CALLINEX
MINES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED JUNE 30, 2021

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the nine months ended June 30, 2021 ("MD&A") has been prepared as of August 27, 2021. It should be read in conjunction with the audited financial statements of Callinex Mines Inc. for the year ended September 30, 2020.

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 trades its common shares on the TSX Venture Exchange under the symbol CNX.

Operational Highlights and Outlook

- 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 "Campaign") at Pine Bay. The Campaign commenced with the initial completion of two drill holes for 1,600 meters of the 30,000 meters budgeted for 2021.

- Received the third instalment of $100,000 from the MMDF grant.

- On February 25, 2021 announced the closing of its oversubscribed private placement financing by raising a total of $8,888,888 (the "Offering").

- 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 are being 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 will focus 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.

- 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.

Throughout 2021 the Company plans to drill 30,000 meters at Pine Bay and also to carry out the work necessary in order to prepare a current Mineral Resource Estimate on the Point Leamington Property.

Nash Creek and Superjack

In the Bathurst Mining District of New Brunswick, exploration efforts centred around a campaign totalling 3,347m of drilling to test 18 targets at Nash Creek and an additional 733m of drilling to test two targets at Superjack. The drilling campaign results were highlighted by two new silver discoveries along strike from the Nash Creek deposit. Drill hole NC19-306 intersected 19m of 36.53 g/t Ag, 0.52% Pb and 0.38% Zn at a starting depth of 34.0m including 3m of 130 g/t Ag, 0.98% Pb and 0.16% Zn and drill hole NC20-313 intersected 28.6m of 57 g/t Ag at a starting depth of 163.0m (vertical depth of 120m) including 16.5m of 94 g/t Ag. Additionally, drill holes NC19-309, NC19-310 and NC19-311 intersected near surface zinc and lead mineralization across a 1.1 km trend in the Central Zone area (See News Releases dated December 13, 2018, June 4, 2020 and June 15, 2020).

Drill hole NC20-313 intersected 28.6m of 57 g/t silver at a vertical depth of 120m including 16.5m of 94 g/t silver and NC19-306 which intersected 19m of 36.53 g/t silver, 0.52% lead and 0.38% zinc at a starting depth of 34.0m (See News Releases dated June 4, 2020 and June 15, 2020).

Separately, the Company announced a soil sampling campaign at Nash Creek focused on covering a large portion of the 18 km Black Point Arleau Brook Fault (the "Fault") that is spatially associated with two previously announced silver discoveries located 6.8 km apart along that same fault trend.

Following the above noted drill results, Callinex acquired the remaining 2 km of the Fault that was previously un-staked to the north and south of the existing project boundary. The Company has now covered off what it believes to be the key geologically prospective ground in the immediate area. The newly added ground encompasses 9.3 km^2 and grows the size of the district-scale land package to 127.3 km^2 (See News Release dated July 29, 2020).

In May 2020 the Company retained EarthEx Geophysical Solutions ("EarthEx") to complete a thorough interpretation of the VTEM data. In total, 367 line-km were reprocessed, imaged, mapped and interpreted that has yielded 20 targets which may be considered for further investigation. The work by EarthEx has identified numerous conductive targets along the 6.8 km trend between Callinex's discovery holes NC20-313 and NC19-306. The Company is encouraged by the recently reprocessed VTEM data results, along with Induced Polarization data, and results from the ongoing soil sampling program will assist in vectoring towards higher grade silver mineralization in future drilling campaigns. (See News Releases dated July 23, 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 highlighted by anomalous silver along the Fault (See News Releases dated October 13, 2020, January 11, 2021 and June 28, 2021).

