



# Platinex Inc.

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**Management Discussion and Analysis  
Fiscal 2006**

# Platinex Inc.

## MANAGEMENT DISCUSSION AND ANALYSIS – FISCAL 2006

### General

Readers of the following discussion and analysis should refer to Platinex Inc.'s (the "Company") audited financial statements for the years ended December 31, 2006 and 2005. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All dollar figures included therein and in the following discussion and analysis are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.platinex.com](http://www.platinex.com).

### Overall Performance

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

During December, 2005 the Company completed several un-brokered flow-through financings totaling \$1,015,400 through issuance of 1,850,796 shares and 1,596,363 warrants and broker's warrants to purchase shares. The financing succeeded in raising sufficient funds to carry out both phase 1 and phase 2 drilling programs on the Big Trout Lake property during the winter at the then existing budgets.

On November 18, 2005 the Company entered into an agreement to purchase 81 mining leases from a joint venture lead by INCO Ltd. for \$300,000 to comprise \$150,000 cash and \$150,000 in stock valued within a price range of \$0.15 to \$0.35 per share. This purchase closed on February 10, 2006 with the issuance of 428,571 shares significantly enhancing the Big Trout Lake property. The total capitalized cost of the mining leases was \$312,312, which included related acquisition costs. Previous wide spaced drilling by INCO intersected the widest and richest chromium drill intersections ever located in North America. In-fill drilling would be required along a currently defined strike length of 9 km underlying the leases to produce an NI 43-101 compliant resource or reserve and there is no guarantee that that would be successful. An NI 43-101 report was released in December 2006.

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

## Overall Performance cont'd

kept by KI. KI did not respond to calls from the Company. Without notice to, or authorization from the Company, KI members tore down the camp and removed from the site all equipment, fuel and supplies.

On April 18, 2006, Platinex sought unobstructed access to its mining claims and leases on the Big Trout Lake property to conduct low impact exploration through a motion for injunctive relief against KI. The company also issued a Statement of Claim against the same parties for damages. KI sought an order preventing Platinex from engaging in any exploration activities pending the trial of the main action between the parties. On August 1<sup>st</sup> the company reported that the Ontario Superior Court in Thunder Bay had issued its judgment.

In late July 2006, the Ontario Superior Court dismissed the company's motion and granted injunctive relief to KI conditional on it establishing a consultation committee to engage in tripartite discussions with Platinex and the Provincial Crown with the objective of developing an agreement to allow Platinex to conduct its exploratory drilling on the Big Trout Lake property.

Management was concerned that the Court's July 2006 decision sanctioned the KI unilateral "moratorium" on prospecting and exploration on KI's traditional territory. Minister Ramsay of the Ministry of Natural Resources has stated publicly that the KI "moratorium" has no legal standing. Further, Platinex's activities were based on assurances from the Provincial Government that the Company has the right and the obligation to explore its claims, and the obligation to keep those claims in good standing. Platinex's support in principle for good faith consultations with KI and the Crown notwithstanding, Management determined that it was obliged to continue to preserve and pursue its full legal rights by way of an appeal. Such an appeal has not yet been argued.

The Court-mandated tripartite discussions were initiated in August. At KI's insistence, those discussions focused on the development of a consultation protocol. Although Platinex agreed in October 2006 to the terms of the KI-proposed protocol, such a document was never executed and substantive discussions concerning Platinex's exploratory drill program did not take place prior to the Court ordered re-appearance in January 2007. In January 2007, the parties agreed to extend the injunction order until April 2007 in a further effort to conclude a protocol and reach an agreement on the Platinex drilling. Because KI and the Provincial Government could not come to an agreement on certain issues including the quantum of funding for KI's participation in the consultation, a protocol was not executed and substantive discussions did not commence.

On April 2, 3 and 4, 2007, KI argued its motion for an order prohibiting Platinex from conducting any drilling on the Big Trout Lake property until the trial of the main action. Platinex opposed KI's motion. The Provincial Government proposed a Court-supervised process that would allow Platinex to commence its drilling while consultation continued. Platinex supported this proposal. The Court reserved its judgment. As of the date of this document, a decision has not been rendered.

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

Further information concerning the company's interaction with First Nations can be found under the heading "Big Trout Lake First Nations Relations" below.

In August 2006 Cartwright Drilling filed a claim for \$310,073.18 plus interest of 2% per month against Platinex. Platinex is defending the claim on the bases that the company did not breach its contract with Cartwright and that Cartwright did not suffer any damages resulting from Platinex's conduct. Cartwright is still interested in drilling for Platinex when the access issues are resolved.

