

# Platinex Inc.

Management Discussion and Analysis For the Fiscal Year and Quarter Ended December 31, 2007

## Platinex Inc.

# MANAGEMENT DISCUSSION AND ANALYSIS For the Fiscal Year and Quarter Ended December 31, 2007

#### General

The following management's discussion and analysis, of operating results and financial position is supplementary to, and should be read in conjunction with the audited financial statements for the fiscal year ended December 31, 2007. The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada and all amounts, unless otherwise indicated, are expressed in Canadian dollars. The financial statements and management's discussion and analysis were reviewed and approved by the Company's Audit Committee and the Board of Directors. This discussion covers the last completed fiscal year and the subsequent period up to the date of the filing of this MD&A.

Additional information relevant to the Company's activities can be found on SEDAR at <a href="www.sedar.com">www.sedar.com</a> or the Company's website at <a href="www.platinex.com">www.platinex.com</a>.

## **Forward Looking Statements**

This management's discussion and analysis contains statements about expected future events and financial and operating results of Platinex Inc. that are forward looking. By their nature, forward looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. These forward looking statements are based on current expectations. There is substantial risk that forward looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on the Company's forward looking statements as a number of factors including economic conditions, technological change, regulatory change, and competitive factors, could cause actual future results, conditions, actions or events to differ materially from targets, expectations, estimates or intentions expressed in the forward looking statements; many of which are beyond the Company's control.

#### **Overview of Company and Going Concern**

The Company was incorporated on August 12, 1998 under the laws of the Province of Ontario. The Company which is a development stage entity as defined by the Canadian Institute of Chartered Accountants ("CICA") *Accounting Guideline 11* is engaged in the acquisition, exploration and development of properties for the mining of precious and base metals. The Company is in the process of exploring its resource properties for mineral resources and had not determined whether the properties contain economically recoverable reserves. The recovery of the amounts shown for the mineral properties and the related deferred expenditures is dependent upon the existence of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the exploration, and upon future profitable production.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying value.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of development of such properties these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory requirements.

## Overview of Company and Going Concern cont'd

The Company has a need for equity capital and financing for working capital and exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations.

#### **Overall Performance**

The Company is in the exploration stage on the Big Trout Lake property, other properties in Ontario that are herein described and the Muskox property in Nunavut and as such has no revenues to fund these activities. The Company accesses the public markets (limited to accredited investors and flow-through rules) to finance exploration activity; the ability to raise additional capital is subject to existing market conditions at that time. The projects do not have a defined mineral resource in place whereby the Company can establish a measured asset value, however, based on current or previous geological programs that have been completed on the Big Trout Lake and the Muskox 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.

## **Big Trout Lake Property**

As detailed in previous reports, the Company attempted to commence its exploratory drill program on the Big Trout Lake property in February, 2006. Members of the First Nation, Kitchenuhmaykoosib Inninuwug ("KI") barricaded the winter access road, bulldozed the Company airstrip and removed camp buildings, fuel and equipment and prevented the commencement of the drill program.

As detailed in previous reports, in April, 2006, Platinex commenced a lawsuit against KI for damages and 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. KI sought an order preventing Platinex from engaging in any exploration activities pending the trial of the main action between the parties.

In late July 2006, the Ontario Superior Court dismissed the company's motion and granted interim 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. Due to subsequent events, that appeal was not argued.

The Court-mandated tripartite discussions were initiated in August. At KI's insistence, those discussions focused on the development of a consultation protocol and the lead for KI was their litigation attorney in an attempt to render the consultation protracted and adversarial. The court later deemed the participation by KI counsel in the consultation to be in conflict of interest and improper. 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 reappearance in January 2007. In January 2007, the parties agreed to extend the interim interim injunction order until April 2007 in a further effort to conclude a protocol and reach an agreement on the Platinex drilling. Largely because KI and the Provincial Government could not come to an agreement on certain issues

## Big Trout Lake Property cont'd

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.

On May 1, 2007, the Court dismissed KI's motion and made certain declaratory orders. Among other things Justice Smith found that KI was attempting to claw back rights they had signed away in the treaty or in other words trying to usurp Platinex's claims. On May 22, 2007 Mr. Justice Smith permitted Platinex to commence phase one (24 holes) of its drill program on June 1, 2007. In order to guide the on-going relationship among the Company, KI and Ontario, the Court imposed upon the parties a Consultation Protocol, a Memorandum of Understanding ("MOU") and a Timetable. The May 2007 decisions recognize an on-going supervisory role for the court and contemplated potential further stages of exploration and/or development on the property.

