



**Platinex Inc.**  
(A Development Stage Company)  
**Management's Discussion and Analysis**  
**For the Fiscal Year and Quarter Ended December 31, 2009**

# Platinex Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Fiscal Year and Quarter Ended December 31, 2009

### General

The following management's discussion and analysis, of operating results and financial position is supplementary to, and should be read in conjunction with the audited financial statements for the fiscal year ended December 31, 2009. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada and all amounts, unless otherwise indicated, are expressed in Canadian dollars. The financial statements and management's discussion and analysis were reviewed and approved by the Company's Audit Committee and the Board of Directors. This discussion covers the last completed fiscal year and the subsequent period up to the date of the filing 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).

### 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

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 had 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, the ability of the Company to recover value for its properties and/or 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 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,

## **Overview of Company cont'd**

aboriginal claims, breakdown in law and order, arbitrary and punitive actions of governments and their failure to comply with their own laws and regulations.

The Company has a long term need for equity capital and financing for working capital and exploration and development of its properties. However, a one time extra-ordinary recovery of capital to the treasury without dilution occurred in 2009 as described below under 'Overall Performance and Market Conditions'.

### **Overall Performance and Market Conditions**

During 2009 Platinex's coordinated efforts to return shareholder value for its Big Trout Lake property realized a substantial return. The Ontario government on December 13, 2009 agreed to pay Platinex Inc. \$5,000,000 plus mediation costs, plus a 2.5% Net Smelter Royalty in a settlement agreement. In return Platinex surrendered its 221 claims and 81 leases forming the Big Trout Lake property and had all of its legal proceedings dismissed without costs. The Net Smelter Royalty will continue in perpetuity if the same area is acquired by another party within 25 years. Refer also to page 8 for further discussion in the "Former Big Trout Lake Property" section.

Platinex has retained exclusive rights to the bulk of the data and much of the core drilled on the property. Since four PGE bearing reefs had been identified in a high metamorphic layered intrusion environment Platinex believes it will be able to apply this ability to synthesize litho-geochemistry and magnetic data in the exploration for PGE elsewhere.

An additional dividend obtained from the lawsuits filed was that Platinex was able to protect all of its Ontario claims from aging in a "Pending Proceedings Order" while lawsuits were being pursued. Now that the lawsuits have been dismissed Platinex's claims will remain in good standing until dates between January and March, 2012.

The Big Trout Lake odyssey for Platinex has been bittersweet. Many of the shareholders and geologists associated with the company were hoping to finally be able to carry out plans to explore the property. Unfortunately Platinex was caught in the middle of a conflict between KI and the Ontario government. It became apparent the only way to obtain value from the property was to reach a settlement with the government which management accomplished in December, 2009. The success of Platinex in recovering some shareholder value was, management believes, a unique accomplishment in Canadian history. It will allow the Company stability in delivery of its exploration plans, but it needs to be emphasized that it was a one time event.

During 2009 capital markets worldwide continued to be subjected to a severe contraction. Junior resource stocks such as Platinex were driven to low levels on the markets before a recovery commenced circa July, 2009.

For several years now Platinex has maintained that a paradigm shift is occurring in the world with globalization and unprecedented growth rates in China and India. The one bright light during the downturn was that the economies of China and India were growing at reduced but significant rates. Growth in commodity markets is happening. The improved outlook for gold and PGE have not enabled a complete price recovery of junior venture capital stocks in general and Platinex in particular. The underpinnings for such a recovery are in place since in the last two years the expansion of the US debt, lowering of real interest rates and increasing the money supply has lead to a substantial increase in the price of gold and platinum and devaluation of the US dollar against other currencies.

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

With reduced automotive sales platinum demand fell significantly in 2008, but has recovered to some extent in 2009 and 2010. However, the platinum production in South Africa, where some 76% of platinum is produced, is at a low profit level and production has been cut back. The price of platinum recovered substantially in 2009 against the US dollar but not against the South African Rand. On a longer term basis incremental production and replacement production from the Bushveld complex will be derived to a greater extent at depth, require refrigeration of the workings and will cost over \$1,000/ounce. This should provide incentive to invest in the exploration of Platinex's properties.