## Overall Performance cont'd

During the last half of 2006, work commenced to evaluate 17,000 feet of drill core from previous drilling of the leases. The core was moved to Company facilities near Peterborough. The company intends to resample and assay most of this core for platinum group elements. Work continues to integrate the data from the leases with the data on the claims that yielded a great amount of information from litho-geochemical work and multi-criteria analysis.

## Big Trout Lake Ontario

The Big Trout Lake Igneous Complex is a large layered intrusion with an unfolded strike length of up to 93 km and a thickness of up to 7 km. It is tholeiitic, rich in chromium and differentiated analogous to the Bushveld Igneous Complex of South Africa, the Stillwater Complex of Montana and the Great Dyke of Zimbabwe. The intrusion is of a critical mass sufficient to contain extensive concentrations of platinum group elements.

A recent synthesis of all exploration and research data on the Big Trout Lake property has greatly improved the focus of future exploration efforts. The remainder of a two phase exploration program is planned originally budgeted at C\$1,221,500 to test six targets which have already been shown to be well mineralized with platinum group elements (PGE), nickel and copper. The remainder of the program has been incorporated into an expanded program described in a new qualifying report. The report proposes a \$2.3 million first phase, 24 hole, 7225 m drilling program, metallurgical studies on chromium, PGE beneficiation and logging with systematic PGE assaying of some 5,000 m of core previously drilled and obtained in 2006 from the INCO joint venture. Details of this exploration are presented on the Company website at <http://www.platinex.com/>. The program and budget may be subject to revision on completion of the consultation.

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

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

Canico performed very few platinum and palladium assays but recorded values of up to 5.0 grams per tonne of platinum and palladium combined/ 0.4 m within an interval running 1.3 g/tonne/ 4.3 m in the Zone 2 Chromitite. In the correlative zone underlying the claims south of the former Canico property, the combined Pt plus Pd values is 8.4 grams/tonne/ 2.3 m within a 3.3 m section grading 11.94% Cr<sub>2</sub>O<sub>3</sub>. A total of 310 core samples most of which were collected within and marginal to the chromitites returned combined Pt and Pd assays greater than 1 gm/tonne.

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

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

Some three dimensional analysis of the chromium-iron mineralization outlined over a 9.0 km strike length by previous drilling of the leases was conducted by Burnside Engineering during the quarter and will be posted on the website.

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

For the purpose of this document Mr. J.R. Walls of R.J. Burnside & Associates Limited is the Independent Qualified Person.

## **Big Trout Lake First Nations Relations**

The Company has pursued exhaustive consultations with the First Nations band (Kitchenuhmaykoosib Inninuwug "KI") proximal to its Big Trout Lake property since Platinex acquired the property in 1999. Although KI had expressed concerns with Platinex's involvement some work was done on the property with employment of band members in the ensuing years. In 2000, KI filed a treaty land entitlement claim with the Federal and Ontario governments. In 2001, KI declared a "moratorium" on exploration and development on their "traditional territory". KI's traditional territory is Crown land. By virtue of Treaty 9, adhered to by KI in 1929, KI ceded, released and surrendered all rights and title to these lands. In March 2007, the Provincial government rejected KI's treaty land entitlement claim for negotiation. The Federal government has not yet taken a position concerning KI's claim. It is the Federal government's policy to recognize and consider third party rights in treaty entitlement settlements.

Management was of the view that KI had no authority to unilaterally declare and to attempt to enforce a "moratorium" on Crown land. The company continued consultation with KI and certain members of KI in the ensuing (post 2001) period and carried out low intensity exploration work on the property. This was done with the knowledge of Platinex's designated contact in KI's band office at all times. Moreover in 2004 and 2005 the local trapping family and the chief agreed to support Platinex's proposed drilling program and a Memorandum of Understanding was prepared but not signed.

In the last several years many First Nations bands (FN) across Canada have been fighting in and out of court to establish their constitutional and other rights respecting the land, governments and proponents of development.

## **Big Trout Lake First Nations Relations cont'd**

In June 2005 Platinex negotiated an option agreement including a confidentiality clause with a major investor to explore the Big Trout Lake property. Execution of an agreement was contingent on obtaining letters of support from the local trapping family and chief and council. Such a letter was obtained from the trapper and the company entered an agreement with him to among other things expedite the written comfort letter from the chief and council.

