



## **Platinex Inc.**

### **Condensed Interim Consolidated Financial Statements**

**Three and Six months ended June 30, 2019**

**Unaudited - Expressed in Canadian Dollars**

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#### **NOTICE TO READER**

The accompanying unaudited condensed interim consolidated financial statements of Platinex Inc. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

**Platinex Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**Unaudited - Expressed in Canadian Dollars**

	As at June 30, 2019	As at December 31, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 9,889	\$ 13,797
HST receivable	41,688	46,052
Prepaid expenses	10,000	10,000
<b>Total current assets</b>	<b>61,577</b>	69,849
<b>Non-current assets</b>		
Exploration and evaluation assets (notes 3 and 8)	93,490	35,000
Equipment	1,166	1,372
<b>Total non-current assets</b>	<b>94,656</b>	36,372
<b>Total assets</b>	<b>\$ 156,233</b>	\$ 106,221
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 8)	\$ 370,251	\$ 294,829
Subscription receipts	25,000	-
<b>Total liabilities</b>	<b>395,251</b>	294,829
<b>Shareholders' deficiency</b>		
Share capital (note 5)	8,206,219	8,165,219
Share warrant reserve (note 6)	557,058	557,058
Contributed surplus (note 7)	1,313,806	1,306,406
Accumulated deficit	(10,316,101)	(10,217,291)
<b>Total shareholders' deficiency</b>	<b>(239,018)</b>	(188,608)
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 156,233</b>	\$ 106,221

Nature of operations and going concern (note 1)  
 Commitments and contingencies (note 10)  
 Subsequent events (note 11)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

**Platinex Inc.**

**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss**  
**Unaudited - Expressed in Canadian Dollars**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Expenses</b>				
Professional fees (note 8)	\$ 15,198	\$ 24,350	\$ 44,710	\$ 64,950
Consulting fees (notes 5 and 6)	-	24,000	-	248,000
Depreciation	103	147	206	294
Directors fees (note 8)	-	20,000	-	40,000
Investor relations	-	2,246	-	5,938
Management fees (note 8)	38,640	57,422	48,960	108,015
Office and general	4,220	6,447	6,516	11,958
Rent (note 8)	4,000	4,007	6,000	7,361
Regulatory and transfer agent fees	7,521	3,378	10,018	13,329
Royalty agreement purchase	-	25,525	-	118,787
Share based compensation (notes 7 and 8)	7,400	-	7,400	-
Gain on sale of option agreement	(25,000)	-	(25,000)	-
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (52,082)</b>	<b>\$ (167,522)</b>	<b>\$ (98,810)</b>	<b>\$ (618,632)</b>
<b>Basic and diluted loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>98,134,342</b>	<b>97,137,903</b>	<b>98,028,556</b>	<b>96,588,545</b>

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**Platinex Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**Unaudited - Expressed in Canadian Dollars**

	Six Months Ended June 30,	
	2019	2018
<b>Operating activities</b>		
Net loss for the period	\$ (98,810)	\$ (618,632)
Adjustments to reconcile net loss to net cash used in operating activities:		
Consulting fees	-	195,000
Shares issued for option payment	5,000	-
Depreciation	206	294
Share based compensation	7,400	-
Changes in non-cash working capital items:		
HST receivable	4,364	(39,275)
Prepaid expenses	-	14,508
Accounts payable and accrued liabilities	75,422	(58,042)
<b>Net cash used in operating activities</b>	<b>(6,418)</b>	<b>(506,147)</b>
<b>Investing activities</b>		
Expenditures for exploration and evaluation assets	(22,490)	(7,984)
Goodwill	-	(50,356)
<b>Net cash used in investing activities</b>	<b>(22,490)</b>	<b>(58,340)</b>
<b>Financing activities</b>		
Share capital issued	-	133,400
Proceeds from subscription receipts	25,000	-
<b>Net cash provided by financing activities</b>	<b>25,000</b>	<b>133,400</b>
<b>Net change in cash</b>	<b>(3,908)</b>	<b>(431,087)</b>
<b>Cash, beginning of period</b>	<b>13,797</b>	<b>510,297</b>
<b>Cash, end of period</b>	<b>\$ 9,889</b>	<b>\$ 79,210</b>
<b>Supplemental information</b>		
Common shares issued for services	\$ -	\$ 195,000
Common shares issued for option payment	\$ 5,000	\$ -
Common shares issued for exploration and evaluation assets	\$ 36,000	\$ 38,000
Fair value of warrants exercised	\$ -	\$ 616
Fair value of options exercised	\$ -	\$ 73,166

