CASTLE RESOURCES INC.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED
SEPTEMBER 30, 2013

(Prepared by Management on January 23, 2014)

INTRODUCTION

The following discussion and analysis is a review of the operations, current financial position and outlook for Castle Resources Inc. (the "Company" or "Castle") and should be read in conjunction with the consolidated financial statements for the year ended September 30, 2013 and related notes thereto. The discussion covers the year-end up to the date of the filing of this MD&A. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. Those consolidated financial statements are prepared in accordance with International Financial Reporting Standings ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Readers are encouraged to read the Company's public information filings on Sedar at www.sedar.com

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements and information relating to the Company that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such forward-looking statements relate to, among other things, regulatory compliance, the sufficiency of current working capital, the estimated cost and availability of funding for the continued exploration of the Company's exploration properties. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made.

DESCRIPTION OF THE BUSINESS

Overview

Castle Resources Inc. is a Toronto based junior resource company focused on high-quality advanced exploration or development project. The Company's focus is on the Granduc Project in British Columbia. Management's goal is to seek additional opportunities to continue to add value for shareholders.

MINERAL EXPLORATION ACTIVITIES

Granduc Copper Mine ("Granduc Project"), British Columbia, Canada

On October 15, 2010, the Company acquired a 100% interest in the Granduc Claims ("The Granduc property"). The acquisition supersedes the option agreement dated July 16, 2010. Pursuant to the agreement, the Company paid Bell Copper an additional $2,000,000 and issued an additional 2,750,000 common shares (issued in October 2010 with a value of $1,375,000) of the Company for an aggregate acquisition price of $4,500,000 and 3,000,000 common shares of the Company.

The Granduc property is subject to a 2% Net Smelter Royalty ("NSR") in respect to the B2 Gold Corp. mineral claims, payable B2 Gold Corp. The NSR can be purchased by the Company for $500,000 for the first one percent (1%) and $1 million for the remaining one percent (1%), based on their ownership percentages.

MINERAL EXPLORATION ACTIVITIES (continued)

The Granduc property is also subject to a 1.5% NSR in respect to the Teuton mineral claims and the Bell Mineral claims, payable to Teuton Resources Corporation ("Teuton"). The Company will also make annual payments of $25,000 and $25,000 worth of common shares (based on the average price of the shares over the previous 10 trading days prior to issuance) to Teuton, with respect to the amounts owed to Teuton, until the Teuton mineral claims cease or are put into commercial production. The Company paid $75,000 cash and 220,069 common shares.

In 2010, the Company successfully completed over 8,000 metres of diamond drilling on the Granduc.

On February 28, 2011, the company released results of the resource estimate prepared by SRK Consulting from Vancouver B.C. on the 2010 drilling as well as the historic drilling.

- Indicated resources are 3.75 million tonnes grading 1.59% Cu containing 131.4 million pounds of copper based on an 0.8% Cu cut-off grade
- Inferred resources are 15.8 million tonnes grading 1.36% containing 471.5 million pounds of copper based on an 0.8% Cu cut-off grade
- Exploration potential estimated to contain an additional 17 to 23 million tonnes grading between 1.3 to 1.6% Cu

The Company completed just over 30,000 metres of drilling in 54 holes by early October 2011.
Highlights of the 2011 drilling results:

Hole		Start (m)	End (m)	Width (m)	% Cu	Au (g/t)	Ag (g/t)	%Fe
GD11-16		682	690	**8**	**3.17**	0.37	7.5	**11.98**
	inc	686	690	**4**	**5.4**	0.65	13	**16.4**
GD11-21		351	373	**22**	**1.38**	0.17	9.78	**18.28**
	inc	363	373	**10**	**2.07**	0.23	14.2	**16.53**
GD11-25		412	430	**18**	**1.9**	0.26	19.28	**11.74**
GD11-33		345	360	**15**	**1.91**	0.23	21.15	**11.58**
	inc	355	360	**5**	**2.42**	0.22	24.66	**10.32**
GD11-31		359.95	371.92	**11.97**	**1.82**	0.18	13.44	**20.93**
	inc.	365	370.9	**5.9**	**2.85**	0.15	13.29	**16.85**
GD11-39		416	434	**18**	**1.58**	0.2	12.97	**25.97**
GD11-36		142	148	**6**	**0.64**	0.08	2.7	**11.91**
	and	152	162	**10**	**0.76**	0.1	3.89	**14**
	and	180	189	**9**	**0.85**	0.1	3.7	**7.92**
	and	241.68	261	**19.32**	**2.73**	0.19	8.53	**15.71**
	inc.	241.68	246	**4.32**	**3.38**	0.26	12.35	**14.99**
	inc.	248	253	**5**	**3.47**	0.23	10.84	**18.47**
	and	323	341	**18**	**1.4**	0.15	12.05	**29.61**
	inc.	324	332	**8**	**1.83**	0.19	18.88	**28**
	and	352	366	**14**	**0.84**	0.13	8.6	**33.29**
	inc.	357	362	**5**	**1.15**	0.16	10.34	**39.24**
	and	371	386.28	**15.28**	**1.61**	0.19	17.57	**9.45**