On September 2, 2005 Platinex received a letter dated August 30, 2005 from its contact in the KI band office, which stated that KI was cancelling all contracts, agreements and understandings between Platinex, KI and KI band members (which would include the trapper). Discussions with the letter's author and others ensued. Management also considered the letter in the context of its ongoing relationship with KI and the pending Band election. On October 27, 2005 Chief Morris of KI and several other chiefs issued a press release declaring again a "moratorium" on resource development on their traditional territory. Platinex received the release on November 2, 2005. Management remained of the view that KI had no authority to unilaterally declare a "moratorium" on Crown land. The company continued to liaise with KI.

In February 2006, Platinex acquired 100% interest in 81 mining leases adjoining its claims from an INCO joint venture. Previous drilling has outlined a major chromium-iron deposit believed to be one of the largest in the world. However, the data is too old and the deposit has not been drilled in sufficient detail to make a resource estimate to NI 43-101 standards.

A 3,700 metre drill contract was signed with Cartwright Drilling in December, 2005 and flow-through financing of approximately 1 million dollars closed at the end of December. Cartwright Drilling started mobilizing a drill and camp from Labrador in late December to arrive in Pickle Lake circa February 10. During the mobilization stage, the company engaged in various communications and discussions with KI, Ministry of Northern Development and Mines and Ministry of Natural Resources representatives and the Ontario Provincial Police.

In late February 2006, members of KI blockaded the public road and engaged in other conduct that forced the company to vacate the property. When repeated attempts to engage in discussions with KI failed, the company had no alternative but to retain legal counsel, commence an action and bring a motion for injunctive relief in order to obtain access to its exploration property. The action claimed damages in the amount of ten billion dollars, reflecting the company's estimate of the net present value of the chromium-iron deposit. KI countersued Platinex claiming damages for alleged breaches of its aboriginal and treaty rights. KI named the Ontario government as a third party, claiming that the *Mining Act* is unconstitutional.

KI brought a cross motion to prevent Platinex from conducting its drilling program. Another FN group, Independent First Nations Alliance of which KI is a member, sought and received intervenor status.

On July 28, 2006 the Superior Court of Ontario ruled against Platinex's motion and upheld KI's motion, granting an interim injunction to KI until December 28, 2006, conditional on KI striking a committee to enter tripartite consultations and negotiations with Platinex and the Ontario government with the objective of developing an agreement to allow Platinex to conduct its drilling project. The parties were to appear before the judge again on January 5, 2007.

Management believed that the judge expected to see a reconciliation of interests between the parties by that date.

As discussed in the overview, substantive discussions respecting the Platinex drill program never commenced. Platinex consistently reminded the government and KI of the urgent need to agree to a protocol and reach an agreement on the drilling but certain issues as between the government and KI remain unresolved.

## **Big Trout Lake First Nations Relations cont'd**

The mobilization/demobilization costs and legal costs have been dealt with as exploration expenditures. This treatment is consistent with opinions obtained by management to classify these items as flow through expenses.

In January, 2007 the parties argued procedural motions before Mr. Justice Smith including the Provincial Government's motion for intervenor status. On April 2, 3 and 4, 2007, KI argued its motion for an order prohibiting Platinex from conducting any drilling on the Big Trout Lake property until the trial of the main action. Platinex opposed KI's motion. The Provincial Government proposed a Court-supervised process that would allow Platinex to commence its drilling while consultation continued. Platinex supported this proposal. The Court reserved its judgment. As of the date of this document, a decision has not been rendered.

The Mining and Lands Commissioner issued an order freezing the requirement to file assessment on the claims for the duration of the legal action. Apart from the good news that the company's Big Trout Lake claims are protected in good standing for the duration of the legal process, Platinex has a very large and potentially valuable chromium-iron deposit in addition to the known platinum group element mineralization underlying the Big Trout Lake property. An independent study of the chromium market has mapped out the future work to be done on the chromite-iron deposit and this will bring some economic perspective to the matter.

## **Results of Operations**

In 2006, several financings were completed issuing 625,000 shares and 22,500 broker warrants to purchase shares to net the treasury \$111,400. The result was a working capital deficiency of \$(390,302) at December 31, 2006 compared to working capital \$1,256,125 at December 31, 2005 for a decrease in working capital of \$1,646,427.

In 2006, Platinex also issued 428,571 Platinex common shares in connection with the acquisition of 81 mining leases from an INCO lead joint venture.

