



CALLINEX
MINES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Management's Discussion and Analysis for the year ended September 30, 2021

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended September 30, 2021 ("MD&A") has been prepared as of December 15, 2021. It should be read in conjunction with the audited financial statements of Callinex Mines Inc. for the year ended September 30, 2021.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in the Company's presentational currency of Canadian dollars unless otherwise indicated.

CORPORATE SUMMARY

Callinex Mines Inc. (the "Company" or "Callinex") is principally engaged in the acquisition, exploration and development of mineral properties within established Canadian mining jurisdictions with its head office located in Vancouver, British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta and its common shares trade on the TSX Venture Exchange under the symbol CNX.

Operational Highlights and Outlook

Throughout 2021 the Company planned and commenced drilling 30,000 meters at Pine Bay and also carried out the work necessary to file, on December 9, 2021, its Technical Report and Mineral Resource Estimate on the Pt. Leamington Property. The Company raised \$8,888,888 to fund its budgeted drilling and exploration program. Other operational highlights are noted as follows:

- Announced results from its completed soil sampling campaign at Nash Creek resulting in the identification of seven new target areas based on elevated silver, lead and zinc soil anomalies.
- Announced receipt of a \$300,000 grant from the Manitoba Mineral Development Fund ("MMDF") to advance the high-grade copper, gold, silver and zinc Rainbow Deposit (the "Rainbow"), located at the Company's 100% owned Pine Bay Project in Flin Flon, Manitoba.
- Announced results from a 10 line-km deep penetrating surface pulse electromagnetic survey completed in January 2021 and the remaining drill results from the 2020 exploration campaign to expand the Rainbow at the 100% owned Pine Bay Project.
- On February 16, 2021, announced commencement of its 2021 drilling campaign (the "Drilling Campaign") at Pine Bay. The Drilling Campaign commenced with the initial completion of two drill holes for 1,600 meters of the 30,000 meters budgeted for 2021.
- On February 25, 2021, announced the closing of its oversubscribed private placement financing by raising a total of \$8,888,888.
- On April 26, 2021, announced that it had more than doubled the vertical extent of the Rainbow by extending the high-grade copper, gold, silver and zinc deposit 257m closer to surface.
- On June 8, 2021, announced high-grade copper intersections 4.87 meters of 14.94% Copper in 90-meter step-out from the Rainbow.
- On June 28, 2021, announced that personnel and a drill rig were mobilized to commence an up to 4,000 meters, fully funded, drilling campaign to drill test 10 km of the 18 km Black Point Arleau Brook Fault (the "Fault"). The drilling campaign's focus is on key drill targets identified during the 2020 soil sampling campaign at the 100% owned Nash Creek Project ("Nash Creek") located within the Bathurst Mining District of New Brunswick.

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- On June 30, 2021, announced 67 meters of 2.73% Copper and 20.53m of 2.58% Copper in Step-outs at the Rainbow. Also reported that, since resuming drilling in mid-February, 19 holes (including 1 wedge) have been announced for a total of 11,323 meters out of its fully funded 30,000-meter budgeted drill program.
- On September 7, 2021, announced 37 meters of 6% Copper in the Rainbow and confirmed that 27 holes (including 5 wedges) have been announced for a total of 18,700 meters out of the 30,000 meter Drilling Campaign.
- On December 9, 2021, filed the Technical Report and Mineral Resource Estimate, prepared by P&E Mining Consultants Inc., at its Point Leamington deposit, Newfoundland. The Pt. Leamington deposit hosts a VMS deposit with significant gold, copper and zinc mineralization that is open for expansion.
- On December 13, 2021, announced the progress from the 2021 drilling campaign at the Rainbow, noting the following (i) 37 drill holes totalling over 17,000m of drilling at the Pine Bay Project are pending results from the assay laboratory; (ii) this year 64 holes have been drilled totalling 34,250m which focused on expanding the Rainbow to the surface and testing exploration targets; and (iii) 12 holes encompassing 3,320m of drilling at the Nash Creek Project in New Brunswick are pending assay results from the laboratory.

The Company continues to progress its 2021 Drilling Campaign and is planning its 2022 exploration and drilling programs at its mineral properties in each of Flin Flon, MB; Bathurst, NB; and Pt. Leamington, NL.

EXPLORATION PROGRAMS AND EXPENDITURES

During the year ended September 30, 2021, the Company incurred deferred acquisition and exploration expenditures of \$6,186,583 (2020 - \$2,398,282), offset by government assistance of \$300,000 (2020 - \$nil). The expenditures relate primarily to the Pine Bay and Nash Creek projects.