Among other things, the MOU contemplates the possible one-time issuance to KI of warrants for up to 500,000 shares of Platinex stock exercisable at \$0.40 per share at any time for up to two years, subject to shareholder and regulatory approval, and/or appointment of one nominee to the Platinex board of directors. It also contemplates a possible benefit fund equivalent to 2% of Platinex expenditures on exploration of the Big Trout Lake property. Stock exercised from the warrants would have a hold period of four months and one day from the date of issuance of the warrants. The issuance of the warrants to KI was approved by the TSX-V and the warrants were issued to the Company's securities counsel, Beard Winter, in trust for KI, in November, 2007.

As contemplated in the MOU, Platinex retained an archaeologist to pre-screen the drill hole sites. On September 24, 2007, Platinex representatives and the archaeologist travelled to Big Trout Lake to discuss and plan the archaeological work. They were not permitted to leave the airport apron area and were prevented from entering the community.

On October 25, 2007, the court enjoined KI from interfering with Platinex's drilling program. KI representatives, however, made several statements that KI intended to continue to prevent Platinex from returning to the Big Trout Lake property.

Platinex thereafter commenced proceedings to declare KI to be in contempt of Court. On December 7, 2007, after offering no defense to the charge, the KI leaders and certain KI members were held to be in contempt of Court. The Court was advised, for the first time, that KI was asserting sovereignty over its traditional lands, was not aware of the previous intensive efforts to finalize a consultation protocol or the MOU and would not meet with Platinex to resolve the dispute until issues as between KI and Ontario had been resolved.

On March 17, 2008, Chief Morris, four council members and one KI employee were sentenced to six months in jail for contempt of Court. Platinex advised the court that fines as opposed to incarceration were an appropriate remedy for the contempt of court. Notwithstanding the submissions of Platinex's legal counsel, the Court held that in order to ensure the supremacy of the rule of law and respect for the administration of justice, a period of incarceration, as opposed to fines, was necessary and appropriate.

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.

## Big Trout Lake Property cont'd

During the last half of 2007, work commenced to evaluate 17,000 feet of drill core from previous drilling of the Big Trout Lake property. The core has not previously been systematically examined for platinum group elements and at the time of the previous work PGE assaying techniques used by INCO were unreliable. 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. Analyses of all of the core from holes on INCO section 800S will soon be completed and results will be issued. Of significance as was found in the International Platinum holes to the south the transition zone on INCO's section 800 south reveals a change in PGE concentrations from oversaturated to undersaturated going up section which confirms the probable presence of a PGE reef. It is anticipated that evaluation of the core for platinum group elements will be completed by July 2008.

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 tholeitic, 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 <a href="http://www.platinex.com">http://www.platinex.com</a>. The program and budget may be subject to revision on completion of the consultation.

The leases acquired from INCO in February, 2006, provided a continuation of geology favorable 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. 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.

INCO 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%  $Cr_2O_3$ . 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.

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

## **Muskox Property, Nunavut**

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 re-drilled.

For the purpose of this document Mr. James R. Trusler, P.Eng, president and CEO of Platinex Inc. is the Qualified Person.

In November, 2007, Platinex completed the staking of 38 mining claims totaling 87,058 acres (35,296 ha.) on the Muskox intrusion. The Muskox property is located 25 km south of Kugluktuk and 350 km north of Yellowknife.

The Muskox intrusion was first discovered by Henry Vuori, of INCO, in the 1950's and he immediately recognized the layered nature and the similarity of this igneous body to the Bushveld Igneous Complex in South Africa. The Muskox Intrusion has since been subjected to intensive exploration and scientific investigation within its exposed portions. It is a textbook referenced layered intrusion carrying many small occurrences and deposits of anomalous to high grade nickel-copper-platinum group element mineralization. It exposes a 120 km long sheet like feeder dike striking north at the south end of the complex before expanding into a wedge shaped area opening to the north which is exposed for a further 51 km. The wedge shaped area contains a gently dipping (estimate 4 degrees) 1800 m thick layered ultramafic section which is succeeded by at least 150 m of layered mafic rock. At this point the upper limit of the intusion is in contact with the pre-existing country roof rocks and it continues to the north under a successively thicker cover of rocks. The intrusion is evidenced by extremely anomalous gravity and magnetic highs which continue to the north and expand outwards for hundreds of kilometers. Taking into account the area covered by these anomalies it appears to be the largest intrusion of its type in the world and in theory, potentially the largest source of PGE in the world. The Muskox Intrusion strongly resembles chemically the Bushveld Igneous Complex. The Bushveld is the world's major source of PGE.

