PLATINEX INC.

FINANCIAL STATEMENTS

December 31, 2003 and December 31, 2002

BOLTON & BOLTON
Chartered Accountants

AUDITORS' REPORT

To the Shareholders of
Platinex Inc.

We have audited the balance sheets of Platinex Inc. Inc. as at December 31, 2003 and 2002 and the statements of loss, deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

" Bolton & Bolton"

Unionville, Ontario
April 19, 2004

Chartered Accountants

25 Oakcrest Avenue, Unionville, Ontario L3R 2B9

PLATINEX INC.
Balance Sheets
As at December 31, 2003 and 2002

	2003	2002
ASSETS		
Current		
Cash (Note 3)	$ 85,391	$ 1
Accounts receivable (Note 4)	8,653	3,579
Funds held in trust (Note 5)	1,250	200
	95,294	3,780
Mining interests (Note 6)	817,007	898,436
Capital assets (Note 7)	3,720	5,235
	$ 916,021	$ 907,451
LIABILITIES		
Current		
Accounts payable	$ 350,014	$ 285,115
SHAREHOLDERS' EQUITY		
Capital stock (Note 8)	2,013,493	1,806,804
Deficit	(1,447,486)	(1,184,468)
	566,007	622,336
	$ 916,021	$ 907,451

On behalf of the Board of Directors

"signed"
James R. Trusler

"signed"
Thomas Atkins

The accompanying notes form an integral part of these financial statements

PLATINEX INC.
Statements of Deficit
For the years ended December 31, 2003 and 2002

	2003	2002
Balance, beginning of year	$ 1,184,468	$ 474,953
Net loss for the year	263,018	709,515
Balance, end of year	$ 1,447,486	$ 1,184,468

The accompanying notes form an integral part of these financial statements

PLATINEX INC.
Statements of Loss
For the years ended December 31, 2003 and 2002

	2003	2002
Revenue		
Interest earned	$ -	$ 237
Expenses		
Management fees (Note 12)	72,000	-
Accounting and legal (Note 12)	37,372	16,512
Subcontract services	20,479	37,098
Rent and occupancy (Note 12)	12,000	12,000
Investor relations	8,541	3,124
Office and general	4,605	7,143
Telephone	2,571	6,643
Amortization	1,515	2,677
Travel	680	4,719
Transfer agent fees	567	620
Meals and entertainment	388	780
Financing costs	-	24,945
	160,718	116,261
Net loss before other items	160,718	116,024
Prospectus costs	-	504,585
Abandonment of mineral property	102,300	88,906
	102,300	593,491
Net loss for the year	$ 263,018	$ 709,515
Net loss per share (weighted average)	$ 0.041	$ 0.118

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Statements of Loss
For the years ended December 31, 2003 and 2002

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PLATINEX INC.
Statements of Cash Flows
For the years ended December 31, 2003 and 2002

	2003	2002
Operating activities		
Net loss	$ (263,018)	$ (709,515)
Add back: amortization	1,515	2,677
abandonment of mineral property	102,300	88,906
	(159,203)	(617,932)
Decrease (increase) in accounts receivable	(5,074)	37,542
Decrease (increase) in funds held in trust	(1,050)	12,503
Decrease in prepaid expenses	-	379,802
Increase in accounts payable	64,899	127,152
Cash used in operating activities	(100,428)	(60,933)
Investing activities		
Purchase of capital assets	-	(90)
Mineral property expenditures	(20,775)	(7,707)
Deferred exploration expenditures	(96)	(15,598)
Cash used in investing activities	(20,871)	(23,395)
Financing activities		
Common shares issued for cash	206,689	-
Change in cash	85,390	(84,328)
Cash, beginning of year	1	84,329
Cash, end of year	$ 85,391	$ 1

The accompanying notes form an integral part of these financial statements

1. Nature of Operations

The Company was incorporated on August 12, 1998 under the laws of the Province of Ontario.

The Company has interests in mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on mineral properties, including deferred exploration expenditures, is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the exploration and the development of the mineral properties, and upon future production or proceeds from the disposition thereof.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada. The significant policies are as follows**:**

a) Going concern assumption

These financial statements have been prepared on the going concern assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, they do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts different from those in the accompanying financial statements. The Company's ability to continue as a going concern is dependent upon its ability to attain profitable operations and to arrange financing to meet its current and future obligations.

b) Use of estimates

In preparing the Company's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

c) Capital assets

Capital assets are recorded at cost. Amortization is provided on the diminishing balance method at the following rates:

Computer Equipment	30%
Computer Software	100%
Furniture and equipment	20%

Amortization is provided at one half annual rates in the year of acquisition.

2. Summary of Significant Accounting Policies (continued)

d) Interest in mineral properties

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 in 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 an impairment will be recognized at that time.

e) Foreign currency translation

Balances denominated in foreign currencies are translated to Canadian dollars as follows:

1) monetary assets and liabilities at year end rates;
2) all other assets and liabilities at historical rates; and
3) revenue and expense transactions at the average rate of exchange prevailing during the year.