The following are the exploration and evaluation assets held by the Company at September 30, 2021:

	Flin Flon	Point Leamington	Nash Creek	Superjack	Other	Total
	\$	\$	\$	\$	\$	\$
September 30, 2019	13,389,025	694,763	3,383,427	1,044,297	223,613	18,735,125
Acquisition	-	-	-	-	-	-
Assaying	66,019	1,626	37,795	-	-	105,440
Camp costs	41,323	1,411	84,916	1,254	-	128,904
Consulting	38,249	3,613	34,757	2,484	-	79,103
Drilling	1,116,615	1,166	419,510	82,231	-	1,619,522
Geologists	122,623	76,155	92,379	-	-	291,157
Geophysical	81,688	12,651	29,438	638	-	124,415
Other	21,271	2,278	22,347	-	-	45,896
Permitting	13,820	4,095	11,750	-	-	29,665
Recovery	-	-	(48,900)	-	-	(48,900)
Share-based compensation	13,645	445	8,240	750	-	23,080
	1,515,253	103,440	692,232	87,357	-	2,398,282

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	Flin Flon	Point Leamington	Nash Creek	Superjack	Other	Total
	\$	\$	\$	\$	\$	\$
September 30, 2020	14,904,278	798,203	4,075,659	1,131,654	223,613	21,133,407
Assaying	162,911	13,515	38,714	-	-	215,140
Camp costs	85,636	2,041	(8,027)	795	-	80,445
Consulting	-	6,153	-	-	-	6,153
Drilling	4,249,203	-	279,066	(23,057)	-	4,505,212
Geologists	470,362	37,539	137,332	-	-	645,233
Geophysical	227,941	523	1,810	-	-	230,274
Other	68,436	175	27,058	-	-	95,669
Permitting	19,339	63,031	5,100	80	4,647	92,197
Recovery	-	-	(20,991)	-	-	(20,991)
Surveying	-	17,178	-	-	-	17,178
Share-based compensation	288,487	15,636	15,950	-	-	320,073
	5,572,315	155,791	476,012	(22,182)	4,647	6,186,583
Government assistance	(300,000)	-	-	-	-	(300,000)
Write-down of exploration and evaluation assets	-	-	-	-	(110,018)	(110,018)
September 30, 2021	20,176,593	953,994	4,551,671	1,109,472	118,242	26,909,972

Pine Bay

Callinex owns a 100% interest in the 6,000 ha Pine Bay Project, with certain mineral leases and claims within the project being subject to a Net Smelter Return ("NSR") royalty ranging from 0%-1% (of which 0.5% NSR can be repurchased for \$500,000) and a Net Profit Interest. The project is located 16km east of Flin Flon, MB and covers the Baker Patton Felsic Complex, one of the largest and most highly altered accumulations of felsic rocks within the Flin Flon Greenstone Belt. The project hosts five VMS deposits one of which was previously taken into production. Additionally, high-grade copper and zinc mineralization is contained within a mineral lease that allows for the right to operate a mine and covers a 212-meter vertical shaft with 760 meter of underground development.

Callinex has completed over 54,000 meters of drilling with the objective to discover additional high-grade Volcanogenic Massive Sulphide ("VMS") mineralization within the project area, including its 2021 drilling campaign with 64 holes drilled for 34,250m of drilling, focusing on the further definition and expansion on the Rainbow at Pine Bay.

The Rainbow discovery hole, PBM-111, intersected 2.96m of 3.09% copper, 0.75 g/t gold, 13.35 g/t silver, 1.88% zinc and a second interval of 4.31m of 4.12% copper, 0.22 g/t gold, 2.21 g/t silver, 0.06% zinc. The Rainbow discovery was made by testing a previously identified BPEM anomaly known as Anomaly A, a highly conductive 260 meter by 600 meter anomaly (See News Release Dated July 21, 2020). Anomaly A is located at the intersection of a known mine horizon and probable paleofault. Nearly all VMS deposits in the Flin Flon Greenstone Belt are immediately related to an alteration zone the extent of which typically has a correlation to the deposit size (See News Release dated September 9, 2020).

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The Company announced the commencement of its 2021 drill program with the drill campaign starting with the completion of two drill holes for 1,600 meters of the 30,000 meters budgeted for 2021. The first drill (PBM-116) will continue stepping out from the Orange and Yellow zones, the first two zones discovered to date at the Rainbow, with an immediate focus of continuing to define mineralization closer to surface. The two drills continued stepping out from the Orange and Yellow zones of the Rainbow. (See News Release dated January 21, 2021).

In April 2021 drill hole PBM-121 intersected 7.55m of 5.01% CuEq consisting of 4.13% copper, 0.64 g/t gold, 11.08 g/t silver and 0.90% zinc at a 257 meter step-out vertically above the most recent high-grade intersection announced at the Rainbow discovery. In addition, drill hole PBM-118 intersected 7.77m of 5.55% copper equivalent (CuEq) comprising of 3.30% copper, 0.72 g/t gold, 7.48 g/t silver and 4.42% zinc.

On June 8, 2021 and June 30, 2021, the Company announced significant drill results from drill holes PBM-129-W1, PBM-129, PBM-128, PBM-129-W2 and PBM-131, in which drill hole PBM-129-W1 intersected the Orange Zone and returned 4.87 meters of 15.20% copper equivalent consisting of 14.94% copper, 0.23 g/t gold, 5.61 g/t silver, 0.15% zinc including a higher grade interval of 2.76 meters that returned 21.36% copper equivalent comprised of 21.00% copper, 0.32 g/t gold, 7.83 g/t silver and 0.20% zinc (see News Releases dated June 8, 2018 and June 30, 2021). Two rigs continue operating to expand the Rainbow closer to surface and at depth. In addition, the Company has commenced two deep penetrating geophysical surveys along the trend that hosts the Rainbow and Sourdough deposits as well as the past producing Centennial Mine. A 24 km IP survey was undertaken and spans a linear 3.2 km north-south trend with line widths up to 1.4 km at 150 m spacing. Further, a 13.4 line km deep penetrating surface pulse electromagnetic survey ("SPEM") is being completed that will cover an additional 10 km of the Rainbow trend to the south.