Efforts by the U.S. Government to increase the money supply have created optimism for future gold prices as people believe the US authorities will flood the markets with new currency. This is expected to lower the U.S. dollar and increase the price of gold dramatically. In 2009 and early 2010 these expectations have been partially fulfilled.

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.

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.

Among the Company's properties with potential for nickel, copper, PGEs and chromium are the two major holdings in the Ring of Fire area. Since staking of these properties a major chromium discovery has been made in the area which is believed to be the largest known deposit in the world. A major steel company, Cliffs Resources, has bought a controlling interest in two of the companies and plans are in the early stages to develop the properties and bring both permanent road and rail transportation into the area. Statements have been made by some of the provincial politicians that this is the most significant discovery in Canada in the last 100 years. Platinex believes its holdings are well positioned in the Ring of Fire area and the Company intends to ensure that exploration is pursued on these properties in an orderly manner.

Discussions are being held with several major companies and other possible sources of financing to form a syndicate to conduct a continuing search for platinum in North America over a three to four year period. The seven PGE properties as well as a few other properties identified through research would be subject to the syndicate if management is successful in creating this entity.

## **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. In March, 2010 northern portions of the property were allowed to lapse leaving 8 claims comprising 7,004 ha in good standing.

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 ground geophysics and subsequently to directly test favourable targets by diamond drilling. First and second phase budgets of \$140,000 and \$730,000 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.

## **Additional Properties**

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. Each property requires assessment work to keep it in good standing. Due to the lawsuit previously filed against the Ontario government, the time to this work on the six Ontario PGE properties has now been extended to 2012. Work may involve airborne geophysical surveys, ground geological, geophysical, and geochemical surveys with line-cutting and drilling.

The properties are described below.

## **Additional Properties cont'd**

### **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 139 claim units (5,680 acres or 2,299 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. 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 \$330,000 exploration program now complete included an airborne geophysical survey, till sampling, and 26 holes for a total of 1,270 m of diamond drilling.

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.

## **Additional Properties cont'd**

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

Platinex intends to implement a comprehensive \$2.0 million exploration program in 2010 to include 11,500m of drilling. The first 1,800m segment of that drilling is to commence in May and will be announced shortly.

Initial drilling will straddle and confirm four old intersections which will effectively test depth extension to 200m of the Central and West zones. The four holes yielded best values of 39.1 g/t Au 2.3m in the Central zone and 18.88 g/t Au/ 3.4 m in the West Zone.

Upon completion of the first segment of drilling an ore valuation by an independent qualified person will be engaged by Platinex if warranted.

### **b) North McFaulds**

The North McFaulds property 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. 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 underlies 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 correlated with Platinex's former 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.

### **c) South McFaulds**

The South McFaulds property is located 25 km southwest of Noront Resources' Eagle One and Double Eagle nickel-copper-PGE and Blackbird chromitite discoveries within the Ring of Fire intrusion. This property comprises 696 claim units in six claim blocks covering 11,271 ha (27,840 acres). The property adjoins a block held by MacDonald Mines, Temex and Canadian Orebodies on the southeast, a claim block held by MacDonald Mines and Temex Resources to the east, and a block held by Noront Resources and MacDonald Mines on the west. James Bay Resources holds blocks of claims within and to the north of the Platinex holdings. Platinex's property was staked to cover a layered intrusion that is coupled with magnetic anomalies and the projected strike extension to the southwest of the host environment for the Noront discoveries in the Ring of Fire intrusion; all of which have been recently revealed in survey publications by the Ontario government. The property is also centred 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.

### **d) Norton Lake**

The Norton Lake property is located 413 km north of Thunder Bay and 50 km northeast of Fort Hope in Ontario. 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.

## **Additional Properties cont'd**

### **e) Awkward Lake**

The Awkward Lake property 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.

### **f) Core Zone**

The Core Zone property 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.

### **g) Tib Lake**

The Tib Lake property 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.