Exchange gains or losses arising on these transactions are reflected in income in the year incurred.

f) Income taxes

Income taxes are accounted for using the future income tax method. Under this method income taxes are recognized for the estimated income taxes payable for the current year and future income taxes are recognized for temporary differences between tax and accounting bases of assets and liabilities and for the benefit of losses available to be carried forward for tax purposes that are likely to be realized. Future income tax assets and liabilities are measured using tax rates expected to be recovered or settled.

g) Accounting for stock-based compensation

The Company has adopted the accounting recommendations relating to stock-based compensation and other stock-based payments as detailed in the Canadian Institute of Chartered Accountants handbook section 3870. CICA 3870 establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services applying the fair value method of accounting. The Company expenses stock options in the financial statements as a component of compensation expense. Direct awards of stock granted to employees are recorded at fair value on the date granted and the associated expense is amortized over the vesting period. The application of CICA 3870 had no impact on the Company's financial statements. No stock options were granted during the year.

3. Cash

Included in cash is $85,000 of monies received from the issue of flow-through shares. The use of these funds is restricted to exploration expenditures.

4. Accounts Receivable

As at December 31, 2003, accounts receivable represents a provision of recovery of Goods and Services taxes paid and payable.

5. Funds Held In Trust

Funds held in trust represent monies advanced to lawyers.

6. Mining Interests

	2003	2002
Big Trout Lake, Ontario		
Property	$ 413,492	$ 413,492
Exploration	403,515	403,418
Duluth, Minnesota, USA		
Property	-	30,092
Exploration	-	51,434
Total		
Property	413,492	443,584
Exploration	403,515	454,852
	$ 817,007	$ 898,436

Mineral property descriptions:

Big Trout Lake, Ontario

During 1999, the Company acquired a 100% interest in certain mining claims located in the Patricia Mining Division of northwestern Ontario. By an agreement dated February 24, 1999, the Company acquired these claims from an officer/director in exchange for shares (Note 8c). The Company has received approval of assessment work filed and these claims are in good standing until February 2005.

Duluth, Minnesota, USA

During 1999, the Company acquired a 100% interest in three mineral leases covering mining units situated in the County of St. Louis, in the state of Minnesota. These leases are for a term of 50 years commencing on June 16, 1999, with an annual rental of US$1,500. (rent has been paid to December 31, 2002). If the leases achieve commercial production, a bid royalty of 0.25% and a base royalty of 3.95%, increasing on a sliding scale, are payable to the State.

During 2000, the Company acquired a 100% interest in twelve mineral leases covering mining units situated in the County of St. Louis, in the state of Minnesota. These leases are for a term of 50 years commencing on December 31, 2000 with an annual rental of approximately US$4,800 (rent has been

6. Mining Interests (continued)

paid to December 31, 2002). If the leases achieve commercial production, a bid royalty ranging from 0.05% to 0.27% with a base royalty of 3.95%, increasing on a sliding scale, are payable to the State.

The Company received notice of termination of these leases in January 2004 and elected to write-off the acquisition costs and the deferred exploration expenditures in 2003. Effective March 23, 2004, these leases were cancelled.

7. Capital Assets

Capital assets comprise computer equipment and software and furniture and fixtures.

	2003	2002
Cost	$ 16,591	$ 16,591
Accumulated amortization	12,871	11,356
	$ 3,720	5,235

8. Capital Stock

a) Authorized: Unlimited number of common shares

b) Issued:

	Number of shares	Amount
Issued for cash	750,000	$ 7,500
Balance at December 31, 1998	750,000	7,500
Issued for cash	30,000	7,500
Issued pursuant to private offerings	2,244,000	610,389
Issued pursuant to acquisition of mineral property	1,600,000	400,000
Issued pursuant to agency agreements	65,100	19,050
Balance at December 31, 1999	4,689,100	1,044,439
Issued pursuant to private offerings	1,323,077	739,865
Balance at December 31, 2000	6,012,177	1,784,304
Issued pursuant to exercise of warrants	90,000	22,500
Balance at December 31, 2001 and 2002	6,102,177	1,806,804
Issued for cash	826,757	206,689
Balance at December 31, 2003	6,928,934	$ 2,013,493

8. Capital Stock (continued)

c) In February 1999, Company acquired certain mining claims from a related party in exchange for 1,600,000 common shares at a price of $0.25 per share. An independent firm of geologists established the value of the mining claims.

d) In October 1999, the Company completed the sale by private placement of 1,800,000 common shares at a price of $0.25 per share, for net proceeds of $406,149.

e) The Company granted the agents of the private placement a non-transferable two-year share purchase warrant entitling the agents to acquire 7.5 units, each comprising 12,000 common shares, at a price of $3,000 per unit. These warrants were exercised on October 19, 2001 resulting in the issuance of 90,000 common shares for net proceeds of $22,500.

f) In December 1999, the Company completed the sale by private placement of 444,000 flow-through shares at a price of $0.50 per share, for net proceeds of $204,240.

