MANAGEMENT DISCUSSION & ANALYSIS

Supplementary Information and MD&A
For the year ended September 30, 2013

Filed: January 28, 2014

A copy of this report will be provided to any shareholder who requests it.

FORWARD LOOKING STATEMENTS

Certain of the statements made herein may constitute “forward-looking statements” or contain “forward-looking information” within the meaning of applicable Canadian securities laws. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the potential for additional mineralization at the Company’s properties, the timelines to complete the Company’s exploration programs, timing for permit applications, timing for new resource estimates, timing to complete technical reports, forecasts for exploration expenditures, estimates of future administrative costs and statements about the Company’s future development of its properties. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mine exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; the potential for unexpected costs and expenses and commodity price; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company’s Business in the MD&A.

Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of commodities; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. The Company does not intend to update forward-looking statements or information, except as may be required by applicable law.

1. DESCRIPTION OF BUSINESS AND REPORT DATE

Callinex Mines Inc. (the "Company" or "Callinex") is principally engaged in the acquisition, exploration and development of exploration & evaluation assets in the provinces of Manitoba, Saskatchewan and British Columbia and has not yet determined whether its exploration & evaluation assets contain ore reserves that are economically recoverable. The Company defers all acquisition, exploration and development costs related to mineral properties. The recoverability of these amounts is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of the property, and any future profitable production, or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

The Company has no operations that generate cash flow and its long-term financial success is dependent on management's ability to discover and develop economically viable mineral deposits. Exploration is a lengthy process that can take many years and is subject to factors that are beyond the Company's control.

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, and from the exercise of securities. Although the Company has had past success in obtaining financing, there can be no such assurance that it will be able to obtain adequate financing in the future or that the terms of any financing will be favorable. Many factors influence the Company's ability to raise funds, including the state of the resource market and commodities prices, the climate for mineral exploration, the Company's track record and the experience and caliber of its management.

Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration activity. The Company intends to continue to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partners where appropriate.

All dollar figures presented are expressed in Canadian dollars unless otherwise noted. Financial statements and summary information derived there from are prepared in accordance with International Financial Reporting Standards ("IFRS").

Management is responsible for the preparation and integrity of the financial statements and MD&A, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

The following management discussion is for the year ended September 30, 2013 and includes relevant information up to January 23, 2014 (the "Report Date"). It should be read in conjunction with the financial statements and related notes which have been prepared in accordance with international financial reporting standards ("IFRS").

2. EXPLORATION HIGHLIGHTS

During the year ended September 30, 2013 the Company conducted exploration activities on its Manitoba properties. Activities consisted of diamond drilling results, claim staking, and project evaluation.

Gossan Hill

The Gossan Hill property consists of 3,679 hectares of mining claims near the town of Cranberry Portage, Manitoba. The claims are the host to a historically producing mine, as well as several surface gold zones over a strike distance of 6.0 kilometres. Gold mineralization at Gossan Hill is observed within a shear zone at the contact between mafic volcanics and intrusive rocks with intense quartz veining. Alterations consist of carbonate, sericite and epidote. The gold mineralization is associated with pyrite and pyrrhotite and varies from fine-grained disseminated to blebby coarse-grained.

During the year assay results were received from a diamond drill program completed in March, 2013. The drilling was designed to follow-up on the previous years (2011 and 2012) successful drilling results. The 1,499 metres drill program consisted of five new drill holes and one deepened hole. The program objectives were to test the extent of mineralization along strike on the western (two holes) and eastern (two holes) flanks, and at depth (one hole). Visually the results display good alteration/ mineralization over widths amenable to modern mining methods.

All six holes intersected the gold bearing shear zone. Core widths ranged from 1.0 to 5.0 metres, and gold grades ranged from 1.12 to 12.99 g/t Au. The highest grade hole, GOS-067, drilled on the southwest extent of the known shear zone ,returned 12.99 g/t Au over 4.7 metres. Callinex is now updating their exploration models and planning for the next phase of exploration.

Sneath Lake

The Sneath Lake property is a copper-zinc-gold property located in the Snow Lake mining camp. The 2013 winter exploration program was a follow-up from a ground-based geophysical survey (Deep Pulse EM) conducted in Q2 2012; DPEM survey is an exploration tool that was instrumental in the discovery of Hudbay Minerals Lalor Lake VMS deposit, located 5 kms northwest of Callinex's Sneath Lake property. Four drill holes, totaling 2,067m, were completed to evaluate the targets. Each drill hole was surveyed by a Borehole Pulse system. The geology intersected in the drill holes included mafic to felsic volcanics crosscut by minor intrusive dykes and sills. The felsic volcanics exhibited hydrothermal alterations similar to alterations commonly encountered in the Snow Lake VMS type deposits. Minor amounts of sulphide mineralization were also intersected, the economical sulphides identified consisted of sphalerite and chalcopyrite. The most encouraging results consists of a 0.8m intersection in drillhole SNE12-01 assaying 0.54% Copper and a 1.9m intersection in drillhole SNE13-01 assaying 0.17% copper and 0.47% zinc. Those results are encouraging and management will analyze the data for further exploration.

