CALLINEX MINES INC.

Condensed Interim Financial Statements
Three and six months ended March 31, 2016 and 2015

(Expressed in Canadian dollars)

Notice of no Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

CALLINEX MINES INC.

Condensed Interim Statements of Financial Position
As at:
(Expressed in Canadian dollars)

	Note	March 31 2016	September 30 2015
		$	$
Assets			
Current			
Cash and cash equivalents		**2,163,086**	3,663,503
Receivables	**5**	**217,594**	188,692
Prepaid expenses		**91,643**	103,392
		2,472,323	3,955,587
Non-current			
Deposits		**28,202**	27,992
Equipment	**6**	**28,602**	33,269
Exploration and evaluation assets	**7**	**10,996,794**	9,805,169
		13,525,921	13,822,017
Liabilities			
Current			
Accounts payable and accrued liabilities		**792,013**	520,039
Shareholders' Equity			
Capital stock	**8**	**47,115,364**	47,115,364
Equity reserve		**4,854,415**	4,586,672
Deficit		**(39,235,871)**	(38,400,058)
		12,733,908	13,301,978
		13,525,921	13,822,017

Nature of operations and going concern – Note 1
Commitments – Note 9

APPROVED BY THE BOARD OF DIRECTORS

Michael Louie Director *Peter Schriber* Director

The accompanying notes are an integral part of these condensed interim financial statements

CALLINEX MINES INC.

Condensed Interim Statements of Comprehensive Loss
Three month and six months ended March 31
(Expressed in Canadian dollars)

	Note	Three months ended March 31 2016	2015	Six months ended March 31 2016	2015
		$	$	**$**	$
Audit and accounting	**9**	**16,880**	15,909	**27,471**	25,769
Consulting fees	**9**	**18,000**	33,498	**39,032**	60,413
Depreciation	**6**	**2,333**	5,336	**4,667**	11,076
Insurance expense		**7,555**	6,800	**14,137**	13,572
Legal fees		**7,053**	3,919	**10,257**	8,641
Listing and sustaining fees		**8,889**	9,551	**16,378**	11,377
Property expenses		**5,514**	3,350	**8,213**	7,478
Office, administration and rent		**34,323**	31,846	**91,383**	53,077
Salaries	**9**	**63,801**	61,629	**156,516**	115,813
Shareholder relations and news releases		**91,123**	72,029	**171,757**	103,811
Share-based compensation	**9,8b**	**156,956**	56,187	**267,743**	170,277
Transfer agent		**2,186**	2,178	**4,374**	3,631
Travel		**10,949**	16,423	**23,885**	32,405
		(425,562)	(318,655)	**(835,813)**	(617,340)
Finance income		**-**	1,829	**-**	4,728
Comprehensive loss for the period		**(425,562)**	(316,826)	**(835,813)**	(612,612)
Loss per share					
- Basic and diluted		**(0.01)**	(0.01)	(0.02)	(0.02)
Weighted average number of shares outstanding					
- Basic and diluted		**47,654,472**	32,218,573	**47,654,472**	32,135,991

The accompanying notes are an integral part of these condensed interim financial statements

CALLINEX MINES INC.

Condensed Interim Statements of Cash Flows
Six months ended March 31
(Expressed in Canadian dollars)

	2016	2015
	$	$
Cash flows (used in) provided by		
Operating activities		
Net loss	**(835,813)**	(612,612)
Items not affecting cash		
Depreciation	**4,667**	11,076
Share-based payments	**267,743**	170,277
Net change in non-cash working capital items		
Receivables	**(28,902)**	(14,205)
Prepaid expenses	**11,749**	(17,048)
Deposits	**(210)**	-
Accounts payable and accrued liabilities	**(34,923)**	(24,925)
	(615,689)	(487,437)
Investing activities		
Acquisition of exploration and evaluation assets	**(884,728)**	(68,509)
Financing activities		
Proceeds on shares issued, net of share issuance costs	**-**	288,000
Decrease in cash and cash equivalents	**(1,500,417)**	(267,946)
Cash and cash equivalents, beginning of period	**3,663,503**	961,483
Cash and cash equivalents, end of period	**2,163,086**	693,537
Cash and cash equivalents consist of:		
Cash	**2,163,086**	360,537
Cash equivalents	**-**	333,000

The accompanying notes are an integral part of these condensed interim financial statements

CALLINEX MINES INC.

