



**Platinex Inc.**  
(A Development Stage Company)  
**Management's Discussion and Analysis**  
**For the Quarter Ended March 31, 2011**

# Platinex Inc.

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Quarter Ended March 31, 2011

### General

This management discussion and analysis of financial position and results of operations of Platinex Inc. (the "Company") and its subsidiary for the three months ended March 31, 2011 and 2010 has been prepared as of June 28, 2011.

The discussion below should be read in conjunction with the unaudited condensed consolidated interim financial statements of the Company and the notes thereto for the three months ended March 31, 2011 and the audited consolidated financial statements of the Company for the year ended December 31, 2010. All amounts are expressed in Canadian dollars unless otherwise indicated.

Effective January 1, 2011, the Company has commenced preparing its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). The Company's financial statements from incorporation to December 31, 2010 were prepared in accordance with Canadian generally accepted accounting principles.

Additional information relating to the Company is filed with securities regulatory authorities in Canada and is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Highlights

The Company achieved several milestones in 2010 and early 2011:

- Recovery settlement from the Government of Ontario totaling \$5,000,000 plus a 2.5% Net Smelter Royalty on the former Big Trout Lake property.
- Advanced the Shining Tree Gold property to the discovery stage with the revelation of spectacular gold counts in soil along a nine kilometre length of a shear zone.
- Drilled Sixty six holes on the Herrick gold deposit to date on Shining Tree property have all intersected gold with a resource valuation to be conducted later this year.
- Entered in a Joint Venture agreement with Creso Exploration to explore a nine claim portion of adjoining property.
- Extensive sampling and follow up drilling program on the Caswell prospect at Shining Tree have confirmed the widespread and partially very high grade historic gold mineralization.

### Overview of Company

The Company was incorporated on August 12, 1998 under the laws of the Province of Ontario and Company trades on the TSX Venture Exchange under the symbol "PTX". The Company which is an exploration and evaluation stage entity 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. 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 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,

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

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, 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 extraordinary recovery of costs added cash to the treasury without dilution in 2010 as described below under 'Overall Performance and Market Conditions'.

## **Overall Performance and Market Conditions**

During 2009 and early 2010, the Company's coordinated efforts to return shareholder value for its Big Trout Lake property realized a substantial return. Subject to meeting certain terms and conditions, the Ontario government on December 13, 2009 agreed to pay the Company \$5,000,000 plus mediation costs, plus a 2.5% Net Smelter Royalty in a settlement agreement. In return the Company 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. The terms and conditions as per this settlement agreement were satisfied and on February 11, 2010 the final payment of the settlement was released from trust. Refer also to page 7 for further discussion in the "Former Big Trout Lake Property" section.

The Company 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 highly metamorphosed layered intrusion environment the Company 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 the Company 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 the Company 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 the Company 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 the Company 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 2010, capital markets worldwide were able to recover some of the pre-recession levels. Junior resource stocks of companies such as Platinex were able to recover some but not all of their pre-recession capitalization.

Globalization and unprecedented growth rates in China and India continue to underpin commodity prices. The improved outlook for gold and PGE have not yet spurred a price recovery of junior venture capital

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

stocks in general and the Company in particular. The underpinnings for such a recovery are in place since in the last three years the expansion of the US debt, lowering of real interest rates and increasing the money supply has led to a substantial increase in the price of gold and platinum and devaluation of the US dollar against other currencies.

Efforts by the U.S. Government to increase the money supply have created optimism for future gold prices as many 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, 2010 and early 2011 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 such criteria.