Moak Lake

The Moak Lake claims are located in the Northern Manitoba Thompson Nickel Belt, and are 3kms west of the Moak Lake deposit; which hosts an historical resource of 45 million tonnes of nickel sulphide style ore, grading 0.7% nickel. A VTEM airborne survey conducted in 2007 identified EM anomalies never tested before. The exploration program consisted of five drill holes, totaling 1,337m that were testing the anomalies. The geology intersected mafic and felsic gneisses intruded by gabbroic to pyroxenitic dykes and sills. The anomalies identified during the VTEM survey correlated well with horizons of pyrite and pyrrhotite sulphides with traces of chalcopyrite. Assays returned trace amount of nickel and copper mineralization. Management does not intend to perform further work at this time.

Property Acquisition and Reduction

The Norris lake property is located on the southern extent of the Thompson Nickel Belt (TNB) and has been part of Callinex's portfolio since 2007. The property is comprised of two Mineral Exploration Licenses, (MEL). In order to reduce land holding costs, Callinex staked 11 claims, covering the area of interest, before releasing the MEL.

Callinex also acquired a new MEL, consisting of a 5,000 hectares located on the western fringe of the TNB, and approximately 25kms west of the past producing Pipe mine, owned by Vale Nickel.

An option payment for the Troitsa property in British Columbia was due April 25th. Callinex elected not to make the payment, and the property was returned to the optionee. The company does not feel that the property warrants additional expenditures.

3. DISCUSSION OF OPERATIONS AND FINANCIAL CONDITIONS

During the year ended September 30, 2013, the Company received $51,694 in revenue made up of $47,494 in finance income and $4,200 in dividend income. Actual general and administrative expenses were $1,724,110 for the year and $581,524 for the quarter ended September 30, 2013, while cash and cash equivalents on hand at the end of the year was $3,042,370 a decrease of $2,021,535 from September 30, 2012. All excess cash is invested in short-term securities to generate interest revenue.

For the quarter ended September 30, 2013 $13,792 was received in finance income.

Net loss per the financial statement for the quarter ended September 30, 2013 is $883,787 and $2,786,879 for the year after recording deferred tax recovery of $8,093 and the write-off of exploration and evaluation properties of $1,122,556. Both basic and diluted loss per common share for the period was $0.13 compared to $0.20 last year.

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

The following financing transaction took place during the year ended September 30, 2013.

1,725,000 flow-through common shares priced at $0.40 were issued for net proceeds of $690,000.

9,040,000 flow-through common shares priced at $0.15 were issued for net proceeds of $1,356,000.

$383,950 was received in advance for a non-brokered private placement which was completed subsequent to year end.

The following financing transaction took place during the year ended September 30, 2012.

1,489,100 flow-through common shares priced at $0.95 were issued for net proceeds of $1,414,645.

168,302 incentive share options were exercised for net proceeds of $73,863.

The following table sets forth selected financial data from the Company's annual audited financial statements. These financial statements were prepared in accordance with international financial reporting standards and are in Canadian dollars. The table should be read in conjunction with such statements.

Income Statement Data	September 30, 2013 ($)	September 30, 2012 ($)	September 30, 2011 ($)
Revenue (interest and dividend)	51,694	114,442	15,564
Income/(loss) before discontinued Operations taxes and extraordinary Items	(2,794,972)	(4,874,895)	(2,997,722)
Deferred income taxes (expense)/recovery	8,093	1,196,000	(1,289,421)
Net loss for the period	(2,786,879)	(3,678,895)	(4,287,143)
Income (loss) per common share Outstanding			
Basic	(0.13)	(0.20)	(0.32)
Fully diluted	(0.13)	(0.20)	(0.32)
Balance Sheet Data			
Total assets	36,032,934	37,367,633	40,713,429
Total long-term financial liabilities	6,293,000	6,301,093	7,274,421
Dividend	-	-	-

The following table sets forth selected quarterly financial information at the end of the periods shown below. The financial information is derived from the Company's audited financial statements.