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**Platinex Inc.**

**Condensed Interim Consolidated Statements of Changes in Shareholders' (Deficiency) Equity**  
**Unaudited - Expressed in Canadian Dollars**

	Share Capital	Share Warrant Reserve	Contributed Surplus	Accumulated Deficit	Total
<b>Balance, December 31, 2017</b>	<b>\$ 7,860,435</b>	<b>\$ 411,476</b>	<b>\$ 1,113,572</b>	<b>\$ (6,824,077)</b>	<b>\$ 2,561,406</b>
Net loss for the period	-	-	-	(618,632)	(618,632)
Common shares issued for cash (note 5(b))	270,182	(616)	(73,166)	-	196,400
Warrants issued	-	170,000	-	-	170,000
<b>Balance, June 30, 2018</b>	<b>\$ 8,130,617</b>	<b>\$ 580,860</b>	<b>\$ 1,040,406</b>	<b>\$ (7,442,709)</b>	<b>\$ 2,309,174</b>
<b>Balance, December 31, 2018</b>	<b>\$ 8,165,219</b>	<b>\$ 557,058</b>	<b>\$ 1,306,406</b>	<b>\$ (10,217,291)</b>	<b>\$ (188,608)</b>
Net loss for the period	-	-	-	(98,810)	(98,810)
Common shares issued for exploration and evaluation assets(note 5(b))	36,000	-	-	-	36,000
Exercise of stock options for advance royalty payment	5,000	-	-	-	5,000
Share based compensation (note 7(i))	-	-	7,400	-	7,400
<b>Balance, June 30, 2019</b>	<b>\$ 8,206,219</b>	<b>\$ 557,058</b>	<b>\$ 1,313,806</b>	<b>\$ (10,316,101)</b>	<b>\$ (239,018)</b>

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

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**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
**Unaudited - Expressed in Canadian Dollars**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Platinex Inc., which together with its subsidiaries is collectively referred to as the "Company" or "Platinex", is a Canadian company whose business activity is the exploration and evaluation of mineral properties in Canada. Platinex was incorporated under the Ontario Business Corporations Act on August 12, 1998.

Until March 22, 2017, the Company was listed on the TSX Venture Exchange, having the symbol PTX-V, as a Tier 2 mining issuer. Effective March 23, 2017, the Company is listed on the Canadian Securities Exchange, having the symbol PTX. The address of the Company's corporate office and principal place of business is 807-20 William Roe Blvd., Newmarket, Ontario, L3Y 5V8, Canada.

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 28, 2019.

For the six months ended June 30, 2019, the Company generated a net loss of \$98,810 (six months ended June 30, 2018 - \$618,632), has an accumulated deficit of \$10,316,101 as at June 30, 2019 (December 31, 2018 - \$10,217,291) and has negative cash flow from operations amounting to \$6,418 (six months ended June 30, 2018 - \$506,147).

Management estimates that the funds available as at June 30, 2019 will not be sufficient to meet the Company's obligations and budgeted expenditures through December 31, 2019. The Company will have to raise additional funds to continue operations. The Company is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Company will be successful in these actions, management is confident that it will be able to secure the necessary financing through the issuance of new debt and equity. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although these consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, the above-noted facts and circumstances are material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

**2. BASIS OF PREPARATION**

**Basis of Presentation and Measurement**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and under the historical cost method, except for certain financial instruments measured at fair value.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the years ended December 31, 2018 and December 31, 2017 which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies and methods adopted are consistent with those disclosed in Note 3 to the Company's consolidated financial statements for the years ended December 31, 2018 and 2017.

## **2. BASIS OF PREPARATION (Continued)**

### *Basis of Presentation and Measurement (continued)*

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim consolidated financial statements are disclosed in note 4 of the Company's consolidated financial statements as at and for the years ended December 31, 2018 and 2017.

