CALLINEX MINES INC.

Financial Statements
Years ended September 30, 2014 and 2013

(Expressed in Canadian dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Callinex Mines Inc.

We have audited the accompanying financial statements of Callinex Mines Inc., which comprise the statements of financial position as at September 30, 2014 and 2013 and the statements of comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Callinex Mines Inc. as at September 30, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Callinex Mines Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Accountants

January 22, 2015

CALLINEX MINES INC.
Statements of Financial Position
As at:
(Expressed in Canadian dollars)

	Note	September 30 2014	September 30 2013
		$	**$**
Assets			
Current			
Cash and cash equivalents		**961,483**	3,042,370
Receivables	**10**	**18,287**	16,030
Prepaid expenses		**14,591**	27,336
		994,361	3,085,736
Non-current			
Deposits		**22,702**	21,248
Equipment	**6**	**83,513**	90,977
Exploration and evaluation assets	**7**	**12,614,980**	32,834,973
		13,715,556	36,032,934
Liabilities			
Current			
Accounts payable and accrued liabilities	**10**	**120,907**	100,305
Non-current			
Deferred tax liability	**11**	**431,000**	6,293,000
Shareholders' Equity			
Capital stock	**8**	**42,792,853**	42,052,891
Subscriptions received in advance	**8**	**-**	383,950
Equity reserve	**8**	**4,380,891**	4,018,062
Deficit		**(34,010,095)**	(16,815,274)
		13,163,649	29,639,629
		13,715,556	36,032,934

Nature of operations and going concern – Note 1
Commitments – Note16

APPROVED BY THE BOARD OF DIRECTORS

Michael Louie Director *Nico Civelli* Director

The accompanying notes are an integral part of these financial statements

CALLINEX MINES INC.

Statements of Comprehensive Loss
Years ended September 30
(Expressed in Canadian dollars)

	Note	2014	2013
		$	$
Audit and accounting	10	**113,176**	157,565
Consulting fees	10	**23,030**	59,985
Depreciation	6	**29,340**	33,656
Insurance expense		**27,273**	28,464
Legal fees		**70,585**	72,320
Listing and sustaining fees		**21,758**	25,156
Property expenses		**24,751**	105,231
Property investigation costs		**-**	9,607
Office and administration		**71,542**	73,606
Office rent		**65,296**	70,476
Salaries	10	**560,222**	669,022
Shareholder relations and news releases		**153,009**	111,264
Share-based compensation	8	**347,878**	275,998
Transfer agent		**10,579**	10,759
Travel		**24,972**	21,001
		(1,543,411)	(1,724,110)
Finance income		**29,967**	47,494
Dividend income		**-**	4,200
Write off of equipment	6	**(5,520)**	-
Write off and impairment of exploration and evaluation assets	7	**(21,525,857)**	(1,122,556)
		(23,044,821)	(2,794,972)
Deferred income tax recovery	11	**5,850,000**	8,093
Net loss for the year		**(17,194,821)**	(2,786,879)
Other comprehensive income			
Change in fair value of restricted investments		**-**	89,600
Total comprehensive loss for the year		**(17,194,821)**	(2,697,279)
Loss per share			
- Basic and diluted		**(0.54)**	(0.13)
Weighted average number of shares outstanding			
- Basic and diluted		**31,774,447**	21,925,489

The accompanying notes are an integral part of these financial statements

CALLINEX MINES INC.

