockade of a public road would be removed by the



## **Big Trout Lake Property, Ontario cont'd**

OPP, but as soon as the camp was constructed and the men were in place (at a cost of \$300,000) the OPP and MNR informed Platinex that policy had changed and Platinex's people would not be protected and a blockade of public roads would be permitted, not removed. Further when Platinex removed its people on an emergency basis in 2006 in face of threats to destroy the airstrip and removing claim posts, the OPP had promised to monitor the campsite. However, the next week KI dismantled the campsite and removed it to Big Trout Lake. The OPP never filed a report. The court ruled that KI would be found guilty of theft but for the fact that Ontario had failed to consult adequately with KI. Ontario never followed up to charge KI with offences against the Mining Act respecting the removal of claim posts and in all respects Ontario showed no respect for their own regulations and laws.

During the crisis period there were discussions between Ontario and Platinex in which Ontario offered to extend Platinex's claims. However, as the Mining Recorder countered that such could not be done as the claims were already on extension and under the regulations could not be extended further. In order to preserve its shareholders rights to the claims, Platinex had to bring an injunction and legal claim against KI. This would not have been necessary had Ontario been prepared to make simple Ministerial Orders to recognize the effective Force Majeure in the area. It should not be the responsibility of a junior exploration company to define Treaty rights etc. between the public interests and a First Nations band and yet by being derelict in their responsibilities this is exactly what the Ontario government forced on Platinex.

Throughout, Ontario until recently has refused to reimburse damages to Platinex. Since Platinex does not have access to its leased surface rights and mining rights in the 81 leases, in 2007 and 2008 it asked MNDM to reimburse the lease rentals levied annually. The government officials said they well understood that if access could not be ensured then it was not appropriate to levy rentals, taxes and agreed to investigate the matter. No answer was forthcoming over two years, but on prodding recently the government has committed to do so in writing.

Further after a failed attempt to access the property again in August 2009 by J.R. Trusler, Ontario requested mediation at its expense through the courts. Platinex consented and mediation/negotiations are near completion.

During the last half of 2007, work commenced to evaluate 17,000 feet of drill core from previous drilling of the Big Trout Lake property. The core has not previously been systematically examined for platinum group elements and at the time of the previous work PGE assaying techniques used by INCO were unreliable. Work continues to integrate the data from the leases with the data on the claims that yielded a great amount of information from litho-geochemical work and multi-criteria analysis. Analyses of all of the core from holes on INCO section 800S to line section 20,000 north has been completed. Of significance as was found in the International Platinum holes to the south the transition zone on INCO's sections 800 south 10 + 200 north and 20,000 North reveal a change in PGE concentrations from oversaturated to undersaturated going up section which confirms the presence of a PGE reef. Final assaying is to be completed following thin section analysis subject to delay by the shift in priorities to other properties. It is anticipated that evaluation of the core for platinum group elements will be completed later in 2009. At this time all analyses will be presented in context. An assessment report will be submitted followed by an application to take all claims to lease. The thick chromitite sections obtained by INCO had been removed from the core trays for metallurgical studies by INCO and Platinex has been unable to assess that core for either chromium or PGE.

The Big Trout Lake Igneous Complex is a large layered intrusion with an unfolded strike length of up to 93 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 synthesis of all exploration and research data on the Big Trout Lake property has greatly improved the focus of future exploration efforts. The remainder of a two phase exploration program is planned originally budgeted at C\$1,221,500 to test six targets which have already been shown to be well mineralized with platinum group elements (PGE), nickel and copper. The remainder of the program has been incorporated into

## **Big Trout Lake Property, Ontario cont'd**

an expanded program described in a qualifying report published in November, 2006. The report proposes a \$2.3 million first phase, 24 hole, 7,225 m drilling program, metallurgical studies on chromium, PGE beneficiation and logging with systematic PGE assaying of some 5,000 m of core previously drilled and obtained in 2006 from the INCO joint venture. It is believed that a weathering cap up to 200m deep forms a zone of PGE leaching within the reef structures and that the reefs will persist to depth with enhanced grades encountered in unleached drill intercepts in previous drilling. Details of this exploration are presented on the Company website at <http://www.platinex.com>. The program and budget were expanded during the consultation in 2007 to 80 drill holes for 24,000m at a cost of \$8.3 million.