	For the Three Months Ending							
	Fiscal 2013				Fiscal 2012			
	Sep 30($)	Jun 30($)	Mar 31($)	Dec 31($)	Sep 30($)	Jun 30($)	Mar 31($)	Dec 31($)
Income Statement Data								
Total revenues	13,793	11,016	9,566	17,319	25,531	29,733	32,350	36,543
Income (loss) before income taxes	(718,787)	(1,313,801)	(334,774)	(427,610)	(3,414,909)	(578,982)	(495,977)	(385,027)
Deferred Income tax (expense)/recovery	(165,000)	107,000	(46,823)	112,916	639,999	415,193	157,222	(16,414)
Net loss	(883,787)	(1,206,801)	(381,597)	(314,694)	(2,774,910)	(163,789)	(338,755)	(401,441)
Income (loss) per common share outstanding - basic and diluted								
Income (loss) before income taxes	(0.04)	(0.06)	(0.01)	(0.02)	(0.12)	(0.031)	(0.027)	(0.02)
Net income (loss) per share	(0.04)	(0.06)	(0.01)	(0.02)	(0.15)	(0.008)	(0.018)	(0.024)

Revenues for the period ending December 31, 2012 to June 2013 includes dividend revenue of $1,400 and $2,800 respectively, while revenues for the remaining periods resulted from interests only.

a) Administration Expenses

For the year ended September 30, 2013 general and administration expenses is $1,724,110 compared to $2,007,214 last year. The decrease of $283,104 can be attributed mainly to a reduction of $69,712 in salaries, $162,762 in property investigation costs, $140,141 in consulting fees and legal fees offset by an increase of $201,435 in share-based compensation resulting from the granting of stock options to employees and directors. All other expenses were in line with last year.

b) Trend Information

Other than the financial obligations as set out in item 7 below, there are no identifiable trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the Company's liquidity either increasing or decreasing at present or in the foreseeable future. The Company will require sufficient capital in the future to meet its acquisition payments and other obligations under exploration & evaluation assets option agreements for those properties it considers worthy to incur continued holding and exploration costs upon. The need to make such payments is a trend as it is unlikely that all such obligations will be eliminated from the Company's future business activities. The Company intends to utilize its cash on hand in order to meet its obligations under mineral property option agreements and exploration activities. At this time the Company has no plan or intention to issue any debt in order to raise capital for future requirements.

It is the opinion of the Company that its liquidity will be most affected by the results of its own acquisition, exploration, and development activities. The acquisition or discovery of an economic mineral deposit on one of its exploration & evaluation assets may have a favourable effect on the Company's liquidity, and conversely, the failure to acquire or find one may have a negative effect.

c) Risk Factors

The Company, and thus the securities of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this Report prior to making an investment in the Company. In addition to the other information presented in this Report, the following risk factors should be given special consideration when evaluating an investment in the Company's securities.

General

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits, which, though present, are insufficient in quantity and quality to return a profit from production.

The Company evaluates its property interests on an ongoing basis and intends to abandon properties that fail to remain prospective. The Company is confident that it will be able to meet its earn-in obligations on those properties which management considers to be of merit. At the time of writing the Company expects to incur further property exploration and acquisition expenses.

The Company's business is subject to exploration and development risks

All of the Company's properties are in the exploration stage and no known reserves have been discovered on such properties. There is no certainty that the expenditures to be made by the Company or its joint venture partners in the exploration of its properties described herein will result in discoveries of metals in commercial quantities or that any of the Company's properties will be developed. Most exploration projects do not result in the discovery of economic deposits of metals and no assurance can be given that any particular level of recovery of metals will in fact be realized or that any identified resource will ever qualify as a commercially mineable (or viable) resource which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permit regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of metals ultimately discovered may differ from that indicated by drilling results. There can be no assurance that metals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale.

Political and economic instability may affect the Company's business

The Company's activities in Canada are subject to risks common to operations in the mining industry in general.

The Company's properties are subject to title risks

The Company has investigated title to all of its exploration & evaluation assets and, to the best of its knowledge, title to all of its properties, and properties that it has the right to acquire or earn an interest in are in good standing. However, the Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. These defects could adversely affect the Company's title to such properties or delay or increase the cost of the development of such properties.

The Company's properties may also be subject to Aboriginal or other historical rights that may be claimed on Crown properties or other types of tenure with respect to which mineral rights have been conferred. The Company is not aware of any Aboriginal land claims having been asserted or any legal actions relating to Aboriginal issues having been instituted with respect to any of the exploration & evaluation assets in which the Company has an interest, with the possible exceptions of Coles Creek and Island Lake. The Company is in continuous communication with the interested parties in regards to these two properties. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such co-operation.

Environmental risk

Environmental legislation on a global basis is evolving in a manner that will ensure stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessment of proposed development and a higher level of responsibility for companies and their officers, directors and employees. There is no assurance that future changes to environmental legislation in Canada will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown at present and which have been caused by previous or existing owners or operators. Furthermore, future compliance with environmental reclamation, closure and other requirements may involve significant costs and other liabilities. In particular, the Company's operations and exploration activities are subject to Canadian federal and provincial laws and regulations governing protection of the environment. Such laws are continually changing and, in general, are becoming more restrictive.

The mineral exploration industry is extremely competitive

The resource industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Company's ability to acquire suitable new producing properties or prospects for exploration in the future. Competition could also affect the Company's ability to raise financing to fund the exploration and development of its properties or to hire qualified personnel.