Statements of Cash Flows
Years ended September 30
(Expressed in Canadian dollars)

	2014	2013
	$	$
Cash flows (used in) provided by		
Operating activities		
Net loss	**(17,194,821)**	(2,786,879)
Items not affecting cash		
Depreciation	**29,340**	33,656
Share-based payments	**347,878**	275,998
Write off and impairment of exploration and evaluation assets	**21,525,857**	1,122,556
Write off of equipment	**5,520**	-
Deferred income tax recovery	**(5,850,000)**	(8,093)
Net change in non-cash working capital items		
Receivables	**(2,257)**	131,825
Prepaid expenses	**12,745**	652
Deposits	**7,248**	103,572
Accounts payable and accrued liabilities	**(94)**	(141,430)
	(1,118,584)	(1,268,143)
Investing activities		
Acquisition of exploration and evaluation assets	**(1,290,823)**	(2,382,297)
Purchase of equipment	**(27,396)**	(11,395)
Deposits	**(22,702)**	-
	(1,340,921)	(2,393,692)
Financing activities		
Proceeds on shares issued, net of share issuance costs	**378,618**	1,256,350
Subscriptions received in advance	**-**	383,950
	378,618	1,640,300
Decrease in cash and cash equivalents	**(2,080,887)**	(2,021,535)
Cash and cash equivalents, beginning of year	**3,042,370**	5,063,905
Cash and cash equivalents, end of year	**961,483**	3,042,370
Cash and cash equivalents consist of:		
Cash	**106,483**	473,220
Cash equivalents	**855,000**	2,569,150

Supplemental cash flow information -Note 14

The accompanying notes are an integral part of these financial statements

CALLINEX MINES INC.
Statement of Changes in Equity
(Expressed in Canadian dollars)

	Common shares	Capital Stock	Subscription received in advance	Equity Reserve (Note 8)	Accumulated other comprehensive income	Deficit	Total
	number	$	$	$		$	$
Balance, September 30, 2012	**18,562,352**	**40,053,541**	**690,000**	**3,742,064**	**(89,600)**	**(14,028,395)**	**30,367,610**
Shares issued in consideration for:							
Cash, pursuant to:							
- Private placement	10,765,000	2,046,000	(690,000)	-	-	-	1,356,000
- Subscription received in advance	-	-	383,950	-	-	-	383,950
Exploration and evaluation assets	460,000	53,000	-	-	-	-	53,000
Share issuance costs	-	(99,650)	-	-	-	-	(99,650)
Share-based payments	-	-	-	275,998	-	-	275,998
Fair value adjustment of securities	-	-	-	-	89,600	-	89,600
Net loss	-	-	-	-		(2,786,879)	(2,786,879)
Balance, September 30, 2013	**29,787,352**	**42,052,891**	**383,950**	**4,018,062**	**-**	**(16,815,274)**	**29,639,629**
Shares issued in consideration for:							
Cash, pursuant to:							
- Private placements	2,087,999	746,594	(383,950)	-	-	-	362,644
- Exercise of warrants	135,750	32,513	-	-	-	-	32,513
Exploration and evaluation assets	45,000	9,900	-	-	-	-	9,900
Share issuance costs	-	(61,045)	-	14,951	-	-	(46,094)
Deferred tax	-	12,000	-	-	-	-	12,000
Share-based payments	-	-	-	347,878	-	-	347,878
Net loss	-	-	-	-	-	(17,194,821)	(17,194,821)
Balance, September 30, 2014	**32,056,101**	**42,792,853**	**-**	**4,380,891**	**-**	**(34,010,095)**	**13,163,649**

The accompanying notes are an integral part of these financial statements

1. Nature of operations and going concern

Callinex Mines Ltd. (“Callinex” or the “Company”) was incorporated on April 21, 2011 under the British Columbia Business Corporations Act for the purpose of receiving certain cash, equipment, common shares, and exploration and evaluation assets from Callinan Royalties Corporation (formerly Callinan Mines Limited) (“Callinan”) in exchange for common shares of the Company by way of a plan of arrangement as approved by the shareholders of Callinan on June 7, 2011. The effective date of the transaction with Callinan was July 13, 2011.

The Company’s head office and registered and records office address is 1110 – 555 West Hastings Street, Vancouver, British Columbia, Canada V6B 4N4.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development of its properties, confirmation of the Company’s interest in the underlying permits and licenses, and future profitable production or proceeds from the disposition of the Company’s properties. Although the Company has taken steps to verify title to resource properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to raise adequate financing through the capital markets. These financial statements do not give effect to any adjustments that might be required should the Company be unable to continue as a going concern and therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts differing from those reflected in the financial statements.

