

**CALLINEX MINES INC.**

**Condensed Interim Financial Statements  
Three and six months ended March 31, 2015 and 2014**

**(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 Canadian Institute of Chartered Accountants 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 2015	September 30 2014
		\$	\$
<b>Assets</b>			
Current			
Cash and cash equivalents		693,537	961,483
Receivables		32,492	18,287
Prepaid expenses		31,639	14,591
		757,668	994,361
Non-current			
Deposits		22,702	22,702
Equipment	5	72,437	83,513
Exploration and evaluation assets	6	12,898,600	12,614,980
		13,751,407	13,715,556
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		311,093	120,907
Non-current			
Deferred tax liability		431,000	431,000
<b>Shareholders' Equity</b>			
Capital stock	7	43,080,853	42,792,853
Equity reserve		4,551,168	4,380,891
Deficit		(34,622,707)	(34,010,095)
		13,009,314	16,842,771
		13,751,407	13,715,556

Nature of operations and going concern – Note 1

Commitments – Note 9

### APPROVED BY THE BOARD OF DIRECTORS

Michael Louie

Director

Nico Civelli

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		Six months ended March 31	
		2015	2014	2015	2014
		\$	\$	\$	\$
Audit and accounting	8	15,909	21,900	25,769	52,900
Consulting fees	8	33,498	7,134	60,413	12,734
Depreciation		5,336	6,900	11,076	13,524
Insurance expense		6,800	6,425	13,572	13,595
Legal fees		3,919	21,105	8,641	48,700
Listing and sustaining fees		9,551	8,579	11,377	13,786
Property expenses		3,350	32,907	7,478	34,584
Office, administration and rent	8	31,846	38,689	53,077	71,570
Salaries		61,629	153,275	115,813	331,119
Shareholder relations and news releases		72,029	59,473	103,811	114,162
Share-based compensation	7	56,187	2,730	170,277	42,547
Transfer agent		2,178	1,461	3,631	4,089
Travel		16,423	9,016	32,405	11,150
		(318,655)	(369,594)	(617,340)	(764,460)
Finance income		1,829	7,916	4,728	14,851
Deferred income tax recovery		-	8,000	-	36,000
<b>Loss and comprehensive loss for the period</b>		<b>(316,826)</b>	<b>(353,678)</b>	<b>(612,612)</b>	<b>(713,609)</b>
<b>Loss per share</b>					
- Basic and diluted		(0.01)	(0.01)	(0.02)	(0.02)
<b>Weighted average number of shares outstanding</b>					
- Basic and diluted		32,218,573	31,880,515	32,135,991	31,527,251

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)

	2015	2014
	\$	\$
<b>Cash flows (used in) provided by</b>		
<b>Operating activities</b>		
Net loss	(612,612)	(713,609)
Items not affecting cash		
Depreciation	11,076	13,524
Share-based payments	170,277	42,547
Deferred income tax recovery	-	(36,000)
Net change in non-cash working capital items		
Receivables	(14,205)	(17,466)
Prepaid expenses	(17,048)	18,242
Deposits	-	1,248
Accounts payable and accrued liabilities	(24,925)	13,029
	(487,437)	(678,485)
<b>Investing activities</b>		
Acquisition of exploration and evaluation assets	(68,509)	(677,881)
Purchase of equipment	-	(10,580)
	(68,509)	(688,461)
<b>Financing activities</b>		
Proceeds on shares issued, net of share issuance costs	288,000	355,602
<b>Decrease in cash and cash equivalents</b>	(267,946)	(1,011,344)
<b>Cash and cash equivalents, beginning of period</b>	961,483	3,042,370
<b>Cash and cash equivalents, end of period</b>	693,537	2,031,026
Cash and cash equivalents consist of:		
Cash	360,537	(34,641)
Cash equivalents	333,000	2,065,667

