



**Platinex Inc.**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2013 and 2012**

# PLATINEX INC.

## Management's Discussion & Analysis

For the Years Ended December 31, 2013 and 2012

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### General

The following Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Platinex Inc. (the "Company") for the years ended December 31, 2013 and 2012 and should be read in conjunction with the Audited Annual Consolidated Financial Statements and related Notes for the years ended December 31, 2013 and 2012. The financial statements and related notes of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Additional information, including the Company's press releases, has been filed electronically through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online under our profile at [www.sedar.com](http://www.sedar.com).

### Highlights

The Company achieved the following milestones from 2012 to early 2014:

- Advanced the Shining Tree Gold property to the discovery stage with the identification of significant gold grain counts in soil along a nine kilometre length of a shear zone. Concentrated till sampling has now identified over 30 high gold count anomalies. The outlined gold dispersion train is one of the larger such anomalies in the province of Ontario and it is largely untested by drilling.
- Conducted an internal assessment of the gold mineralization outlined by drilling in the Herrick gold deposit summarized herein.
- A 9km IP survey conducted in February and March, 2012 outlined numerous anomalies associated with the high gold grain counts in till.
- Initial drilling assessment of gold in till targets has identified a syenite porphyry gold environment associated with the gold in till and IP anomalies.
- A comprehensive internal summary report on the Shining Tree property was completed and filed in June, 2012.
- An exploration plan under the New Mining Act in Ontario has been filed and accepted. An exploration permit was also obtained under the New Mining Act with strong support from the Mattagami and Matachewan First Nations. The permit is for a three year period and covers up to 20,000m of drilling. The permitting process required some six months to complete and it is anticipated that with process now done the first time that the next stage of permitting will be less time consuming.
- The Tib Lake property was sold to Lac des Iles Mines Ltd., a subsidiary of North American Palladium for \$25,000 plus a 0.5% Net Smelter Royalty.
- The Ivanhoe property was sold to Probe Mines for \$100,000, 50,000 shares of Probe Mines and a 1.5% NSR royalty.
- Several initiatives have been taken and are underway to maintain the solvency of the company during the prolonged downturn. These include: reduction of cash burn rate to less than \$1,000 per month excluding audit fees and regulatory charges; move of the company offices to low rental and storage facilities; completion of a modest equity financing to maintain several months cash reserve; and, sale of the 1.5% royalty on the Ivanhoe property for \$50,000. Platinex continues to seek support in the market along with new debt and equity. Efforts to close a bond in the amount of up to US\$10 million have been ongoing since May, 2013.

### Overview of Company

The Company was incorporated on August 12, 1998 under the laws of the Province of Ontario and trades on the TSX Venture Exchange under the symbol "PTX". The Company is at the exploration and evaluation stage and 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 amounts reported for mineral properties and 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 conduct exploration and the ability of the Company to recover value for its properties and/or upon future profitable production.

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

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. Recoverability of the carrying value of exploration properties and the Company's continued existence are dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the development and / or sale of such properties at a profit.

The Company has limited financial resources and no operating cash flow. Until profitable production can be reached, the Company is dependent on debt or equity financings and/or the sale, lease or farm-out of assets to provide the funds necessary for the Company's operating and capital expenditures. Although the Company has been successful in the past in obtaining requisite funding, there can be no assurance that additional funding in amounts and on terms satisfactory to the Company will be available on a timely basis to fund the further exploration and development of its properties or to fulfill its obligations under applicable agreements. Failure to obtain such funding has resulted in delays and could in the future result in the delay or indefinite postponement of further exploration and development of the Company's properties and in the possible dilution or loss of interests in such properties. If the Company raises additional funding through the issue of equity securities, such financings may dilute the holdings of the Company's existing shareholders.

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.

In order to sustain its operations, the Company requires additional funds to discharge its liabilities, conduct work programs and meet overhead expenses. The Company continues to seek capital through various means including farm-out / joint venture partnerships and the issuance of equity or debt. Although the Company has been successful in the past in financing its activities through the sale of equity securities, current market conditions have adversely affected the Company's share price and its ability to finance planned activities and operations.