On September 7, 2021, the Company announced additional drill results from the ongoing 30,000m Drilling Campaign to expand the high-grade copper, gold, silver and zinc Rainbow. PBM-138 intersected the Orange Zone and returned 37.0m of 6.00% copper ("Cu"), 0.35 g/t gold ("Au"), 6.13 g/t silver ("Ag"), 0.09% zinc ("Zn"). PBM-138 is located 210m vertically above and along strike to the north of PBM-129-W2. Additionally, PBM-133 intersected the Orange Zone with 2.62% CuEq over 7.71m. One rig is currently drilling to test the up plunge extent of the Rainbow deposit above 300m vertical depth. A second drill rig is operating to test regional exploration targets to the north and along strike of the Rainbow Deposit, while vectoring with borehole electromagnetic surveys. (see News Release dated September 7, 2021).

On December 13, 2021, the Company announced that year-to-date it has drilled 64 holes for 34,250m of drilling which focused on expanding the Rainbow Deposit to the surface while also testing high priority targets. Since the Company's last exploration update, highlighted by PBM-138 (see News Release dated September 7, 2021), the Company has completed 37 holes for 17,270m which are pending results from the assay laboratory. Drilling at Rainbow since September has tested above the 300m level and within 35m of surface. (see News Release dated December 13, 2021).

Callinex will continue to provide results on an ongoing basis, as received, from the 2021 drilling campaign.

Flin Flon

Callinex owns a 100% interest, subject to a 2% NSR royalty of which 1% of the NSR royalty may be purchased for \$1,000,000, in the Flin Flon Project. The project is located 3 km southeast of Flin Flon, MB and covers 2,455 ha with similar geological strata to the main mine horizon that hosts Hudbay's 777 mine. The project was acquired based on the presence of these favourable geological strata, known mineral occurrences and close proximity to more than ten former producing VMS mines.

Nash Creek and Superjack

The Nash Creek and Superjack projects are located within the Bathurst Mining Camp ("BMC") of New Brunswick, Canada, and benefit from excellent infrastructure including road access to an operating concentrate processing facility approximately 90 km and 50 km, respectively, away by road. The BMC has been one of the most productive and economically significant base metal mining districts in the world. In total, more than 130 million tonnes of zinc sulphide rich material have been extracted from at least ten mines, nearly all of which has been mined since the 1950s.

On May 14, 2018, the Company announced results from an independent initial Preliminary Economic Assessment ("PEA") on the Company's 100% owned Nash Creek and Superjack Projects. **The mine plan generates a strong economic return with a pre-tax internal rate of return ("IRR") of a 34.1% (25.2% post-tax) and a pre-tax Net Present Value ("NPV") at an 8% discount rate of C\$230 million (C\$128 million post-tax) based on pre-production capital costs of C\$168 million and a zinc price of US\$1.25/lb.***

Cautionary Note on PEA. The PEA is preliminary in nature and it includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves. There is no certainty that the PEA will be realized.

Callinex has completed over 15,000 meters of drilling with the objective of expanding the zinc-rich mineralized zones at the Nash Creek and Superjack projects. The Company anticipates continued significant exploration programs including diamond drilling.

During the latter part of 2020, the Company collected 1,200 soil samples for analysis of base and precious metals at a 25-metre sample spacing along section lines spaced at 100 metre intervals over the 11 km trend that encompasses both silver discoveries. In January 2021 the Company announced the results of the soil sampling campaign at the Nash Creek Project, identifying seven new target areas based on elevated, silver, lead, and zinc soil anomalies that cover over 10 km Strike length of the southern portion of the Fault. The fault is spatially associated with the silver mineralization discovered in drill holes NC20-313 and NC19-306. A 4,000 meters drilling campaign was announced to step-out from both silver intercepts as well as test any anomalous areas of interest identified by the soil sampling campaign.

The fully funded drilling campaign will test 10 km of the Fault, in which Callinex's technical team has identified seven new target areas based on elevated, silver, lead, and zinc soil anomalies that cover over 10 km of the southern portion of the Fault. The 10 km area of interest has been subdivided into two target areas (i) Target Area 313 and (ii) Target Area 306. Target Area 313 is the northern 5.0 km of the sampled area where NC20-313 was drilled. Of the potential 5.0 km of strike, 3.7 km show strong linear correlations between silver/lead soil anomalies, and the target area is associated with a low resistivity Induced Polarization ("IP") anomaly. Target Areas 306 is the southern 5 km of the sampled area where NC19-306 was drilled. As seen in the northern area, soil results in the southern portion define four targets recommended for drilling which span 1.7 km of prospective strike. Of particular interest from the soil sampling results are the highlighted anomalous silver along the Fault (See News Releases dated October 13, 2020, January 11, 2021 and June 28, 2021).