MINERAL EXPLORATION ACTIVITIES (continued)

On February 21, 2012, the company released results of an updated resource estimate prepared by SRK Consulting from Vancouver B.C. including the 2011 drilling

- Indicated resources are 10.4 million tonnes grading 1.25% Cu containing 286 million pounds of copper, 47,000 ounces of gold and 3.5 million ounces of silver (C$40 NSR cut-off)
- Inferred resources are 36.6 million tonnes grading 1.26% containing 1.013 billion pounds of copper 155,000 ounces of gold and 11.4 million ounces of silver (C$40 NSR cut-off)
- Exploration potential estimated to contain an additional 15 to 25 million tonnes grading between 1.2 and 1.5% Copper (C$40 NSR cut-off)

The Company completed just over 22,000 metres of drilling in 40 holes testing the southern extension of the Main Zone as well as expanding the North Zone

In addition to exploration work, the Company has begun preliminary environmental monitoring (water quality sampling, wild life and fish habitat evaluation) towards initiating an application for Environmental Assessment.

Highlights of the 2012 drilling results:

Hole		Start (m)	End (m)	Width (m)	% Cu	Au (g/t)	Ag (g/t)	%Fe
GD12-01		262	279.8	**17.8**	**1.28**	0.12	5.77	**19.76**
	inc	271.62	277	**5.38**	**1.83**	0.2	8.8	**36.09**
	and	289.5	315	**25.5**	**1.81**	0.23	7.13	**13.99**
	inc	295.49	311	**15.51**	**2.13**	0.29	9.07	**16.07**
	and	397	421.46	**24.46**	**1.40**	0.17	10.21	**10.2**
GD12-02		550.5	558	**7.5**	**1.97**	0.20	23.61	**9.36**
GD12-03		508	529	**21**	**1.47**	0.14	2.08	**18.11**
	inc	515.5	523	**7.5**	**1.94**	0.18	2.09	**15.86**
GD12-6		68.84	77.24	**8.4**	**2.56**	0.27	23.91	**28.64**

The Company has received the statutory right of way from the British Columbia Ministry of Forests, Lands and Natural Resource Operations for the 17 kilometre long Granduc Tunnel. The tunnel connects the underground mine site to the Granduc road which leads directly to year round port facilities in Stewart, B.C.

MINERAL EXPLORATION ACTIVITIES (continued)

In December 2012, an updated resource estimate was published by Tetra Tech.

The results are as follows:

Category	Tonnes (Mt)	Copper (M lb)	Gold (K oz)	Silver (M oz)	Cu (%)	Au (g/t)	Ag (g/t)
Measured	**5.16**	**179.6**	**28.2**	**2.27**	**1.58**	**0.17**	**13.7**
Indicated	**6.16**	**188.2**	**33.2**	**2.25**	**1.39**	**0.17**	**11.4**
M&I	**11.32**	**367.7**	**61.4**	**4.52**	**1.47**	**0.17**	**12.4**
Inferred	**44.63**	**1,404.70**	**267**	**15.4**	**1.43**	**0.19**	**10.7**

Note: based on a CuEq Cut-off of 0.8%

On April 24, 2013, the Company announced that further to press release of February 28, 2013 announcing the results of its Preliminary Economic Assessment ("PEA") of the Granduc Copper Project (PEA was filed on SEDAR on April 15, 2013), the Company has completed and filed the final version of the PEA in accordance with National Instrument 43-101.