Theoretically two or more PGE reefs may occur under the northern covered area of the intrusion. Previous work commissioned by Platinex in 2001 suggests that the mafic portion of the intrusion increases in thickness to the north and that the exposed portion is merely a cross-sectional view or window at the southern extremity of this large intrusion. The company intends to pursue surface exploration this summer with the possibility of drilling one or two holes later this year.

A revised NI43-101 report is being written to reflect the new property boundaries and will address budget issues. Financing for this program will be required.

For the purpose of this release James R. Trusler, P.Eng, President and CEO of Platinex Inc. is the qualified person.

## Litigation with Cartwright Drilling

As detailed in previous reports, in August, 2006, Cartwright Drilling filed a claim for \$310,073 plus interest of 2% per month against Platinex. Platinex is defending the claim on the basis 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 and discussions are continuing.

#### **Private Placements**

For further detail regarding the valuation of these issues, see the audited financial statements and related notes for the year ended December 31, 2007.

In March 2007, the Company completed the exchange of 313,600 common shares at a price of \$0.20 per share for trade debt obligations of \$62,720.

#### Private Placements cont'd

In May 2007, the Company completed the sale by private placement of 87,500 common shares at a price of \$0.40 per share, for net proceeds of \$35,000. The Company also 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 \$0.45 per share at any time until May 14, 2012.

In June 2007, the Company granted in aggregate 160,000 options to a director, an officer and an eligible consultant of the company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Company upon payment of an exercise price of \$0.36 per share at any time until June 18, 2012.

On August 8, 2007, the Company completed the sale by private placement of 2,142,668 non-flow through units at a price of \$0.30 per unit and 850,000 flow-through common shares at a price of \$0.35 per share for gross proceeds of \$940,300. Each non-flow through unit consists of one common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009. Agents were paid a cash commission of \$46,520 plus 68,000 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009 and 75,733 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.30 per common share until the expiry date of August 8, 2009.

On August 10, 2007, the Company completed the sale by private placement of 2,142,856 flow-through units at a price of \$0.35 per unit for gross proceeds of \$750,000. Each flow through unit consists of one flow-through common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share at an exercise price of \$0.60 per non-flow through common share until August 10, 2008 and \$0.75 per non-flow through common share until the expiry date of August 10, 2009. Agents were paid a cash commission of \$75,000 representing 10% of the gross proceeds plus 214,287 broker warrants exercisable into one non-flow-through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 10, 2009 and one additional warrant exercisable into one non-flow through common share of the Company at an exercise price of \$0.60 until August 10, 2008 or at an exercise price of \$0.75, if not exercised by August 10, 2008, until the expiry date of August 10, 2009.

On August 29, 2007, the Company completed the sale by private placement of 2,878,333 non-flow through units at a price of \$0.30 per unit and 820,000 flow-through common shares at a price of \$0.35 per share for gross proceeds of \$1,150,500. Each non-flow through unit consists of one common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009.

Agents were paid a cash commission of \$98,194 plus 202,667 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.30 per common share until the expiry date of August 8, 2009 and 65,600 broker warrants exercisable into one non-flow through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009.

On October 3, 2007, the Company completed the sale by private placement of 1,119,000 non-flow through units at a price of \$0.30 per unit and 591,428 flow-through common shares at a price of \$0.35 per share for gross proceeds of \$542,700. Each non-flow through unit consists of one common share and one share purchase warrant. Each full warrant will be exercisable into one non-flow through common share at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009. Agents were paid 19,000 broker warrants exercisable into one flow-through common share of the Company at an exercise price of \$0.30 per common share until the expiry date of August 8, 2009 and 47,314 broker warrants exercisable into one flow-through common share of the Company at an exercise price of \$0.35 per common share until the expiry date of August 8, 2009.