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

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

As described in detail in the Management's Discussion and Analysis for the year ended December 31, 2008 Platinex made considerable efforts to attain lawful access to its property for the purpose of exploration through both litigation and attempts to discuss with and accommodate KI. As detailed under Overall Performance and Market Conditions on page 2, Platinex obtained a settlement with Ontario in December 2009 the key points of which are listed as follows:

- a) Ontario paid to Platinex \$5.0 million plus mediation and negotiation costs.
- b) Platinex surrendered the 221 claims and 81 leases comprising the Big Trout Lake property to the Crown.
- c) Ontario granted a perpetual 2.5% Net Smelter Royalty in favour of Platinex on the land coinciding with the entire former Big Trout Lake property should any party acquire all or a portion of the former property within twenty five years.
- d) All of the lawsuits brought by Platinex and KI against Ontario and Platinex and KI against each other were dismissed.
- e) Pending Proceedings Orders on six of Platinex's other properties were surrendered with the time excluded between May 14, 2008 and dates in 2010. All of these properties are in good standing until dates in 2012.

Not included in the settlement is the property data from over \$5.0 million in previous exploration establishing an exploration methodology for locating platinum reefs in highly metamorphosed and deformed layered intrusions. This data remains the exclusive property of Platinex.

## **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 progressed well 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. The Company intends to repay this note in full in 2010.



## Private Placements

For further detail regarding share capital issuances, see the audited financial statements and related notes for the year ended December 31, 2009. As at December 31, 2009, nil (nil – December 31, 2008) of the issued shares were held in escrow. 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 December 31, 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.

## Selected Annual Information

The following table sets out financial performance highlights for the past three fiscal years prepared in accordance with Canadian GAAP.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Operations:</b>			
Revenue	\$ 0	0	0
Expenses	1,492,023	903,091	1,010,333
Write down of deferred exploration expenditures	69,247	1,478,232	807,775
Future income tax recoverable	<u>(377,056)</u>	<u>(235,618)</u>	<u>(556,636)</u>
Net loss	\$ <u>1,184,214</u>	<u>2,145,705</u>	<u>1,261,472</u>
Loss per share basic and fully diluted	<u>\$ 0.033</u>	<u>0.079</u>	<u>0.084</u>
<b>Financial Position:</b>			
Total assets	\$ <u>1,533,064</u>	<u>1,565,445</u>	<u>3,100,902</u>
Total long-term liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Shareholders equity	<u>\$ 97,749</u>	<u>1,023,863</u>	<u>2,495,538</u>

## Results of Operations – Year Ended December 31, 2009

In 2009, several private placements were completed issuing 1,760,933 (50,000 - 2008) non-flow through common shares for property option agreement or trade debt obligations of \$165,850 (\$11,250 - 2008) and 400,000 (2,625,525 - 2008) non-flow through common shares and 0 (5,703,333 - 2008) flow-through common shares for gross proceeds of \$40,000 (\$972,552 - 2008). In conjunction with these placements, 0 warrants and broker warrants (7,100,000 - 2008) were issued with a weighted average exercise price of \$0.00 (\$0.37 - 2008). During 2009, 9,189,745 warrants (0 - 2008) with a weighted average exercise price of \$0.43 (N/A - 2008) expired. In 2009, the Company granted 220,000 options (0 - 2008) under the Company's stock option plan. The weighted average exercise price on these options was \$0.20 (N/A - 2008). During 2009, the non-participating shareholders ratified the re-pricing of 2,180,000 options issued in prior periods having a weighted average exercise price of \$0.35 to \$0.20 per share. As a result of the option transactions, the fair value of the stock based compensation of \$54,600 (\$0 - 2008) was charged to the statement of operations and has been offset to contributed surplus.

In 2009, Platinex's operations were focused on exploration projects located in Ontario and in the settlement of the action with Ontario. The Company's 2009 non-exploration expenses increased to \$1,482,017 from \$903,091 in 2008 largely as a result of increased legal fees and management fees incurred due to the litigation activities and due to the directors fees in accordance with the Company's compensation policies. In 2009, the Company capitalized \$322,859 (\$1,189,847 - 2008) of mineral property and deferred exploration expenditures in accordance with the Company's accounting policies. In 2009 the Company wrote down \$69,247 (\$1,478,232 - 2008) of deferred exploration expenditures due to impairment in value.

During 2009, the Company received \$367,050 (\$0 - 2008) of cost recovery fees arising from the settlement of the action against Ontario.

In 2009, the Company reported a future income tax recoverable of \$0 (\$235,618 - 2008) arising from the temporary differences between the carrying amounts of assets and liabilities for financial reporting and for tax purposes. The resulting fiscal 2009 loss was \$1,184,214 (\$2,145,705 - 2008) with a basic and fully diluted loss per share of \$0.033 (\$0.079 - 2008).