Metal prices affect the success of the Company's business

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of such product. Factors beyond the control of the Company may affect the marketability of any minerals discovered. No assurance may be given that metal prices will remain stable. Significant price fluctuations over short periods of time may be generated by numerous factors beyond the control of the Company, including domestic and international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The effect of these factors on the price of minerals and therefore the economic viability of any of the Company's exploration projects cannot accurately be predicted. As the Company's properties are in the exploration stage, the above factors have had no material impact on present operations or income.

d) Exploration Programs and Expenditures

During the year ended September 30, 2013 the Company incurred exploration & evaluation assets expenditures of $2,527,511 and received a tax credit of $305,109. Acquisition costs were $514,720 by way of cash and issued shares while exploration expenditures net of the tax credit for the year were $1,707,682, spent mainly on the Company's Sneath Lake, Gossan/Rug and Moak and Norris Lake properties in Manitoba.

(i) Sneath Lake

The Company holds claims in the Flin Flon area of Manitoba. During the year the Company expended $722,276 on this property.

(ii) Coles Creek

On August 1, 2005 Callinan entered into an agreement with Mike Muzylowski, who was president of Callinan at the time, under which Callinan was granted the option to acquire a 100% interest in two claims in the Omenica Mining Division of British Columbia. The claims are located approximately 80 km South West of Houston, British Columbia. Under the terms of the agreement, Mr. Muzylowski, who had owned the claims since September of 1994, prior to his appointment as President of Callinan, was paid $50,000 which has been accepted by the TSX Venture Exchange as reimbursement for expenses incurred. If the option was exercised on or before September 1, 2008, $200,000 would be due to Mr. Muzylowski. The option was exercised and Mr. Muzylowski agreed to defer this payment date to September 1, 2009 in consideration for a payment of $5,000. In September 2009 Mr. Muzylowski again agreed to defer this payment in lieu of a payment of $5,000. During August 2010 payment of the full amount was made to Mr. Muzylowski. To maintain the option in good standing, Callinan had to expend $500,000 on exploration of the claims prior to September 1, 2008. Callinan met its obligation by expending $17,299,195 on the claims of which $1,551,162 was recovered from the British Columbia Mining Exploration Tax Credit program. If the claims are placed into production, Mr. Muzylowski will be entitled to a 5% royalty on net smelter returns, of which one half or 2.5% can be purchased for $1,500,000. During the year Callinex expended $83,471 on this project and the Troitsa Claim below and a received a tax credit of $305,109 for work done on these properties.

All terms of the agreement except the entitlement to purchase the royalty on net smelter returns were transferred to Callinex.

(iii) Troitsa Claim

On September 24, 2010 Callinan increased its holding in British Columbia by entering into an agreement to acquire the Troitsa claim. The agreement called for payment of $40,000 and issuance of 40,000 common shares within 5 days of acceptance by the TSX Venture Exchange, (received, paid/issued); a further $50,000 and 60,000 shares within 12 months (issued and paid); a further $60,000 and 80,000 shares within 24 months; a further $80,000 and 100,000 shares within 36 months and a further $90,000 and 120,000 shares within 48 months from the effective date of the agreement. During the last fiscal year both parties agreed to defer the payment due on September 24, 2012 to a further date while the future of the property is being discussed. This property was returned to the optionor on April 25, 2013 and all costs which had been capitalized were written off to operations.

(iv) Fox River

On March 15, 2003 Callinan acquired an option to purchase the Fox River Property. The option stated that the Callinan can earn a 50% interest by expending $500,000 by March 15, 2005; a further 10% by expending $1,000,000 to March 15, 2007; and a further 10% by producing a feasibility study by March 15, 2008. The seller retains a 2 1/2% net smelter return royalty (NSR). 1% of the NSR may be purchased for $1,000,000.

On March 15, 2006, an amendment was made to the agreement whereby, the deadline for Callinan expending $1,000,000 to acquire the 60% interest was extended to March 15, 2008, and the deadline for the feasibility study and Callinan acquiring a further 10% extended to March 15, 2010.

On March 19, 2004 Callinan assigned half of its interest in the Fox River property to Bell Resources ("Bell") in exchange for Bell making cash payments to the Company of $25,000 and by expending $250,000 on the property by March 15, 2005. Bell had the option to acquire a further 5% by expending $500,000 on the property by March 15, 2007. Bell could earn a further 5% property interest from the Company by paying 50% of the cost of a feasibility study prior to March 15, 2008. Bell met the expenditure requirements to date on the project, thus earning an additional 5%. The above amendment on March 15, 2006 also extended to this joint venture with Bell.

On February 21, 2005 the agreement with Bell was amended to allow Bell to pay Callinan 1,250,000 common shares of Bell at a deemed price of $0.20 per share in lieu of expending $250,000 before March 15, 2005. By doing so Bell earned 25% of the Company's interest in the property. The TSX Venture Exchange approved the transaction on April 22, 2005.