## Private Placements cont'd

In October 2007, the Company granted in aggregate 1,180,000 options to certain directors, an officer and certain eligible consultants of the Company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Company upon payment of an exercise price of \$0.32 per share at any time until October 16, 2012.

In November 2007, the Company granted in aggregate 60,000 options to an eligible consultant of the Company pursuant to its stock option plan. Each option is exercisable into one common share in the capital of the Company upon payment of an exercise price of \$0.33 per share at any time until November 19, 2012.

On November 20, 2007, the company issued 500,000 warrants in trust for the Kitchenuhmaykoosib Inninuwug ("KI") (note 16b). These warrants were issued under a memorandum of understanding which formed part of a declaratory order made by Mr. Justice Smith in his decision of May 22, 2007. The warrants have an exercise price of 40 cents and they expire on November 20, 2009. The warrants vest in four equal installments of 125,000 each whereby one installment vests after the completion of every six test holes in the 24-drill hole program proposed for the Company's Big Trout Lake property. The warrants, and any shares issued upon their exercise, have a four-month hold period which expires on March 21, 2008. Platinex has established a trust fund for KI for which the securities counsel to Platinex will act as trustee. The warrants have been issued to the trustee in trust and they will be released to KI upon request or as directed by the court. As at December 31, 2007, none of the KI warrants have vested.

As at December 31, 2007, 1,155,014 (2,310,036 – December 31, 2006) of the issued shares are held in escrow.

The proceeds of the non-flow through common shares are being used for administrative expenses and working capital. The proceeds of flow-through common shares will be used for mineral exploration on Platinex's Canadian mineral properties qualifying as Canadian Exploration Expense (CEE) under the *Income Tax Act (Canada)* enabling the subscriber to obtain applicable tax credits and deductions.

## **Subsequent Events - Staking**

Six PGE prospects have recently been staked and filed in Ontario comprising 1750 claim units for 28,340 ha. (70,000 acres). The company has sufficient finances currently to cover initial exploration on these properties this year, but drilling will require additional financing. Depending on previous work on the specific property and terrain conditions the proposed work may involve airborne geophysical surveys, ground geological, geophysical, and geochemical surveys with line-cutting.

The work will be preceded by an independent report and budgeting. For the purposes of this document James R. Trusler, P.Eng, President and CEO of Platinex Inc. is the qualified person.

The properties are described below.

a) North McFauld's Lake – is located 22 km north of Noront Resources' Eagle One and Eagle Two nickel-copper-PGE discoveries. This property comprises 609 contiguous claim units covering 9,862 ha (24,360 acres). The property adjoins on the south and east a claim block held by MacDonald Mines and Temex Resources, and on the west a block held by Noront Resources. It was staked to cover a layered intrusion coupled with magnetic anomalies which was recently revealed in survey publications by the Ontario government.

Layered intrusions in the McFauld's Lake area containing Ni-Cu-PGE mineralization and thick chromium layers suggest they could be related in many respects to Platinex's Big Trout Lake holdings 250 km to the west. Platinex Management believes that the Company will be able to apply its unique knowledge of the geology of the Big Trout Lake Igneous Complex to the McFauld's Lake area.