The current market conditions and volatility increases the uncertainty of the Company’s ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. These items cast a significant doubt upon the Company’s ability to continue as a going concern.

2. Basis of presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).The financial statements have been prepared under the historical cost convention except certain financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

These financial statements were approved by the Board of Directors for use on January 22,2015.

3. Summary of significant accounting policies

a) Cash and cash equivalents
The Company considers cash and cash equivalents to include cash on deposit and highly liquid short term interest bearing investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

b)Equipment
Equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less its estimated residual value, using the declining balance method at the following rates per annum:

Equipment	30%
Office Furniture	20%
Computer Equipment	30%

Leasehold improvements are depreciated straight-line, over 5 years.

Additions during the year are depreciated at one-half the annual rates.

Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss in the statement of operations and comprehensive income or loss. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment. Expenditures incurred to replace a component of an item of equipment that is accounted for separately, including major inspection and overhaul expenditures are capitalized.

c) Exploration and evaluation assets
Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of exploration and evaluation assets are capitalized by property. These direct expenditures include such costs as materials used, surveying, drilling, and payments made to contractors during the exploration phase. Costs not directly attributed to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

d) Future reclamation costs
The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral interests (exploration and evaluation assets) and equipment. The net present value of future reclamation cost estimate is capitalized to the related asset along with a corresponding increase in the reclamation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the reclamation provision. The increase in the provision due to the passage of time is recognized as interest expense.

For the years presented, the Company does not have any significant future reclamation costs.

e) Foreign exchange
The Company's functional and reporting currency is the Canadian dollar. Transactions denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at the statement of financial position date to reflect exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historical exchange rates. Gains and losses on translation are included in determining net loss for the year.

f) Impairment of long-lived assets
At each reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the year.

For the purposes of impairment testing, equipment and exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Share-based compensation
The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and other equity reserve. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The other equity reserve account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

h) Income taxes
Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

i) Loss per share
The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Flow-through shares
Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities and included in income tax recovery at the same time the qualifying expenditures are made.

k) Financial instruments
All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in the statement of operations. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax.

Financial assets and liabilities “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest method.

The Company has classified its cash and cash equivalents as fair value through profit and loss. The Company’s receivables are classified as loans and receivables. Long term deposits have been classified as held-to-maturity. The Company’s accounts payable and accrued liabilities are classified as other financial liabilities.

The Company classifies the fair value of financial instruments according to a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices; and
- Level 3 – inputs for the asset or liability that are not based on observable market date (unobservable inputs).

l) Comprehensive loss
Comprehensive loss consists of net loss and other comprehensive loss and represents the change in shareholders’ equity which results from transactions and events from sources other than the Company’s shareholders. For the years presented, comprehensive loss includes holding gains and losses from financial instruments classified as available-for-sale.

4. New and Future Accounting standards and pronouncements

a)New standards and amendments effective for the first time from October 1, 2013
The following revised standards and amendments became effective for the Company on October 1, 2013. The new and amended standards did not have a significant impact on the financial statements. The following is a brief summary of the principal new standards adopted by the Company:

IAS 1 – Presentation of financial statements
This standard was amended to change the disclosure of items presented in OCI, including a requirement to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss in the future.

IFRS 2 - Share-based payment
The amendment clarifies vesting conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition. The amendment is effective on a prospective basis for share-based payment transactions for which the grant date is on or after July 1, 2014.

IFRS 7 – Financial Instruments disclosure
This standard was amended to enhance disclosure requirements related to offsetting of financial assets and financial liabilities.