The market decline has made it very difficult to finance remote property exploration for platinum through issuance of equity. Many companies trade at a discount to working capital and book value signifying an absence of goodwill value. In order to attract investment it is necessary for a company to distinguish itself from its competitors. In order to deal with this challenge the Company has shifted its focus to exploration of the Shining Tree Gold property (described under Properties). 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. Drilling commenced on this property in May 2010. The program targeted the Herrick deposit with 9 holes drilled and one previous hole deepened for 1,800m. Thirteen more holes for 2,500m were completed in September and October in addition to stripping, trenching geophysical surveys and geological mapping. Three additional holes were completed in March, 2011. All holes hit persistent gold mineralization in the Central Zone. Drilling at Shining Tree on the Herrick deposit which confirms the existence of a large structural gold system. Specialized soil sampling on the property has revealed persistent high gold values spatially aligned along a 9 km east west composite shear structure tentatively identified as The Larder Lake Break or an associated splay. The gold in soil occurrences are interpreted to indicate the presence of one or more gold deposits probably, but not necessarily, on the Company's property. Exploration to locate these deposits is ongoing and results will be forthcoming on a continuous basis through the summer months of 2011.

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 acquired 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. The Company 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.

In addition Noront Resources has recently released results of drilling the Eagle One deposit in the Ring of Fire intrusion. They revealed a combined resource of over 20 million tonnes of high grade Ni-Cu-PGE mineralization. This is a significant discovery.

The Ring of Fire intrusion outcrops on the Company's South McFaulds property approximately 20 km to the southwest. The Company has recently published a qualifying report on the property.

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

In late July 2010, the Company secured a financing for gross proceeds of \$851,000 and in December secured another financing for gross proceeds of \$378,598 to continue exploration on its Shining Tree property.

The Company entered into an agreement with Canadian Prospecting Ventures Inc. on September 16, 2010, to acquire one hundred percent interest in its 12 claim unit (192 ha.) property. The property adjoins the former producing Ronda Gold Mine property of Strike Minerals Inc. on the east and south and straddles the Michiwakenda fault and the possible southward extension of the Herrick gold deposit 4kms south of the Company's current drilling program.

Under the agreement the Company made initial payments of \$5,000 and 50,000 shares of Platinex. In order to exercise the option the Company must make further payments totaling \$15,000, issue an additional 250,000 shares and expend \$100,000 on exploration over a three year period. Upon exercise of the option Canadian Prospecting Ventures Inc. will retain a 2% NSR royalty; up to 1.0% of the royalty may be purchased in 0.5% increments for \$500,000 per 0.5% of NSR.

Discussions are being held with several major companies and other possible sources of financing to form a syndicate or partnership to conduct a continuing search for platinum in North America over a three to four year period. The six 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. In March and April three qualifying reports were completed on McFaulds North and South and the Norton Lake properties.

In April 2011, the Company vested its interest in the main portion of the Shining Tree property.

## **Properties**

During the second half of 2008, the Company staked a property in Nunavut, 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 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 conduct 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.

### **a) Shining Tree Gold Property**

In April 2008, the Company 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"). According to the agreement, the Company 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 during the ensuing four-year period to April 11, 2012. The 3% NS Royalty may be reduced by payment of \$400,000 for each 0.5% NSR purchased to a maximum of 1.5% NSR. If the optionor wishes to sell the remaining royalty interest Platinex retains a right of first refusal on the sale of the royalty interest. In May 2011, the Company vested 100% interest in the 139 claim units.

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.

## Properties cont'd

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

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.

Since October 2008, the Company has carried out its Phase I exploration program and commenced a Phase II program. Particular interest is focused on 155 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, 77 samples each returned more than ten gold grains (up to 101 gold grains in one sample) that suggest several nearby previously unexplored gold occurrences in the bedrock. Noticeably a line of the highest counts was obtained along 9 km easterly trending shear believed to be the Larder Lake Break.

The outstanding gold values in soils are comparable to, and in many cases better, than have been obtained over other major gold deposits in Northern Ontario and Quebec. The Company views this result as the beginning step in the location and identification of one or more major gold deposits.

The Phase I exploration program in 2008 and 2009 included an airborne geophysical survey, till sampling, and 26 holes for a total of 1,270 m of diamond drilling. In 2010 a comprehensive program of drilling on the Herrick deposit (23 holes for 4,300m) till sampling, and stripping was carried out to further evaluate the potential of the property. A substantial program of channel sampling was carried out on the Caswell prospect.