## Subsequent Events - Staking cont'd

- b) South McFauld's Lake is located 25 km southwest of Noront Resources' Eagle One and Eagle Two nickel-copper-PGE discoveries. This property comprises 646 claim units in three blocks covering 10,688 ha (2,640 acres). The property adjoins a block held by MacDonald Mines, Temex and Baltic Resources on the southeast, a claim block held by MacDonald Mines and Temex Resources to the east, and a block held by Noront Resources and MacDonald Mines on the west. Platinex staked it covering a layered intrusion that is coupled with magnetic anomalies and the possible strike extension to the southwest of the host environment for the Noront discoveries; all of which were have been recently revealed in survey publications by the Ontario government.
- c) Norton Lake is located 413 km north of Thunder Bay and 50 km northeast of Fort Hope in Ontario. This property comprises 56 claim units for 907 ha (2,240 acres). The property covers a magnetic anomaly to the south and west of a 2.46 million-tonne resource of nickel, copper, cobalt, and palladium held by Cascadia International Resources and East West Resources. Lake sediment anomalies in the area suggest an environment promising for these metals on the Norton Lake prospect.
- d) Awkward Lake is located 175 km north of Thunder Bay. This property comprises 88 contiguous units covering 1,425 ha (3,520 acres). The property adjoins the INCO property on the south and the Cascadia International Resources property on the southwest as with Norton Lake (above). It was staked to cover the northern portion of the Awkward Lake intrusion which is believed to be the same age and style as the producing Lac des Iles intrusion belonging to North American Palladium Ltd. and contains known nickel-copper-PGE mineralization.
- e) Core Zone is located 174 km north of Thunder Bay and to the south of the previously mentioned INCO property. Platinex's property covers 302 claim units comprising 4,891 ha (12,080 acres) and was staked to cover a layered intrusion believed genetically related to the chromium-bearing Puddy Lake ultramafic intrusion. Nickel-copper-PGE mineralization has been found within the area described.
- f) Tib Lake is located 60 km northwest of Thunder Bay. This property comprises 49 claim units covering 793.5 ha (1960 acres). The property adjoins the Tib lake property of Houston Lake Resources to the south and was staked to cover the northern portion of the Tib Lake layered intrusion. The intrusion is known to be related to the producing Lac des Iles intrusion and is mineralized on the adjacent property with nickel-copper-PGEs. Testing of this property is warranted, especially when considered in light of North American Palladium's nearby operation that demands feedstock.

One criterion in particular that Platinex has used in property selection has been for positive relations between First Nation Bands and exploration companies in the adjoining areas to have been cooperatively demonstrated as exploration there has progressed to date.

#### Option Agreement with Skead Holdings Ltd.

Platinex has entered into an option agreement with Skead Holdings Ltd., subject to regulatory approval, with respect to certain claims situated in Churchill, MacMurchy and Asquith Townships, in Ontario (the "Shiningtree property"). Platinex has the right to acquire a 100%-interest in the 133 claim units (5,320 acres or 2,153 ha), subject to a 3% NSR, by issuing 250,000 shares of Platinex, by making cash payments (or share equivalent) of \$250,000.00 and by incurring property expenditures of \$850,000.00 during the ensuing four-year period to April 11, 2012.

The Shiningtree property is underlain by a northwest trending, steeply dipping, sequence of felsic to mafic metavolcanic rocks and lesser irregular quartz feldspar porphyries of Early Precambrian age overlain in part by Nipissing diabase sills of middle Proterozoic age on 5% of the property.

## Option Agreement with Skead Holdings Ltd. cont'd

The Shiningtree property is transected by NNW and NW trending fault systems and shear zones. Multiple gold bearing quartz-sericite-ankerite-tourmaline fissure veins, lenses and anastamosing fissure veins are evident on the property within the Early Precambrian rocks.

The gold mineralization has been explored and developed on several occasions (1920 to 1937; 1974 to the late 1980's; and again in 2001). The No 1 shaft is reported to be 500 feet deep with drifts at the 92, 240, and the 500-foot levels. Apparently it was never mined, but development muck is present on surface. Several other small shafts are reported. Drilling has been conducted by several parties in the past and records of this work are being assembled by Platinex and Skead.

The Shiningtree property has not been the subject of a NI 43-101 compliant report; however an independent report is presently being prepared.

In the past, grades greater than 1.0 ounce/ton Au have been observed by different authors in several veins. One such vein is stated to have returned grades over 1.0 ounce per ton over thicknesses of over 2.0 metres with continuity over tens of metres laterally and vertically. However, old reports and maps which would corroborate and testify to this mineralization are sparse and not compliant with NI 43-101 standards. The Shiningtree property is in need of a comprehensive program of geological mapping, overburden sampling, stripping, trenching and quite possibly ground geophysics with line-cutting.

The Company has sufficient finances currently to cover initial exploration on these properties this year, but drilling will require additional financing. Platinex will be initiating exploration work on these new prospects which may variously include airborne geophysical surveys, ground geological, geophysical and geochemical surveys with linecutting. An independent report and exploration budget will be prepared prior to launching the exploration program.

James R. Trusler, P.Eng, President and CEO of Platinex Inc. is the qualified person as defined by National Instrument 43-101 with respect to the content of this release.