IFRS 13 – Fair value measurement
New standard on the measurement and disclosure of fair value, effective for annual periods beginning on or after January 1, 2013.

b) Accounting standards issued but not yet effective
At the date of approval of the financial statements the following standards, which are applicable to the Company, were issued but not yet effective. The Company has not completed its assessment of the impact that the new and amended standard will have on its financial statements. The following is a brief summary of the principal new or amended standards:

IFRS 9 - Financial instruments
In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments – to replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IAS 32 – Financial Instruments presentation
The Standard was amended to clarify requirements for offsetting financial assets and financial liabilities, effective for annual periods beginning on or after January 2014.

IAS 36 – Impairment of assets
The Standard was amended to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units (CGUs) for periods in which an impairment loss has been recognized or reversed, effective for annual periods beginning on or after January 2014.

IFRS 7 – Financial Instruments disclosures
The Standard was amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2015.

5. Critical accounting estimates and judgments

a) Judgements
The preparation of these financial statements requires estimates and assumptions that affect the amounts reported in these financial statements. Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

i) Going concern
The preparation of the financial statements requires management to make judgements regarding the going concern of the Company as previously discussed in Note 1.

ii) Impairment
The carrying amount of the Company's exploration and evaluation assets does not necessarily represent present or future values, and these assets have been accounted for under the assumption that the carrying value will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the exploration and evaluation assets themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

(Expressed in Canadian dollars)

Management reviewed exploration and evaluation assets for the year ended September 30, 2014 and noted the Coles Creek, Fox River, and Pulver Lake properties had impairment indicators. Management made an assessment of the net recoverable amount of the properties and wrote the carrying value down to that amount. (Refer to Note 7)

Impairment indicators noted during the year ended September 30, 2013 are discussed in Note 7.

b) Significant Estimates
Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Share based payments
Charges for share-based payments are based on the fair value at the date of the award. The Company also grants warrants in conjunction with private placements as compensation to finders. Stock Options are valued using the Black-Scholes Option Pricing Model, and inputs to the model include assumptions on expected volatility, discount rates and expected term, dividend yield, and expected forfeitures. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of shareholders' equity. Expected volatility is a measure for variation of a price of a financial instrument over time. Expected volatility is derived from a time series of post market prices therefore may not be an accurate representation of future volatility.

ii) Deferred income taxes
The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

6.Equipment

	Equipment	Office Furniture	Computer Equipment	Leasehold Improvements	Total
	$	$	$	$	$
Cost					
Balance, September 30, 2012	167,686	78,763	113,084	43,490	403,023
Additions	-	-	11,395	-	11,395
Balance, September 30, 2013	167,686	78,763	124,479	43,490	414,418
Additions	-	8,868	18,528	-	27,396
Write down	(81,806)	-	-	-	(81,806)
Balance, September 30, 2014	**85,880**	**87,631**	**143,007**	**43,490**	**360,008**

(Expressed in Canadian dollars)

Accumulated depreciation					
Balance, September 30, 2012	138,895	58,521	85,846	6,523	289,785
Depreciation	8,637	4,048	9,881	11,090	33,656
Balance, September30, 2013	147,532	62,569	95,727	17,613	323,441
Depreciation	6,046	4,125	11,406	7,763	29,340
Write down	(76,286)	-	-	-	(76,286)
Balance, September 30, 2014	**77,292**	**66,694**	**107,133**	**25,376**	**276,495**
Net book value					
September 30, 2013	20,154	16,194	28,752	25,877	90,977
September 30, 2014	**8,588**	**20,937**	**35,874**	**18,114**	**83,513**

7. Exploration and evaluation assets

By way of the plan of arrangement approved by the shareholders of Callinan on July 13, 2011, Callinan transferred its exploration and evaluation assets to Callinex. All rights to purchase a royalty or a portion of a royalty attached to any of the exploration and evaluation assets transferred remains with Callinan.