Pine Bay

The Pine Bay drilling campaign encompassed 5,906m of diamond drilling to test eight target areas that have the potential to host high-grade zinc, copper, gold and silver-rich Volcanogenic Massive Sulphide ("VMS") deposits. The target areas were generated from a recently completed Induced Polarization ("IP") and magnetic surveys completed along favourable geologic trends. Subsequent borehole pulse electromagnetic surveys ("BPEM") completed as part of the vectoring process identified highly conductive anomalies off-hole from sulphide stringers that include copper, zinc, gold and silver mineralization. These anomalies are interpreted to occur within the Centennial mine horizon, which hosts the past producing Centennial Mine and the Sourdough VMS deposit located 7.5 km and 4 km to the south (See News Release dated June 23, 2020).

The 2020 summer drilling campaign was commenced to complete up to 1,500m of drilling at the project to test the two newly identified BPEM anomalies (See News Release dated June 23, 2020). These anomalies are interpreted to be off hole from sulphide stringers that include copper, zinc, gold and silver mineralization and within the known Centennial mine horizon, which hosts the Sourdough VMS deposit and the past producing Centennial Mine, located 4 km and 7 km, respectively, to the south of the untested BPEM anomalies.

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). Drill Hole PBM-113-W2 intersected the Rainbow Horizon 225 meters vertically above the PBM-111 discovery hole which demonstrates that mineralization will continue to be defined closer to the surface. Drill Hole PBM-113-W2 intersected the Rainbow Horizon 225 meters vertically above the PBM-111 discovery hole which demonstrates that mineralization will continue to be defined closer to the surface (See News Release dated January 21, 2021).

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. A second drill (PBM-117) will immediately test three of the four highly conductive anomalies that were recently identified near-surface and along strike to the south of the Orange and Yellow zones of the Rainbow. The identified anomalies expand the Rainbow horizon to the south (See News Release dated January 21, 2021). The three major base metal mines discovered in the Flin Flon/Snow Lake Greenstone Belt with tonnages ranging between 25 – 70 million tonnes have a strike length over 1 km. Based on the recent survey, the Rainbow has a strike length of at least 1 km with potential to grow further along strike to the south. (See News Release dated February 16, 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, 201, 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. Since the Company resumed drilling in mid-February, 19 holes (including 2 wedges) have been announced for a total of 11,323 meters out of a fully funded 30,000 meter budgeted drill program. Callinex will continue to provide results on an ongoing basis for the duration of the 2021 drilling campaign. 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 is underway and will span 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.

EXPLORATION PROGRAMS AND EXPENDITURES

During the nine months ended June 30, 2021, the Company incurred deferred acquisition and exploration expenditures of $3,982,265 (2020 - $1,891,591), net of 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:

	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**
Acquisition	-	-	-	-	-	-
Assaying	121,563	-	33,923	-	-	155,486
Camp costs	70,648	2,041	(156,138)	600	-	(82,849)
Consulting	-	6,153	-	-	-	6,153
Drilling	2,834,671	-	2,710	-	-	2,837,381
Geologists	357,386	30,435	70,180	-	-	458,001
Geophysical	208,064	213	1,275	-	-	209,552
Other	47,930	175	3,460	-	-	51,565
Permitting	19,340	63,031	5,100	80	4,647	92,198
Recovery	-	-	(15,491)	-	-	(15,491)
Surveying	-	17,178	-	-	-	17,178
Share-based compensation	228,873	13,627	10,591	-	-	253,091
	3,888,475	132,853	(44,390)	680	4,647	3,982,265
Government assistance	(300,000)	-	-	-	-	(300,000)
June 30, 2021	**18,492,753**	**931,056**	**4,031,269**	**1,132,334**	**228,260**	**24,815,672**

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.

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 four past producing VMS mines and historic resources. 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 20,000 meters of drilling with the objective to discover additional high-grade VMS mineralization within the project area. The Company anticipates completing additional exploration in 2021 including 30,000 meters of drilling and geophysical surveys to further define and expand on the Rainbow at Pine Bay.

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.

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.

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 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 can 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 (initially recorded at the acquisition date fair value of $900,000 upon receipt). The Company paid a finders' fee to a third party of 100,000 LION common shares at the then fair value of $90,000.