During the first quarter of 2006, Platinex was impeded from commencing its drill program on its Big Trout Lake property. The company did manage to close the purchase of the adjacent 81 mining leases from an INCO lead joint venture.

The remaining year was spent in the courts trying to reestablish access to the property, evaluating information on the leases and acquiring the drill core from the leases.

Exploration expenses totaled \$1,375,798 and administrative expenses were \$341,936 in 2006 compared to \$172,135 exploration in 2005 and administration expenses of \$324,852.

Effective January 1, 2003 the Company adopted the recommendation issued by the Canadian Institute of Chartered Accountants regarding the expensing of exploration expenditures as incurred (this policy is under review). Costs attributable to property acquisitions are capitalized while exploration expenditures on the property can only be capitalized once mineral reserves have been established. Once a mineral reserve has been established, all development costs will be capitalized. These costs together with the costs of mining interests will be charged to operations on a unit-of-production method based on estimated recoverable reserves. If the mining interests are abandoned, or when an impairment of value has been determined, the capitalized costs will be charged to operations.

The Company will continue to carry deferred exploration expenditures incurred prior to January 1, 2003 as an asset; however, when events or changes in circumstances indicate that the carrying amount may not be recoverable, the Company will evaluate the carrying value of the asset and any impairment will be recognized at that time.

## Selected Annual Information

The following table provides selected financial information that should be read in conjunction with the audited financial statements of the company.

Fiscal years ended (audited): December 31, 2006, December 31, 2005 and December 31, 2004.

	Dec 31, 2006	Dec 31, 2005	Dec 31, 2004
Revenues	\$ Nil	\$ Nil	\$ Nil
Gross Profit	\$ Nil	\$ Nil	\$ Nil
Exploration and Development Expenses	\$ 1,375,798	\$ 172,135	\$ 78,111
General and Administrative Expenses	\$ 341,936	\$ 324,852	\$ 128,754
Future Income Tax Recoverable	\$ (30,694)	\$ (486,492)	\$ Nil
Net Loss	\$ (1,687,040)	\$ (10,495)	\$ (187,856)
Net Loss Per Share	\$ (0.118)	\$ (0.001)	\$ (0.027)
Working Capital (Deficit)	\$ (390,302)	\$ 1,256,125	\$ (397,203)
Properties:			
Deferred Acquisition and Exploration Costs	\$ 1,129,319	\$ 817,007	\$ 817,007
Shareholders' Equity:			
Dollar Amount	\$ 742,950	\$ 2,075,684	\$ 423,151
Number of Securities	14,896,163	13,842,592	7,108,934

The above table should be read in conjunction with the financial reports published on SEDAR and on the Company's website.

## Summary of Quarterly Results

The following tables set out the selected unaudited financial information for the Company for each of the quarters in 2006 and 2005.

Year 2006		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Revenue	\$	--	\$	--	\$	--	\$	--
Exploration	\$	337,316	\$	491,158	\$	83,762	\$	463,562
Administration	\$	64,922	\$	52,300	\$	40,258	\$	184,456
Future income tax recoverable	\$	0	\$	0	\$	0	\$	(30,694)
Net Loss	\$	402,238	\$	543,458	\$	124,020	\$	617,324
Net Loss per share basic and fully diluted	\$	0.0285	\$	0.0381	\$	0.0087	\$	0.0432

Year 2005		First Quarter		Second Quarter		Third Quarter		Fourth Quarter
Revenue	\$	--	\$	--	\$	--	\$	--
Exploration	\$	29,373	\$	9,966	\$	107,981	\$	24,815
Administration	\$	16,951	\$	76,042	\$	93,986	\$	162,669
Future Income Tax Recoverable	\$	0	\$	0	\$	0	\$	(486,492)
Net Loss (Income)	\$	46,324	\$	86,008	\$	201,967	\$	(323,804)
Net Loss per share basic and fully diluted	\$	0.0064	\$	0.0089	\$	0.0187	\$	0.0257



## **Liquidity and Capital Resources**

The Company's working capital deficiency as of December 31, 2006 was \$(390,302), compared to the working capital as of December 31, 2005 of \$1,256,125. Exploration expenditures for 2006 totaled \$1,375,798, while administrative expenditures totaled \$341,936. A large portion of the finances on hand in 2006 were raised by way of flow through financing. Should drilling results prove successful on the Big Trout Lake project the Company will have to review funding alternatives at that time to further advance work on the project. The Company does not have any long term contractual obligations.