Highlights are as follows:

- Base Case (defined below) initial estimated CAPEX of $494 million including a 16.3% contingency of $69 million with estimated sustaining capital of $239 million over a 15 year mine life
- Base Case pre-tax NDV 8% from a discounting start date of Q1 2016 is $489 million with a pre-tax IRR of 20.9%; post-tax NDV 8% of $319 million with a post-tax IRR of 17.8%. Changing the discounting start date to Q1 2013 results in a NPV 8% of $388 million pre-tax and $253 million post-tax, but does not impact the IRR.
- Life of Mine average operating cash flow is $142 million per year; Peak Life of Mine (Years 2-8 inclusive) is $164 million per year
- The project evaluation assumes flat long term metal prices equal to the rolling three year average of $3.65/lb Cu, $28/oz Ag and $1480/oz Au. The benchmark magnetite prices used is $122/tonne. The assumed exchange rate is C$1.00 = US$0.99.
- The resource used is 11.32 million tonnes in the measured & indicted category grading 1.47% Cu, 0.17 g/t Au and 12.4 g/t Ag and 44.63 million tonnes in the inferred category grading 1.43% Cu, 0.19 g/t Au & 10.7 g/t Ag
- Peak Life of Mine (Years 2 – 8 inclusive) annual payable production is forecasted at 72 million lbs of copper, 811 koz silver, 9.5 koz gold and 251,000 tonnes of magnetite
- 8,500 tonnes/day underground mining operation
- Base Case gross cash operating costs of $2.04/lb payable Cu and net cash costs inclusive of by-product credits) of $1.37/lb payable Cu.

MINERAL EXPLORATION ACTIVITIES (continued)

The Granduc Project, British Columbia, Canada

During the year ended September 30, 2013, the Company capitalized an additional $2,842,372 (September 30, 2012 - $19,103,933) in exploration and evaluation assets in the Granduc project.

The capitalized cost for Granduc property is detailed in the following table as at September 30:

	2013	2012	2011	2010	Total
	$	$	$	$	$
Acquisition costs	**50,000**	50,000	3,407,478	2,598,000	6,105,478
Exploration Expenditure					
Assaying	**104,201**	297,957	307,893	14,516	724,567
Drilling	**93,461**	6,256,484	5,313,418	581,294	12,244,657
Environmental consulting	**501,908**	617,844	385,472	-	1,505,224
Field camps	**5,036**	3,381,195	2,965,980	409,985	6,762,196
Field labour	**18,960**	124,250	225,058	3,035	371,303
Fuel and transportation	**31,460**	1,160,699	737,775	175,218	2,105,152
Helicopter fees	**36,806**	1,935,374	2,090,875	512,184	4,575,239
Mining duties, permits, fees and taxes	**11,407**	150,158	71,919	1,132	234,616
Professional and consulting fees	**564,432**	1,487,834	808,279	106,414	2,966,959
Property and equipment rental	**256,079**	47,893	240,155	17,640	561,767
Site support and supplies	**144,468**	858,006	286,667	30,171	1,319,312
Technical report and mapping	**705,400**	915,537	556,751	-	2,177,688
Travel and accommodations	**76,537**	209,597	136,032	65,341	487,507
Tunnel rehabilitation	**202,400**	3,004,131	2,682,770	-	5,889,301
BC Mining Exploration tax credit	**(21,000)**	(1,587,945)	(3,245,509)[i]	(304,377)	(5,158,831)
Balance	**2,781,555**	18,909,014	16,971,013	4,210,553	42,872,135

[i] This balance consisted of $3,007,151 received and $238,358 receivable which the Company has filed for an appeal with Canada Revenue Agency ("CRA").

The Elmtree Gold Project, New Brunswick, Canada

On June 22, 2012, the Company sold 60% interest in the Elmtree gold property and assigned all of the Company`s right, obligations and interest under the underlying option agreement to CNRP Mining Inc.

MINERAL EXPLORATION ACTIVITIES (continued)

The Elmtree Gold Project, New Brunswick, Canada (continued)

Pursuant to a purchase and assignment agreement entered into on April 30, 2012 between the Company and CNRP Mining Inc. ("CNRP') the Company received 18,000,000 common shares of CNRP as partial consideration. The CNRP Shares were subsequently exchanged for common shares of Winston Resources Inc. ("`WRW") on a one-for-one basis pursuant to reverse takeover transaction plan of arrangement involving CNRP and WRW.

In addition to the receipt of WRW common shares, the Company will also receive:

(i) Cash payment of $500,000 over a 12 month period (included in amounts receivable, but provided for in full with an allowance); and
(ii) a 3% NSR interest of the Elmtree Deposit.