On April 14, 2008 the agreement with Bell was again amended to allow Bell to withdraw from the joint venture with Callinan. As Bell will no longer be participating in the project, its 30% interest in the property will be diluted based on the dilution provisions in the original agreement of March 19, 2004 as Callinex continues to explore this property. Callinex has agreed to keep Bell apprise of results of exploration and the funds expended on the property.

Bell can re-affirm its participation at the start of each exploration season and can do so at the percentage it then has, taking into account the dilution which has taken place. If Bell's interest in the property drops below 5% it will be deemed to have no interest in the property. If a discovery is made, provided that Bell still has an interest in the property it may sell its interest after giving Callinan a right of first refusal or start funding its percentage share of the joint venture with the provision that if it falls below 5% the provision above will apply.

On October 9, 2009 Callinan again amended its agreement for the Fox River property. The new agreement now states that Callinan can earn a further 10% interest, for a total of 70% interest in the Mineral Claims by paying an additional $200,000 by October 30, 2009, which Callinan did. All other terms remains the same, except the deadline for the feasibility study has been removed. After all requirements have been satisfied, the Company will have an 80% interest in the property subject to the interest of Bell, if any.

$4,174,896 had been expended on this project, thereby, meeting all obligations for the property to date. Of the amount expended $2,042,741 was recovered through the MEAP program and the joint venture with Bell.

(v) Moak and Norris Lake

On May 14, 2007 Callinan entered into an option agreement for the Moak Claims and Norris Lake property in Manitoba. This agreement called for $10,000 and 50,000 common shares upon regulatory approval, (received and paid/issued) a further $20,000 and 50,000 common shares within 12 months (paid/issued), a further $30,000 and 50,000 common shares within 24 months (paid/issued) and $40,000 and 50,000 common shares (paid/issued) within 36 months of approval.

To maintain the option in good standing and earn 100% interest in the property Callinan had to incur cumulative expenditures of $100,000 within 12 months, $250,000 within 24 months and $450,000 within 36 months. During March 2012 the date to accumulate the required expenditures of $250,000 and $450,000 was extended to 72 and 84 months respectively, from the effective date. The optionor is entitled to royalty of 2% NSR. 1% of the NSR may be purchased for $1,000,000 at any time. During the year Callinex expended $574,021 on this project.

All terms of the agreement except the entitlement to purchase 50% of the NSR were transferred to Callinex.

(vi) Rug Claims

On May 12, 2010 Callinan entered into an agreement to acquire a 100% interest in the Rug Claims for payments of $25,000 and 25,000 shares within 5 days of acceptance by the TSX Venture Exchange, (received, paid/issued); a further $30,000 and 30,000 shares within 12 months; a further $45,000 and 45,000 shares (paid/issued) within 24 months and $100,000 and 100,000 shares within 36 months of the effective date of the agreement. The Company must incur cumulative expenditures of $100,000 within 12 months, $250,000 within 24 months and $450,000 within 36 months from the effective date of the agreement. Expenditures for these claims are grouped with the Gossan claims. All obligations have been completed.

All terms of the agreement were transferred to and assumed by Callinex.

(vii) Gossan

On April 10, 2010 Callinan entered into an agreement to acquire a 100% interest in the Gossan Gold Property. To acquire the property Callinan had to make payments of $20,000 and issue 150,000 shares within 5 days of acceptance by the TSX Venture Exchange (paid/issued). The optionor is entitled to royalty of 2% NSR. 1% of the NSR may be purchased for $1,000,000 at any time. During the year Callinex incurred expenditures of $498,781 on this and the Rug properties.

All terms of the agreement except the entitlement to purchase 50% of the NSR were transferred to Callinex.

(viii) Herblet Lake

On March 15, 2007 Callinan entered into an option agreement for the Herblet Lake property in Manitoba. The agreement called for an initial payment of $10,000 and 25,000 common shares on receipt of regulatory approval (received and paid/issued), a further $10,000 and 25,000 common shares within 12 months (paid and issued), another $10,000 and 25,000 common shares within 24 months, (paid and issued) and a further $20,000 and 25,000 common shares within 36 months from the effective date of the agreement (paid and issued). In order to maintain the working option in good standing Callinan had to incur cumulative expenditure of $50,000 within 12 months, $100,000 within 24 months and $250,000 within 36 months from the effective date of the agreement. Callinan had the right to earn 100% interest in the property, which it has, subject to a 2.5% NSR, 50% of the NSR can be purchased for $1,250,000.

All terms of the agreement except the entitlement to purchase 50% of the NSR were transferred to Callinex.