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. These are now interpreted to be the same zone which is offset by a fault. Further sampling of the upper 25 m of the shaft averaged 50 g/tonne Au/1.5 m. These latter results have not been qualified. Results reported previously are being revised in reference to a new interpretation and more drilling results in preparation for an internal resource estimate.

The Central Zone has been channel sampled in 51 locations along 516 linear metres in two sections (by Unocal and Fort Knox Gold) and intersected by 66 drill holes to a depth of 300 m. These results have been partially qualified.

The Company intends to complete its comprehensive \$2.2 million exploration program in 2011 to include an additional 7,200m of drilling on the Herrick deposit. (In March, 2011 three holes were completed on the Herrick deposit and seven holes on the Caswell prospect)

## Properties Cont'd

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

In addition till sampling and stripping is being carried out commencing in May to locate and sample the sources of the spectacular gold grain in till counts. Separately a comprehensive in house report to include the ore valuation on the Herrick deposit is slated to be completed by August which will form the basis for an independent ore valuation and NI43-101 report.

In addition the Company has recently retrieved documents revealing results of testing near the old Westree or Caswell mine workings of its Shining Tree claim group in which a trench was bulk sampled in 1975 with 551 lbs (250.5kg) of vein material returning 2.960 oz/ton gold (101.3 g/t) and 1206.41 oz/ton silver (41,271.3 g/t) and 572 lbs (260.0 kg) of wall rock material returning 0.224 oz/ton Au(7.7 g/t) and 368.9 oz/ton silver (12,620.1 g/t). A second bulk sample consisting of 1742 pounds (791.8 kg) of vein material taken approximately 125 feet (38.1m) west of the first sample returned 32.77oz./ton silver (1120.7g/t) and trace gold. A 100 lb (45.45kg) grab sample of muck and rock taken from the trench between these samples returned 2.033 oz./ton gold (69.53g/t) and 1.08 oz./ton silver (36.94g/t). These results have been verified but require qualification. Stripping was carried out in the autumn of 2010 and drilling of seven holes was recently completed here.

The Company and Creso Exploration Inc. have entered into an agreement to combine claim holdings along the Larder Lake Break into a 50/50 joint venture in the Shining Tree gold area of Ontario. The nine claims (336ha) that constitute the joint venture property bring together the historic high grade vein systems that include the former Churchill, Gold Corona, Cochrane, and Pet occurrences. A 1,003 m drilling program was carried out in October, 2011 on the joint venture claims. The current drill program has been designed to begin outlining the dimensions and structural controls of an alteration zone and to guide further drilling toward the most prospective part of the system.

The Ontario Department of Mines reported in 1934 that visible gold and significant gold values over 0.5 opt were returned from channel samples on the principal N60E trending Churchill veins in the southeast part of the zone, where secondary veins in the area also showed gold values of up to 6.96 g/t.

Select grab samples from the old Pet Vein on the Churchill Mining property, taken by Vernon Drylie (P.Eng.) for Creso Exploration in 2009, responded well to initial enhanced gravity concentration testing undertaken by the Knelson Research and Technology Centre, with feed material grading 14.7 g/tonne Au gave a Knelson concentrate grading 724.1 g/tonne Au at 39% Au recovery, in a mass pull of 0.8%, indicating good grade enhancement by gravity concentration techniques. The drilling and surface exposed a broad zone of low grade gold mineralization in a formational zone of jasper iron formation and carbonates. Further testing is warranted.

### b) **Muskox Property, Nunavut**

In November, 2007, the Company completed the staking of 38 mining claims totaling 35,231 ha. (87,058 acres) in 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 late 2010 all claims lapsed.

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. Despite abandoning the property in 2010 the Company maintains an active presence in activities on and about the intrusion.