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In July, Callinex commenced its 2021 New Brunswick exploration campaign at its Nash Creek Project to follow-up on two regional near surface silver discoveries and subsequent anomalies identified via a regional soil sampling campaign. Callinex drilled 12 holes encompassing 3,320m of drilling and completed the drilling by September. The Company is still awaiting assay results from the drill holes completed and will announce results when they are all received. (See News Release dated December 13, 2021).

Pt. Leamington

Callinex owns a 100% interest, subject to a 1% NSR royalty granted to the vendor which may be purchased by the Company for \$1,000,000, in the Pt. Leamington Project. The project, consisting of Mining Lease 136 (2655), is located approximately 37 km by road and trails from the city of Grand-Falls Windsor, Newfoundland, and approximately 20 km from the provincial power grid. The deposit is a large, felsic-hosted zinc rich VMS deposit that dips 70 degrees to the west, has a strike length of 500 meters and a maximum thickness of 85m. Massive sulphides have been intercepted to a depth of 360 meters below surface from a total of approximately 21,714 meters of drilling in 72 drill holes. Regional government mapping and lithogeochemical sampling has indicated that the Pt. Leamington Project's host volcanic stratigraphy extends well beyond the vicinity of the deposit.

On October 25, 2021, the Company announced an Updated Mineral Resource Estimate at Pt. Leamington. The Mineral Resource Estimate was prepared by P&E Mining Consultants Inc. for the Company. The Point Leamington Mineral Resource Estimate consists of a pit constrained Indicated Mineral Resource of 5.0 Mt grading 2.5 g/t gold equivalent ("AuEq") for 402 koz AuEq (145.7 koz gold ("Au"), 60.0 Mlb copper ("Cu"), 153.5 Mlb zinc ("Zn"), 2.0 Moz silver ("Ag"), 1.5 Mlb lead ("Pb")), an pit constrained Inferred Mineral Resource of 13.7 Mt grading 2.24 g/t AuEq for 986.5 koz AuEq (354.8 koz Au, 110.2 Mlb Cu, 527.3 Mlb Zn, 6.2 Moz Ag, 7.0 Mlb Pb) and an out-of-pit Inferred Mineral Resource of 1.7 Mt grading 3.06 g/t AuEq for 168.5 koz AuEq (65.4 koz Au, 13.3 Mlb Cu, 102.9 Mlb Zn, 1.4 Moz Ag, 2.6 Mlb Pb). The database for the Mineral Resource Estimate consisted of 94 drill holes totaling 28,172 m, of which a total of 57 drill holes totaling 15,660 m intersected the mineralization wireframes used for the Mineral Resource Estimate. The drill hole database contained assays for gold, zinc, copper, silver and lead as well as other metals of no economic importance. There is an opportunity to significantly expand a higher-grade portion of the Deposit with additional drilling at depth. The Project also has potential to host additional tonnage along strike. The Company is currently reprocessing historic borehole pulse Electromagnetic data surrounding the largely untested area and additional drilling may be completed in the future. (See News Release dated October 25, 2021).

Other

The Company has an interest in other properties. The other properties are in good standing and do not require any further commitments. These include the Neuron property, Gossan Gold, Sneath Lake property, Coles Creek property, Fox River property, Moak Lake property, Herblet Lake property, Headway property, Headway North claim and the Island Lake properties.

Neuron Graphite Project

On October 27, 2017, the Company signed an option agreement with Global Li-Ion Graphite Corp. ("LION") (CSE: LION) whereby LION could acquire a 100% interest in the Neuron property located in Northern Manitoba by paying \$200,000 in cash and issuing 2,000,000 LION common shares. During the first quarter of fiscal 2018 Callinex received the initial consideration of \$200,000 cash and 1,000,000 common shares of LION. The option agreement was not extended and expired on October 27, 2021.

In addition, the Company does not have any current or near-term plans to perform further work on the Neuron property. Accordingly, Management has determined to write-down the carrying value from \$110,018 to \$nil and has recognized a corresponding charge in the statement of loss and

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comprehensive loss for the year ended September 30, 2021. No write-downs were recorded for the year ended September 30, 2020.

Headway Project

On November 5, 2018, the Company entered into a purchase agreement to acquire a 100% interest in the Headway Project located in the Bathurst Mining District of New Brunswick in consideration for 25,000 common shares of the Company (issued on closing at the fair value of \$20,000).

The vendor will retain a 1.0% net smelter return royalty, of which half can be purchased by the Company at any time for \$500,000.

The Headway Project includes \$44,800 in work credits, which will allow the claims to remain in good standing until late 2023.

Headway North claim

During the year ended September 30, 2019, the Company closed a purchase agreement to acquire the Headway North claim, expanding the Company's Headway Project. In consideration, the Company issued 12,000 common shares of the Company at a deemed price of \$1.00 per common share or \$12,000.

The vendor will retain a 1.0% net smelter return royalty, of which half can be re-purchased by the Company for \$500,000.

The Headway North claim includes \$36,000 in work credits, which will allow the claims to remain in good standing until late 2024.

SELECTED ANNUAL INFORMATION

The following is a summary of certain selected audited financial information of the Company as at and for the years ended September 30, 2021, 2020 and 2019.