Condensed Interim Statements of Changes in Equity

(Expressed in Canadian dollars)

	Common shares	Capital Stock	Equity reserve	Deficit	Total
	number	$	$	$	$
Balance, September 30, 2014	**32,056,101**	**42,792,853**	**4,380,891**	**(34,010,095)**	**13,163,649**
Shares issued in consideration for:					
- Exercise of warrants	1,440,000	288,000	-	-	288,000
Share-based payments	-	-	170,277	-	170,277
Net loss	-	-	-	(612,612)	(612,612)
Balance, March 31, 2015	**33,496,101**	**43,080,853**	**4,551,168**	**(34,622,707)**	**13,009,314**
Shares issued in consideration for:					
Cash, pursuant to:					
- Private placement	11,354,583	3,406,375	-	-	3,406,375
- Exercise of warrants	2,050,000	410,000	-	-	410,000
Exploration and evaluation assets	753,788	237,714	-	-	237,714
Share issuance costs	-	(32,272)	-	-	(32,272)
Deferred tax	-	12,694	-	-	12,694
Share-based payments	-	-	35,504	-	35,504
Net loss	-	-	-	(3,777,351)	(3,777,351)
Balance, September 30, 2015	**47,654,472**	**47,115,364**	**4,586,672**	**(38,400,058)**	**13,301,978**
Share-based payments	-	-	267,743	-	267,743
Net loss	-	-	-	(835,813)	(835,813)
Balance, March 31, 2016	**47,654,472**	**47,115,364**	**4,854,415**	**(39,235,871)**	**12,733,908**

The accompanying notes are an integral part of these condensed interim financial statements

1. Nature and continuance of operations

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

The Company's head office and registered and records office address is 1555 – 555 West Hastings Street, Vancouver, British Columbia, Canada V6B 4N6.

Management of the Company believes that it has sufficient funds to pay its ongoing general and administrative expenses and to meet its liabilities, obligations and existing commitments for the ensuing 12 months as they fall due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company's ability to continue future operations beyond March 31, 2016 and fund its exploration and evaluation expenditures is dependent on management's ability to secure additional financing in the future, which may be completed in a number of ways, including, but not limited to, the issuance of equity instruments. Management will pursue such additional sources of financing when required, and while management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future or that these sources of funding or initiatives will be available for the Company or that they will be available on terms which are acceptable to the Company.

2. Basis of presentation

These condensed interim financial statements for the three and six months ended March 31, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's September 30, 2015 annual financial statements which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"). These condensed interim financial statements have been prepared under the historical cost convention.

These financial statements were approved by the board of directors for use on May 30, 2016.

The condensed interim consolidated financial statements have been prepared using accounting policies consistent with those used in the Company's September 30, 2015 annual audited financial statements.

3. New and Future Accounting standards and pronouncements

a) New standards and amendments effective for the first time from October 1, 2015

The following revised standards and amendments became effective for the Company on October 1, 2015. The new and amended standards did not have a significant impact on the condensed interim financial statements. The following is a brief summary of the principal new standards adopted by the Company:

IFRS 7 – Financial Instruments disclosures
The Standard was amended to require additional disclosures on transition from IAS 39 and IFRS 9.

b) Accounting standards issued but not yet effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 would be annual periods beginning on or after January 1, 2018, with early adoption permitted.

IAS 7 Statement of Cash Flows

In January 2016, IASB amended IAS 7, "Statement of Cash Flows", The amendments require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. This amendment will be mandatory for reporting periods beginning on or after January 1, 2017.

4. Critical accounting estimates and judgments

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's September 30, 2015 annual financial statements.