### 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 Ring of Fire Resources on the southeast, and a block held by MacDonald Mines on the northwest known as the Butler Property, James Bay Resources

## Properties Cont'd

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

holds blocks of claims within and to the north of the Platinex holdings. McDonald's Butler property is being drill tested and has revealed occurrences of volcanogenic massive sulphide copper-zinc mineralization of significance and vanadium and nickel-copper-PGE mineralization. Platinex's property was staked to cover a layered intrusion that is coupled with magnetic anomalies. The Ring of Fire intrusion outcrops on the property which is on strike with Noront's discoveries in the Ring of Fire intrusion. The property is also centred on and in part marginal to a regional gravity anomaly. A qualifying report was completed on this property recently and an airborne geophysics program is planned to be carried out in 2011 contingent on financing.

### d) **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 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. 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 NI 43-101 report has been completed recently 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 the Company's former Big Trout Lake holdings 250 km to the west in a domal structure. The Company's 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.

### e) **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 White Tiger Mining Corp., Rainy Mountain Royalty Corp. and Trillium North Minerals. 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. A NI 43-101 report has been recently prepared and is available on the company website.

### f) **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 Key Stone Associates Inc. property on the south and the Obongo Precious Metals Inc. and Vale Canada Limited properties to the east. 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.

### g) **Core Zone**

The Core Zone property is located 174 km north of Thunder Bay and to the south of the previously mentioned Key Stone Associates Inc. 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.



## Properties Cont'd

### h) 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 that demands feedstock.

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

### Former Big Trout Lake Property, Ontario

As described in detail in the Management's Discussion and Analysis for the year ended December 31, 2009 the Company 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, the Company obtained a settlement with Ontario in December 2009 the key points of which are listed as follows:

- a) Ontario paid to the Company \$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 the Company and KI against Ontario and Platinex and KI against each other were dismissed without cost.
- e) Pending Proceedings Orders on six of the Company'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.

### Private Placements

For further detail regarding share capital issuances, see the audited financial statements and related notes for the year ended December 31, 2010. 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 the Company'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.

## Summary of Quarterly Results

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

### Operations:

	IFRS					Canadian GAAP		
	Mar-11 \$	Dec-10 \$	Sep-10 \$	Jun10 \$	Mar-10 \$	Dec-09 \$	Sep-09 \$	Jun-0 9 \$
Expenses	234,114	192,262	206,285	342,909	573,025	1,121,643	64,895	153,182
Part XII.6 Tax	0	6,989	0	0	0	0	0	0
Write down of deferred exploration expenditures	0	102,935	0	0	0	13,786	47,758	4,124
Cost recovery Ontario Gov't	0	0			(5,000,000)	(253,756)	(123,300)	0
Future income tax recoverable	(21,852)	(183,151)	0	0	0	0	0	0
<b>Net loss</b>	<b>212,262</b>	<b>119,035</b>	<b>206,285</b>	<b>342,909</b>	<b>(4,426,975)</b>	<b>881,673</b>	<b>(10,647)</b>	<b>157,306</b>
Loss per share basic and fully diluted	0.0045	0.0146	0.0047	0.0094	(0.1217)	0.0244	(0.0003)	0.0044

### Financial Position:

	IFRS					Canadian GAAP		
	Dec-10 \$	Sep-10 \$	Jun-10 \$	Mar-10 \$	Dec-09 \$	Sep-09 \$	Jun-09 \$	
Total assets	4,748,366	5,063,127	4,943,969	4,549,100	4,749,387	1,533,064	1,441,769	1,350,018
Total long-term liabilities	0	0	0	0	0	0	0	0
Shareholders Equity	4,695,910	4,925,774	4,849,900	4,269,665	4,524,724	97,749	931,006	895,359

## Results of Operations – Quarter Ended March 31, 2011

In the first quarter of 2011, the Company's operations were focused on the Shining Tree drill program. The Company's first quarter 2011 non-exploration expenses decreased to \$234,114 from \$573,025 for the same period in 2010 largely as a result of decreased consulting fees. In the first quarter of 2011, the Company capitalized \$167,238 (\$44,107 - 2010) of exploration and evaluation assets expenditures in accordance with the Company's accounting policies.