(ix) Pine Bay

On July 8, 2009 Callinan entered into an agreement to acquire a 100% interest in the Pine Bay Claims and a 90% interest in the Sour Claims. To acquire the claims Callinan had to make payments of $20,000 (paid) on execution of the agreement, $180,000 and 50,000 shares within 5 days of acceptance by the TSX Venture Exchange (paid/issued) a further $100,000 and 50,000 shares within 12 months, (paid/issued), a further $50,000 and 75,000 shares within 24 months (paid/issued), a further $25,000 and 125,000 (paid/issued) within 30 months and 125,000 shares within 36 months of the effective date of the agreement. During the year Callinex expended $5,275 on this property.

All terms of the agreement were transferred to Callinex.

(x) Tramping Lake

Between March 28 and April 10, 2008 Callinan staked the Tramping Lake Property in the Snow Lake area of Manitoba. A total of 1,036 hectares were staked. During the year management decided that it no longer had any interest in these claims and the costs associated with them were written off to operations.

(xi) Island Lake

On July 31, 2009 Callinan optioned the Island Lake claims. In order to acquire an 80% interest in the claims, Callinan had to pay $20,000 and issue 50,000 shares within 5 days of acceptance by the TSX Venture Exchange (paid and issued), a further $50,000 and 75,000 shares within 12 months, (paid/issued), a further $150,000 and 100,000 shares within 24 months and a further $180,000 and 175,000 shares within 36 months, of the effective date of the agreement. Callinan also had to incur cumulative expenditure of $100,000 within 12 months, $1,000,000 within 24 months and $1,900,000 within 36 months. The dates to make the payment and to incur the expenditures on the claim have been deferred, as Callinan has not yet received permit to drill the property. The property is subject to a 2% Net Smelter Return Royalty, one half of which may be purchased for $1,000,000 subject to further TSX Venture Exchange review and acceptance.

All terms of the agreement except for the right to purchase the NSR have been assumed by Callinex.

(xii) Flin Flon Claims

During fiscal 2012 the Company entered into an option agreement to acquire 100% interest in the Flin Flon Area Claims. The agreement calls for payments of $250,000 and issuance of 250,000 shares within 36 months from the effective date, of which $25,000 has been paid and 25,000 shares with a value of $7,500 issued. The property is subject to a 2% Net Smelter Return Royalty of which Callinex may purchase half for $1,000,000.

(xiii) Pulver Lake

During the fiscal 2011 Callinan staked additional claims in the Snow Lake area of Manitoba. To date $17,650 has been expended on this property.

(xiv) Cameco

During fiscal 2012 the Company acquired additional claims in the Saskatchewan area. During the year management decided that it no longer had any interest in these claims and the costs associated with them were written off to operations.

(xv) Elliot Lake

The Company holds claims in Elliot Lake area of Ontario. To date the Company has expended $29,629 on this property. During the year management decided that it no longer had any interest in these claims and the costs associated with them were written off to operations.

(xvi) **Neuron**

On May 31, 2013 the Company acquired additional claims in Manitoba. These claims are expected to be included in the Company's 2014 program.

During the Company's fiscal years ended September 30, 2012 and 2013, management decided that it would no longer pursue the following properties and they were written off to operations and those that were options were returned to the optionor. The properties written off in fiscal 2012 were Berry Creek, Hamell Lake, Stag Lake and Dion Lake while Troitsa, Tramping Lake, Cameco and Elliot Lake were written off in fiscal 2013.

4. CRITICAL ACCOUNTING POLICIES

The annual financial statements for the year ended September 30, 2013 are prepared in accordance with IFRS as stated in Note 3 to the financial statements. The accounting policies in Note 3 have been applied in preparing the annual financial statements for the year ended September 30, 2013 and the financial statements for the year ended September 30, 2012.

There are two policies that, due to the nature of the mining business, are significant to the financial results of the Company. These policies relate to the capitalization of mineral exploration expenditures and the use of estimates:

Under IFRS, the Company defers all costs relating to the acquisition and exploration of its exploration & evaluation assets. Any revenues received from such properties are credited against the costs of the property. When commercial production commences on any of the Company's properties, any previously capitalized costs would be charged to operations over the life of the property using a unit-of-production method. The Company regularly reviews deferred exploration costs to assess their recoverability and when the carrying value of a property exceeds the estimated net recoverable amount, provision is made for impairment in value.

The existence of uncertainties during the exploration stage and the lack of definitive empirical evidence with respect to the feasibility of successful commercial development of any exploration property do create measurement uncertainty concerning the calculation of the amount of impairment to the value of any mineral property. The Company relies on its own or independent estimates of further geological prospects of a particular property and also considers the likely proceeds from a sale or assignment of the rights before determining whether or not impairment in value has occurred.

5. NEW AND FUTURE ACCOUNTING PRONOUNCEMENTS

As at September 30, 2013, the following new accounting standards or amendments to existing accounting standards have been issued, but are not yet effective and have not yet been adopted by the Company. The Company is currently evaluating the effects of adopting these standards:

IFRS 7 – Financial Instruments: Disclosures

IFRS 7 was amended to introduce new disclosure requirements for transfers of financial assets including disclosures for financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2013.