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

The Company is in the exploration stage on its various properties and therefore it has no revenues to fund such activities. The Company accesses the public markets to finance exploration activity; the ability to raise additional capital is subject to prevailing market conditions. The projects do not have a defined mineral resource in place whereby the Company can establish a measured asset value. However, based on independent NI 43-101 technical reports and / or internal summary reports prepared on Company properties and adjacent properties, further exploration work is warranted.

The market decline has made it very difficult to finance property exploration through issuance of equity. Many junior mining companies trade at a significant discount to the underlying book value of their net assets. In order to attract investment it is necessary for a company to distinguish itself from its competitors. Therefore, the Company is focusing on completing a financing to continue exploration of the Shining Tree Gold property (described under Properties), which has significant exploration potential. To-date sixty six holes have targeted the Herrick deposit in addition to stripping, trenching, geophysical surveys and geological mapping. All holes drilled to date have intersected gold mineralization in the Central Zone, confirming the existence of a large structural gold system.

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## Overview of Company cont'd

### Overall Performance and Market Conditions cont'd

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 is interpreted to indicate the presence of one or more gold deposits which may be located on the Company's property. Exploration to locate these deposits will continue upon completion of financing. This is a provincially significant glacial gold dispersion train in terms of size and intensity and is highly prospective. Such large scale features may lead to discovery of commercial gold deposits.

Management is optimistic that with progressive exploration the gold in till anomalies on the Shining Tree property and the Herrick gold deposit will evolve into significant commercial gold deposits. Subject to the availability of financing, the Company plans to commence a 20,000m drill program in 2014 to test these targets.

The Company holds a major property with potential for nickel, copper, PGEs and chromium in the Ring of Fire area. Since this property was staked a major chromium discovery, believed to be the largest known chromium deposit in the world, has been discovered in this area. One of North America's largest integrated steel companies, Cliffs Resources, has acquired a controlling interest in two resource companies with properties in the Ring of Fire and plans are in the early stages to develop these properties and bring both permanent road and rail transportation into the area. Due to the lack of decisions, by the Province of Ontario, on access infrastructure and poorer market conditions Cliffs, has shut its Canadian offices and has reduced immediate commitments to development in the Ring of Fire

Statements have been made by some of the federal and 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 or the investment recovered.

In addition Noront Resources has 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 published a qualifying report on the property in March, 2011. A Federal/Provincial airborne gravity and magnetic survey covering most of the McFaulds Lake area was released on August 3, 2011. The Company has evaluated the data release and retained a geophysicist to provide an interpretation. A portion of the McFaulds South property was subjected to an airborne HELITEM and magnetic survey by Fugro Airborne Surveys, Corporation in September 2011 and the final survey report was delivered in January 2012.

In April 2011, the Company vested its interest in the main portion of the Shining Tree property and in March, 2012 the McBride lease within the claim group was acquired. In June 2012 a summary report on the Shining Tree property which includes an assessment of mineralization in the Herrick gold deposit was published.

In 2012 new regulations were posted for the New Mining Act in Ontario. The new regulations require a structured approach to prospecting and exploration such that for each property a company must apply for acceptance of a multi-year exploration plan for area specific work on the ground.

Further for more intensive work such as drilling an exploration permit must be granted by the Ministry of Northern Development, Mines and Forests. Local land owners and First Nations where traditional territories overlap the property must be consulted as part of the permitting process.

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### Overview of Company cont'd

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

Platinex had its exploration plan accepted and its exploration permit granted in August and September, 2013 respectively with the strong support of the Mattagami First Nation and the Matachewan First Nation. The permit covers a three year period in which the company intends to carry out at least 20,000m of drilling.

#### Properties

The Company maintains an interest in several large gold and PGE properties. Each property requires assessment work to keep it in good standing. 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 2011 the Company vested an option agreement with Skead Holdings Ltd., with respect to 139 claim units (5,680 acres or 2,299 ha), situated in Churchill, MacMurchy and Asquith Townships in Ontario (the "Shining Tree property"). The Company now holds a 100% interest in the claims subject to a 3% NSR and subject to advance royalty payments of \$10,000 per year commencing in April 2013. The due dates for the first and second advance royalty payment has been extended to October 11, 2014 with a premium of \$1,500 and a requirement to issue an option in the favour of the vendor for 100,000 shares at \$0.10/share. The 3% NSR 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 royalty interest the Company retains a right of first refusal to purchase the NSR. On May 10, 2012 the Company acquired a lease (40 acres, 16 ha) from Gary John McBride for 200,000 shares of the Company. The lease is central to the Shining Tree property.