Pursuant to the agreement with CNRP, until the earlier of the completion of the distribution of these common shares to the shareholders of the Company, or June 22, 2014, the Company will:

(i) Assign all of its voting rights in and to these common shares to an officer of CNRP; and
(ii) Not sell any of these common shares to any third party without the prior consent of CNRP

On April 25, 2013, WRW directors approved a share consolidation of its common share on the basis of one (1) new common share for twenty (20) common shares effective May 15, 2013, resulting to a reduction in shares to 900,000 shares.

Balance at October 1, 2011	$	2,462,160
Acquisition costs		-
Capitalized costs		54,668
Sale of property		(2,516,828)
Balance at September 30, 2012 and 2013	$	-

The Horseshoe Claims, British Columbia, Canada

On December 5, 2011, the Company terminated further exploration work on the Horseshoe Property with all obligations from that date being terminated and no interest in the Horseshoe Claims being earned or retained.

Balance at October 1, 2011	$	531,653
Capitalized costs		74,808
Write-down of property		(606,461)
Balance at September 30, 2012 and 2013	$	-

The San Ramon Claim Group, Silver Project, Mexico

At September 30, 2012, the Company wrote-down the carrying value of the San Ramon Claim Group of $449,000 and the related IVA recoverable of $84,358.

Balance at October 1, 2011	$	449,007
Write-down of property		(449,007)
Balance at September 30, 2012 and 2013	$	-

RESULTS OF OPERATIONS AND CASH FLOWS

Revenue

For the year ended September 30, 2013, the Company generated interest income of $36,452 (September 30, 2012 - $32,573). This is mainly due to interest income collected in cash on receivables from Winston Resources Inc., GIC deposit during the year and refundable exploration tax credits. The Company is in the exploration stage and therefore did not have revenues from operations. For the year ended September 30, 2013, the Company generated dividend income of $1,185,489 (September 30, 2012 - $nil). This is from the receipt of 7,003,891 common shares of GreenBank Capital Inc., 562,500 common shares of CNRP Mining Inc., 720,000 common shares of Zara Resources Inc., 360,000 common shares of Leo Resources Inc. and 720,000 common shares of Hadley Mining Inc. as dividends in kind.

Fourth quarter interest income was $20,600, reflecting an increase of $13,180 from the same period in 2012.

Expenses

For the year ended September 30, 2013, the Company recorded total expenses of $2,818,362 (September 30, 2012 - $1,422,754). The reasons for the increase in expenses are as follows:

- Consulting and management fees increased to $1,379,635 (September 30, 2012 - $438,602). In prior years, the Company has capitalized a significant percentage of certain management salaries which were directly attributable to the Granduc project. However, in the current year, 100% of the aforementioned salaries have been expensed rather than capitalized due to significantly reduced exploration activities on the Granduc project. This change resulted in a reclassification of approximately $900,000 from exploration and evaluation assets to consulting and management fees in 2013.

- The professional fees decreased to $189,377 (September 30, 2012 - $249,652). This is mainly due to the decrease of legal fees of approximately $69,500, offset by an increase of consulting fees of approximately $1,200 and an increase in accounting and audit fees of approximately $8,000.

- The share based payments expense increased to $451,273 (September 30, 2013 - $nil). This is due to the obligation to grant 300,000 stock options and 7,542,000 stock options being granted in January 2013 and April 2013, respectively, to certain employees, consultants, officers and directors of the Company.

- Investor relations fees increased to $91,758 (September 30, 2012 - $nil). In January 2013, the Company engaged a consultant to provide financial relations, media relations and public market development services.

Fourth quarter expenses were $349,087, reflecting a decrease of $1,369 from the same period in 2012.

Net loss and comprehensive loss

For the year ended September 30, 2013, the Company recorded net loss and comprehensive loss of $5,154,567 (September 30, 2012 – $3,655,197) with basic and diluted loss per share $0.03 (September 30, 2012 – $0.03). The Company recorded unrealized loss of $3,452,364 (September 30, 2012 - $2,160,000) which comprised mainly of unrealized loss originated from WRW shares of $2,331,000 (September 30, 2012 - $2,160,000) and a provision of $500,000 (September 30, 2012 - $nil) against receivable from WRW.

RESULTS OF OPERATIONS AND CASH FLOWS (continued)

Fourth quarter net loss and comprehensive loss was $953,912, reflecting a decrease of $4,494,039 from the same period in 2012.