IFRS 9 – Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. This IFRS shall apply for annual periods beginning after January 1, 2015.

IFRS 13 – Fair Value Measurement

IFRS 13 clarifies that fair value is the price that would be received to sell an asset, or paid for, or transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. This standard is effective for annual periods beginning on or after January 1, 2013.

Amendments to Other Standards

IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interests in Other Entities*, and consequential revisions to IAS 27 *Separate Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* (all effective January 1, 2013) provide revised guidance on the accounting treatment and associated disclosure requirements for joint arrangements and associates, and a revised definition of 'control' for identifying entities which are to be consolidated.

Amendments to IAS 32, *Financial Instruments: Presentation,* are effective for annual periods beginning on or after January 1, 2014. This provides for amendments relating to offsetting financial assets and financial liabilities.

6. LIQUIDITY AND CAPITAL RESOURCES

During the year ended September 30, 2013 the following shares were issued for property and cash proceeds:

(a) On October 30, 2012 the Company issued 1,725,000 common shares at $0.40 per share pursuant to a non-brokered private placement for cash proceeds of $690,000.

(b) On June 25, 2013 the Company issued 430,000 common shares valued at $47,300 as option payment for the Rug Claim.

(c) On July 16, 2013 the Company issued 30,000 common shares value at $5,700 as option payment for the Flin Flon property.

(d) On July 25, 2013 the Company issued 9,040,000 common shares at $0.15 per share pursuant to a non-brokered private placement for cash proceeds of $1,356,000.

(e) $383,950 was received in advance for a non-brokered private placement which was completed subsequent to year end.

During the year ended September 30, 2012 the following shares were issued for property and cash proceeds:

(a) On December 30, 2011 the Company issued 1,489,100 common shares at $0.95 per share pursuant to a non-brokered private placement for cash proceeds of $1,414,645.

(b) On July 31, 2012 the Company issued 25,000 shares valued at $7,500 as option payment for the Flin Flon claims.

(c) 168,302 common share options were exercised for net proceeds of $73,863. These options had a fair value of $119,111.

7. SECURITIES AS AT THE END OF THE REPORTING PERIOD

At September 30, 2013, and the report date there were 29,787,352 and 31,875,351 common shares of the Company issued and outstanding, respectively. Other outstanding securities outstanding are:

(a) Incentive Stock Options

During the year ended September 30, 2013, the Company granted 1,410,000 stock options to directors and employees. The weighted average fair value of the options granted was $0.20 per option.

The following tables summarize the Company's outstanding stock options:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at September 30, 2011	1,694,206	$ 0.76
Granted	250,000	0.50
Exercised	(168,302)	0.44
Expired/Cancelled	(229,245)	0.64
Options outstanding at September 30, 2012	1,546,659	0.77
Granted	1,410,000	0.30
Expired	(148,883)	0.44
Forfeited	(562,776)	0.76
Options outstanding at September 30, 2013	2,245,000	0.50

(b) Warrants

During the year ended September 30, 2013 the Company issued 9,040,000 warrants relating to the non-brokered private placement in July 2013. No warrants were exercised during the current period.

The following is a summary of warrants outstanding:

	Number of warrants	Weighted Average Exercise Price
Warrants outstanding, September 30, 2011	480,000	$ 1.10
Issued	752,678	1.00
Warrants outstanding, September 30, 2012	1,232,678	1.04
Expired	(480,000)	1.10
Issued	9,040,000	0.20
Warrants outstanding, September 30, 2013	9,792,678	$ 0.26

The following is a summary of the outstanding warrants, with their respective expiry dates and exercise prices:

September 30, 2013			
Exercise Price	Number Outstanding	Remaining Life (Years)	Expiry Date
$ 1.00	744,550	0.50	December 30, 2013
1.00	8,128[1]	0.50	December 30, 2013
0.20	9,040,000	1.82	July 25, 2015
	9,792,678		

(1) Agent warrants

8. DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The Company occupies leased office space at Suite 1110 – 555 West Hastings Street in Vancouver, B.C. The office lease will expire January 31, 2015. For the year ended September 30, 2013 rental expenses, including taxes and operating expenses were $70,476.

9. CORPORATE GOVERNANCE

The Company has evaluated its internal controls over financial reporting and believes that as of the report date, its systems of internal controls over financial reporting are sufficiently designed and maintained to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Certain weaknesses in its systems are apparent. These weaknesses arise primarily from the limited number of personnel employed in the accounting and financial reporting area, a situation that is common in smaller companies. As a consequence of this situation:

a) It is not feasible to achieve the complete segregation of duties; and
b) The Company does not have full competency "in House" in complex areas of financial accounting, such as taxation.