	Neuron	**Flin Flon**	**Gossan/ Rug**	**Pine Bay**	**Other**	**Total**
	$	**$**	**$**		**$**	**$**
September 30, 2013	186,996	88,454	4,807,010	2,622,564	25,129,949	32,834,973
Acquisition	10,500	54,900	-	-	-	65,400
Drilling	592,335	-	-	-	-	592,335
Geochemical	40,605	-	480	-	-	41,085
Geophysical	450,101	-	25,250	-	-	475,351
Other	74,131	-	13,928	-	-	88,059
Permitting	26,629	23,345	9,855	-	38,514	98,343
Recovery	(6,168)	-	(21,138)	-	(27,403)	(54,709)
	1,188,133	78,245	28,375	-	11,111	1,305,864
Write down	-	-	-	-	(21,525,857)	(21,525,857)
September 30, 2014	**1,375,129**	**166,699**	**4,835,385**	**2,622,564**	**3,615,203**	**12,614,980**

(Expressed in Canadian dollars)

	Neuron	Flin Flon	Gossan/ Rug	Pine Bay	Other	Total
	$	$	$		$	$
September 30, 2012	-	32,500	3,976,086	2,548,769	25,177,772	31,735,127
Acquisition	-	35,700	332,143	68,520	78,357	**514,720**
Drilling	-	20,202	421,565	-	1,127,330	**1,569,097**
Geochemical	-	-	14,456	-	-	**14,456**
Geophysical	166,669	-	-	-	72,600	**239,269**
Other	20,327	52	62,760	5,275	101,555	**189,969**
Permitting	-	-	-	-	-	**-**
Recovery	-	-	-	-	(305,109)	**(305,109)**
	186,996	55,954	830,924	73,795	1,074,733	**2,222,402**
Write down	-	-	-	-	(1,122,556)	**(1,122,556)**
September 30, 2013	**186,996**	**88,454**	**4,807,010**	**2,622,564**	**25,129,949**	**32,834,973**

a) Neuron
The Company obtained the initial claims in Manitoba on May 31, 2013 and acquired additional claims during the year ended September 30, 2014.

b) Flin Flon Claims
On May 22, 2012 the Company entered into an option agreement to acquire a 100% interest in the Flin Flon Area claims. The effective date of the agreement was August 1, 2012, the date of the TSX Venture Exchange ("TSXV") acceptance. The agreement called for scheduled payments totalling $250,000 cash and the issuance of 250,000 shares over the following payment periods:

- $25,000 and 25,000 shares within five days of the effective date (paid and issued during fiscal year ended September 30, 2012)
- $30,000 and 30,000 shares on or before 12 months from the effective date (paid and issued during year ended September 30, 2013. The shares issued were valued at $7,500)
- $45,000 and 45,000 shares on or before 24 months from the effective date (paid and issued during the year ended September 30, 2014. The shares issued were valued at $9,900)
- $150,000 and 150,000 shares on or before 36 months from the effective date.

The property is subject to a 2% Net Smelter Return Royalty of which the Company may purchase 1% for cash payment of $1,000,000.

c) Gossan/Rug Claims
The Company has acquired a 100% interest in the Gossan property and Rug claims through option agreements. During the year ended September 30, 2013 the Company issued 430,000 common shares valued at $47,300 as an option payment for the Rug Claims.

d) Other
The Company has an interest in other properties. The properties are in good standing and do not require any further commitments. These include the Sneath Lake property, Coles Creek property, Fox River property, Moak Lake property, Norris Lake property, the Herblet Lake property, the Pine Bay property, the Island Lake property and the Pulver Lake property.

During the year ended September 30, 2014, management decided that it would no longer pursue the Pulver Lake property and $51,765 was written off. An impairment write down of $21,474,092 was taken in relation to the Coles Creek and Fox River as the Company has no plans for the properties in the near future. During the year ended September 30, 2013 the Company decided it would no longer pursue its Troitsa, Elliot Lake, Tramping Lake and Cameco claims and as a result wrote off $,1,122,556.