Cash Flows

Operating Activities
For the year ended September 30, 2013, the Company used cash in operating activities of $4,046,960 (September 30, 2012 - $146,438). The Company received over approximately $4.6 million in BC mining exploration tax credit and paid out approximately $6 million in outstanding accounts payable and accrued liability during fiscal 2013.

Fourth quarter cash generated by operating activities was $1,242,693, reflecting a decrease of $2,613,408 from the same period in 2012.

Investing Activities
For the year ended September 30, 2013, the Company used cash in investing activities of $8,787,411 (September 30, 2012 - $18,511,364). The Company has significantly reduced exploration activities in the Granduc project by approximately $10 million during the fiscal year.

Fourth quarter cash used in investing activities was $489,863, reflecting a decrease of $6,395,451 from the same period in 2012. The decrease is attributed to the reduced exploration activities in the Granduc project.

Financing Activities
For the year ended September 30, 2013, the Company generated cash in financing activities of $7,072,484 (September 30, 2012 - $16,666,109). This decrease is mainly due to decrease of common shares issued through private placements of $8,420,532 and there were no exercise of warrants or stock options during fiscal 2013.

Fourth quarter cash used in financing activities was $2,414 compared to $Nil in the same period in 2012.

SELECTED THREE YEAR INFORMATION

Selected annual information for the three most recently completed fiscal years is as follows:

	2013	2012	2011
Interest income	36,452	32,573	118,787
Expenses	2,818,363	1,422,754	4,496,213
Net loss before income taxes	5,548,785	2,206,836	4,361,579
Net loss and comprehensive loss	5,154,567	3,655,197	4,041,579
Total assets	45,295,418	48,390,594	32,781,193
Equipment	15,784	14,370	17,992
Exploration and evaluation assets	42,872,135	40,029,762	24,368,649
Long-term loan payable	2,611,125	2,342,492	2,069,411

SUMMARY OF QUARTERLY RESULTS

Quarter ended	September 30, 2013 $	June 30, 2013 $	March 31, 2013 $	December 31, 2012 $
Net loss and comprehensive loss for the period	953,912	1,377,149	1,450,866	1,372,641
Basic and diluted loss per share	0.01	0.01	0.01	0.01
Expenses	349,087	1,449,464	626,840	392,972
Exploration and evaluation assets	42,872,135	42,466,811	42,494,066	41,179,825
Working capital	1,263,420	2,283,931	2,958,506	2,989,755
Interest income	20,600	-	13,651	2,201

Quarter ended	September 30, 2012 $	June 30, 2012 $	March 31, 2012 $	December 31, 2011 $
Net loss (income) and comprehensive loss (income) for the period	4,494,042	(1,373,068)	392,843	141,380
Basic and diluted loss (income) per share	0.03	(0.01)	0.00	0.00
Expenses	350,458	371,845	447,273	253,178
Exploration and evaluation assets	40,029,762	33,267,734	30,703,245	29,124,873
Working capital (deficiency)	(611,936)	6,441,520	11,338,673	2,811,592
Write-down of exploration and evaluation assets	-	449,007	-	606,461
Interest Income	7,420	14,368	179	10,606

Note: Net loss per share on a fully diluted basis is the same as net loss per share on an undiluted basis, as all factors which were considered in the calculation are anti-dilutive.

LIQUIDITY

At September 30, 2013, the Company had cash of $1,233,796 (September 30, 2012 - $856,485) and working capital of $1,263,420 (September 30, 2012 – working capital deficiency of $611,936). Included in amounts receivable is $259,358 (September 30, 2012 - $1,817,000) in BC mining exploration tax credit.

FINANCIAL MEASURES

The Company uses the following key financial measures to assess its financial conditions and liquidity.

	September 30, 2013	September 30, 2012
Current Ratio	3.78	0.90
Working Capital (deficiency)	1,263,420	(611,936)
Cash	1,233,796	856,485

CAPITAL RESOURCES

The following is a summary of the Company's outstanding common shares, warrants and stock options data as of September 30, 2013 and January 23, 2014.

Common shares

At September 30, 2013, the Company had issued and outstanding 191,989,892 common shares. At January 23, 2014, the Company had issued and outstanding 201,132,748 common shares.

Stock options

At September 30, 2013, a total of 16,645,500 stock options are issued and outstanding with expiry dates ranging from June 1, 2014 through to April 23, 2018. All stock options entitle the holder to purchase common shares of the Company. At January 23, 2014, the Company outstanding stock options are unchanged.