LION has the option to acquire a 100% interest in the Neuron property by making the balance of the agreed payment of 1,000,000 common shares of LION within 24 months from the date of the option agreement. On October 25, 2019 the option agreement was amended to extend the share issuance deadline to October 27, 2020, in consideration for which LION will issue the Company an additional 250,000 common shares of LION. On October 25, 2020 the option agreement was further amended to extend the share issuance deadline to October 27, 2021. Callinex will receive an additional milestone payment of 3,000,000 shares if an economic study is completed on the Neuron property or any claims within a 20 km area of interest.

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.

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 June 30, 2021.

Three months ended	**June 30, 2021 $**	**March 31, 2021 $**	**December 31, 2020 $**	**September 30, 2020 $**
Revenues	-	-	-	-
Loss for the period	(156,935)	(176,150)	(551,754)	(303,533)
Total comprehensive loss for the period	(156,935)	(176,150)	(551,754)	(303,533)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.05)	(0.02)

Three months ended	June 30, 2020 $	March 31, 2020 $	December 31, 2019 $	September 30, 2019 $
Revenues	-	-	-	-
Loss for the period	(182,665)	(348,361)	(290,562)	(415,197)
Total comprehensive loss for the period	(182,665)	(348,361)	(290,562)	(415,197)
Loss per share (basic and diluted)	(0.02)	(0.03)	(0.03)	(0.05)

(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.

The loss for the quarter ended June 30 2021 was lower compared to other quarters due to recognition of a non-cash flow through premium recovery of $542,988 (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 $354,638 (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 release of previously prepaid corporate development expenses of $133,756 commensurate with receipt of services.

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.

RESULTS OF OPERATIONS

Nine months ended June 30, 2021

During the nine months ended June 30, 2021, the Company reported a loss of $884,839 and a loss per share of $0.07 (2020 – loss of $821,588 and a loss per share of $0.08).

	2021 $	2020 $
General and administrative expenses*	(912,623)	(676,841)
Lease finance charges	(16,111)	(22,048)
Share-based compensation	(848,034)	(147,826)
Finance income	(3,422)	13,474
Flow-through premium recovery	897,626	11,653
Foreign exchange gain/(loss)	(2,275)	-
Loss for the period	**(884,839)**	**(821,588)**

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

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

(i) <u>Corporate Development - $433,270 (2020 - $136,795)</u>
The increase is a result of additional costs incurred associated with marketing in the current period compared to the comparable period in 2020. Approximately 50% of the costs were

incurred on a non-cash basis in the period and reflect the recognition of services pre-paid in fiscal 2020. Other charges reflect the recognition of services pre-paid during the period.

(ii) Management and consulting fees - $144,649 (2020 - $184,654)
These include fees paid to the Company's senior executives and administrative personnel. The number of employees in aggregate has decreased compared to the same period in 2020.

(iii) Office and administration - $90,826 (2020 - $183,573)
The decrease is a result of continued streamlining of corporate overhead costs in the current period.

(iv) Professional fees - $148,772 (2020 - $104,759)
These include legal, audit and accounting fees. The increase during the nine months ended June 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 $848,034 (2020 - $147,826)
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 nine months ended June 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.

(vi) Flow-through premium recovery of $897,626 (2020 - $11,653)
Relates to the amortization of the balance of the premium received from issuing the flow-through shares. The increase is a result of the closing of private placement on February 25, 2021. The amount recognized during the period is a non-cash recovery and represents the pro-rata portion of Qualifying CEE incurred during the period.

Three months ended June 30, 2021
During the three months ended June 30, 2021, the Company reported a net loss of $156,935 and loss per share of $0.01 (2020 – loss of $182,665 and $0.02 loss per share).

	2021 **$**	2020 $
General and administrative expenses*	(263,617)	(152,639)
Lease finance charges	(6,204)	(7,953)
Share-based compensation	(429,684)	(23,826)
Finance income	7	1,753
Flow-through premium recovery	542,988	-
Foreign exchange gain/(loss)	(425)	-
Loss for the period	**(156,935)**	**(182,665)**

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

(i) Corporate Development - $162,339 (2020 - $23,598)
The increase is a result of additional costs incurred associated with marketing in the current quarter compared to the prior quarter. The costs primarily driving the increase were incurred reflect the recognition of services pre-paid during the three months ended June 30, 2021.