8. Share capital

a) Authorized:
Unlimited common shares with no par value

b) Financings
On October 23, 2013 the Company issued 1,561,499 units at a price of $0.35 per unit for gross proceeds of $546,524 through a non-brokered private placement. $383,950 of these proceeds was received by the Company during the year ended September 30, 2013. Each unit comprises one common share of the Company 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 at the price of $0.35 per share in the first year and $0.40 per share in the second year. The warrants were attributed a value of $nil, using the residual value method. Share issuance costs of $29,556 and 44,444 agents' warrants were incurred and issued in relation to this placement. Each whole agent warrant is exercisable to purchase one common share for a period of two years at the price of $0.35 per share for the first year and $0.40 per share for the second year. The agents' warrants were attributed a fair value of $14,951 using the Black-Scholes Option-Pricing Model. Assumptions used in the pricing model were as follows: average risk-free interest rate – 1.30%; expected life – 2 years; expected volatility – 106%; and expected dividends – nil.

On November 22, 2013 the Company issued 526,500 units at a price of $0.38 per unit for gross proceeds of $200,070 through a non-brokered private placement. Each unit is comprised 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 at the price of $0.38 per share in the first year and $0.45 per share in the second year. The warrants were attributed a value of $nil, using the residual value method. Share issuance costs of $16,538 were incurred in relation to this placement.

During the year ended September 30, 2013 the Company issued 1,725,000 common shares at a price of $0.40 per share for gross proceeds of $690,000 through a non-brokered private placement. These proceeds were received by the Company during the year ended September 30, 2012.

During the year ended September 30, 2013 the Company issued 9,040,000 flow-through units at a price of $0.15 per share for gross proceeds of $1,356,000 through a non-brokered private placement. Each flow-through unit is comprised of one flow-through common share of the Company and one share purchase warrant. Each warrant may be exercised to purchase one common share at $0.20 per share for a period of two years. Finders' fees of $76,650 were paid for this placement.

c) Stock options
The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under

(Expressed in Canadian dollars)

the plan may not be less than the Market Price (as that term is defined in the policies of the TSXV. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days, or 30 days for a person engaged in investor relations activities, or within reasonable discretion of the board, of termination of employment or holding office as director or officer of the Company. Options granted to employees, management and directors vest immediately, unless otherwise specified by the Board of Directors. Investor relation options vest over 12 months with no more than one quarter of the options vesting in any three month period.

The balance of options outstanding and related information for the years ended September 30, 2014 and 2013 are as follows:

	Number of options	**Weighted average exercise price (per share)**	**Weighted average remaining life (years)**
Balance, September 30, 2012	1,546,659	$0.77	3.59
Granted	1,410,000	$0.30	
Expired	(148,883)	$0.44	
Forfeited	(562,776)	$0.76	
Balance, September 30, 2013	2,245,000	$0.50	4.19
Granted	2,315,000	$0.33	
Forfeited	(1,265,000)	$0.54	
Cancelled	(100,000)	$0.47	
Balance September 30, 2014	3,195,000	$0.36	4.35
Unvested	(1,035,000)	$0.29	4.94
Exercisable, September 30, 2014	2,160,000	$0.40	4.07

The weighted average fair value of the options granted during the year ended September 30, 2014 was $0.23 (2013 - $0.20). During the year ended September 30, 2014 a total of 940,000 options granted vested immediately and the remaining 1,375,000 vested on a quarterly basis. During the year ended September 30, 2013 all options granted vested immediately.