Warrants

At September 30, 2013, a total of 14,902,261 warrants and brokers' warrants were outstanding, with each warrant entitling the holder to purchase one common share of the Company with expiry dates ranging from March 29, 2014 through to July 14, 2015. At January 23, 2014, the Company outstanding warrants are unchanged.

OUTLOOK AND CAPITAL REQUIREMENTS

The Company is involved in mineral exploration which is a high risk activity and relies on results from each exploration program to determine if areas justify any further exploration and the extent and method of appropriate exploration to be conducted.

The Company has no source of revenue and has significant cash requirements to be able to meet its administrative overhead and maintain its property interests. In order to be able to resume the construction contracts and advance the development of its exploration and evaluation assets, the Company will be required to raise additional financing. Until that time, certain discretionary expenditures may be deferred and measures to reduce operating costs will be taken in order to preserve working capital.

Following the termination of non-critical contracts, reduction in staff numbers and 20% reduction in management salaries in addition to the recent success of equity financings, Castle expects that cash and cash equivalents will be sufficient to pay for capital expenditure commitments and general and administrative costs for the next 12 months. Depending upon future events, the rate of expenditures and other general and administrative costs could increase or decrease. The Company continues to evaluate a range of alternative options available to it to access capital to fund future expenditures.

OUTLOOK AND CAPITAL REQUIREMENTS (continued)

The Company's current approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The majority of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Castle' opinion concerning liquidity and its ability to avail itself in the future of the financing options mentioned above are based on currently available information. To the extent that this information proves to be inaccurate, future availability of financing may be adversely affected. Factors that could affect the availability of financing include the Company's performance (as measured by various factors including the progress and results of its exploration work) and equity markets, investor perceptions and expectations of past and future performance, the global financial climate, metal and commodity prices.

RELATED PARTY TRANSACTIONS

The consolidated financial statements include balances and transactions with directors and officers of the Company and corporations related to them. The Company paid fees for services to certain officers and directors or companies controlled by certain officers and directors during the period that were recorded in the accounts shown below:

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company:

Key Management Compensation

	Year ended September 30, 2013	Year ended September 30, 2012
Exploration and evaluation assets	$ 126,000	$ 909,509
Management fees	1,215,672	309,211
Directors' fees	32,500	31,365
	$ 1,374,172	$ 1,250,085

The Company rented office space from a corporation with common directors and officers in fiscal 2012. During the year ended September 30, 2013, rent of approximately $nil (2012 - $89,113) charged by this corporation was included in office and general.

Included in amounts receivable as at September 30, 2013 is approximately $57,598 (September 30, 2012 - $Nil) in office and general expense reimbursements due from companies with common management, and an expense reimbursement from an officer of the Company. During the year ended September 30, 2013, a total of approximately $99,732 (2012 - $Nil) reimbursed by these companies was included in office and general.

These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

COMMITMENTS AND CONTINGENCIES

Management Contracts

The Company is party to certain management and employee contracts. These contracts contain clauses requiring additional payments of up to $2,440,000 be made upon the occurrence of certain events such as a change of control. As the triggering events have not taken place, the contingent payments have not been reflected in these consolidated financial statements. Minimum management contract commitments remaining under these contracts are approximately $1,031,533, due within one year.

Premise Lease

The Company is subject to a lease commitment and is committed to expenditures approximately of $100,485 and $16,748 in fiscal year 2014 and 2015, respectively.

Environmental

The Company's exploration and evaluation activities are subject to laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through Spending

Pursuant to the terms of the flow-through share agreements, the Company is in the process of complying with its flow-through contractual obligation with subscribers with respect to the Canadian Federal Income Tax requirements.

In October 2011, the Company raised $5,999,994 through the issuance of flow-through shares and is required to spend such funds on qualified exploration expenditures by December 31, 2012. At December 31, 2012, the Company has met this spending requirement.

In March 2012, the Company raised $6,636,715 through the issuance of flow-through shares and is required to spend such funds on qualified exploration expenditures by December 31, 2013. At December 31, 2012, the Company has met this spending requirement.

In October 2012, the Company raised $1,717,275 through the issuance of flow-through shares and is required to spend such funds on qualified exploration expenditures by December 31, 2013. At March 31, 2013, the Company has met this spending requirement.