5. Receivables

	March 31 2016	September 30 2015
MEAP receivable	160,000	160,000
GST receivable	54,396	25,692
Due from related parties (Note 10)	3,000	3,000
	217,594	188,692

The Company has received eligibility for a cash rebate on exploration expenditures up to $160,000 through the Government of Manitoba's Mineral Economic Assistance Program (MEAP). As at March 31, 2016 the Company has incurred all eligible expenditures to receive the rebate.

6. Equipment

	Equipment	Office Furniture	Computer Equipment	Total
	$	$	$	$
Cost				
Balance, September 30, 2015	90,880	8,868	43,310	143,058
Additions	-	-	-	-
Balance, March 31, 2016	**90,880**	**8,868**	**43,310**	**143,058**
Accumulated depreciation				
Balance, September 30, 2015	80,055	2,406	27,328	109,789
Depreciation	1,624	646	2,397	4,667
Balance, March 31, 2016	**81,679**	**3,052**	**29,725**	**114,456**
Net book value				
September 30, 2015	10,825	6,462	15,982	33,269
March 31, 2016	**9,201**	**5,816**	**13,585**	**28,602**

7. Exploration and evaluation assets

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

	Flin Flon	Pine Bay	Gossan/ Rug	Other	Total
	$	$		$	$
September 30, 2015	387,982	3,215,619	4,835,385	1,366,183	9,805,169
Acquisition	-	-	-	-	-
Consulting	-	-	-	-	-
Drilling	-	900,998	-	-	900,998
Geophysical	-	169,703	-	-	169,703
Other	-	105,942	-	-	105,942
Permitting	676	11,212	1,313	1,781	14,982
Recovery	-	-	-	-	-
	676	1,187,855	1,313	1,781	1,191,625
March 31, 2016	**388,658**	**4,403,474**	**4,836,698**	**1,367,964**	**10,996,794**

	Flin Flon	Pine Bay	Gossan/ Rug	Other	Total
	$	$		$	$
September 30, 2014	166,699	2,622,564	4,835,385	4,990,332	12,614,980
Acquisition	210,357	10,115	-	-	220,472
Consulting	9,884	44,319	-	5,479	59,682
Drilling	-	642,783	-	-	642,783
Geophysical	13,015	254,373	-	-	267,388
Other	8,478	34,562	-	-	43,040
Permitting	30,399	17,636	-	-	48,035
Recovery	(50,850)	(410,733)	-	(93,253)	(554,836)
	221,283	593,055	-	(87,774)	726,564
Impairment	-	-	-	(3,536,375)	(3,536,375
September 30, 2015	**387,982**	**3,215,619**	**4,835,385**	**1,366,183**	**9,805,169**

a) Pine Bay
Callinex owns a 100% interest, subject to a 1% Net Smelter Return ("NSR") royalty and a 5.12% Net Profits Interest, in the Pine Bay Project.

b) Flin Flon
Callinex owns a 100% interest, subject to a 2% NSR royalty of which 1% may be purchased for $1,000,000, in the Flin Flon Project.

c) Gossan/Rug Claims
Callinex owns a 100% interest, subject to a 2% NSR royalty, in the Gossan Gold Project.

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

8. Share capital

a) Authorized:
Unlimited common shares with no par value

b) Stock options
The balance of options outstanding and related information for the six months ended March 31, 2016 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2015	3,150,000	$0.34	3.60
Granted	1,600,000	$0.33	
Balance March 31, 2016	4,750,000	$0.34	3.64
Unvested	(990,000)	$0.33	4.70
Exercisable, March 31, 2016	3,760,000	$0.34	3.34

The weighted average fair value of the options granted during the six months March 31, 2016 was $0.25 (2015 - $0.22).