The Company SEDAR-filed its NI 43-101 technical report dated October 2, 2008, by J.G. Bryant and D. Jamieson (the "Report") which examines the Herrick gold deposit on the 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 with NI 43-101 standards.

The property is underlain by a northwest trending, steeply dipping, sequence of felsic to mafic metavolcanic rocks overlain by Temiskaming aged metasedimentary rocks and intruded by irregular trachyte porphyries and syenite stocks 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 5,716 tonnes per vertical metre 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.

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#### Properties cont'd

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

An internal valuation of the Herrick deposit completed in May, 2012 estimated potential gold content ranging from 111,000 oz to 172,000 oz Au within the defined vein structures to a depth of 300m. The estimate is based on a minimum of 1,628,000 tonnes grading 2.11g/tonne to a maximum of 2,554,000 tonnes grading 2.10g/tonne Au. The estimate is derived from 3 narrow sub-parallel quartz vein breccias and an enclosing mineralized shear zone within a 380m strike length, to a 300m depth and within a 60m wide block. A cutoff grade of 0.5g/tonne was used in the calculations.

The central zone of the Herrick deposit outcrops for most of its length and is a continuously readily definable body. The valuation also identified thicker gold zones between intersecting veins in some holes and in outcrops which are not included in the calculations. These structures plunge vertically providing a prospective target for deeper exploration. There is an undefined potential for a southwesterly plunging thickened enriched section that could contain from a depth of 300m to 1,500m some 14.6 million tonnes at a grade ranging from 2.0 to 5.0g/tonne Au for a gold content of 1.0 to 2.4 million ounces. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the delineation of a mineral resource. The internal valuation was conducted by a qualified person who is not independent of the issuer and therefore according to standards set forth in National Instrument 43-101 no resource estimate is available. More sampling of existing core and stripping of identified thicker mineralized zones where these project to surface, is warranted and could increase the potential within the exploration envelope.

Along the 380m length of the Herrick Central Zone 72 channel and composite grab sample sections have averaged 6.99 g/t Au / 1.9m true width. Drilling of the same zone to a depth of 300m below surface in 59 drill holes has averaged 2.16 g/t Au / 2.9 m true width. The mineralized zone appears to be thickening at depth with zone widths of up to 46.1 m recorded in drilling.

Since October 2008, the Company has carried out an exploration program on the property. Particular interest is focused on 446 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, 169 samples each returned more than ten gold grains (up to 144 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 or an associated splay fault and correlating with XDS ORTHO anomalies and circumscribing a syenite stock. In fact a pattern that has resulted from recognition of the syenite stock is that the better gold grain counts tend to correlate with the observed margins of the syenite stock.

The occurrence, distribution and density of high gold counts are similar to such patterns over the Timmins and Matachewan gold camps. The Company views this result as the initial step in locating and identifying one or more major gold deposits, potentially leading to a new major gold camp.

Gold is the best pathfinder to gold, intuitively providing the most direct path to a significant discovery. Less direct indicators of gold including other geochemical, geophysical and geological expressions are less reliable indicators of gold in the ground. Not all major gold deposits in glaciated terrains provide evidence of their existence through gold dispersion trains. However, gold dispersion trains are always pathfinders to sources of gold in place and major gold dispersion trains are either associated with major gold deposits or multiple spatially concentrated gold deposits. This is the promise of the Shining Tree property.



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#### Properties cont'd

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

The exploration program in 2008 and 2009 included an airborne geophysical survey, till sampling, and 26 drill 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 4,253m) 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. In 2011 three holes for 930m were drilled on the Herrick deposit and seven holes for 1,070m was carried out to test the Caswell trenches. Several good results were obtained including an assay of 18.75g/Au over 0.5m within a broader zone assaying 4.5g/t over 2.52m.