## **Commitments and Contingencies**

#### a) Environmental Contingencies

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

## b) Flow-Through Expenditures

As at December 31, 2007, the Company is committed to incur prior to December 31, 2008, on a best efforts basis \$687,683 in qualifying Canadian exploration expenditures pursuant to private placements for which flow-through proceeds had been received prior to December 31, 2007 and renounced to subscribers effective as at that date.

#### **Selected Annual Information**

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

		2007	2006	2005
Operations:	-			
Revenue	\$	0	0	0
Expenses	\$	1,010,333	341,936	324,852
Write down of deferred exploration expenditures	\$	807,775	1,375,798	172,135
Future income tax recoverable	\$	(556,636)	(30,694)	(486,492)
Net loss	\$	1,261,472	1,687,040	10,495
Loss per share basic and fully diluted	\$	0.084	0.118	0.001
Financial Position:				
Total assets	\$	3,100,902	1,360,910	2,188,314
Total long-term liabilities	\$	0	0	0
Shareholders equity	\$	2,495,538	742,950	2,075,684

## Results of Operations - Year Ended December 31, 2007

In 2007, several private placements were completed issuing 313,600 (428,571 - 2006) non-flow through common shares for trade debt obligations of \$62,720 (\$150,000 - 2006) and 6,227,501 (200,000 - 2006) non-flow through common shares and 4,404,284 (425,000 - 2006) flow-through common shares for gross proceeds of \$3,418,500 (\$115,000 - 2006). In conjunction with these placements, 9,189,745 (22,500 - 2006) warrants and broker warrants were issued with a weighted average exercise price of \$0.43 (\$0.20 - 2006). All warrants outstanding from prior years expired in fiscal 2007. In 2007, the Company grants 1,460,000 options (1,165,000 - 2006) under the Company's stock option plan. The weighted average exercise price on these options was \$0.36 (\$0.42 - 2006). The fair value of the stock based compensation of \$469,600 (2006 - 123,000) was charged to the statement of operations and has been offset to contributed surplus.

In 2007, Platinex's operations were focused on exploration projects located in Ontario and Nunavut. The Company's 2007 non-exploration expenses increased to \$1,010,333 from \$341,936 in 2006 largely as a result of higher stock based compensation, accounting and legal fees, investor relation fees, and management fees arising from a greater level of financing and operational activity. In 2007, the Company capitalized \$131,041 (\$0 - 2006) of mineral property and deferred exploration expenditures in accordance with the Company's accounting policies. The Company wrote down \$807,775 (\$1,375,798 - 2006) of deferred exploration expenditures due to an impairment of value arising from the Big Trout Lake legal proceedings.

In 2007, the Company reported a future income tax recoverable of \$556,636 (\$30,694 - 2006) arising from the temporary differences between the carrying amounts of assets and liabilities for financial reporting and for tax purposes. The resulting fiscal 2007 loss was \$1,261,472 (\$1,687,040 - 2006) with a basic and fully diluted loss per share of \$0.084 (\$0.118 - 2006).

## **Summary of Quarterly Results**

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

	Dec 2007 \$	Sept 2007 \$	June 2007 \$	Mar 2007 \$	Dec 2006 \$	Sept 2006 \$	June 2006	Mar 2006 \$				
Operations:	•	·	·	·	·	•	•	·				
Revenue	0	0	0	0	0	0	0	0				
Expenses	695,676	203,658	63,260	47,739	184,456	40,258	52,300	64,922				
Write down of deferred exploration expenditures	215,604	119,937	171,040	301,194	463,562	83,762	491,158	337,316				
Future income tax recoverable	(74,748)	(481,888)	0	0	(30,694)	0	0	0				
Net loss	836,532	(158,293)	234,300	348,933	617,324	124,020	543,458	402,238				
Less per share basic and fully diluted	0.0529	(0.0075)	0.0153	0.0233	0.0498	0.0087	0.0381	0.0285				
Financial Position:												
Total assets	3,100,902	2,970,583	1,204,959	1,227,309	1,360,910	1,390,337	1,617,759	2,002,670				
Total long- term liabilities	0	0	0	0	0	0	0	0				
Shareholders equity	2,495,538	2,520,736	257,437	456,737	742,950	1,155,968	1,279,988	1,823,446				

#### Results of Operations – Quarter Ended December 31, 2007

In the fourth quarter of 2007, Platinex's operations were focused on exploration projects located in Ontario and Nunavut. The Company's fourth quarter 2007 non-exploration expenses increased to \$695,676 from \$184,456 for the same period in 2006 as largely a result of higher stock based compensation, accounting and legal fees, investor relation fees, and management fees arising from a greater level of financing and operational activity. In the fourth quarter of 2007 the Company capitalized \$131,041 (\$0 - 2006) of mineral property and deferred exploration expenditures in accordance with the Company's accounting policies. The Company wrote down \$215,604 (\$463,562) of deferred exploration expenditures due to an impairment of value arising from the Big Trout Lake legal proceedings.