In March 2013, the Company raised $900,007 through the issuance of flow-through shares and is required to spend such funds on qualified exploration expenditures by December 31, 2014. As at December 31, 2013, the Company has met this spending requirement under the general rule.

In June 2013, the Company raised $200,000 through the issuance of flow-through shares and is required to spend such funds on qualified exploration expenditures by December 31, 2014. As at December 31, 2013, the Company has met this spending requirement under the general rule.

SUBSEQUENT EVENTS

Private Placement

On December 9, 2013, the Company announced that it has raised gross proceeds of $500,000 by way of a non-brokered private placement of 7,142,856 common shares on a "flow-through" basis (the "FT shares"), at a price of $0.07 per FT share. The Company paid an aggregate amount of $48,800 in cash finder's fees and expenses.

On December 20, 2013, the Company announced that it has closed the second tranche of a non-brokered private placement, raising gross proceeds of $140,000 by issuing 2,000,000 common shares on a "flow-through" basis, at a price of $0.07 per FT share. The Company paid an aggregate amount of $12,500 in cash finder's fees and expenses.

Investment

As at September 30, 2013, the Company recorded investment in the amount of $73,125. The following are the current value of the Company's investments as at January 23, 2014:

	Number of shares	Share price	Fair value
		$	$
Winston Resources Inc.	900,000	0.040	36,000
Zara Resources Inc.	720,000	0.040	28,800
Leo Resources Inc.	360,000	0.010	3,600
Hadley Mining Inc.	720,000	0.030	21,600
GreenBank Capital Inc.	1,364,778*	0.350	477,672
CNRP Mining Inc.	562,500	0.010	5,625
Total			**573,297**

*Castle originally owned 7,003,891 shares in Greenbank. Subsequent to September 30, 2013, Greenbank consolidated 5 shares for 1, therefore Castle holds 1,400,778 shares. In January 2014, the Company disposed of 36,000 shares of Greenbank.

TRENDS

Mineral exploration is a speculative venture. There is no certainty that the money spent on exploration and development of mineral projects will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be related to the success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new accounting standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after October 1, 2012. Updates not applicable or not consequential to the Company have been excluded thereof.

IAS 1 Presentation of Financial Statements (“IAS 1”)
IAS 1 has been amended to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The Company has concluded that IAS 1 did not have a material impact on its consolidated financial statements on adoption on October 1, 2012.

IFRS 7 Financial Instruments: Disclosures (“IFRS 7”)
IFRS 7 was amended by the IASB in December 2011 to provide additional information about offsetting of financial assets and financial liabilities. Additional disclosures will be required to enable users of financial statements to evaluate the effect or potential effect of netting arrangements on the entity’s financial position. The amendments are effective for the Company’s year-end beginning on October 1, 2013. The Company is currently assessing the full impact of IFRS 7.

IFRS 9 Financial Instruments: Classification and Measurement (“IFRS 9”)
IFRS 9 was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard is effective for the Company’s year-end beginning on January 1, 2015 but is available for early adoption. The Company is currently assessing the full impact of IFRS 9.

IFRS 10 Consolidated Financial Statements (“IFRS 10”)
IFRS 10 was issued by the IASB in May 2011. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements and is effective for annual periods beginning on or after October 1, 2013. Earlier application is permitted. In October 2012, the IASB amended IFRS 10 to require investment entities to measure subsidiaries at fair value through profit or loss. The amendment is effective for the Company’s year-end beginning on October 1, 2013. The Company is currently assessing the full impact of IFRS 10.

RECENT ACCOUNTING PRONOUNCEMENTS (continued)

IFRS 11 Joint Arrangements (“IFRS 11”)
IFRS 11 was issued by the IASB in May 2011. IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers, and is effective for the Company’s year-end beginning on October 1, 2013. The Company is currently assessing the full impact of IFRS 11.

IFRS 12 Disclosure of Interests in Other Entities (“IFRS 12”)
IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint agreements, associates, special purpose vehicles and other off-balance sheet vehicles. The required disclosures aim to provide information in order to enable users to evaluate the nature of, and the risks associated with, an entity’s interest in other entities, and the effects of those interests on the entity’s financial position, financial performance and cash flows. The standard is effective for the Company’s year-end beginning on October 1, 2013. The Company is currently assessing the full impact of IFRS 12.