A nine km Pole-dipole IP survey was completed in March 2012 by JVX Ltd. Following the IP survey, a five hole 870m drilling program was carried out on previously undrilled portions of the property to test five very strong IP anomalies spatially associated with gold in till anomalies.

All of the holes intersected thick zones of mineralization and/or alteration. Logging, sampling and assaying of the core is partly completed and initial results reported. One hole intersected unmineralized, chloritized syenite with a few randomly selected character samples returning anomalous values up to 327 ppb Au. The strong IP response was unexplained. This area and its strike projections are a high priority for follow up exploration. The clustering of the higher gold in till counts near the margins of a syenite stock is suggestive of a prominent, recognizable, and readily explorable, geological environment on a large portion of the property.

Subject to the availability of financing, further drilling is planned in 2014 to follow up till and IP results and to further expand the known size of the Herrick deposit.

In 2010 the Company 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 completed for 1,070m in April 2011. All of the holes intersected gold mineralization with one hole intersecting a potentially commercial value.

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, 2010 on the joint venture claims. The drill program was 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.

Further geophysical surveys, stripping and trenching were carried out on the joint venture in 2011.

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.

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#### **Properties cont'd**

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

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 sampling conducted in 2010 exposed a broad zone of low grade gold mineralization in a formational zone of jasper iron formation and carbonates. Sampling by The Company in the summer of 2011 returned values in grab samples up to 181 g/t Au from the Pet Vein.

On Apr. 2, 2014 Dundee Sustainable Technologies Inc. and Creso Exploration Inc jointly announced an amalgamation under the name of the former.

The Company entered into an option agreement with Canadian Prospecting Ventures Inc. on September 16, 2010, to acquire a one hundred percent interest, in a 12 claim unit (192 ha.) property. The property adjoins the Shining Tree property. The Company allowed this option to lapse in the second quarter of 2012.

In July 2013, the 2009 exploration agreement with Mattagami First Nation was amended to include the Matachewan First Nation. A mineral exploration plan under the New Ontario Mining Act has been submitted and approved and an exploration permit has been issued by the Ontario government. (see overall performance page 3)

##### **b) Ivanhoe Property**

In December of 2010, and January of 2011 the Company staked 363 claim units comprising approximately 5,808 hectares in Sandy, Crockett, Chewitt, Hellyer, Carty, Pinogami and Ivanhoe Townships near Chapleau in northern Ontario. The properties (Ivanhoe One and Two) were staked to cover a favorable geological trend that extends from Probe Mines, Borden Lake Discovery. A key aspect of the acquisition is that it includes coverage of a drill hole in Sandy Township by Keevil Mining Group in 1964 which obtained low grade copper mineralization in a fragmental rock of no indicated origin. No gold assays were conducted. The mineralization and rock description are comparable to results achieved on the Borden Lake deposit owned by Probe Mines.

Limited till sampling was carried out on the claims in 2011 with 19 samples processed by Overburden Drilling Management for gold grains. The best results were three samples that had 6 gold grains two of which contained one pristine grain. These are considered anomalous results in this area. Five of those samples were processed for Kimberlite Indicator Minerals of which one sample contained 1 grain of sperrylite (a platinum ore mineral), and one contained 3 grains of pyrite. The cost of this work which is relatively minor has been included in the cost of the Shining Tree property, but will be broken out in the future. On December 2012 the Company sold the Ivanhoe property to Probe Mines Ltd. for a \$100,000 cash payment, 50,000 shares of Probe and a 1.5% NSR royalty on future production. On March 24, 2014 Platinex sold the 1.5% NSR royalty to Probe Mines for \$50,000.

This transaction terminates any rights Platinex has on the Ivanhoe property except for the right to receive the claims in good standing prior to surrender by Probe Mines if that should happen.

##### **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 142 claim units in three claim blocks covering 2,340 ha (5,680 acres). The property adjoins a block held by MacDonald Mines, on the northwest known as the Butler Property. James Bay



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### **Properties cont'd**

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

Resources holds blocks of claims within and to the north of the Company 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. The Company'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. A qualifying report was completed on this property in 2011.