The leases acquired from INCO in February, 2006, provided a continuation of geology favorable 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. The drill hole information was obtained from drilling in the 1970's and may have some technical limitations. According to Canadian Institute of Mining and Metallurgy Standards and National Instrument 43-101 a resource or reserve may not be calculated using this old data. However, twenty nine intersections in 15 drill holes demonstrated that two chromitites can be correlated over 13 km strike length and another two over six km. The four layers have a composite true thickness of 40.8 m. Just interpolating between intersections a conceptual model has been constructed with a total volume of 140,000,000 tonnes and a weighted average content of 8.4% Cr<sub>2</sub>O<sub>3</sub>. Further, based on a composite true width of 40.8 m, a strike length of 12 km and a projected depth of 1000 m, a conceptual model has been derived containing 1.715 billion tonnes of chromium-PGE mineralization. There is no guarantee that additional drilling will confirm the grades and thicknesses as indicated or either conceptual model. The chrome/iron ratio averages approximately 1.2/1 as determined from electron microprobe studies. Platinex management believes that there may be a very large deposit of chromium underlying the Big Trout Lake property rivaling in size the world's largest deposits.

INCO performed very few platinum and palladium assays but recorded values of up to 5.0 grams per tonne of platinum and palladium combined over 0.4 m within an interval running 1.3 g/tonne/ 4.3 m in the Zone 2 Chromitite. In the correlative zone underlying the claims south of the former Canico property, the combined Pt plus Pd values is 8.4 grams/tonne/ 2.3 m within a 3.3 m section grading 11.94% Cr<sub>2</sub>O<sub>3</sub>. A total of 310 core samples most of which were collected within and marginal to the chromitites returned combined Pt and Pd assays greater than 1 gm/tonne. The INCO core for this section was not available for testing.

A study by Process Research Ortech expresses the opinion that the increase in world chromium demand for the steel industry appears to be long term and the acceptable threshold for Cr/Fe ratio in ores has lowered to 1.2/1 or roughly equivalent to the ratio estimated on a preliminary basis for the Big Trout Lake deposits. It recommends sampling of approximately one tonne of representative material for pilot studies and bench tests at an estimated cost of \$100,000. In order to provide representative samples on this scale the deposits need to be re-drilled. This opinion given prior to the economic downturn should be evaluated prior to proceeding with any work on chromium.

Exploration in the Ring of Fire area by several companies in 2007 through 2009 has resulted in the discovery of Ni-Cu-PGE deposits in feeder dikes to a layered intrusion and thick high grade deposits of chromium within the layered intrusion. These host rocks are believed part of a large dome structure which included the Big Trout Lake intrusion.

For the purpose of this document Mr. James R. Trusler, P.Eng, president and CEO of Platinex Inc. is the Qualified Person.

## **Litigation with Cartwright Drilling**

In November 2008, Platinex began conversations with Cartwright Drilling directly in an effort to resolve the outstanding claim against the Company. Negotiations were successful and on April 27, 2009 Cartwright agreed to a settlement of the approximate \$310,000 legal claim against Platinex for a five year \$130,000 note bearing interest at 6% and 700,000 common shares of Platinex at \$0.10 per share.

## Private Placements

For further detail regarding share capital issuances, see the unaudited financial statements and related notes for the quarter ended September 30, 2009.

The proceeds of the non-flow through common shares are being used for administrative expenses and working capital. The proceeds of flow-through common shares will be used for mineral exploration on Platinex's Canadian mineral properties qualifying as Canadian Exploration Expense (CEE) under the *Income Tax Act (Canada)* enabling the subscriber to obtain applicable tax credits and deductions.

## Commitments and Contingencies

### a) Environmental Contingencies

The Company's mining and exploration activities are subject to various federal, provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### b) Flow-Through Expenditures

As at September 30, 2009, the Company is committed to incur prior to December 31, 2009, on a best efforts basis \$0 (\$150,336 – 2008) in qualifying Canadian exploration expenditures pursuant to private placements for which flow-through proceeds had been received prior to December 31, 2008 and renounced to subscribers effective as at that date.

## Summary of Quarterly Results

The following table sets out financial performance highlights for the last eight fiscal quarters, prepared in accordance with Canadian GAAP.

	Sep-09	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08	Mar-07	Dec-07
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operations:</b>								
Revenue	0	0	0	0	0	0	0	0
Expenses	(58,405)	153,182	152,303	181,390	335,548	208,524	177,629	695,676
Write down of deferred exploration expenditures	47,758	4,124	3,579	1,284,413	0	80,863	113,166	215,604
Future income tax recoverable	0	0	0	-235,618	0	0	0	-74,748
Net loss	(10,647)	157,306	155,882	1,230,185	335,548	289,177	290,795	836,532
Loss per share basic and fully diluted	(0.0003)	0.0044	0.0045	0.0436	0.0129	0.0112	0.0113	0.0529