	2021	2020	2019
	(\$)	(\$)	(\$)
Total Revenues	-	-	-
Loss for the year	(1,152,081)	(1,125,121)	(1,996,753)
Total comprehensive loss for the year	(1,152,081)	(1,125,121)	(1,949,828)
Loss Per Share (basic and diluted) ⁽¹⁾	(0.09)	(0.10)	(0.23)
Total Assets	30,414,195	22,236,328	21,948,834
Long Term Debt	40,000	40,000	-
Dividends Declared	-	-	-

(1) The basic and diluted loss per share amounts are the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended September 30, 2021.

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	September 30, 2021	June 30, 2021*	March 31, 2021*	December 31, 2020
Three months ended	\$	\$	\$	\$
Revenues	-	-	-	-
Profit (loss) for the period	(602,069)	46,170	(44,428)	(551,754)
Total comprehensive profit (loss) for the period	(602,069)	46,170	(44,428)	(551,754)
Profit (loss) per share (basic and diluted) ^{(1),(2)}	(0.05)	0.00	(0.00)	(0.05)

*These figures are revised to reflect the impact of the change in methodology, applied during Q4 2021, for calculation of the flow through premium liability and related flow through premium recovery on the June 30, 2021 and March 31, 2021 quarterly financial statements.

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Three months ended	\$	\$	\$	\$
Revenues	-	-	-	-
Loss for the period	(303,533)	(182,665)	(348,361)	(290,562)
Total comprehensive loss for the period	(303,533)	(182,665)	(348,361)	(290,562)
Loss per share (basic and diluted) ^{(1),(2)}	(0.02)	(0.02)	(0.03)	(0.03)

⁽¹⁾ The basic and diluted loss per share amounts are the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

⁽²⁾ The sum of the quarterly per share amounts may not equal, in aggregate, the annual per share amount due to rounding in the calculations.

The loss for the quarter ended September 30, 2021 was higher compared to the prior quarters due to (i) higher corporate development costs of \$287,100 (ii) the recognition of a bonus of \$200,000 to the Chief Executive Officer, (iii) share-based compensation of \$156,555, (iv) the write-down of the Neuron property by \$110,018 and (v) the recognition of a deferred income tax expense of \$250,000, all partly offset by a non-cash flow-through premium recovery of \$587,971.

The profit for the quarter ended June 30, 2021 arose due to the recognition of a non-cash flow through premium recovery of \$746,093 (2020 - \$nil) and reclassification of legal fees of \$35,772 (2020 - \$nil) to share issue costs.

The loss for the quarter ended March 31, 2021 was lower compared to other quarters due to recognition of a non-cash flow through premium recovery of \$486,360 (2020 - \$nil).

The loss for the quarter ended December 31, 2020 was higher compared to other quarters due to higher share-based compensation of \$209,695 and corporate development expenses of \$133,756.

The loss for the quarter ended June 30, 2020 was lower compared to other quarters due to the lower share-based compensation of \$23,826, relating to a smaller number of options vesting during the period in addition to no compensation expense arising in 2020 from RSUs.

The losses for the quarters ended September 30, 2020, March 31, 2020 and December 31, 2019 are largely comparable to one another, but higher than the quarter ended June 30, 2020 due to higher corporate development charges, professional fees and share-based compensation.

RESULTS OF OPERATIONS**Year ended September 30, 2021**

During the year ended September 30, 2021, the Company reported a loss of \$1,152,081 and a loss per share of \$0.09 (2020 – loss of \$1,125,121 and a loss per share of \$0.10).

	2021	2020
	\$	\$
General and administrative expenses*	(1,575,848)	(918,771)
Share-based compensation	(1,004,589)	(207,186)
Lease finance charges	(21,824)	(24,429)
Finance income (expense)	(3,378)	13,646
Flow-through premium recovery	1,820,424	11,653
Write-down of exploration and evaluation assets	(110,018)	-
Foreign exchange loss	(6,848)	(34)
Deferred income tax expense	(250,000)	-
Loss for the year	(1,152,081)	(1,125,121)

* General and administrative expenses are before share-based compensation.

The general and administrative expenses increased during the year-ended September 30, 2021 compared to the comparable period. The most significant general and administrative expenses were with respect to the following:

- (i) Corporate Development - \$720,370 (2020 - \$206,072)
The increase is a result of additional costs incurred associated with marketing and promoting the Company in the current year compared to the year-ended September 30, 2020.
- (ii) Management and consulting fees - \$404,740 (2020 - \$229,154)
These expenses include salaries and bonuses paid to the Company's senior executives and administrative personnel. A bonus of \$200,000 was paid to the Chief Executive Officer during the year ended September 30, 2021 (2020 - \$7,000).
- (iii) Office and administration - \$134,933 (2020 - \$243,775)
The decrease is a result of continued streamlining of corporate overhead costs in the current period.
- (iv) Professional fees - \$196,733 (2020 - \$148,938)
These include legal, audit and accounting fees. The increase during the year-ended September 30, 2021 is as a result of increased legal fees supporting general corporate matters arising from an increase in operations compared with the same period in 2020.