In the fourth quarter of 2007, the Company reported a future income tax recoverable of \$74,748 (\$30,694 - 2006) arising from the temporary differences between the carrying amounts of assets and liabilities for financial reporting and for tax purposes. The resulting fiscal 2007 fourth quarter loss was \$836,532 (\$617,324 - 2006) with a basic and fully diluted loss per share for the quarter of \$0.0529 (\$0.0498 - 2006).

## Liquidity

At the end of the year, Platinex reported working capital of \$1,226,916 (deficit of \$390,302 - 2006), and cash \$1,704,845 (\$159,603 - 2006). Included in cash as at December 31, 2007 is \$1,199,061 of monies received from the issue of flow-through shares (\$159,603 - 2006). The use of these funds is restricted to exploration expenditures.

## **Capital Resources**

Platinex currently does not have any credit facilities with financial institutions, and is not anticipating a profit from operations, therefore it will rely on its ability to obtain equity financing for growth. Management expects that it will be able to raise sufficient capital to further explore and develop its properties and projects in the future. The Company remains confident that equity financing will continue to be available on terms and conditions acceptable to the Company.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

#### **Transactions with Related Parties**

- a) During the year ended December 31, 2007, the Company paid \$120,000 in management fees (\$75,000 2006) and reimbursed rent and utility costs of \$12,000 (\$12,000 2006) paid 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, \$72,600 was allocated to exploration (engineering services) on the Big Trout Lake property (\$39,000 2006) and of the rent, \$5,100 was allocated to exploration on the Big Trout Lake property (\$2,400 2006). James R. Trusler, President and CEO and director of the Company is a principal partner of J R Trusler & Associates.
- b) During the year ended December 31, 2007, the Company paid \$32,000 in management fees (\$51,945 2006) paid 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, \$15,500 was allocated to exploration expenditures on the Big Trout Lake property (\$50,750 2006). 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, 2007, the Company incurred consulting fees of \$128,222 (\$30,000 2006) paid to a legal firm where one of the firm's partners is a director of the Company. Of the legal fees \$102,449 was allocated to exploration expenditures on the Big Trout Lake property (\$30,000 2006). During the year ended December 31, 2007 a partner of the legal firm, who is a director of the Company, received 250,000 shares in consideration for outstanding debt by the corporation of \$50,000 (\$0 2006).
- d) During the year ended December 31, 2007, the Company incurred accounting fees of \$82,654 (\$35,729 2006) paid to an officer of the Company.
- e) During the year ended December 31, 2007, the Company incurred \$29,500 (\$0 2006) of costs paid to a director of the Company related to the issuance of shares.
- f) Included in accounts payable at December 31, 2007 is an amount of \$17,979 (\$710 2006) that is due to related parties.

## **Proposed Transactions**

There are no material decisions by the Board of Directors of the Company with respect to any imminent or proposed transactions that have not been disclosed.

## **Critical Accounting Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following accounting estimates are critical: the measurement of future income tax assets and liabilities and assessment of the need to record valuation allowances against those assets; valuation of options and warrants; and capitalized mineral property and deferred explorations expenditures.

There have been no material changes in critical accounting estimates during fiscal 2007.

## **Changes in Accounting Policy 2007**

The accounting policies of the Company are in accordance with Canadian generally accepted accounting principles and their basis of application is consistent with that of the previous year. For further detail regarding the policies, see the notes to the audited financial statements for the year ended December 31, 2007. Outlined below are those policies which changed during fiscal 2007.

On January 1, 2007, the Company adopted the CICA Handbook Sections 1530, *Comprehensive Income*; Section 3251, *Equity*; Section 3855, *Financial Instruments – Recognition and Measurement*; Section 3861, *Financial Instruments – Disclosure and Presentation*; and Section 3865, *Hedges*.