In 2011 a federal-provincial airborne gravity and magnetic survey covering the property has highlighted areas of potential for NI-Cu-PGE, Cu-Zn and vanadium deposits underlying the property. A portion of the McFaulds South property was subjected to an airborne HELITEM and magnetic survey by Fugro

Airborne Surveys, Corporation in September 2011 and reported on in January 2012. This exploration work has enabled the Company to keep portions of the property in good standing for up to 5 years.

#### **d) 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 (now acquired by Lac des Iles Mines Ltd.) 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.

In September, 2012 the property was sold to Lac des Iles Mines Ltd., a wholly owned subsidiary of North American Palladium for \$25,000 and a 0.5% Net Smelter Royalty.

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 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 attempts to consult, engage and accommodate KI and then through litigation.

During 1999, the Company acquired a 100% interest in 221 mining claims located in the Patricia Mining Division of northwestern Ontario. On February 10, 2006 the Company acquired a 100% unencumbered interest in 81 renewable mining leases, and approximately 7,000m of core (valued at \$2,000,000) from a joint venture operated by INCO Limited for \$162,312 cash and the issuance of \$150,000 worth of the Company's common shares (428,751 common shares issued). The Company attempted to commence its exploratory drill program on the Big Trout Lake property in February, 2006. Members of the First Nation, Kitchenuhmaykoosib Inninuwug ("KI") restricted access to the property preventing commencement of the drill program. In April 2006, the Company commenced a lawsuit against KI for damages and sought unobstructed access to its mining claims and leases. In February 2008, the Company delivered written notice to the Province of Ontario of its intention to proceed with legal action

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### **Properties cont'd**

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

for recovery from Ontario of damages suffered by the Company arising from the dispute with KI. In accordance with Accounting Guideline AcG-11, the capitalized asset value has been assessed as impaired due to the lack of access to the property and has accordingly been written down. The claims and leases were surrendered in December 2009 to the Ontario government in return for a payment of \$5,000,000 plus additional mediation and negotiation costs totaling \$377,056 and a 2.5% Net Smelter Royalty. A qualifying report published in 2006 estimated a potential for 1.7 billion tonnes grading 8.4% Cr<sub>2</sub>O<sub>3</sub>. Additional estimates of platinum group elements in 4 deposits have not been qualified independently but based on a model for layered PGE deposits a potential for a resource of 100 million ounces of PGE plus gold to a depth of 1,000m was estimated internally and supported in principle by Lonmin's consulting geologist. Prior to the initial blockade by KI Platinex had concluded a confidentiality agreement with Lonmin PLC, the world's third largest platinum producer, and negotiated a joint venture agreement which contemplated carrying Platinex's interest through to production. Execution of the agreement was contingent on a positive band council resolution from KI. The hold time on the confidentiality agreement put Platinex in an awkward position in the initial court appearance in 2006. In 2012, Platinex donated core from the former property to the Ontario government in order to foster better understanding of the geology of such layered intrusions related to the Ring of Fire. Platinex remains optimistic that it can achieve further return from this asset given the facts that can now be fully revealed.

Discussions with several parties are proceeding to sell the royalty in whole or in part as an alternative to other financing initiatives currently being pursued by the Company. An internal evaluation of the royalty is being prepared for that purpose.

#### **Private Placements**

For further detail regarding share capital issuances, see the audited consolidated financial statements and related notes for the years ended December 31, 2013 and December 31, 2012. Proceeds from non-flow through common shares are used for administrative expenses and working capital. Proceeds from issuance of flow-through common shares are 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.