## Summary of Quarterly Results

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

	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08	Mar-08
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operations:</b>								
Revenue	0	0	0	0	0	0	0	0
Expenses	1,121,643	64,895	153,182	152,303	181,390	335,548	208,524	177,629
Write down of deferred exploration expenditures	13,786	47,758	4,124	3,579	1,284,413	0	80,653	113,166
Cost recovery Ontario Gov't	(253,756)	(123,300)	0	0	0	0	0	0
Future income tax recoverable	0	0	0	0	(235,618)	0	0	0
<b>Net loss</b>	<b>881,673</b>	<b>(10,647)</b>	<b>157,306</b>	<b>155,882</b>	<b>1,230,185</b>	<b>335,548</b>	<b>289,177</b>	<b>290,795</b>
<b>Loss per share basic and fully diluted</b>	<b>0.0244</b>	<b>(0.0003)</b>	<b>0.0044</b>	<b>0.0045</b>	<b>0.0436</b>	<b>0.0129</b>	<b>0.0112</b>	<b>0.0113</b>
<b>Financial Position:</b>								
	Dec-09	Sep-09	Jun-09	Mar-09	Dec-08	Sep-08	Jun-08	Mar-08
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	1,533,064	1,441,769	1,350,018	1,402,599	1,565,445	2,545,234	2,699,824	2,868,631
Total long-term liabilities	0	0	0	0	0	0	0	0
Shareholders Equity	97,749	931,006	895,359	893,964	1,023,863	1,591,268	1,926,818	2,204,743

## **Results of Operations – Quarter Ended December 31, 2009**

In the fourth quarter of 2009, Platinex's operations were focused settling the action with Ontario. The Company's fourth quarter 2009 non-exploration expenses increased to \$1,111,637 from \$181,390 for the same period in 2008 as a result of increased legal fees along with management and directors compensation in accordance with Company policies. In the fourth quarter of 2008, the Company capitalized \$64,478 (\$42,930 - 2008) of mineral property and deferred exploration expenditures in accordance with the Company's accounting policies. The Company wrote down \$13,786 (\$1,284,413 - 2008) of deferred exploration expenditures due to an impairment of value arising from the Big Trout Lake legal proceedings.

In the fourth quarter of 2009 the Company received \$243,750 of cost recovery fees in connection with its settlement with Ontario.

In the fourth quarter of 2009, the Company reported a future income tax recoverable of \$0 (\$235,618 – 2008) arising from temporary differences between the carrying amounts of assets and liabilities for financial reporting and for tax purposes. The resulting fiscal 2008 fourth quarter loss was \$881,673 (\$1,230,185 – 2008) with a basic and fully diluted loss per share for the quarter of \$0.0244 (\$0.0436 – 2008).

### **Liquidity**

At December 31, 2009, Platinex reported working capital deficit of \$1,250,826 (\$17,566 deficit – December 31, 2008) and cash balances of \$114,515 (\$425,552 – December 31, 2008). Included in cash as at December 31, 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. Subsequent to the year end the Company settled its lawsuit with the Province of Ontario and satisfied its financial liability obligations therewith.

### **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 year ended December 31, 2009, the Company paid \$284,000 in management and geological fees (\$246,500 - 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 and geological fees, \$42,000 was allocated to deferred exploration expenditures (\$204,600 - 2008) and of the rent, \$0 was allocated to deferred exploration expenditures (\$1,500 – 2008).
- b) During the year ended December 31, 2009, the Company paid \$0 in management fees (\$24,000 – 2008) to a company which is owned by a director of the Company.
- c) During the year ended December 31, 2009, the Company incurred consulting fees of \$54,458 (\$143,519 - 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 was allocated to deferred exploration expenditures (\$34,816 – 2008).
- d) During the year ended December 31, 2009, the Company incurred management fees of \$123,900 (\$165,241 – 2008) paid to a director who also acts as an officer of the Company.

## **Transactions with Related Parties cont'd**

- e) During the year ended December 31, 2009, the Company incurred \$190,333 of directors fees (\$0-2008).
- f) Included in accounts payable at December 31, 2009 is an amount of \$521,794 (\$3,344 - 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 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 audited financial statements for the year ended December 31, 2009.