*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 number	Capital Stock \$	Subscription received in advance \$	Equity reserve \$	Deficit \$	Total \$
<b>Balance, September 30, 2013</b>	<b>29,787,352</b>	<b>42,052,891</b>	<b>383,950</b>	<b>4,018,062</b>	<b>(16,815,274)</b>	<b>29,639,629</b>
Shares issued in consideration for:						
Cash, pursuant to:						
- Private placements	2,087,999	746,594	(383,950)	-	-	362,644
- Exercise of warrants	85,750	22,513	-	-	-	22,513
Share issuance costs	-	(39,593)	-	10,038	-	(29,555)
Share-based payments	-	-	-	42,547	-	42,547
Net loss	-	-	-	-	(713,609)	(713,609)
<b>Balance, March 31, 2014</b>	<b>31,961,101</b>	<b>42,782,405</b>	<b>-</b>	<b>4,070,647</b>	<b>(17,528,883)</b>	<b>29,324,169</b>
Shares issued in consideration for:						
- Exercise of warrants	50,000	10,000	-	-	-	10,000
- Exploration and evaluation assets	45,000	9,900	-	-	-	9,900
Share issuance costs	-	(21,452)	-	4,913	-	(16,539)
Deferred tax	-	12,000	-	-	-	12,000
Share-based payments	-	-	-	305,331	-	305,331
Net loss	-	-	-	-	(16,481,212)	(16,481,212)
<b>Balance, September 30, 2014</b>	<b>32,056,101</b>	<b>42,792,853</b>	<b>-</b>	<b>4,380,891</b>	<b>(34,010,095)</b>	<b>13,163,649</b>
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)
<b>Balance, March 31, 2015</b>	<b>33,496,101</b>	<b>43,080,853</b>	<b>-</b>	<b>4,551,168</b>	<b>(34,622,707)</b>	<b>13,009,314</b>

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

# **CALLINEX MINES INC.**

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2015 and 2014

*(Expressed in Canadian dollars)*

---

## **1. Nature of operations and going concern**

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

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

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

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

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

## **2. Basis of presentation**

These condensed interim financial statements for the three and six months ended March 31, 2015 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, 2014 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 27, 2015.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

### 3. New and Future Accounting standards and pronouncements

#### a) New standards and amendments effective for the first time from October 1, 2014

The following revised standards and amendments became effective for the Company on October 1, 2014. 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:

#### IAS 32 – Financial Instruments presentation

The Standard was amended to clarify requirements for offsetting financial assets and financial liabilities.

#### IAS 36 – Impairment of assets

The Standard was amended to address the disclosures required regarding the recoverable amount of impaired assets or cash generating units (CGUs) for periods in which an impairment loss has been recognized or reversed.

#### 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 – to replace IAS 39 – Financial Instruments: Recognition and Measurement. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

#### IFRS 7 – Financial Instruments disclosures

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

### 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, 2014 annual financial statements.

### 5. Equipment

	Equipment	Office Furniture	Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
<b>Cost</b>					
Balance, September 30, 2014	85,880	87,631	143,007	43,490	360,008
Additions	-	-	-	-	-
<b>Balance, March 31, 2015</b>	<b>85,880</b>	<b>87,631</b>	<b>143,007</b>	<b>43,490</b>	<b>360,008</b>
<b>Accumulated depreciation</b>					
Balance, September 30, 2014	77,292	66,694	107,133	25,376	276,495
Depreciation	1,240	2,041	5,180	2,615	11,076
<b>Balance, March 31, 2015</b>	<b>(78,532)</b>	<b>(68,736)</b>	<b>(112,311)</b>	<b>(27,992)</b>	<b>(287,571)</b>



## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

### Net book value

September 30, 2014	8,588	20,937	35,874	18,114	83,513
<b>March 31, 2015</b>	<b>7,348</b>	<b>18,894</b>	<b>30,696</b>	<b>15,499</b>	<b>72,437</b>

### 6. 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.

	<b>Flin Flon</b>	<b>Pine Bay</b>	<b>Gossan/ Rug</b>	<b>Other</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>		<b>\$</b>	<b>\$</b>
September 30, 2014	166,699	2,622,564	4,835,385	4,990,332	12,614,980
Acquisition	8,607	8,100	-	-	16,707
Consulting	8,236	22,479	-	7,654	35,479
Drilling	-	238,709	-	-	238,709
Geophysical	8,965	119,529	-	-	128,494
Permitting	25,869	10,230	-	-	36,099
Recovery	(38,885)	(39,731)	-	(93,253)	(171,868)
	12,792	359,316	-	(88,488)	283,620
<b>March 31, 2015</b>	<b>179,491</b>	<b>2,981,880</b>	<b>4,835,385</b>	<b>4,901,844</b>	<b>12,898,600</b>

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

## **CALLINEX MINES INC.**

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2015 and 2014

*(Expressed in Canadian dollars)*

---

During the six months ended March 31, 2015, the Company has announced a fully-funded exploration program for 2015 including geophysics and a two-phase 4,000 meter drill program to be completed between the Pine Bay and Flin Flon Projects. During the period the company completed significant exploration activities that included: digitized and compiled more than 700 historic drill holes, completed more than 50 line km of ground geophysics and commenced the Phase One drilling campaign consisted of five holes totalling 1,425 meters at the Pine Bay Project.