For the year ended September 30, 2014, the Company recorded share-based payments expense of $347,878 (2013 - $275,998). The fair value of these options was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2014	**2013**
Risk free interest rate	1.30%	2.75%
Expected life	4.8 years	5 years
Expected volatility	101%	91%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

(Expressed in Canadian dollars)

The balance of options outstanding as at September 30, 2014 was as follows:

Expiry date	Average Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
September 14, 2016	$0.90	1.96	225,000	-	225,000
May 17, 2015	$0.50	2.62	50,000	-	50,000
August 6, 2018	$0.30	3.85	780,000	-	780,000
October 28, 2018	$0.37	4.08	150,000	-	150,000
May 7, 2019	$0.47	4.60	340,000	-	340,000
September 5, 2019	$0.29	4.93	1,375,000	875,000	500,000
September 12, 2019	$0.29	4.95	275,000	160,000	115,000
	$0.35	4.35	3,195,000	1,035,000	2,160,000

Subsequent to September 30, 2014 a total of 245,000 options forfeited unexercised.

d) Share purchase warrants
The balance of warrants outstanding and related information for the years September 30, 2014and 2013is as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average Remaining life (years)
Balance, September 30, 2012	1,232,678	1.04	0.89
Issued	9,040,000	$0.20	
Expired	(480,000)	$1.10	
Balance, September 30, 2013	9,792,678	$0.26	1.70
Issued	1,088,441	$0.39	
Exercised	(135,750)	$0.24	
Expired	(752,678)	$1.00	
Balance, September 30, 2014	9,992,691	$0.22	0.84

During the year ended September 30, 2014 a total of 135,750 share purchase warrants were exercised for net proceeds of $32,513. The weighted average trading price per share as traded on the TSXV on the days that warrants were exercised was $0.38per share. The weighted average exercise price of the warrants exercised was $0.24 per share. No warrants were exercised in the year ended September 30, 2013.

(Expressed in Canadian dollars)

The balance of warrants outstanding as at September 30, 2014 was as follows:

Expiry date	Average Exercise price	Remaining life (years)	Warrants Outstanding
July 25, 2015	$0.20	0.82	8,940,000
October 23, 2015[1]	$0.38	1.06	789,441
November 22, 2015	$0.42	1.15	263,250
	$0.22	0.84	9,992,691

[1] 44,444 agents' warrants are included in the warrants outstanding

e) Equity reserve

	Funding by Callinan	Options and warrants	Total
	$	$	$
Balance, September 30, 2012	2,660,523	1,081,541	3,742,064
Share-based compensation	-	275,998	275,998
Balance, September 30, 2013	2,660,523	1,357,539	4,018,062
Fair value of agent warrants issued	-	14,951	14,951
Share-based compensation	-	347,878	347,878
Balance, September 30, 2014	2,660,523	1,720,368	4,380,891

9. Restricted investment

By way of the plan of arrangement a total of 500,000 common shares of Callinan were transferred to the Company in order to satisfy future property option commitments. These common shares were held in trust by the Company. As at September 30, 2014 and 2013 all common shares held in trust had been issued for option payments. During the year ended September 30, 2013 the Company recorded a change in fair value of the shares of $89,600 through other comprehensive income.

10. Related party transactions

Key management includes executive and non-executive members of the Company's Board of Directors and corporate officers. Compensation paid or payable to key management for services provided during the years ended September 30, 2014 and 2013 was as follows:

	2014	2013
	$	$
Accounting	20,000	22,500
Consulting	6,000	55,000
Salaries	204,432	309,526
Share-based compensation	254,565	216,296
	484,997	603,322

(Expressed in Canadian dollars)

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, 2014 a total of $48,675 (2013 - $58,400) was incurred for this service.

On June 1, 2014 the Company entered into an office facilities and service agreement with Terra Nova Energy Ltd ("Terra Nova") whereby the Company will provide certain shared office services to Terra Nova. During the year ended September 30, 2014 a total of $12,000 was accrued for this service and offset against costs incurred by the Company. As of September 30, 2014 a total of $12,000 (September 30, 2013 - $nil) is included in receivables.

At September 30, 2014 $14,937 (September 30, 2013 - $56,472) was owed to related parties and is included in accounts payable and accrued liabilities.