The Company believes these weaknesses are mitigated by:

a) the nature and present levels of activities and transactions within the Company being readily transparent;
b) the thorough review of the Company's financial statements by senior management and the audit committee of the board of directors;
c) by the assistance and advice rendered by the Company's auditors; and,
d) by the active participation of senior management in monitoring financial reporting.

Nevertheless, these mitigating factors cannot eliminate the possibility that a material misstatement will occur as a result of the aforesaid weaknesses in the Company's internal controls over financial reporting. A cost effective system of internal controls over financial reporting, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

10. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Remuneration attributed to key management personnel can be summarized as follows:

	Year ended September 30, 2013	2012
Salaries	$ 309,526	$ 382,820
Consulting fees	77,500	120,000
Share-based compensation	216,296	59,650
	$ 603,322	$ 562,470

On July 13, 2011, the Company entered into a service agreement with Callinan, whereby Callinan would provide the Company with accounting and financial services. During the year ended September 30, 2013 a total of $58,400 was incurred for this service (2012 – $57,254). At September 30, 2013, $56,472 (September 30, 2012 - $32,380) was owed to Callinan. This amount is included in accounts payable and accrued liabilities. There are no amounts owed to directors at September 30, 2013, (2012 - $20,533).

11. FINANCIAL INSTRUMENTS

Financial instruments are those assets and liabilities that will be settled in cash either by payment by the Company or on the receipt of cash from another party. Financial instruments held by the Company include receivables and accounts payable and accrued liabilities. The Company has reviewed the estimated fair market value of these instruments and concluded that the fair value of these financial instruments approximate their carrying value due to their short term nature.

The Company's other financial instruments, cash and cash equivalents and restricted investment, under the fair value hierarchy are based on level one quoted prices in active markets for identical assets and liabilities and are measured at fair value.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at large Canadian financial institutions in interest bearing accounts. The Company has no investments in asset-backed commercial paper. The Company's receivables consist mainly of input tax credits receivable due from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in Note 15 to the accompanying financial statements. Accounts payable relating to exploration and evaluation assets and other accounts payable and accrued liabilities are due within 90 days. As at September 30, 2013, the Company had cash and cash equivalents balance of $3,042,370 to settle current liabilities of $100,305. Management believes the Company has sufficient funds to meets its current liabilities as they become due.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and no interest-bearing debt liabilities. The Company's current policy is to invest excess cash in short-term deposit certificates issued by its banking institutions. The period to maturity of these short-term deposit certificates rarely exceeds ninety days; deposits within these parameters are considered equivalent to cash equivalents.

The Company monitors the investments in short term deposits and is satisfied with the credit ratings of its banks. As of September 30, 2013, the Company did not have any investments with maturities in excess of ninety days. The Company has no investments in asset backed commercial paper or similar investments.

b) Foreign currency risk

The Company conducts the majority of its business in Canada, and is therefore not exposed to significant foreign currency risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company currently maintains investments in certain publicly listed companies. There can be no assurance that the Company can exit these positions as required, resulting in proceeds approximating carrying value of the securities.

12. SUBSEQUENT EVENTS

Subsequent to year end, the Company closed a non-brokered private placement of 1,561,499 units at a price of $0.35 per unit, for gross proceeds of $546,525. Each unit consists of one common share and one half share purchase warrant. The share purchase warrants are exercisable until 2015 at $0.35 per share for the first year and $0.40 per share for the second year. $383,950 of these proceeds were received by the Company during the year ended September 30, 2013, and were recorded as subscriptions received in advance. Cash finders' fees of 7% of the gross amount raised by each finder are associated with the placement.

Additionally, on November 4, 2013 the Company announced that it is conducting a private placement of up to 1,000,000 units at the price of $0.38 per unit. Each unit will consist of one common share and one-half share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share for a period of two years from closing of the placement at the price of $0.38 per share in the first year and $0.45 per share in the second year. The Company has since closed the placement which raised $200,700 by issuing 526,500 units at $0.38 per unit.

On January 20, 2014 the Company announced that its CEO and President has transitioned from the position to one of Technical Advisor. The Chairman Mr. Mike Muzylowski will become interim CEO and President.

13. OFF BALANCE SHEET ARRANGEMENTS

The Company has no significant off balance sheet arrangements.

14. LIST OF DIRECTORS AND OFFICERS

John J O'Donnell	Director	President & CEO (Until January 20, 2014)
Anna Stylianides	Director	CEO (Until January 3, 2013)
Mike Muzylowski	Director	Chairman/Interim President & CEO (As of January 20, 2014)
Mervyn Shnider	Director	-- Resigned July 31, 2013
Gordon Slade	Director	--
Nico Civelli	Director	-- (as at January 14, 2013)
Michael Louie	Director	-- (as of October 23, 2013)
Tamara Edwards	--	Chief Financial Officer
Cheri Pedersen	--	Corporate Secretary