(ii) Management and consulting fees - $51,217 (2020 - $51,403)
These include fees paid to the Company's senior executives and administrative personnel and have decreased compared to the same period in 2020 due to a reduction in number of employees.

(iii) Office and administration - $30,363 (2020 - $28,628)
The decrease is a result of continued streamlining of corporate overhead costs in the current period.

(iv) Professional fees - $(3,209) (2020 - $30,009)
These include legal, audit and accounting fees. The recovery during the three months ended June 30, 2021 is as a result of a reclassification of legal fees of $35,772 (2020 - $nil) to share issue costs.

Other items impacting loss for the period are:

(vi) Share-based compensation expense of $429,684 (2020 - $23,826)
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 nine months ended June 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.

(vii) Flow-through premium recovery of $542,988 (2020 - $nil)
Relates to the amortization of the balance of the premium received from issuing the flow-through shares. The increase is a result of the closing of private placement on February 25, 2021. The amount recognized during the period is a non-cash recovery and represents the pro-rata portion of Qualifying CEE incurred during the period.

FINANCING ACTIVITIES

On February 25, 2021, the Company closed its oversubscribed private placement financing by 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 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.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2021, the Company had cash on hand of $4,826,603 compared to $675,840 as at September 30, 2020. The net increase in cash for the period is primarily due to the Company's cash used in operating activities of $1,133,725 and investing activities of $3,686,660, offset by cash from financing activities of $8,971,148.

As at June 30, 2021, the Company had a working capital of $3,707,604 (September 30, 2020 - $198,427) and $40,000 of long-term debt (September 30, 2020 - $40,000).

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. The recoverability of amounts shown as mining claims and deferred exploration costs is dependent upon the discovery of economically recoverable reserves, the Company's ability to obtain financing to develop its mineral properties, and the ultimate realization of profits through future production from, or sale of, the properties.

During the nine months ended June 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.

RELATED PARTY TRANSACTIONS

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

	Three months ended		Nine months ended	
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
	$	**$**	**$**	**$**
Professional fees	**5,817**	6,117	**29,367**	19,267
Management and consulting	**87,599**	45,000	**252,698**	144,308
Share-based compensation	**391,509**	17,739	**825,660**	91,396
	484,925	68,856	**1,107,725**	254,971

(1) Professional fees for the three and nine months ended June 30, 2021 and 2020 include fees earned by Malaspina Consultants Inc. ("Malaspina") for the provision of services by the Chief Financial Officer, 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 three and nine months ended June 30, 2021 and 2020 include salary earned by (i) the Chief Executive Officer, Max Porterfield and (ii) the Exploration Manager, JJ O'Donnell.

During the three and nine months ended June 30, 2021, the Company incurred professional fees of $14,181 and $43,684, respectively, (2020 - $11,412 and $42,054, respectively) for the provision of non-CFO accounting and advisory support services charged by Malaspina. In addition, the Company incurred share-based compensation expense of $4,846 (2020 - $nil) arising from the option modification for options previously granted to Malaspina.

Included in accounts payable and accrued liabilities at June 30, 2021 are amounts due to related parties of $6,555 (September 30, 2020 - $19,747) owing to the Chief Executive Officer 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 as of October 1, 2020 which had a material impact upon adoption.

FUTURE ACCOUNTING STANDARDS AND PRONOUNCEMENTS

New standards issued but not yet effective at June 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 August 27, 2021:

Issued and outstanding common shares	13,137,806
Share options with a weighted average exercise price of $2.65	1,170,834
Share purchase warrants with a weighted average exercise price of $4.53	1,206,732
Fully Diluted	**15,515,372**

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 cost, 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, marketing production and services, product deliverability uncertainties, 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 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 as well so by the price of 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.

In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

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 nine months ended June 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-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.