### *New accounting policies*

#### *Leases ("IFRS 16")*

IFRS 16 was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard had no impact on the unaudited condensed interim consolidated financial statements as at June 30, 2019.

#### *Uncertainty over Income Tax Treatments ("IFRIC 23")*

The Company adopted IFRIC 23 on January 1, 2019 on a modified retrospective basis without restatement of comparative information. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The adoption of the new standard had no impact on the unaudited condensed interim consolidated financial statements as at June 30, 2019.

#### *Business Combinations ("IFRS 3")*

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020 with early adoption permitted. The amendment clarifies that a business must include, at minimum, an input and a substantive process that together contribute to the ability to create outputs, and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets by providing supplemental guidance for assessing whether an acquired process is substantive. The Company has decided to early adopt the amendments to IFRS 3 effective January 1, 2019 and shall apply the amended standard in assessing business combinations on a prospective basis. For acquisitions that are determined to be acquisitions of assets as opposed to business combinations, the Company allocates the transaction price to the individual identifiable assets acquired and liabilities assumed on the basis of their relative fair values, and no goodwill is recognized. Acquisitions that continue to meet the definition of a business combination are accounted for under the acquisition method, without any changes to the Company's accounting policy. There was no impact on the Company's unaudited condensed interim consolidated financial statements.

**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
**Unaudited - Expressed in Canadian Dollars**

**3. EXPLORATION AND EVALUATION ASSETS**

	<b>Shining Tree</b>
<b>Balance at December 31, 2017</b>	<b>\$ 2,176,173</b>
Exploration costs	47,497
Impairment	(2,188,670)
<b>Balance at December 31, 2018</b>	<b>35,000</b>
Exploration costs	58,490
<b>Balance at June 30, 2019</b>	<b>\$ 93,490</b>

a) Shining Tree Property, Ontario

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"). In March, 2018, the Company settled a cumulative overdue advance royalty payment by issuance of 292,307 common shares to Skead Holdings Ltd. in connection with the Shining Tree property. The settlement comprised an aggregate amount of \$73,000, which included a \$35,000 cash payment. The Company now holds a 100% interest in the claims subject to a 3% NSR and advance royalty payments of \$10,000 per year commencing in April 2019. On May 13, 2019, Skead Holdings Ltd exercised 100,000 stock options at an exercise price of \$0.05 to satisfy 50% of the \$10,000 option payment which was due on April 11, 2019. The remaining \$5,000 was paid in cash in May 2019.

Further Platinex may eliminate the requirement for future advance royalty payments by making a one-time advance royalty payment of \$100,000. Two thirds of the 3% NSR may be reduced by payment of: \$75,000 for each one-quarter percent for the first one-half percent; \$150,000 for each one-quarter percent for the second one-half percent; \$250,000 for each one-quarter percent for the third one-half per cent, and; \$400,000 for each one-quarter percent for the final one-half percent (\$1.75 million in aggregate). If Skead Holdings Ltd wishes to sell the residual 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 entered into two agreements in August 2016 and a further five agreements in November, 2016, January, 2017, March, 2017, April, 2017 and June 2017 and staked claims in December, 2016 which significantly expand the size and potential of its Shining Tree gold property. Platinex has entered into an option agreement with Skead Holdings Ltd. and Ashley Gold Mines Limited, with respect to certain claims situated in Churchill, MacMurchy and Asquith Townships, in Ontario. Platinex has the right to acquire a 100% interest in the 54 claim units and a 50% interest in a further 8 claim units (991 ha or 2,480 acres), subject to a 2% NSR, by issuing 200,000 shares of Platinex (issued in 2016), and by making cash payments (or share equivalent) of \$95,000 and by incurring property expenditures of \$500,000 during the ensuing four-year period to August 17, 2020. The option is currently in arrears by \$25,000. Platinex also entered into an agreement with two prospectors to purchase a 100% interest in four claims comprising 20 claim units (320 ha or 800 acres) in Churchill, MacMurchy and Asquith Townships, in Ontario by issuing 400,000 shares of Platinex (issued in 2016). Platinex subsequently entered into five agreements with one prospector to purchase a 100% interest in: ten claims comprising 70 claim units (1,120 ha or 2,800 acres) for 398,000 shares on November 3, 2016 (issued in 2016); four claims comprising 43 claim units (688 ha. or 1,720 acres) for 71,429 shares on January 25, 2017; eight claims comprising 96 claim units (1,536 ha or 3,840 acres) for 86,705 shares on March 30, 2017; 21 claims comprising 267 claim units (4,272 ha or 10,680 acres) for 391,250 shares on April 20, 2017 and 9 claims comprising 127 claim units (2,032 ha or 5,080 acres) for \$5,000 and 436,190 shares on June 20, 2017. Platinex also staked claims comprising 45 claim units (720 ha or 1,800 acres). Six claim units were subsequently included in the Skead Agreement. On December 12, 2017, the Company issued 138,888 shares to Skead Holdings Ltd. and Ashley Gold Mines Limited to satisfy a portion of a \$25,000 option payment on the Skead-Ashley option.