## Summary of Quarterly Results cont'd

### Financial Position:

	Sep-09 \$	Jun-09 \$	Mar-09 \$	Dec-08 \$	Sep-08 \$	Jun-08 \$	Mar-08 \$	Dec-07 \$
Total assets	1,441,769	1,350,018	1,402,599	1,565,445	2,545,234	2,699,824	2,868,631	3,100,902
Total long-term liabilities	0	0	0	0	0	0	0	0
Shareholders Equity	931,006	895,359	893,964	1,023,863	1,591,268	1,926,818	2,204,743	2,495,538

### Results of Operations – Quarter Ended September 30, 2009

In the third quarter of 2009, Platinex's operations were primarily focused on capital generation when adjusted for the cost recovery fee of \$123,300, the Company's third quarter 2009 non-exploration expenses decreased from \$355,548 to \$64,895 for the same period in 2008 a result of management's efforts to control overhead expenses and conserve cash. In the third quarter of 2009, the Company capitalized \$15,028 (\$62,785 net of write down of \$47,758) (\$247,373 net – 2008) of mineral property and deferred exploration expenditures in accordance with the Company's accounting policies. The Company wrote down \$47,758 (\$0 - 2008) of deferred exploration expenditures due to an impairment of value arising from the Big Trout Lake legal proceedings.

The resulting fiscal 2009 third quarter income was \$10,647 (\$355,548 loss – 2008) with a basic and fully diluted loss (income) per share for the quarter of \$(0.0003) (\$0.0129 – 2008).

### Results of Operations – Nine Months Ended September 30, 2009

For the nine months ended September 30, 2009, when adjusted for the cost recovery fee of \$123,300 the Company's 2009 non-exploration expenses decreased from \$721,701 to \$370,380 for the same period in 2008 a result of management's efforts to control overhead expenses and conserve cash. For the nine months ended September 30, 2009, the Company capitalized \$258,381 (\$313,842 net of write down of \$55,461) (\$941,848 net - 2008) of mineral property and deferred exploration expenditures in accordance with the Company's accounting policies. During this period, the Company wrote down \$55,461 (\$193,819 - 2008) of deferred exploration expenditures due to an impairment of value arising from the Big Trout Lake legal proceedings.

The resulting fiscal 2009 loss for the nine months ended September 30, 2009 was \$302,541 (\$915,520 - 2008) with a basic and fully diluted loss per share for the nine months ended of \$0.0085 (\$0.0354 - 2008).

### Liquidity

At September 30, 2009, Platinex reported working capital deficit of \$227,019 (\$17,566 – December 31, 2008) and cash balances of \$77,338 (\$425,552 – December 31, 2008). Included in cash as at September 30, 2009 is \$0 of monies received from the issue of flow-through shares (\$425,552 – December 31, 2008) whose use is restricted to exploration expenditures.

### Capital Resources

Platinex currently does not have any credit facilities with financial institutions, and is not anticipating a profit from operations, therefore it will rely on its ability to obtain equity financing for growth. Management expects that it will be able to raise sufficient capital to further explore and develop its properties and projects in the future. The Company remains confident that equity financing will continue to be available on terms and conditions acceptable to the Company.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Transactions with Related Parties**

- a) During the period ended September 30, 2009, the Company incurred \$42,000 in management and geological fees (\$84,000 - 2008) and reimbursed rent and utility costs of \$0 (\$6,000 - 2008) paid to a partnership owned by a director who also acts as the President and CEO of the Company. Of the management fees, \$42,000 was allocated to deferred exploration expenditures (\$63,000 - 2008) and of the rent, \$0 was allocated to deferred exploration expenditures (\$1,500 - 2008).
- b) During the period ended September 30, 2009, the Company paid \$0 in management fees (\$24,000 - 2008) to a company which is owned by a former director of the Company.
- c) During the period ended September 30, 2009, the Company incurred consulting fees of \$0 (\$64,384 - 2008) paid to a legal firm where one of the firm's partners is a director and Executive Vice-President of the Company. Of the legal fees \$0 were allocated to deferred exploration expenditures (\$33,616 - 2008).
- d) During the period ended September 30, 2009, the Company incurred management fees of \$24,000 (\$51,860 - 2008) to a director who also acts as CFO of the Company.
- e) Included in accounts payable at September 30, 2009 is an amount of \$18,264 (\$18,638 - 2008) that is due to related parties.

### **Proposed Transactions**

There are no material decisions by the Board of Directors of the Company with respect to any imminent or proposed transactions that have not been disclosed.

### **Critical Accounting Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following accounting estimates are critical: the measurement of future income tax assets and liabilities and assessment of the need to record valuation allowances against those assets; valuation of options and warrants; and capitalized mineral property and deferred explorations expenditures.

There have been no material changes in critical accounting estimates during the third quarter of fiscal 2009.