g) The Company granted the agents of the private placement a non-transferable two-year share purchase warrant for 22,200 common shares at a price of $0.50 per share. These warrants expired on December 31, 2001.

h) In July 2000, the Company completed the sale by private placement of 400,000 common shares at a price of $0.50 per share, for net proceeds of $200,000.

i) In October 2000, the Company completed the sale by private placement of 923,077 common shares at a price of $0.65 per share, for net proceeds of $539,865.

j) On August 2, 2001, options to purchase 574,500 common shares were granted to employees and directors at $0.50 per share. These options will expire March 27, 2007.

k) On May 14, 2003, the Company completed the sale by private placement of 446,757 common shares at a price of $0.25 per share, for net proceeds of $111,689.

l) On December 2, 2003, the Company completed the sale by private placement of 40,000 common shares at a price of $0.25 per share, for net proceeds of $10,000.

m) On December 31, 2003, the Company completed the sale by private placement of 340,000 common shares (flow-through) at a price of $0.25 per share, for net proceeds of $85,000.

n) As of December 31, 2003, 2,380,000 of the issued shares are held in escrow.

9. Income Taxes

At December 31, 2003, the Company had federal non-capital loss carry forwards of approximately $1,343,000 for Canadian income tax purposes, to reduce future taxable income. These non-capital loss carry forwards expire as follows:

2005	$ 6,000
2006	84,000
2007	176,000
2008	208,000
2009	709,000
2010	160,000

The benefits of these losses have not been recorded in the financial statements.

At December 31, 2003, the Company reports a total of approximately $809,000 of various classes of exploration expenses available for carry forward to apply against taxable income of subsequent taxation years.

10. Non-Cash Transactions

During the year ending December 31, 1999, the Company acquired mining claims in exchange for 1,600,000 common shares having a value of $0.25 per share.

11. Contingencies and Commitments

The Company's mining and exploration activities are subject to various governmental laws and regulations. These environmental regulations are continually changing and are generally becoming more restrictive. The Company believes its operations comply, in all material respects, with all applicable laws and regulations. When estimated costs are reasonably determinable, the Company will record a provision for environmental and reclamation obligations based on management's estimates of such costs. Such estimates are, however, subject to change based on negotiations with regulatory authorities, changes in laws and regulations and as new information becomes available.

The Big Trout Lake First Nations Band ("Band") has informed the Company that it is opposed to any exploration activities on the Big Trout Lake Property. The Ontario Ministry of Natural Resources and the Ontario Ministry of Northern Development and Mines have confirmed that the Company has the right to quiet possession of the property and the obligation to pursue exploration. The Company has initiated consultations with the Band, which are continuing, and is hopeful that a mutually acceptable accommodation of each party's interest will be reached. The Band has consented to low impact exploration, continuing consultations and employment opportunities as the project progresses. The Company does not feel that the actions of the Band will have an adverse affect on the Company's financial condition.

12. Related Parties

a) On October 19, 1999, the company entered into a management agreement with J. R. Trusler & Associates to provide management services at the rate of $6,000 per month and to supply office space and related services at the rate of $1,000 per month effective October 1, 1999 and until April 19, 2000. This agreement was extended to April 19, 2001 on December 19, 2000 and until April 19, 2002 on July 5, 2001. Effective September 1, 2001 and up to December 31, 2002, J. R. Trusler & Associates waived the management fees due under the agreement. During the year ended December 31, 2003 the Company paid management fees of $72,000 and reimbursement of rent and

12. Related Parties (continued)

utilities of $12,000 to a company owned and operated by an officer/director. During the year ended December 31, 2002, the Company paid reimbursement of rent and utilities of $12,000.

James R. Trusler, promoter, President and CEO and director of the Company is a principal partner of J R Trusler & Associates.

b) On January 2, 2000, the company signed an engagement letter with Telacorp Inc. to provide geological and management services for a minimum of 6 days per month at a per diem rate of $500 until December 31, 2000. This agreement was extended to December 31, 2001 on December 15, 2000 and to December 31, 2002 on February 5, 2002. Effective September 1, 2001 and up to December 31, 2003, Telacorp Inc. waived the geological and management fees due under this agreement.

   Simon Baker, Vice-President Corporate Development and director of the Company is the president and principal owner of Telacorp Inc.

c) During the year ended December 31, 2003, the Company accrued legal fees of $6,700 to a legal firm where one of the firm's partners is a director of the company. During the year ended December 31, 2002, the Company paid legal fees of $7,745, which was allocated to prepaid expenses, to a legal firm where one of the firm's partners is a director of the Company.

d) During the year ended December 31, 2003, the Company accrued accounting fees of $1,988 to an officer of the Company. During the year ended December 31, 2002, the Company paid accounting fees of $9,211 to an officer of the Company.

e) Included in accounts payable is an amount of $93,201 (2002 - $44,563) that is due to related parties.

13. Fair Value of Financial Instruments

At December 31, 2003 and 2002, the Company estimates that the fair value of all financial instruments approximates the carrying value.