**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
**Unaudited - Expressed in Canadian Dollars**

**3. EXPLORATION AND EVALUATION ASSETS (Continued)**

a) Shining Tree Property, Ontario (continued)

In January and March 2019, the following amendments were made to the option agreement with Skead Holdings Ltd. and Ashley Gold Mines Limited:

- (i) The \$25,000 option in arrears was increased to \$30,000 and due on January 18, 2019 through the issuance of shares (issued)(see note 5(v));
- (ii) Final option payment of \$30,000 (payable in cash) due August 17, 2019;
- (iii) Year 3 expenditures of \$150,000 due on or before August 17, 2020;
- (iv) Year 4 expenditures of \$200,000 due on or before August 17, 2021.

On April 12, 2019, the Company closed a transaction for the assignment of its ownership rights, under an option agreement with Skead Holdings Ltd and Ashley Gold Mines Limited with respect to a 50% interest in claim L4212960, to Goldeye Explorations Ltd., a subsidiary of Treasury Metals Inc. The terms include proceeds of \$25,000 received in cash and a 1% NSR royalty on 50% of the claim. The residual requirements of Platinex under the Skead Ashley agreement were accordingly amended to:

- (i) Final option payment of \$28,000 (payable in cash) due August 17, 2019;
- (ii) Year 3 expenditures of \$140,000 due on or before August 17, 2020;
- (iii) Year 4 expenditures of \$186,667 due on or before August 17, 2021.

**4. INVESTMENTS IN INTERGALACTIC FOODS, LLC AND DAVE'S SPACE CAKES LLC**

In January 2018, the Company entered into an agreement to acquire a 51% interest in Intergalactic Foods, LLC ("IGF"), an entity incorporated in Oregon for cash consideration of \$94,418 (US\$75,000). The Company subsequently advanced cash of \$41,150 to IGF for operating expenses. The Company concluded it did not have control as the 49% shareholder managed the operations and made all decisions. During the year ended December 31, 2018, IGF was unable to commence operations. The Company entered into a separate royalty agreement with the principal of IGF, Dave McNicoll, for cash consideration of \$93,262 (US\$75,000), under which the Company acquired a five (5%) gross revenue royalty of Dave's Space Cakes LLC. No royalties have been received under the agreement. As at December 31, 2018, the Company determined that there were indicators of impairment and recorded a loss on investment of \$232,910 in net loss during the year then ended.

**5. SHARE CAPITAL**

a) Authorized: Unlimited number of common shares.

b) Issued:

	Number of common shares	Amount
<b>Balance, December 31, 2017</b>	<b>94,605,288</b>	<b>\$ 7,860,435</b>
Common share issuances (i) to (iv)	2,660,307	270,182
<b>Balance, June 30, 2018</b>	<b>97,265,595</b>	<b>8,130,617</b>
<b>Balance, December 31, 2018</b>	<b>97,481,595</b>	<b>\$ 8,165,219</b>
Common share issuances (v)	600,000	36,000
Exercise of stock options for option payment (vi)	100,000	5,000
<b>Balance, June 30, 2019</b>	<b>98,181,595</b>	<b>\$ 8,206,219</b>

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**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
**Unaudited - Expressed in Canadian Dollars**

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**5. SHARE CAPITAL (Continued)**