Outlined below are those policies which changed during fiscal 2009.

### **a) Goodwill and Intangible Assets**

Effective January 1, 2009, the Company adopted CICA handbook section 3064 "Goodwill and Intangible Assets" which replaces CICA handbook Section 3062, "Goodwill and Intangible Assets" and CICA handbook Section 3450 "Research and Development Costs" and resulted in amendments to Accounting Guideline 11, "Enterprises in the Development Stage", and EIC-27 "Revenues and Expenditures during the Pre-operating Period" and ICA handbook Section 1000, "Financial Statement Concepts". The standard intends to reduce the differences with International Financial Reporting Standards ("IFRS") in the accounting for intangible assets. Under the previous Canadian standards, more items were recognized as assets than under IFRS. The objectives of Section 3064 are to reinforce the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition; and to clarify the application of the concept of matching revenues and expenses such that the current practice of recognizing assets that do not meet the definition and recognition criteria are eliminated. The standard will also provide guidance for the recognition of internally developed intangible assets (including research and development activities), ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The Company has determined that adoption of these new requirements had no impact on the Company's financial statements.

## Changes in Accounting Policy 2009

### b) Mining Exploration Costs

During 2009, the CICA approved EIC-174 "Mining Exploration Costs". The guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. The Company has determined that adoption of these new requirements had no impact on the Company's consolidated financial statements.

### c) Credit Risk and Fair Value of Financial Assets and Financial Liabilities

During 2009, the Company adopted EIC-173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". This guidance clarified that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities including derivative instruments. The Company has determined that adoption of these new requirements had no impact on the Company's consolidated financial statements.

## Future Changes in Accounting Policy

### Future accounting changes

#### a) International Financial Reporting Standards ("IFRS")

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.

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.

## Future Changes in Accounting Policy cont'd

### a) International Financial Reporting Standards ("IFRS") cont'd

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

### b) Business Combinations, Consolidations and Non-controlling Interests

In January 2009, the CICA issued these new sections to replace Section 1581 "Business Combinations" and Section 1600, "Consolidated Financial Statements". Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses. Most assets acquired and liabilities assumed, including, contingent liabilities that are considered to be improbable will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of Shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company does not believe that these new Sections will have an impact on its consolidated financial statements.

## Financial Risk Factors

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 December 31, 2009 and December 31, 2008 the carrying value of the Company's financial instruments represent their fair value.

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

### Fair Value Hierarchy and Liquidity Risk Disclosure

At December 31, 2009, the company's financial instruments that are carried at fair value, consisting of cash have been classified as Level 1 within the fair value hierarchy

## Financial Risk Factors cont'd

### Credit Risk

The Company's credit risk is primarily attributable to cash 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 management believes 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. As at December 31, 2009, the Company had cash balances of \$114,515 (December 31, 2008 - \$425,552 to settle current liabilities of \$1,435,315 (December 31, 2008 - \$541,581 approximately \$121,999 of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms). Subsequent to the year end (note 21), the Company settled its lawsuit with the Province of Ontario for the sum of \$5,000,000 and satisfied its financial liability obligations therewith.

### 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 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.

## Subsequent Events

Subsequent to the year end, Platinex satisfied all of the conditions prescribed in the December 2009 settlement with Ontario, the key points of which are listed on page 8 under the "Former Big Trout Lake Property" section of this Management Discussion and Analysis. As of February 11, 2010, Platinex had received the final payment on the \$5,000,000 settlement with Ontario.

On April 12, 2010, the Company issued 50,000 common shares with a determined value per share of \$0.125 in consideration of the execution of the property option agreement with Skead Holdings Ltd. for the Shining Tree property (note 9c) and the granting of the property option contained therein.



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

The accumulated costs relating to Platinex's interests in mineral properties are detailed in the annual audited financial statements and notes for the year ended December 31, 2009.

### **Disclosure of Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares, and on December 31, 2009 there were 36,381,339 common shares issued.

As at December 31, 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. As at the same date, there were 6,700,000 warrants outstanding with a weighted average exercise price of \$0.38 expiring between October 3, 2010 and December 30, 2010.