### **Changes in Accounting Policy 2009**

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. For further detail regarding the policies, see the notes to the unaudited interim financial statements for the quarter ended September 30, 2009 and the audited financial statements for the year ended December 31, 2008.

### **Future Changes in Accounting Policy**

In January 2006, Canadian Accounting Standards Board ("AcSB") announced its decision to replace Canadian GAAP with IFRS. On February 13, 2008 the AcSB confirmed January 1, 2011 as the mandatory changeover date to IFRS for all Canadian publicly accountable enterprises. This means that the company will be required to prepare the IFRS financial statements for the interim periods and fiscal year ends beginning in 2011.

## Future Changes in Accounting Policy cont'd

The Company is in the process of developing its IFRS implementation plan to prepare for this transition. To date, the Company has completed the initial assessment of the key areas where changes to current accounting policies may be required. During fiscal 2010, the Company will be performing detailed analysis to further assess the areas that will require a change to accounting policies, and those which have accounting policy alternatives available under IFRS.

Analysis will be required for all current accounting policies, however the initial key areas for detailed analysis include:

- Deferred exploration expenditures,
- Property, plant and equipment
- Impairment of assets
- Provisions, including remediation provisions,
- Stock options (share-based payments), and
- First-time adoption of International Financial Reporting Standards (IFRS 1)

As the detailed analyses of each of the key areas progresses, other elements of the Company's IFRS implementation plan will be addressed including the implication of changes to accounting policies, processes or financial statement note disclosures on information technology, internal controls, contractual arrangements and employee training.

The table below summarizes the expected timing of activities related to the Company's transition to IFRS.

Initial analysis of key areas for which changes to accounting policies may be required	Complete
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives.	Throughout fiscal 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives.	Throughout Fiscal 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	Q4 fiscal 2010 – Q2 fiscal 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 fiscal 2010 – Q2 fiscal 2011
Management and employee education and training	Throughout the transition process
Quantification of the financial statement impact of changes in accounting policies	Throughout fiscal 2011

## Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### Credit Risk

The Company's credit risk is primarily attributable to cash equivalents and GST receivable. The Company has no significant concentration of credit risk arising from operations. Cash is maintained at a major financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk. Financial instruments include GST receivable tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to this financial instrument is minimal.

### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. At September 30, 2009, the Company had cash balances of \$77,338 (December 31, 2008 - \$425,552) to settle current liabilities of \$380,763 (December 31, 2008 - \$541,582). Approximately \$34,158 of the Company's financial liabilities, have contractual maturities of less than 30 days and are subject to normal trade terms.

### Market Risk

#### a) Interest rate risk

The Company has cash balances subject to fluctuations in the prime rate. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company has no variable rate loans and consequently is not required to hedge against interest rate risk.

#### b) Foreign Currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

#### c) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

#### d) Fair values

The estimated fair value of the Company's financial instruments has been determined based on the Company's assessment of available market information and appropriate valuation methodologies. However, these estimates may not necessarily be indicative of the amounts that the company could realize in a current market exchange. The Company's cash, funds held in trust and accounts payable and accrued liabilities are considered financial instruments. The estimated fair values of these financial instruments approximate their carrying amounts because of the limited term of these instruments.

### Sensitivity analysis

The Company has designated its cash as held-for-trading, measured at fair value. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at September 30, 2009 the carrying and fair value amounts of the Company's financial instruments are the same. The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk. The Company believes that price risk with respect to commodities is remote since the Company is not a producing entity.

## **Subsequent Events**

- a) On October 7, 2009, the company completed a shares for services payment of \$4,167 by the issuance of 41,667 common shares at a deemed value of \$0.010 per share.

## **Additional Disclosure for Venture Issuers without Significant Revenue**

The accumulated costs relating to Platinex's interests in mineral properties are detailed in the interim unaudited financial statements and notes for the period ended September 30, 2009.

## **Disclosure of Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares, and on September 30, 2009 there were 35,918,267 common shares issued.

In March 2009, the Company granted options to purchase 220,000 shares at an option price of \$0.20 per share to certain employees and eligible consultants. In March 2009, the Company approved and in June 2009, the non participatory shareholders ratified, the re-pricing of 2,180,000 options issued in prior periods having a weighted average exercise price of \$0.35 per share to \$0.20 per share. As at September 30, 2009, there were 2,460,000 options outstanding with a weighted average exercise price of \$0.20 expiring between January 25, 2011 and March 11, 2014.

During the quarter ended September 30, 2009, there were 9,189,745 warrants having a weighted average exercise price of \$0.43 expired. As at September 30, 2009 there were 7,100,000 warrants outstanding with a weighted average exercise price of \$0.37 expiring between October 3, 2010 and December 30, 2010.