**For the six months ended June 30, 2018**

- (i) During the six months ended June 30, 2018, 2,000,000 options having a weighted average exercise price of \$0.05 were exercised for 2,000,000 common shares of the Company for gross proceeds of \$105,000.
- (ii) During the six months ended June 30, 2018, 268,000 warrants having a weighted average exercise price of \$0.05 were exercised for 268,000 common shares of the Company for gross proceeds of \$13,400.
- (iii) On January 31, 2018, 100,000 common shares at a price of \$0.25 were issued as a finder's fee in connection with the investment in IGF (note 4) and was recognized as consulting fees expense. The fair value of the shares issued was determined based on the market price at the date of the issuance.
- (iv) On March 13, 2018, the Company executed a shares-for-debt settlement transaction of cumulative overdue advance royalty payments in which Platinex issued 292,307 common shares at a price of \$0.13 per share to Skead Holdings Ltd., in connection with the Shining Tree property. The fair value of the shares issued was determined based on the market price at the date of the issuance. The advance royalty settlement comprised an aggregate amount of \$73,000, which is comprised of a \$35,000 cash payment and the \$38,000 fair value of the common shares issued.

**For the six months ended June 30, 2019**

- (v) On January 24, 2019, Platinex issued 600,000 common shares (valued at \$36,000) to Skead Holdings Ltd. and Ashley Gold Mines Limited to satisfy a required payment to maintain the Company's interest in the Shining Tree property.
- (vi) On May 13, 2019, Skead Holdings Ltd. exercised 100,000 stock options for 100,000 common shares (valued at \$5,000) to satisfy a required advance royalty payment on the Shining Tree property.
- (vii) During the six months ended June 30, 2019, the Company received \$25,000 of subscription receipts related to the proposed private placement announced on May 23, 2019 (see note ).
- c) Commitment to issue shares:

During the year ended December 31, 2018, the Company entered into an agreement to settle \$74,310 of consulting fees in common shares of the Company. The amount is included in accounts payable and accrued liabilities as at June 30, 2019.

**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
**Unaudited - Expressed in Canadian Dollars**

**6. WARRANTS**

The following table reflects the continuity of warrants for the periods ended June 30, 2019 and 2018:

	Number of warrants	Weighted average exercise price (\$)
<b>Balance, December 31, 2017</b>	<b>21,485,700</b>	<b>0.15</b>
Granted <sup>(1)</sup>	750,000	0.24
Exercised	(268,000)	(0.05)
Expired	(84,000)	(0.05)
<b>Balance, June 30, 2018</b>	<b>21,883,700</b>	<b>0.15</b>
<b>Balance, December 31, 2018 and June 30, 2019</b>	<b>21,271,500</b>	<b>0.15</b>

<sup>(1)</sup> On January 9, 2018, the Company issued 750,000 compensation warrants, with an exercise price of \$0.24 per warrant and a warrant expiration date, five years from date of issue, to arm's length parties for consulting services rendered to the Company. These warrants were measured at their fair value of \$0.23 per warrant for a total value of \$170,000 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 218%; share price of \$0.23; exercise price of \$0.24; risk-free interest rate of 2.19% and an expected life of 5 years.

The following table reflects the warrants issued and outstanding as of June 30, 2019:

Date of Expiry	Number of warrants outstanding	Exercise price (\$)
January 9, 2023	750,000	0.24
November 25, 2021	3,938,500	0.20
June 28, 2021	4,583,000	0.10
November 15, 2019	12,000,000	0.15
	<b>21,271,500</b>	<b>0.15</b>

**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
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**7. STOCK OPTIONS**

In October 2005, the Company's Board of Directors approved a stock option plan. Under the terms of the Company's stock option plan, a maximum of 10% of the issued and outstanding common shares are reserved for issuance to the Company's directors, officers, employees and eligible consultants. The stock option plan was approved by the Company's non-participatory shareholders on May 24, 2006 and is re-approved each successive year at the Annual General Meeting.