Other items impacting loss for the period are:

- (v) Share-based compensation expense of \$1,004,589 (2020 - \$207,186)
Relates to the vesting and modification of options to key management and consultants. The increase is a result of the vesting expense for 160,000 options granted during the year-ended September 30, 2021, as well as the vesting of unvested prior option grants. In addition, the increase is attributable to a modification to the expiry date, from August 8, 2021 to August 8, 2026, of 170,000 options at an exercise price of \$3.80 resulting in \$285,887 of non-cash share-based compensation expense, of which \$251,968 was recorded in profit or loss and \$33,919 was allocated to exploration and evaluation assets.

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- (vi) Flow-through premium recovery of \$1,820,424 (2020 - \$11,653)
 Relates to the realization of the flow through premium received on expenditure of the related flow through funds. The increase is a result of the closing of a unit private placement on February 25, 2021. The amount recognized during the period is a non-cash recovery and represents a pro-rata portion of the Qualifying CEE incurred during the period from closing of the private placement to September 30, 2021.
- (vii) Write-down of exploration and evaluation assets (\$110,018) (2020 - \$nil)
 During the year-ended September 30, 2021 the Neuron property was written down to \$nil as a result of the decision not to further extend the option agreement with Global Li-ION Graphite Corp. and the Company not having any current or near-term plans to perform further work on the Neuron property.
- (viii) Deferred income tax expense (\$250,000) (2020 - \$nil)
 During the year-ended September 30, 2021, the Company recognized a non-cash deferred income tax expense of \$250,000 arising from an excess of deferred tax liabilities over recognizable deferred tax assets.

Three months ended September 30, 2021

During the three months ended September 30, 2021, the Company reported a net loss of \$602,069 and loss per share of \$0.05 (2020 – loss of \$303,533 and \$0.03 loss per share).

	2021	2020
	\$	\$
General and administrative expenses*	(663,225)	(241,930)
Share-based compensation	(156,555)	(59,360)
Lease finance charges	(5,713)	(2,381)
Finance income	44	172
Flow-through premium recovery	587,971	-
Write-down of exploration and evaluation assets	(110,018)	-
Foreign exchange gain/(loss)	(4,573)	(34)
Deferred income tax expense	(250,000)	-
Loss for the period	(602,069)	(303,533)

* *General and administrative expenses are before share-based compensation.*

The general and administrative expenses increased during the three months ended September 30, 2021 compared to the comparable period. The most significant general and administrative expenses were with respect to the following:

- (i) Corporate Development - \$287,100 (2020 - \$69,277)
 The increase is a result of additional costs incurred associated with marketing the Company in the current quarter compared to the comparable quarter in the prior year.
- (ii) Management and consulting fees - \$260,091 (2020 - \$44,500)
 These expenses include salaries and bonuses paid to the Company's senior executives and administrative personnel. A bonus of \$200,000 was paid to the Chief Executive Officer during the year ended September 30, 2021 (2020 - \$7,000).

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- (iii) Office and administration - \$44,107 (2020 - \$60,202)
The decrease is a result of continued streamlining of corporate overhead costs in the current period.
- (iv) Professional fees - \$47,961 (2020 - \$44,179)
These include legal, audit and accounting fees, which are comparable to the same quarter in the prior year.

Other items impacting loss for the period are:

- (vi) Share-based compensation expense of \$156,555 (2020 - \$59,360)
Relates to the vesting and modification of options to key management and consultants. The increase is a result of the vesting expense for 160,000 options granted during the year-ended September 30, 2021.
- (vii) Flow-through premium recovery of \$587,971 (2020 - \$nil)
Relates to the realization of the flow through premium received on expenditure of the related flow through funds. The increase is a result of the closing of a unit private placement on February 25, 2021. The amount recognized during the period is a non-cash recovery and represents a pro-rata portion of the Qualifying CEE incurred during the three months ended September 30, 2021.
- (viii) Write-down of exploration and evaluation assets (\$110,018) (2020-\$nil)
During the year-ended September 30, 2021 the Neuron property was written down to \$nil as a result of the decision not to further extend the option agreement with Global Li-ION Graphite Corp. and the Company not having any current or near-term plans to perform further work on the Neuron property.
- (ix) Deferred income tax expense (\$250,000) (2020 - \$nil)
During the three months ended September 30, 2021, the Company recognized a non-cash deferred income tax expense of \$250,000 arising from an excess of deferred tax liabilities over recognizable deferred tax assets.

FINANCING ACTIVITIES

On February 25, 2021, the Company closed its oversubscribed private placement financing raising a total of \$8,888,888 (the "Offering"). Under the Offering, the Company issued (i) 625,002 hard dollar units (the "HD Units") at a price of \$4.00 per HD Unit (the "HD Offering Price") for gross proceeds of \$2,500,008; (ii) 125,000 New Brunswick flow-through units (the "NB FT Units") at a price of \$5.52 per NB FT Unit (the "NB FT Offering Price") for gross proceeds of \$690,000; and (iii) 890,450 Manitoba flow-through units (the "MB FT Units") at a price of \$6.40 per MB FT Unit (the "MB FT Offering Price") for gross proceeds of \$5,698,880. Each HD Unit consists of one common share and one-half of one transferable common share purchase warrant (each whole such common share purchase warrant, a "Warrant"). Each NB FT Unit consists of one flow-through common share and one-half of one transferable Warrant to be issued on a non-flow-through basis. Each MB FT Unit consists of one flow-through common share and one-half of one transferrable Warrant to be issued on a non-flow-through basis. Each Warrant shall be exercisable into one additional common share (a "Warrant Share") at an exercise price of \$6.00 per Warrant Share until February 25, 2024. The Company paid the syndicate of agents a cash commission of \$276,268 and issued to them a total of 31,506 share purchase warrants ("Compensation Options"), with each Compensation Option exercisable at \$6.00 per share expiring on February 25, 2023.