#### **Selected Annual Information**

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

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<b>Operations:</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Expenses	\$ 2,344,342	\$ (627,231)	\$ (1,412,566)
Part XII.6 tax, interest and penalties	0	0	(211,570)
Loss on sale of property and equipment	(13,919)	0	0
Gain on sale of mining claims	0	172,412	0
Loss on sale of investments	(29,029)	(7,500)	0
Future Income tax recoverable	0	41,450	21,852
Comprehensive income (loss)	\$ 2,387,920	\$ (420,869)	\$ (2,003,095)
Income (loss) per share basic / fully diluted	\$ (0.05)	\$ (0.01)	\$ (0.01)
<b>Financial Position:</b>			
Total assets	\$ 1,736,667	\$ 3,964,364	\$ 4,248,397
Total long-term liabilities	\$ 0	\$ 0	\$ 0
Shareholders' equity	\$ 523,062	\$ 2,890,102	\$ 3,300,971

### Results of Operations – Year Ended December 31, 2013

#### Overview of Financial Results

The Company completed a small equity financing of \$10,500 in 2013 (2012 - \$0), reflecting the challenging market conditions. In May 2013, the Company initiated a US \$10 million bond offering; these efforts are ongoing and management is hopeful of a 2014 closing on all or part of the offering. Uncertainty surrounding the outcome of the Notices of Assessment and Reassessment issued to the Company on April 4, 2012 by Canada Revenue Agency may delay completion and reduce the size of planned financings.

During 2013 and in conjunction with the equity financing, the Company granted 1,050,000 warrants with an average exercise price of \$0.08 (0 - 2012). Also in 2013, the Company had 1,615,667 warrants expire (5,067,136 - 2012) with a weighted average exercise price of \$0.12 (\$0.15 - 2012).

In 2013 and in 2012, the Company granted no options under the Company's stock option plan. During 2013, no options expired; in 2012, 1,170,000 with a weighted average exercise price of \$0.20 expired.

In 2013, Platinex's operations were focused on financing and on maintaining the good standing of the Company's exploration projects located in Ontario. The Company's 2013 non-exploration expenses increased to \$2,344,342 from \$627,231 in 2012 largely as a result of a fiscal 2013 loss on impairment of exploration and evaluation assets of \$1,999,821 (\$0 - 2012).

In 2013 in accordance with the Company's accounting policies, the Company did not capitalize mineral property and deferred exploration expenditures whereas it capitalized \$320,413 of these expenditures in 2012.

# PLATINEX INC.

## Management's Discussion & Analysis

For the Years Ended December 31, 2013 and 2012

### Results of Operations – Year Ended December 31, 2013 cont'd

#### Overview of Financial Results cont'd

In 2013, the Company did not sell any of its mining claims; in 2012 it recorded a gain of \$172,412 from the sale of mining claims. As part of the consideration on this 2012 sale, the Company received common shares of Probe Mines and reported a 2012 fair valued loss of \$7,500 on this available-for-sale investment; in 2013, the Company recorded a \$29,029 loss on the sale of the Probe shares.

In 2013, the Company recorded a \$13,919 loss on the sale of property and equipment when it's Markham office was closed (\$0 - 2012).

In 2013, the Company reported no future income tax recoverable (\$41,450 - 2012) arising from the temporary differences between the carrying amounts of assets and liabilities for financial reporting and for tax purposes.

The resulting fiscal 2013 loss was \$2,387,290 (\$420,869 – 2012) with a basic and fully diluted loss per share of \$0.05 (\$0.01 - 2012).

#### Summary of Quarterly Results

The following table sets out financial performance highlights for the last eight fiscal quarters.

##### Operations:

	Dec-13	Sept-13	Jun-13	Mar-13	Dec-12	Sept-12	Jun-12	Mar-12
	\$	\$	\$	\$	\$	\$	\$	\$
Expenses	2,038,667	40,769	107,336	157,570	154,493	163,334	130,365	179,039
Gain on sale of mining claims	0	0	0	0	(172,412)	0	0	0
Loss on sale of Property and equipment	0	13,919	0	0	0	0	0	0
Income tax recovery	0	0	0	0	0	0	0	(41,450)
Loss on investments	0	0	23,029	6,000	7,500	0	0	0
Net loss	2,038,667	163,334	130,365	137,589	(10,419)	163,334	130,365	137,589
Loss per share basic and fully diluted	0.0415	0.0032	0.0026	0.0027	(0.0002)	0.0032	0.0026	0.0027