In the first quarter of 2011, the Company received \$0 (\$5,000,000 – 2010) of cost recovery fees in connection with its settlement with Ontario.

## Results of Operations – Quarter Ended March 31, 2011 cont'd

In the first quarter of 2011, the Company reported a future income tax recoverable of \$21,852 (\$0 – 2010) arising from temporary differences between the carrying amounts of assets and liabilities for financial reporting and for tax purposes. The resulting fiscal 2011 first quarter loss was \$212,262 (Income - \$4,426,995 – 2010) with a basic and fully diluted loss per share for the quarter of \$0.0045 (Earnings \$0.1217 – 2010).

In the first quarter of 2011, 720,000 options (0 – 2010) with a weighted average exercise price of \$0.20 (\$0.00 – 2010) expired.

## Liquidity

At March 31, 2011, the Company reported working capital of \$2,224,532 (\$2,597,199 – December 31, 2010) and cash balances of \$2,226,653 (\$2,511,273 – December 31, 2010). Included in cash as at March 31, 2011, is \$0 of monies received from the issue of flow-through shares (\$69,198 – December 31, 2010) whose use is restricted to exploration expenditures. Management has adopted a policy of preserving cash resources for strategy purposes and financing exploration with flow through financing.

## Capital Resources

The Company 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. In the case that equity financing is not available cash reserves could support the company's intended operations for over one year.

## Transactions with Related Parties

The condensed interim consolidated financial statements include the financial statements of the Company and its subsidiary PTX Nevada LLC.

Remuneration of directors and key management personnel during the three months ended March 31, 2011 and 2010 was:

	<b>March 31, 2011</b>	<b>March 31, 2010</b>
Management salaries and fees	\$ 133,500	\$ 126,692
Directors fees	0	0
Share-based payments	0	0
	<b>\$ 133,500</b>	<b>\$ 126,692</b>

For the three months ended March 31, 2011, of the management fees and salaries, \$47,400 were allocated to exploration and evaluation assets (\$0 - 2010). Share based payments are the fair value of options granted to directors and key management personnel which vested during the period. At March 31, 2011, accounts payable included \$0 (December 31, 2010 - \$0) due to related parties.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## 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 Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the condensed interim financial statements within the next financial year are discussed below:

i) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred income tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred income tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

iv) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 14.

## Changes in Accounting Policies - Transition to International Financial Reporting Standards

As stated in Note 2 of the condensed consolidated interim financial statements, the first quarter of fiscal 2011 is the Company's first condensed consolidated interim financial statements under IFRS and they are covered by the first annual consolidated financial statements to be prepared in accordance with IFRS.

The accounting policies in Note 3 have been applied as follows:

- in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011;
- the comparative information for the three months ended March 31, 2010;
- the statement of financial position as at December 31, 2010; and
- the preparation of an opening IFRS statement of financial position on the Transition Date, January 1, 2010.

The Company's financial statements for the year ended December 31, 2011 will be the first annual financial statements prepared in accordance with IFRS. IFRS 1, First Time Adoption of International Financial Reporting Standards, requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Company will be December 31, 2011. However, it also provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adoption. Prior to transition to IFRS, the Company prepared its financial statements in accordance with pre-changeover Canadian Generally Accepted Accounting Principles ("pre-changeover Canadian GAAP").

In preparing the Company's opening IFRS financial statements, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with pre-changeover Canadian GAAP.

The IFRS 1 optional exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

a) Business Combinations

The Company elected not to retrospectively apply IFRS 3 Business Combinations to any business combinations that may have occurred prior to its Transition Date and such business combinations have not been restated.

b) Share-based Payment Transactions

The Company has elected not to retrospectively apply IFRS 2 to equity instruments that were granted and had vested before the Transition Date. As a result of applying this exemption, the Company will apply the provisions of IFRS 2 only to all outstanding equity instruments that are unvested as at the Transition Date to IFRS.