The following summarizes the stock option activity for the following periods:

	Number of stock options	Weighted average exercise price (\$)
<b>Balance, December 31, 2017</b>	<b>7,400,000</b>	<b>0.07</b>
Exercised	(2,000,000)	(0.05)
<b>Balance, June 30, 2018</b>	<b>5,400,000</b>	<b>0.08</b>
<b>Balance, December 31, 2018</b>	<b>9,200,000</b>	<b>0.07</b>
Granted (i)	200,000	0.05
Exercised	(100,000)	(0.05)
Expired	(1,050,000)	(0.08)
<b>Balance, June 30, 2019</b>	<b>8,250,000</b>	<b>0.07</b>

(i) On April 23, 2019, the Company granted an aggregate of 200,000 options with a five-year term at an exercise price of \$0.05 to an officer of the Company. The options vested immediately and were valued at their grant date fair value of \$0.037 per option for a total of \$7,400 using the Black Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 156%; share price ranging from \$0.04; exercise price of \$0.05; risk-free interest rate ranging from 1.57% and an expected life of 5 years.

The following table reflects the Company's stock options outstanding and exercisable as at June 30, 2019:

Expiry date	Options outstanding	Options exercisable	Exercise price (\$)	Weighted average remaining contractual life (years)
September 7, 2021	1,850,000	1,850,000	0.05	2.19
September 18, 2022	2,400,000	2,400,000	0.10	3.22
August 1, 2023	3,200,000	3,200,000	0.07	4.09
August 17, 2023	600,000	600,000	0.07	4.13
April 23, 2024	200,000	200,000	0.05	4.82
	<b>8,250,000</b>	<b>8,250,000</b>	<b>0.07</b>	<b>3.43</b>

**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
**Unaudited - Expressed in Canadian Dollars**

**8. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors and other key management personnel, close family members and enterprises that are controlled by these individuals. Related party transactions are conducted in the normal course of operations and are measured at the exchange value (the value amount established and agreed to by the related parties).

The following summarizes the Company's related party transactions for the periods:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Rent paid	\$ 4,000	\$ 3,000	\$ 6,000	\$ 6,000

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The Company's key management personnel include the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary.

Remuneration of key management personnel of the Company for the periods are presented below:

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Directors fees	\$ -	\$ 20,000	\$ -	\$ 40,000
Management fees	38,640	57,422	48,960	108,015
Professional fees	10,586	-	26,538	-
Stock based compensation	7,400	-	7,400	-
	<b>\$ 56,626</b>	<b>\$ 77,422</b>	<b>\$ 82,898</b>	<b>\$ 148,015</b>

As at June 30, 2019, related parties were owed \$100,679 (December 31, 2018 - \$40,078) recorded in accounts payable and accrued liabilities.

**9. SEGMENTED REPORTING**

The Company is organized into business units based on mineral properties and has one reportable operating segment, being that of acquisition and exploration and evaluation activities.

**10. COMMITMENTS AND CONTINGENCIES**

Environmental

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Contracts with Management and Directors

The Company is party to certain contracts with a former officer and former director to pay approximately \$64,000 in the event that the Company completes a financing after a change of business has been accepted by the appropriate regulatory body. This amount may be settled in shares of the Company for 75% of the amount due or in cash for 50% of the amount due. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

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**Platinex Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2019**  
**Unaudited - Expressed in Canadian Dollars**

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## 11. SUBSEQUENT EVENTS

(i) On June 10, 2019, the Company announced that it entered into a non-binding letter of intent ("LOI") to acquire InLove Corp. ("InLove").

At a later date, and subject to receiving requisite approvals, the parties will enter into a binding definitive agreement (the "Definitive Agreement") whereby Platinex shall purchase all the issued and outstanding securities of InLove (the "Acquisition"). In consideration for Acquisition at closing, Platinex shall issue the following to securityholders of InLove (the "Transaction Consideration"):

- (a) 60,000,000 common shares in the capital of Platinex ("Platinex Shares");
- (b) 20,000,000 Series A Performance Warrants, which shall be convertible into a corresponding number of Platinex Shares upon InLove achieving trailing sales of a minimum of \$1,000,000 by the second anniversary of completion of the Acquisition (the "Initial Milestone");
- (c) 20,000,000 Series B Performance Warrants convertible into a corresponding number of Platinex Shares upon InLove achieving additional trailing sales of a minimum of \$1,000,000 in the 18 month period commencing from the earlier of the achievement of the Initial Milestone and the second anniversary of completion of the Acquisition, and expiring 42 months from the completion of the Acquisition; and
- (d) Securities to replace securities issued in the Concurrent Financing.