11. Income taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision is as follows:

	2014	**2013**
Statutory tax rate	**26%**	**25.5%**
	$	**$**
Loss for the year before taxes	(23,044,821)	(2,794,972)
Expected income tax recovery at statutory rate	(5,991,670)	(713,000)
Add (deduct)reconciling items:		
Change in statutory rate	170	242,907
Permanent differences	12,100	71,000
Impact of flow through shares	129,400	463,000
Share issue costs	-	(25,000)
Income tax benefit not recognized	-	(47,000)
Income tax recovery as booked	(5,850,000)	(8,093)

The income tax recovery above represents deferred tax only.

The significant components of the Company's net deferred tax assets and liabilities as at September 30are as follows:

	2014	**2013**
	$	**$**
Deferred tax assets:		
Equipment	27,000	18,000
Share issue costs	55,000	80,000
Capital loss carry forward	16,000	18,000
Non-capital losses carried forward	1,252,000	922,000
Unrecognized deferred tax assets	1,350,000	1,038,000
Deferred tax liabilities:		
Exploration and evaluation assets	(1,781,000)	(7,331,000)
Net deferred tax balance	(431,000)	(6,293,000)

(Expressed in Canadian dollars)

As at September 30, 2014, the Company has estimated $4,813,000 of non-capital losses for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years. Their expiry dates range from 2031 – 2034.

	$
2031	496,000
2032	1,658,000
2033	1,383,000
2034	1,276,000
	4,813,000

The potential benefits of these carry-forward non-capital losses, capital losses and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit in the same entity will allow the deferred tax asset to be recovered.

12. 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 cash and cash equivalents, receivables, deposits, and accounts payable and accrued liabilities.

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities. The carrying value of the Company's other financial instrument, deposits, is recorded at amortized cost.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

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 receivable consists mainly of input tax credits receivable due from the Government of Canada and an amount due from a related party. 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 13 to these financial statements. Accounts payable relating to exploration and evaluation assets and other accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand, and are subject to normal trade terms. As at September 30, 2014, the Company had a cash and cash equivalents balance of $961,483 to settle current liabilities of $120,907 which is sufficient to cover funding requirements for administrative operations as currently planned for at least the next twelve months, however, the Company will require additional funding to complete planned exploration projects.

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. 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.

13. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and evaluation of its exploration and evaluation assets, acquire additional mineral property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, warrants, options, equity reserve and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling the capital expenditures program. The Company is not subject to externally imposed capital requirements.

The Company's mineral property interests are in the exploration stage. As such, the Company is dependent on external financing to develop its properties and fund its activities. In order to carry out its planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed and if available, and may even dispose of some of or all of its mineral property interests.

Management reviews its capital management policies on an ongoing basis. There were no changes in the Company's approach to capital management during the year ended September 30, 2014.

(Expressed in Canadian dollars)

14. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flow. As at, and during the years ended September 30, 2014 and 2013 the following transactions were excluded from the statements of cash flows:

	2014	2013
	$	$
Non-cash investing and financing transactions		
Fair value of broker warrants	14,951	-
Shares issued for mineral property	9,900	196,500
AOCI allocated to mineral property	-	100,800
Share issuance costs included in accounts payable and accrued liabilities	15,555	-
Prepaid deferred share issuance costs applied to share capital	14,000	-
Exploration and evaluation assets included in accounts payable and accrued liabilities	5,141	-

During the year ended September 30, 2014 the Company received $29,967 (2013 - $47,494) in interest revenue and paid $nil (2013 - $nil) for interest and taxes.

15. Segmented Information

The Company has one reportable operating segment, which is the exploration and evaluation of its exploration and evaluation assets in Canada. All of the Company's assets are located in Canada.

16. Commitments

The Company is committed to payments, for the next twelve months, of $122,996 under various consulting agreements. The Company entered into a lease agreement for its office premises. The lease will expire on November 30, 2015. The annual lease commitment is as follows:

Fiscal year ended September 30, 2015	$72,000
Fiscal year ended September 30, 2016	$12,000