The IFRS 1 mandatory applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

c) Estimates

The estimates previously made by the Company under pre-changeover Canadian GAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result the Company has not used hindsight to revise estimates.

Reconciliations of pre-changeover Canadian GAAP Equity and Comprehensive Income to IFRS

## Changes in Accounting Policies cont'd

### Transition to International Financial Reporting Standards cont'd

#### c) Estimates cont'd

IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. The changes made to the statements of financial position and statements of comprehensive income as shown on the pages following have resulted in reclassifications of various amounts on the statements of cash flows, however as there have been no material adjustments to the net cash flows, no reconciliation of the statement of cash flows have been prepared.

## 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 March 31, 2011, December 31, 2010 and January 1, 2010, 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

The fair value hierarchy shall have the following levels: (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); (b) inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The adoption of these amendments resulted in additional disclosures in the notes to the consolidated financial statements.

At March 31, 2011, December 31, 2010 and January 1, 2010, the Company's financial instruments that are carried at fair value, consisting of cash have been classified as Level 2 within the fair value hierarchy

### 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 March 31, 2011, the Company had cash balances of \$2,226,653 (December 31, 2010 - \$2,511,273) to settle current liabilities of \$52,456 (December 31, 2010 - \$137,353).

### 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.

## **Financial Risk Factors cont'd**

### Market Risk cont'd

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.

## **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 March 31, 2011, the Company is committed to incur prior to December 31, 2011, on a best efforts basis \$0 (\$69,198 – December 31, 2010) in qualifying Canadian exploration expenditures pursuant to private placements for which flow-through proceeds had been received prior to December 31, 2010 and renounced to subscribers effective as at that date. There have been no flow-through placement in fiscal 2011 to date.

## **Subsequent Events**

On April 1, 2011, the Company granted options to purchase 1,560,000 shares at an option price of \$0.20 per share to certain employees, directors and eligible consultants.

On May 14, 2011, the Company issued 1,045,454 common shares with a determined value per share of \$0.11 as final consideration under the option agreement with Skead Holdings Ltd. for the Shining Tree property.

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

The accumulated costs relating to the Company's interests in mineral properties are detailed in the unaudited condensed consolidated interim financial statements and notes for the period ended March 31, 2011.

## **Disclosure of Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares, and on March 31, 2011 there were 46,850,539 common shares issued (46,850,539 – December 31, 2010).

As at March 31, 2011, there were 2,870,000 options outstanding with a weighted average exercise price of \$0.20 expiring between May 28, 2011 and January 5, 2016. As at the same date, there were 5,067,136 warrants outstanding with a weighted average exercise price of \$0.15 expiring between June 16, 2012 and December 16, 2012.

## **Cautionary Statement on Forward Looking Statements**

This management's discussion and analysis contains statements about expected future events and financial and operating results of the Company 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.

## **Disclosure Controls and Internal Controls Over Financial Reporting**

### **Management's Report on Disclosure Controls and Procedures**

Disclosure controls and procedures have been designed reasonable assurance that all material information related to the Company is identified and communicated on a timely basis. Management of the Company, under the supervision of the President and Chief Executive Officer is responsible for the design and operations of disclosure controls and internal control over financial reporting. There have been no changes in the Company's disclosure controls and procedures during the three months ended March 31, 2011.

### **Internal Control over Financial Reporting**

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with generally accepted accounting principles. However, the Company's management, including its Chief Executive Officer and Chief Financial Officer, believe that due to inherent limitations, internal control over financial reporting may not prevent or detect all misstatements and fraud or on a timely basis. Also, projections of any evaluation of the effectiveness of internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

There have been no changes in the Company's internal control over financial reporting during the three month period ended March 31, 2011 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.