The Acquisition will be subject to a number of conditions, including but not limited to the following ("Conditions Precedent"): i) due diligence from each; ii) entering into a Definitive Agreement; iii) obtaining approval of the Acquisition by InLove shareholders (if required); iv) Platinex obtaining requisite CSE and shareholder approvals to complete the Change of Business ("COB") and completing the COB; v) Platinex completing a financing in the minimum amount of \$500,000; vi) InLove completing a Concurrent Financing (as hereinafter defined); vii) InLove completing and delivering a financial audit; viii) parties completing all required consents and approvals to consummate the Acquisition; and ix) InLove securing certain rights, intellectual property and consulting agreements with key management. The terms of the Acquisition shall be set forth in their entirety in the Definitive Agreement.

Prior to completion of the Acquisition, InLove is expected to complete an equity financing of at least \$750,000 to a maximum of \$2.5 million ("Concurrent Financing") and the securities issued pursuant to the Concurrent Transaction will be acquired by Platinex as a part of Transaction Consideration, in exchange for corresponding securities of Platinex.

The proposed Acquisition does not constitute a related-party transaction under the meaning of MI61-101 Protection of Minority Security Holders in Special Transactions, and, accordingly, shareholder approval is not expected to be required in connection with the Acquisition by the Platinex shareholders. The Acquisition is not a non-arm's length transaction. There are no finder's fees to be paid in connection with the Acquisition.

As a part of the Acquisition and subject to completion of the Platinex Financing and any regulatory approval, Platinex has agreed to provide InLove with a secured loan of a minimum of \$200,000 and up to \$500,000, provided that none of the proceeds of the loan will be used to conduct regulated cannabis business prior to Platinex completing the COB. The full terms of the loan will be determined at the time the loan is advanced, provided that the loan shall be automatically repayable if the LOI is terminated or the COB is not approved by the CSE or by the Company's shareholders.

The LOI may be terminated by mutual written consent of Platinex and InLove, upon written notice if the Definitive Agreement has not been executed prior to August 15, 2019 or if either party at its sole discretion is not satisfied with its due diligence review of the other party by August 15, 2019.

On August 23, 2019, the Company announced that due to market conditions, Platinex and InLove have decided to mutually terminate the LOI.

(ii) On August 23, 2019, the Company announced that the Board of Directors has decided not to proceed with the intended change of business to become a cannabis issuer and focus the Company's resources on advancing its portfolio of mining assets.

**11. SUBSEQUENT EVENTS (continued)**

(iii) On August 23, 2019, the Company announced that it had applied for and was granted relief to the Canadian Securities Exchange's minimum price rule. Accordingly, the Company has amended the terms of its proposed non-brokered private placement offering (the "Private Placement") of units of the Company ("Units") previously announced on May 23, 2019 to decrease the Unit offering price to \$0.03 per Unit, for gross proceeds of up to \$250,000.

Each Unit will consist of one common share of the Company (a "Common Share"); and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to acquire one additional Common Share at an exercise price of \$0.075 for a period of 24 months from issuance.

The Company may pay finder's fees in cash to certain qualified eligible persons assisting the Company in the Private Placement in an amount equal to 8% of the gross proceeds raised by such finders. The Company may also issue such number of finder warrants (the "Finder Warrants") to qualified eligible persons as is equal to 8% of the aggregate number of Units purchased by subscribers introduced to the Company by such finders. Each Finder Warrant will entitle the holder to acquire one Common Share at an exercise price of \$0.05 for a period of 12 months from issuance.

Closing of the Private Placement is subject to customary conditions and regulatory approvals. The pricing of the Private Placement is in reliance on the temporary relief measures established by the CSE, and therefore the Private Placement and pricing of the Private Placement require approval of the CSE.

All securities issued as part of the Private Placement will be subject to a four month and one day hold period.

On August 26, 2019, the Company completed an interim closing of 3,333,332 Units for aggregate gross proceeds of \$100,000.