Provided Platinex can gain access to its Big Trout Lake Property, exploration expenditures will continue to expand during 2007 compared to 2006 as the Company has budgeted larger scale exploration. Financing alternatives will be driven by existing factors in the market at the time.

## **Transactions with Related Parties**

During the year ended December 31, 2006, the Company paid \$75,000 in management fees (\$72,000 – 2005) and reimbursed rent and utility costs of \$12,000 (\$12,000 – 2005) to a partnership owned by James R. Trusler, who is director and also acts as the President and CEO of the Company. Of the management fees, \$39,000 was allocated to exploration (engineering services) on the Big Trout Lake property in 2006 (\$29,400 – 2005).

During the year ended December 31, 2006, the Company paid \$51,945 in management fees (\$28,000 – 2005) to a company which is owned by Simon Baker, who is director and also acts as the Vice-President of the Company. Of the management fees, \$50,750 was allocated to exploration expenditures on the Big Trout Lake property in 2006 (\$11,500 – 2005).

During the year ended December 31, 2006, the Company incurred consulting fees of \$30,000 (2005 - \$31,600) to a legal firm where one of the firm's partners is a director of the Company.

During the period ended December 31, 2006, the Company incurred accounting fees of \$35,729 (\$17,754 – 2005) to an officer of the Company.

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

For the years ending December 31, 2006 and December 31, 2005, the Company adopted the fair value method of accounting for stock options granted during the year under its stock-based compensation plan as recommended by the Canadian Institute of Chartered Accountants. The new policy requires that the Company recognize compensation expense over the vesting period for options granted to directors, officers, and employees.

Effective January 1, 2003 the Company adopted the recommendation issued by the Canadian Institute of Chartered Accountants regarding the expensing of exploration expenditures as incurred. Costs attributable to property acquisitions are capitalized while exploration expenditures on the property can only be capitalized once mineral reserves have been established. Once a mineral reserve has been established, all development costs will be capitalized. These costs together with the costs of mining interests will be charged to operations on a unit-of-production method based on estimated recoverable reserves. If the mining interests are abandoned, or when an impairment of value has been determined, the capitalized costs will be charged to operations.

The Company will continue to carry deferred exploration expenditures incurred prior to January 1, 2003 as an asset; however, when events or changes in circumstances indicate that the carrying amount may not be recoverable, the Company will evaluate the carrying value of the asset and any impairment will be recognized at that time.

### **Exploration Expenditures for the twelve months ended December 31, 2006:**

Property:            Big Trout Lake            \$1,375,798

For a comparison of expenditures for the year ended December 31, 2006 please refer to the audited financial statements.

### **Outstanding Share Capital**

The Company has authorized share capital of an unlimited number of common shares. As at December 31, 2006 the Company had outstanding: a) 14,896,163 common shares, b) 1,618,864 warrants to purchase common shares c) 501,000 Employee's Options to purchase common shares at \$0.50 per share, d) 1,105,000 options of the TSX-V option plan have been allocated at prices ranging from \$0.14 per share to \$0.50 per share.

### **Summary of Warrants Issued**

At the end of the Company's year end December 31, 2006 there were 1,618,863 warrants to purchase common shares outstanding.

- |     |                          |                          |                        |
|-----|--------------------------|--------------------------|------------------------|
| (a) | FrontierAlt              | - 363,636 warrants       | 72,727 broker warrants |
| (b) | MineralFields            | - 727,273 warrants,      | 72,727 broker warrants |
| (c) | Northern Precious Metals | - 360,000 warrants       |                        |
| (d) | BMO Nesbitt Burns        | - 22,500 broker warrants |                        |

### **Summary of Options Issued**

As at the Company's year end December 31, 2006, there were 501,000 stock options outstanding of which 354,500 were allocated to directors and officers exercisable into common shares at \$0.50 per share for a period of five years.