## i) Financial instruments

Under the new standards, financial assets and liabilities, including derivative instruments are initially recognized and subsequently measured based on their classification as "held-for-trading", "available-for-sale" financial assets, "held-to-maturity", "loans and receivables", or "other" financial liabilities. Held-for-trading financial instruments are measured at their fair value with changes in fair value recognized in net income for the period. Available-for-sale financial assets are measured at their fair vale and changes in fair value are included in other comprehensive income until the asset is removed from the balance sheet. Held-to-maturity investments, loans and receivables and other financial liabilities are measured at amortized cost using the effective interest rate method. Derivative instruments, including embedded derivatives, are measured at their fair value with changes in fair value recognized in net income for the period, unless the instrument is a cash flow hedge and hedge accounting applies, in which case changes in fair value are recognized in other comprehensive income.

#### ii) Comprehensive income

Section 1530 establishes standards for reporting and presenting comprehensive income. Comprehensive income, composed of net income and other comprehensive income, is defined as the change in shareholder's equity from transactions and other events from non-owner sources. Other comprehensive income for the Company includes unrealized gains and losses on available-for-sale securities and changes in the fair market value of derivatives designed as cash flow hedges, all net of related income taxes. The components of comprehensive income are disclosed in the statement of operations and comprehensive income. Cumulative changes in other comprehensive income are included in accumulated other comprehensive income which is presented as a new category in shareholder's equity.

## Changes in Accounting Policy 2007 cont'd

## iii) Hedging

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently has no hedges.

As at January 1, 2007 and during 2007, there was no impact on the Company's financial statements as a result of adopting these new accounting pronouncements. As a result, no statement of other comprehensive income has been presented.

## **Future Changes in Accounting Policy**

On December 1, 2006 the CICA issued three new accounting standards: Handbook Section 1535, *Capital Disclosures*, Handbook Section 3862 *Financial Instruments – Disclosures*, and Handbook Section 3863, *Financial Instruments – Presentation*. These standards are effective for interim and annual financial statements for the Company's reporting period beginning on January 1, 2008.

## i) Capital Disclosures

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirement; and (iv) if it has not complied, the consequences of such non-compliance.

#### ii) Financial Instruments - Disclosures and Presentation

The new sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how a company manages those risks. The Company is currently assessing the impact of these new accounting standards on its financial statements.

## iii) International Financial Reporting Standards ("IFRS")

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As a part of that plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Company continues to monitor and assess the impact of convergence of Canadian GAAP and IFRS.

#### **Financial Instruments**

#### a) Fair Value

The carrying value of the Company's financial instruments consisting of cash, accounts receivable, funds held in trust, accounts payable and accrued liabilities, approximates fair value due to their immediate or short-term maturity.

#### b) Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist primarily of cash. Cash is maintained at a major financial institution. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions of reputable credit and therefore bear minimal risk.

## Additional Disclosure for Venture Issuers without Significant Revenue

The accumulated costs relating to Platinex's interests in mineral properties are detailed in the audited financial statements and notes for the year ended December 31, 2007.

## **Disclosure of Outstanding Share Data**

The Company is authorized to issue an unlimited number of common shares, and on December 31, 2007 there were 25,841,548 common shares issued.

As at December 31, 2007, there were 2,565,000 options outstanding with a weighted average exercise price of \$0.36 expiring between December 1, 2010 and November 19, 2012. As at the same date, there were 9,189,745 warrants outstanding with a weighted average exercise price of \$0.43 expiring between August 8, 2009 and August 10, 2009.

#### **Disclosure Controls and Procedures**

As defined in Mulitlateral Instruments 52-109, disclosure controls and procedures means controls and other procedures designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), on a timely basis in accordance with securities legislation.

As of the fiscal year ended December 31, 2007, the CEO and CFO reviewed and evaluated the effectiveness of the Company's disclosure controls and procedures as it applies to the preparation of the Management discussion and analysis, the financial statements and financial reporting. Based upon that review and evaluation, they have concluded that those disclosure controls and procedures are effective at a reasonable assurance level and meet the requirements thereof.

"Jim Trusler"

Jim Trusler President and CEO

April 24, 2008