### **a) Flin Flon Claims**

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

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

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

### **b) Pine Bay**

Callinex owns a 100% interest, subject to a 1% NSR and a 5.12% Net Profits Interest. The project is located 16km east of Flin Flon, MB and covers approximately 6,000ha. The project hosts four past producing VMS mines and historic resources.

### **c) Gossan/Rug Claims**

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

### **d) Other**

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

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

---

### 7. 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, 2015 are as follows:

	<b>Number of options</b>	<b>Weighted average exercise price (per share)</b>	<b>Weighted average remaining life (years)</b>
Balance September 30, 2014	3,195,000	\$0.36	4.35
Granted	75,000	\$0.29	
Expired	(395,000)	\$0.45	
Balance March 31, 2015	2,875,000	\$0.35	4.00
Unvested	517,500	\$0.29	4.45
Exercisable, March 31, 2015	2,357,500	\$0.36	3.90

The weighted average fair value of the options granted during the six months March 31, 2015 was \$0.22 (2014 - \$0.24).

For the three and six months ended March 31, 2015, the Company recorded share-based payments expense of \$56,187 and \$170,277 (2014 - \$2,730 and \$42,547). The fair value of these options was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	<b>2015</b>	<b>2014</b>
Risk free interest rate	1.00%	2.75%
Expected life	5 years	5 years
Expected volatility	134%	88%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

The balance of options outstanding as at March 31, 2015 was as follows:

Expiry date	Average Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
September 14, 2016	\$0.90	1.71	150,000	-	150,000
August 6, 2018	\$0.30	2.37	550,000	-	550,000
October 28, 2018	\$0.37	3.60	150,000	-	150,000
May 7, 2019	\$0.47	3.83	300,000	-	300,000
September 5, 2019	\$0.29	4.35	1,350,000	400,000	950,000
September 12, 2019	\$0.29	4.68	300,000	80,000	220,000
October 15, 2019	\$0.29	4.79	75,000	37,500	37,500
	\$0.35	4.25	2,875,000	517,500	2,357,500

Subsequent to March 31, 2015 the Company granted 150,000 stock options at an exercise price of \$0.29 and expiry date of May 14, 2020.

### c) Share purchase warrants

The balance of warrants outstanding and related information for the six months ended March 31, 2015 is as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average Remaining life (years)
Balance September 30, 2014	9,992,691	0.22	0.83
Exercised	(1,440,000)	0.20	
Balance March 31, 2015	8,552,691	0.22	0.35

The balance of warrants outstanding as at March 31, 2015 was as follows:

Expiry date	Average Exercise price	Remaining life (years)	Warrants Outstanding
July 25, 2015	\$0.20	0.32	7,500,000
October 23, 2015 <sup>(1)</sup>	\$0.39	0.56	789,441
November 22, 2015	\$0.42	0.65	263,250
	\$0.22	0.35	8,552,691

<sup>(1)</sup>44,444 agents' warrants are included in the warrants outstanding

Subsequent to March 31, 2015 a total of 400,000 warrants were exercised for gross proceeds of \$80,000.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2015 and 2014

(Expressed in Canadian dollars)

### 8. Related party transactions

During the three and six months ended March 31, 2015 and 2014, the Company incurred the following expenditures charged by directors and officers of the Company and/or companies they owned or in which they were significant shareholders:

	Three months ended March 31		Six months ended March 31	
	2015	2014	2015	2014
	\$	\$	\$	\$
Accounting	-	16,000	-	32,000
Consulting	9,000	-	18,000	-
Office and administration	(9,000)	-	(18,000)	-
	-	16,000	-	32,000

Key management includes executive and non-executive members of the Company's Board of Directors and corporate officers. Compensation paid or payable to key management for services provided during the three and six months ended March 31, 2015 and 2014 was as follows

	Three months ended March 31		Six months ended March 31	
	2015	2014	2015	2014
	\$	\$	\$	\$
Consulting	18,000	-	34,500	-
Salaries	30,000	49,271	60,000	130,522
Share-based compensation	35,795	-	105,696	39,817
	83,795	49,271	200,196	170,339

As at March 31, 2015 a total of \$6,000 (September 30, 2014 - \$12,000) from related parties is included in accounts receivables and \$40,500 (September 30, 2014 - \$14,937) was owed to related parties and is included in accounts payable and accrued liabilities.

### 9. Commitments

The Company is committed to payments, for the next twelve months, of \$100,749 under various consulting agreements. The Company entered into a lease agreement for its office premises. The lease will expire on November 30, 2015. The annual lease commitment is as follows:

Fiscal year ended September 30, 2015	\$36,000
Fiscal year ended September 30, 2016	\$12,000