# PLATINEX INC.

## Management's Discussion & Analysis

For the Years Ended December 31, 2013 and 2012

### Summary of Quarterly Results cont'd

#### Financial Position:

	Dec-13	Sept-13	Jun-13	Mar-13	Dec-12	Sep-12	Jun-12	Mar-12
	\$	\$	\$	\$	\$	\$	\$	\$
Total assets	1,736,667	3,738,207	3,748,909	3,854,653	3,964,364	3,830,208	3,877,190	4,033,590
Total long-term								
Liabilities	0	0	0	0	0	0	0	0
Shareholders'								
Equity	523,062	2,528,836	2,563,274	2,726,532	2,890,102	2,879,683	3,043,017	3,163,382

### Results of Operations – Quarter Ended December 31, 2013

In the fourth quarter of 2013, the Company's operations were focused on fund raising. The Company's fourth quarter 2013 expenses as compared to the same period for 2012, increased due to the 2013 loss on impairment of exploration and evaluation assets of \$1,999,821. The resulting fiscal 2012 fourth quarter loss was \$2,038,667 (\$10,419 recovery – 2012) with a basic and fully diluted loss per share for the quarter of \$0.0415 (\$0.0002 income – 2012).

### Liquidity and Capital Resources

At December 31, 2013, the Company reported a working capital deficiency of \$1,202,991 (\$854,882 – December 31, 2012) and cash balances of \$10,006 (\$116,648 – December 31, 2012).

	December 31 2013	December 31 2012
Cash	\$ 10,006	\$ 116,648
Current assets	608	102,732
Current liabilities	(1,213,605)	(1,074,262)
Working capital (deficiency)	\$ (1,202,991)	\$ (854,882)

Working capital (deficiency) is defined as current assets net of current liabilities, which is a non-GAAP measure. Non-GAAP financial measures do not have any standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. However, management believes that it is a useful in assessing the Company's liquidity.

The Company has limited financial resources and no source of operating revenue. In the past, it has relied on debt/equity financings to maintain its exploration, environmental permitting, and engineering and development activities and meet its administrative costs. The Company continues to seek capital through various means including the possible joint venturing of a direct interest in its projects and by the issuance of equity and/or debt. If the Company experiences significant delays in obtaining additional funding necessary to fund its ongoing operating and capital requirements, this may have a material adverse impact on the Company's financial condition, business and plan of operations.

## PLATINEX INC.

Management's Discussion & Analysis  
For the Years Ended December 31, 2013 and 2012

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### Liquidity and Capital Resources cont'd

The mineral properties in which the Company currently has an interest are in the exploration stages and, consequently, the Company has no current source of operating revenue and is dependent on external financing to fund continued exploration and development of its mineral properties. Historically, the Company's principal sources of funding have been the issuance of equity securities for cash and interest income from short-term investments.

The challenging financial markets currently faced by companies in the junior mining sector generally, have had a significant adverse affect on the Company's share price and on its ability to raise additional funds through equity financings on a timely basis. The Company has taken steps to conserve cash pending completion of additional financings.

### Transactions with Related Parties

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

	<u>December 31</u> <u>2013</u>	<u>December 31</u> <u>2012</u>
Management salaries and fees	\$ 165,386	\$ 370,147
Travel allowance	0	17,250
	<u>\$ 165,386</u>	<u>\$ 387,397</u>

For the year ended December 31, 2013, \$0 (\$53,468 – 2012) of the management fees and salaries were allocated to exploration and evaluation assets. At December 31, 2012, accounts payable included \$308,917 (December 31, 2012 - \$191,917) 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 and Judgements

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/loss 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 the Company's assets and liabilities are disclosed in note 4 to the audited annual consolidated financial statements for the years ended December 31, 2013 and 2012.



# PLATINEX INC.

## Management's Discussion & Analysis

For the Years Ended December 31, 2013 and 2012

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### Accounting Policies

No new accounting policies were adopted in 2013. The Company is presently assessing the impact of the following accounting standards which have been issued but not applied:

- IFRS 9 – Financial Instruments
- IAS 32 – Financial Instruments
- IAS 36 – Impairment of Assets
- IFRIC 21 – Levies

### Financial Instruments and 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, 2013 and December 31, 2012, 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 disclosed in note 11 to the audited annual consolidated financial statements for the years ended December 31, 2013 and 2012.