For the three and six months ended March 31, 2016, the Company recorded share-based payments expense of $156,956 and $267,743 (2015 - $56,187 and $170,277). The fair value of these options was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2016	2015
Risk free interest rate	1.00%	1.00%
Expected life	5 years	5 years
Expected volatility	102%	134%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The balance of options outstanding as at March 31, 2016 was as follows:

Expiry date	Average Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
September 14, 2016	$0.90	0.46	150,000	-	150,000
August 6, 2018	$0.30	2.35	550,000	-	550,000
October 28, 2018	$0.37	2.58	150,000	-	150,000
May 7, 2019	$0.47	3.10	300,000	-	300,000
September 5, 2019	$0.29	3.43	1,250,000	-	1,250,000
September 12, 2019	$0.29	3.45	275,000	-	275,000
October 15, 2019	$0.29	3.54	75,000	-	75,000
January 20, 2020	$0.29	3.81	250,000	-	250,000
May 14, 2020	$0.29	4.12	150,000	30,000	120,000
December 18, 2020	$0.33	4.72	1,600,000	960,000	640,000
			4,750,000	990,000	3,760,000

c) Share purchase warrants

The balance of warrants outstanding and related information for the six months ended March 31, 2016 is as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average Remaining life (years)
Balance, September 30, 2015	3,865,609	$0.22	0.59
Expired	(1,052,691)	$0.40	
Balance, March 31, 2016	2,812,918	$0.45	1.33

As at March 31, 2016 there were a total of 2,812,918 warrants outstanding with an exercise price of $0.45 and expiry date of July 31, 2017.

f) Flow-through shares

The Company is committed to incur on or before December 31, 2016 qualifying Canadian exploration expenses as defined under the *Income Act, Canada* ("Qualifying CEE") in the amount of $1,718,625 with respect to the flow-through share financings completed during the fiscal year ended September 30, 2015. None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

As at March 31, 2016 the Company has incurred $1,626,615 of the required qualifying Canadian exploration expenses.

9. Related party transactions

Compensation paid or payable to the Company's Board of Directors and corporate officers for services provided during the three and six months ended March 31, 2016 and 2015 was as follows:

	Three months ended March 31		Six months ended March 31	
	2016	2015	2016	2015
	$	$	$	$
Accounting	8,360	9,640	12,731	16,592
Consulting	18,000	18,000	37,500	34,500
Salaries	39,000	30,000	84,500	60,000
Share-based compensation	86,409	35,795	144,345	105,696
	151,769	93,435	279,076	216,788

During the three and six months ended March 31, 2016 and 2015, the Company incurred the following additional related party expenditures:

	Three months ended March 31		Six months ended March 31	
	2016	2015	2016	2015
	$	$	$	$
Office and administration	-	(9,000)	-	(18,000)

As at March 31, 2016 a total of $3,000 (September 30, 2015 - $3,000) from related parties is included in accounts receivables and $12,000 (September 30, 2015 - $9,572) was owed to related parties and is included in accounts payable and accrued liabilities.

10. Commitments

The Company is committed to payments, for the next twelve months, of $31,500 under various consulting agreements. The Company entered into a lease agreement for its office premises. The lease will expire on October 31, 2018. The annual lease commitment is as follows:

Fiscal year ended September 30, 2016	$30,500
Fiscal year ended September 30, 2017	$61,000
Fiscal year ended September 30, 2018	$61,000
Fiscal year ended September 30, 2019	$6,000

11. Subsequent event

The Company closed a private placement consisting of 7,000,000 non-flow-through units at $0.30 per unit and 7,000,000 flow-through shares at $0.30 per flow-through share for gross proceeds of $4,200,000. The non-flow-through units consists of one common share and one half of one share purchase warrants. Each warrant entitles the holder to acquire one common share at a price of $0.45 for a period of two years.

The Company entered into a binding purchase agreement to acquire a 100% ownership of the Point Leamington VMS deposit. A cash payment of $115,000 is due on closing of the transaction and an additional $400,000 is payable in either cash or shares (at the election of the Company) within two years.

The Company entered into a binding purchase agreement to acquire 100% of the Superjack and Nash Creek VMS deposits. Consideration of $750,000 is to be as follows: (i) $100,000 cash was paid upon closing: (ii) $525,000 is due within three years which can be paid in cash or shares (issued 300,000 shares for a deemed value of $150,000) and (iii) $125,000 due in cash or shares based on the completion of a Preliminary Economic Assessment on the Nash project.