In addition, during the year ended September 30, 2021, 181,212 options were exercised for proceeds of \$271,335 and 355,000 warrants were exercised for proceeds of \$355,000.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

As at September 30, 2021, the Company had cash on hand of \$2,812,534 compared to \$675,840 as at September 30, 2020. The net increase in cash for the year is primarily due to the Company's cash used in operating activities of \$1,585,772 and investing activities of \$5,287,810, offset by cash generated by financing activities of \$9,010,276.

As at September 30, 2021, the Company had a working capital of \$1,515,790 (September 30, 2020 - \$198,427), being current assets less current liabilities, and \$40,000 of long-term debt (September 30, 2020 - \$40,000). Refer to the FINANCIAL INSTRUMENTS – Liquidity risk section below.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors give rise to material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

During the year ended September 30, 2021, the Company received \$300,000 from the Manitoba Mineral Development Fund in support of its exploration activities in Flin Flon, Manitoba. On February 25, 2021, the Company closed its oversubscribed private placement financing by raising a total of \$8,888,888 in gross proceeds.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, receivables, deposits, accounts payable and accrued liabilities and loan payable. The Company designated its cash and cash equivalents, receivables and deposits as amortized cost. The accounts payable and accrued liabilities and loan payable are at amortized cost.

The Company classified the fair value of the financial instruments according to the following fair value hierarchy based on the number of observable inputs used to value the instruments:

- Level 1 – Values based on unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date.
- Level 2 – Values based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. Prices in Level 2 are either directly or indirectly observable as of the reporting date.
- Level 3 – Values based on prices or valuation techniques that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

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.

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The Company's cash and cash equivalents are held at large Canadian financial institutions in interest bearing accounts. The Company's receivables consist mainly of input tax credits receivable 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 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 payable on demand and are subject to normal trade terms.

The Company has a Canada Emergency Business Account ("CEBA") loan payable of \$40,000 on which no interest is currently being charged. Should at least \$ 30,000 be repaid on or before the end of December 31, 2022 (the "Initial Term") the remaining \$10,000 of principal will be forgiven. During the period from January 1, 2023 to December 31, 2025 (the "Extended Term"), should the loan remain outstanding, interest will be payable monthly at a rate of 5% per annum on the outstanding balance. The balance of the CEBA loan is fully repayable on or before the end of the Extended Term, if not repaid on or before the end of the Initial Term.

As at September 30, 2021, the Company had a cash balance of \$2,812,534 to settle current liabilities of \$1,118,529 (excluding flow through premium liability), and has an obligation to incur qualifying CEE of \$1,402,820 by December 31, 2022, which is insufficient to cover funding requirements for administrative operations as currently planned for at least the next twelve months. (refer to Note 2 to the financial statements).

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 the price of publicly traded marketable securities.

a) Interest rate risk

The Company has cash balances and non-interest-bearing debt liabilities. The Company's current policy is to invest excess cash in short-term deposit certificates issued by Canadian banking institutions. The short-term deposit certificates are cashable on demand.

The Company monitors the investments in short term deposits and is satisfied with the credit ratings of its banks.

b) Foreign currency risk

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

RELATED PARTY TRANSACTIONS

Compensation paid or payable to the Company's Board of Directors and corporate officers for services provided during the years ended September 30, 2021 and 2020 was as follows:

	2021	2020
	\$	\$
Professional fees	36,483	28,011
Management and consulting	550,377	187,000
Share-based compensation	999,435	136,919
	1,586,295	351,930

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- (1) Professional fees for the year ended September 30, 2021 and 2020 include fees earned by Malaspina Consultants Inc. ("Malaspina") for the provision of services by the Chief Financial Officer ("CFO"), Killian Ruby. The business purpose of the transactions was to compensate the individual for administration and management services provided. The Company has a consulting agreement with Malaspina, a company controlled by Mr. Ruby. The consulting agreement can be terminated with sixty days' notice.
- (2) Management and consulting fees for the year ended September 30, 2021 and 2020 include salary and bonuses earned by (i) the Chief Executive Officer ("CEO"), Max Porterfield and (ii) the Exploration Manager, JJ O'Donnell. Included in management and consulting fees is a bonus of \$200,000 paid to the CEO for the year-ended September 30, 2021. On September 21, 2021 Max Porterfield, the CEO, exercised 100,000 warrants at an exercise price of \$1.00 for proceeds of \$100,000.

During the year ended September 30, 2021, the Company incurred professional fees of \$57,441 (2020 - \$52,036) for the provision of non-CFO accounting and advisory support services charged by Malaspina. In addition, the Company incurred share-based compensation expense of (i) \$4,846 (2020 - \$nil) and (ii) \$193,821, respectively, arising from the option modification for options previously granted to (i) Malaspina and (ii) the CEO.