Incentive Stock Option Agreements, dated August 2, 2001, between the Issuer and:

- (a) James Trusler whereunder the Issuer granted an incentive stock option to purchase up to 150,000 shares of the Issuer exercisable at a price of \$0.50 for a period of five years from the date upon which a receipt for a prospectus in connection with the first primary distribution of the Issuer's Common Shares is issued by the British Columbia Securities Commission (the "Receipt Date").
- (b) Simon Baker whereunder the Issuer granted an incentive stock option to purchase up to 110,000 shares of the Issuer exercisable at a price of \$0.50 for a period of five years from the Receipt Date.
- (c) James Marrelli whereunder the Issuer granted an incentive stock option to purchase up to 60,000 shares of the Issuer exercisable at a price of \$0.50 for a period of five years from the Receipt Date.
- (d) Thomas Atkins whereunder the Issuer granted an incentive stock option to purchase up to 25,000 shares of the Issuer exercisable at a price of \$0.50 for a period of five years from the Receipt Date.
- (e) Bruce Reilly whereunder the Issuer granted an incentive stock option to purchase up to 8,000 shares of the Issuer exercisable at a price of \$0.50 for a period of five years from the Receipt Date.
- (f) Holly Kane whereunder the Issuer granted an incentive stock option to purchase up to 1,500 shares of the Issuer exercisable at a price of \$0.50 for a period of five years from the Receipt Date.

The options expired on March 27, 2007.

## Summary of Options Issued cont'd

At the Company's year end, December 31, 2006, there were 1,105,000 options issued under the new stock option plan. Under the terms of the Company's new stock option plan, a maximum of 10% of the issued and outstanding common shares have been reserved for issuance to the Company's directors, officers, employees and eligible consultants.

In December, 2005, the Company's Board of Directors granted an option to purchase 240,000 common shares at an option price of \$0.50 per share to the Company's investor relations firm. These options form part of the new stock option plan as disclosed above.

On January 25, 2006, the Company announced the granting of an aggregate of 865,000 options to various directors, officers, employees and consultants of the company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Corporation upon payment of an exercise price of \$0.38 per share at any time until June 25, 2011. The new stock option plan was approved by the disinterested shareholders at the annual meeting of shareholders on

May 24, 2006. Upon retirement of one director in 2006, 60,000 options expired. On August 9, 2006, the Company granted 60,000 options to a director of the company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Corporation upon payment of an exercise price of \$0.14 per share at any time until August 8, 2011.

## Escrowed Shares

At December 31, 2006 there were 2,310,034 shares in escrow (3,465,050 – 2005).

## Officers and Directors

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

## Risks and Uncertainties

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

(a) Mineral Exploration and Development

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

(b) Metal Prices

The Corporation's future revenues, if any, are expected to be derived in large part from the sale of platinum group elements and base metals. The price of those commodities fluctuates widely and is affected by numerous factors beyond the Corporation's control including international economic and political conditions, expectations of inflation, international currency exchange

## Risks and Uncertainties cont'd

rates, interest rates, global and regional consumption patterns, speculative activities, levels of supply and demand, increased productions due to new mine developments and improved mining methods, etc. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Corporation's operations cannot be accurately predicted.

### (c) Additional Financing

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

### (d) Government Regulation

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

### (e) Limited Market

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

### (f) Title to Assets

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

### (g) Exploration and Development

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

Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes to extract metal from mineralized material and to develop the mining

## Risks and Uncertainties cont'd

and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

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

### (h) Operating Hazards and Risks

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

### (i) Competition and Agreements with Other Parties

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

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

### (j) Management

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

### (k) Dependence on Key Personnel

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

## Risks and Uncertainties cont'd

personnel could have a material and adverse effect on the Company, its business and results of operations.

### (l) Cash Flow

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

### (m) Limited History of Operations

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

### (n) Conflicts of Interest

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

### (o) Dividends

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

### (p) Resale of Shares

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

## Risks and Uncertainties cont'd

### (q) Effect of Scaling Back Exploration Programs

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

### (r) Environmental Factors

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

### (s) First Nation Concerns

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

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

The July 2006 Ontario Superior Court decision in favour of KI required a tripartite consultation process between KI, the Provincial Government and the company. The company is waiting for a decision on the April 2007 interlocutory injunction hearing. Once released, management will review its rights and legal options, without prejudice to its commitment to continued good faith consultation with KI.

## **Cautionary Statement**

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

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

## **Disclosure Controls and Procedures over Financial Reporting**

Although the company continues to refine its disclosure controls and procedures from time to time, the President and the CEO have concluded that, during the year ended December 31, 2006, the process was effective enough to ensure material information was accumulated and communicated to management in sufficient time for management to make decisions regarding the company’s disclosure required by securities legislation.

## **Financial Controls and Procedures**

Management has assessed the effectiveness of the company’s financial reporting disclosure controls and procedures as at December 31, 2006, and has concluded that such financial reporting disclosure controls and procedures were effective as at that date.



James R. Trusler  
President and CEO  
April 26, 2007