IFRS 13 – Fair Value Measurement
IFRS 13 Fair Value Measurement was issued by the IASB in May 2011. IFRS 13 provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The standard is effective for the Company’s year-end beginning on October 1, 2013. The Company is currently assessing the full impact of IFRS 13.

IFRIC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine (“IFRIC 20”)
IFRIC 20 was issued by the IFRIC in October 2011. IFRIC 20 applies to all types of natural resources that are extracted using the surface mining activity process. IFRIC 20 may represent a change in accounting practice for some Canadian mining entities. Specifically, IFRIC 20 permits capitalization of stripping costs if all of the following three criteria are met:

- probability of future economic benefit (improved access to the ore body) flowing to the entity;
- identifiability of the component of the ore body for which access has been improved; and
- measurability of the costs associated to the stripping activity.

Furthermore, where the costs of the stripping activity asset and of the inventory produced are not separately identifiable, IFRIC 20 provides a more detailed cost allocation guidance based on a relevant production measure that allows allocation between inventory produced and the stripping activity asset. IFRIC 20 is effective for the Company’s year-end beginning on October 1, 2013. The Company is currently assessing the full impact of IFRIC 20.

IAS 32 Financial Instruments – Presentation (“IAS 32”)
IAS 32 was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted. The Company is currently assessing the full impact of IAS 32 on its consolidated financial statements.

USE OF FINANCIAL INSTRUMENTS

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements. The principal financial instruments affecting the Company's financial condition and results of operations is currently its cash and short-term money market investments.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.

Capital Investment

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing hereafter. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favorable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

Government Regulations

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labor standards. For the Company to carry out mining activities, exploitation licenses must be obtained and kept current. There is no guarantee that the Company's exploitation licenses would be extended or that new exploitation licenses would be granted. In addition, such exploitation licenses could be changed and there can be no assurances that any application to renew any existing licenses will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

Market Fluctuation and Commercial Quantities

The market for minerals is influenced by many factors beyond the control of the Company such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metals and other mineral deposits may be affected by other factors that are beyond the Company's control including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors which may affect commercial viability so that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital.

RISKS AND UNCERTAINTIES (continued)

Development Stage Corporation & Exploration Risks

The Company is engaged in the business of exploration and development for precious and base metals in Canada. The properties of the Company have no established reserves. There is no assurance that any of the properties can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability in the future from the business of the Company will be dependent on developing and commercially mining an economic deposit of minerals, which itself is subject to numerous risk factors. Exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time of which even a combination of careful valuation, experience and knowledge of management may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration, development and production programs of the Company will result in profitable commercial mining operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Substantial expenditures would be required to establish reserves sufficient to commercially mine mineral deposits on the Company's properties and to construct complete and install mining and processing facilities in those properties that are actually mined and developed.

Foreign Operations

Some of the Company's property interests is located in Mexico, and is subject to that jurisdiction's laws and regulations. The Company believes the present attitude of Mexico to foreign investment and mining to be favorable but investors should assess the political risks of investing in a foreign country. Variations from the current regulatory, economic and political climate could have an adverse effect on the affairs of the Company.

Environmental Protection

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety which may adversely affect the Company or require it to expend significant funds.

Mining Risks and Insurance

The Company is subject to the risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure or against which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

Insurance Policy

One of the Company's property interests is located in British Columbia. The Company believes they carry adequate insurance prescribed by the British Columbia government.

RISKS AND UNCERTAINTIES (continued)

No History of Profitability
The Company is a development stage company with no history of profitability. There can be no assurance that the operations of the Company will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

Conflicts of Interest
Certain of the directors and officers of the Company may also serve as directors and officers of other companies involved in gold and precious metal or other natural resource exploration and development and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors declare, and refrain from voting on any matters in which such directors may have a conflict of interest.

Market Risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices. In addition, most of the Company's investments are in the resource sector.

For the year ended September 30, 2013, a 10% decrease in the closing prices of its portfolio investments would result in an estimated increase in net loss of approximately $7,313 (September 30, 2012 - $234,000). The Company also has investments in associates that could realize gains or losses on the disposition of shares.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in Canada. Based on a review of its internal control procedures at the end of the year covered by this MD&A, management has concluded its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized and reported in a timely manner.

CHANGES TO INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no significant changes to the Company's internal control over financial reporting that occurred during the year ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the consolidated financial statements.

Additional Information

Additional information relating to the Company can also be found on SEDAR at www.sedar.com.