Included in accounts payable and accrued liabilities at September 30, 2021 are amounts due to related parties of \$14,956 (September 30, 2020 - \$35,601) owing to the CEO, and to Malaspina for the provision of CFO, and non-CFO accounting and advisory support services. These amounts are non-interest bearing and due on normal commercial terms.

ADOPTION OF NEW ACCOUNTING STANDARD

The Company did not adopt any new accounting standards during the year-ended September 30, 2021 which had a material impact upon adoption.

FUTURE ACCOUNTING STANDARDS AND PRONOUNCEMENTS

New standards issued but not yet effective at September 30, 2021, are not currently expected to have a material impact on the Company's financial statements.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA AND DILUTION CALCULATION

The Company has authorized share capital consisting of common shares without par value. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also a stock option plan. The table below summarizes the Company's common shares, stock options and warrants that are convertible into common shares as of December 15, 2021:

Issued and outstanding common shares	13,492,806
Share options with a weighted average exercise price of \$2.58	1,093,334
Share purchase warrants with a weighted average exercise price of \$6.00	851,732
Fully Diluted	15,437,872

RISKS AND UNCERTAINTIES

The Company is engaged in the exploration, development and exploitation of mineral resources for base metals and precious metals. Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. The properties of the Company are without a known body of commercial ore. The exploration programs undertaken and proposed constitute an exploratory search and there is no assurance that the Company will be successful in its search. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. The amounts shown as property acquisition costs represent acquisition and holding costs, less amounts written off, and do not necessarily represent present or future values.

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or in respect of which it has a right to earn an interest, the Company cannot give any assurance that title to such properties will not be challenged or impugned. The Company's properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects or governmental actions. The Company can never be certain that it or its option partners will have valid title to its mineral properties. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify, and transfers under law are often complex. The Company does not carry title insurance on its properties. A successful claim that the Company or its option partner does not have title to a property could cause the Company to lose its rights to that property, perhaps without compensation for its prior expenditures relating to the property. The occurrence of any such event could have a material adverse effect on the Company and its prospects.

The Company requires licenses and permits from various governmental authorities to carry out exploration and development of its projects. Obtaining permits can be a complex, time-consuming process as well as dealing with changing governmental law and regulation and also require First Nations consultation. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities. In addition, the requirements applicable to sustain existing permits and licenses may change or become more stringent over time and there is no assurance that the Company will have the resources or expertise to meet its obligations under such licenses and permits.

Other operational risks include finding and developing reserves economically, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

The Company has experienced losses in operations in prior years and has an accumulated deficit position. The Company expects to incur losses for the foreseeable future. The continuation of the Company's operations is subject to its ability to continue to be able to raise funding to support its

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operations. While the Company has been successful to date in raising funding there is no guarantee that it will continue to do so in the future.

The profitability of the Company's operations, if ever established, will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, world supply of mineral commodities, consumption patterns, sales of copper, gold and silver by central banks, forward sales by producers, production, industrial and jewellery demand, speculative activities and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings also could be affected by the prices of other commodities such as copper, gold, silver or zinc. The prices of these commodities are affected by numerous factors beyond the Company's control.

The Company is dependent upon share issuances to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to explore its mineral properties. Issuances of additional securities will result in dilution of the equity interests of the Company's shareholders. The Company may issue additional common shares in the future as further capital is required and on the exercise of outstanding options or other convertible securities issued from time to time. Sales or issuances of substantial amounts of additional securities, or the availability of such securities for sale, could adversely affect the market prices for the Company's securities. A decline in the market prices of securities of the Company could impair the Company's ability to raise additional capital through the sale of new common shares should it desire to do so. In addition, if additional common shares or securities convertible into common shares are sold or issued, such sales or issuances may substantially dilute the equity interests of the Company's holders of common shares.

The Company is also subject to regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Companies in all industries, including the mining industry, are subject to legal claims from time to time, some of which have merit and others of which do not. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company may become subject could have a material effect on the Company's financial position, results of operations or the Company's property development.

Companies in all industries, including the mining industry, are susceptible to cyber risk. The Company's primary operational exposure to cyber risk is with respect to proprietary geological, geochemical and exploration data and related models. The Company, similar to companies in all industries, is exposed to common place cyber risks such as, but not necessarily limited to, phishing, spam, fraudulent attacks, denial of service attacks, data loss, data theft, data corruption. The Company outsources its IT management to IT professionals who implement, among other controls and mitigation strategies, system access and authentication controls, transactional authentication, system activity logging, audit trails, "exception" handling, on-prem and off-prem backup and storage of the Company's data.

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on certain sectors of the global economy and; the regional economies in which the Company

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operates. Although there has been no material direct impact to the Company as at September 30, 2021, the ultimate impacts to the Company are not fully determinable at this date, but could be material to the Company's forecasted exploration work and the Company's financial position, results of operations and cash flows. The continued uncertainty associated with the pandemic may have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year-ended September 30, 2021 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.

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-

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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.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.callinex.ca.

J.J. O'Donnell, P.Geo, a qualified person under National Instrument 43-101 and Exploration Manager for Callinex, has reviewed and approved the technical information in this MD&A.