### Provisions

Pursuant to the issuance of 2,763,333 flow-through shares in December 2011, the Company renounced \$207,250 of qualified exploration expenditures. As at December 31, 2013, the Company has met its expenditure commitment.

The Company has agreed to indemnify certain subscribers of current and previous flow-through share offerings against any income tax payable by the subscriber in the event the Company does not meet its expenditure commitments.

During the years 2005 to 2008, the Company issued flow-through common shares for gross proceeds of \$1,550,000 from private placement offerings of securities. In accordance with the terms of these flow-through share offerings and pursuant to certain provisions of the Income Tax Act (Canada) (the "Act"), the Company renounced for income tax purposes these exploration expenditures and was obligated to spend these funds on Qualifying Canadian Exploration Expenditures ("CEE").

Following an audit by Canada Revenue Agency ("CRA") of the Company's CEE for 2005 to 2008 which was substantially completed prior to December 31, 2011, the CRA has taken the position that only \$590,801 of flow-through proceeds was spent on CEE. On this basis, the remainder of \$959,199 is potentially subject to tax in accordance with Part XII.6 of the Act and, together with related penalties and interest, \$191,340 has been included in accrued liabilities as at December 31, 2013 and December 31, 2012. On April 4, 2012, CRA issued Notices of Assessment and Reassessment to the Company totaling \$191,340 including penalties and interest which has been included in accrued liabilities. The Company has filed Notices of Objection to dispute CRA's interpretation and the validity of the Notices of Assessment and Reassessment.

In accordance with the terms of subscription agreements with certain purchasers of flow-through shares, the Company has agreed to indemnify such investors for an amount equal to the amount of any income tax payable, or income tax that may become payable, by the purchaser, under the Act, as a result of the reduction of previously renounced CEE. The Company has also estimated the potential liability resulting from potential claims which may arise as a result of possible reassessments denying CEE claimed by investors in 2005 to 2008 to be \$633,071 which has been included in accrued liabilities as at December 31, 2013 and December 31, 2012. The actual liability will depend upon a number of factors including the personal tax income tax positions of the investors and the Company's success in its objection proceedings with CRA. The outcome of these matters is uncertain and there can be no assurance that such matters will be resolved in the Company's favour.

## **PLATINEX INC.**

### Management's Discussion & Analysis

For the Years Ended December 31, 2013 and 2012

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#### **Lease Commitments**

The Company is committed to minimum payments totalling \$0 (\$32,841 - 2012) under an operating lease for office space.

#### **Subsequent Events**

Subsequent to the year end the Company sold its 1.5% NSR royalty on the Ivanhoe property for \$50,000.

In exchange for extending the time for payment of an advance royalty payment of \$11,500 and for a subsequent royalty payment of \$10,000 due on April 11, 2014, the Company has agreed to grant Skead Holdings Ltd an option of 100,000 shares of the Company with an exercise price of \$0.10 per share.

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

The accumulated costs relating to the Company's interests in mineral properties are detailed in the annual consolidated financial statements and notes for the years ended December 31, 2013 and 2012.

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

The Company is authorized to issue an unlimited number of common shares, and on December 31, 2013 52,009,326 common shares were issued (50,959,326 – December 31, 2012); as at April 24, 2014 52,009,326 common shares were issued. As at December 31, 2013, there were 2,800,000 options outstanding with a weighted average exercise price of \$0.16 expiring between March 11, 2014 and April 1, 2016. As at the same date, there were 1,050,000 warrants outstanding with a weighted average exercise price of \$0.08 expiring on September 30, 2015. From January 1 to April 24, 2014, 220,000 options with an exercise price of \$0.20 expired; there were no other changes in options and warrants outstanding in the period.

#### **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 year ended December 31, 2013.

## **PLATINEX INC.**

Management's Discussion & Analysis

For the Years Ended December 31, 2013 and 2012

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### **Disclosure Controls and Internal Controls Over Financial Reporting cont'd**

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

##### **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 year ended December 31, 2013 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

April 24, 2014