

**CALLINEX MINES INC.**

**Condensed Interim Financial Statements  
Three and nine months ended June 30, 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	June 30 2015	September 30 2014
		\$	\$
<b>Assets</b>			
Current			
Cash and cash equivalents		490,269	961,483
Receivables		191,565	18,287
Prepaid expenses		12,528	14,591
		694,362	994,361
Non-current			
Deposits		22,702	22,702
Equipment	5	66,292	83,513
Exploration and evaluation assets	6	12,910,272	12,614,980
		13,693,628	13,715,556
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities		219,200	120,907
Non-current			
Deferred tax liability		431,000	431,000
<b>Shareholders' Equity</b>			
Capital stock	7	43,345,390	42,792,853
Equity reserve		4,577,141	4,380,891
Deficit		(34,879,103)	(34,010,095)
		13,043,428	16,842,771
		13,693,628	13,715,556

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 nine months ended June 30

(Expressed in Canadian dollars)

		Three months ended June 30		Nine months ended June 30	
	Note	2015	2014	2015	2014
		\$	\$	\$	\$
Audit and accounting	8	8,265	12,116	34,034	65,016
Consulting fees	8	36,190	2,410	96,603	15,143
Depreciation		6,145	8,117	17,221	21,641
Insurance expense		6,857	6,425	20,429	20,020
Legal fees		10,841	33,355	19,482	82,055
Listing and sustaining fees		6,829	5,636	18,206	19,421
Property expenses		1,660	12,189	9,138	47,676
Office, administration and rent	8	26,017	36,504	79,094	107,174
Salaries		55,084	158,036	170,897	489,155
Shareholder relations and news releases		62,286	29,679	166,097	143,840
Share-based compensation	7	25,973	134,811	196,250	177,358
Transfer agent		2,373	3,415	6,003	7,504
Travel		6,201	3,850	38,606	15,000
		(254,721)	(446,543)	(872,060)	(1,211,003)
Finance (expense) income		(1,676)	5,789	3,052	20,640
		(256,397)	(440,754)	(869,008)	(1,190,363)
Deferred income tax (expense) recovery		-	(16,000)	-	20,000
<b>Loss and comprehensive loss for the period</b>		<b>(256,397)</b>	<b>(456,754)</b>	<b>(869,008)</b>	<b>(1,170,363)</b>
<b>Loss per share</b>					
- Basic and diluted		(0.01)	(0.01)	(0.03)	(0.04)
<b>Weighted average number of shares outstanding</b>					
- Basic and diluted		34,163,741	31,986,376	32,814,393	31,680,292

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

# CALLINEX MINES INC.

## Condensed Interim Statements of Cash Flows

Nine months ended June 30

(Expressed in Canadian dollars)

	2015	2014
	\$	\$
<b>Cash flows (used in) provided by</b>		
<b>Operating activities</b>		
Net loss	(869,009)	(1,170,363)
Items not affecting cash		
Depreciation	17,221	21,641
Share-based payments	196,250	177,358
Deferred income tax recovery	-	(20,000)
Net change in non-cash working capital items		
Receivables	1,829	(38,807)
Prepaid expenses	2,064	25,448
Deposits	-	1,248
Accounts payable and accrued liabilities	(50,042)	(30,195)
	<b>(701,687)</b>	<b>(1,033,670)</b>
<b>Investing activities</b>		
Exploration and evaluation assets expenditures	(307,970)	(1,196,535)
Purchase of equipment	-	(22,800)
	<b>(307,970)</b>	<b>(1,219,335)</b>
<b>Financing activities</b>		
Proceeds on shares issued	368,000	395,157
Share issuance costs	(1,426)	(29,555)
Recoveries received for exploration and evaluation assets	171,869	-
	<b>538,443</b>	<b>365,602</b>
<b>Decrease in cash and cash equivalents</b>	<b>(471,214)</b>	<b>(1,887,403)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>961,483</b>	<b>3,042,370</b>
<b>Cash and cash equivalents, end of period</b>	<b>490,269</b>	<b>1,154,967</b>
Cash and cash equivalents consist of:		
Cash	457,269	289,300
Cash equivalents	33,000	865,667

Supplemental Cashflow Information – Note 10

*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	135,750	32,513	-	-	-	32,513
Share issuance costs	-	(39,593)	-	10,038	-	(29,555)
Share-based payments	-	-	-	177,358	-	177,358
Net loss	-	-	-	-	(1,170,363)	(1,170,363)
<b>Balance, June 30, 2014</b>	<b>32,011,101</b>	<b>42,792,405</b>	<b>-</b>	<b>4,205,458</b>	<b>(17,985,637)</b>	<b>29,012,226</b>
Shares issued in consideration for:						
- 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	-	-	-	170,520	-	170,520
Net loss	-	-	-	-	(16,024,458)	(16,024,458)
<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	1,840,000	368,000	-	-	-	368,000
Share issuance costs	-	(1,426)	-	-	-	(1,426)
Shares issued for exploration and evaluation assets	603,788	185,964	-	-	-	185,964
Share-based payments	-	-	-	196,250	-	196,250
Net loss	-	-	-	-	(869,008)	(869,008)
<b>Balance, June 30, 2015</b>	<b>34,499,889</b>	<b>43,345,390</b>	<b>-</b>	<b>4,577,141</b>	<b>(34,879,103)</b>	<b>13,043,428</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 nine months ended June 30, 2015 and 2014

*(Expressed in Canadian dollars)*

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## 1. Nature 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 1110 – 555 West Hastings Street, Vancouver, British Columbia, Canada V6B 4N4.

## 2. Basis of presentation

These condensed interim financial statements for the three and nine months ended June 30, 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 August 18, 2015.

## 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.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and nine months ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

### 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, June 30, 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	1,932	3,140	8,072	4,077	17,221
<b>Balance, June 30, 2015</b>	<b>79,224</b>	<b>69,834</b>	<b>115,205</b>	<b>29,453</b>	<b>293,716</b>
<b>Net book value</b>					
September 30, 2014	8,588	20,937	35,874	18,114	83,513
<b>June 30, 2015</b>	<b>6,556</b>	<b>17,797</b>	<b>27,802</b>	<b>14,037</b>	<b>66,292</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.

	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	8,607	8,100	-	-	16,707
Consulting	9,884	27,519	-	5,479	42,882
Drilling	-	243,059	-	-	243,059
Geophysical	10,215	248,073	-	-	258,288
Other	8,478	24,845	-	-	33,323
Permitting	30,399	17,610	-	-	48,009
Recovery	(38,885)	(214,838)	-	(93,253)	(346,976)
	28,698	354,368	-	(87,774)	295,292
<b>June 30, 2015</b>	<b>195,397</b>	<b>2,976,932</b>	<b>4,835,385</b>	<b>4,902,558</b>	<b>12,910,272</b>



## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and nine months ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

	Neuron	Flin Flon	Gossan/ Rug	Pine Bay	Other	Total
	\$	\$	\$		\$	\$
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>

During the nine months ended June 30, 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. The first phase of the drilling program was completed during the three months ended June 30, 2015 and consisted of 5 holes totalling 1,425 meters. The Company also completed more than 75 line km of ground geophysics and compiled more than 700 historic drill holes.

### 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. Subsequent to June 30, 2015 the Company completed the acquisition of its 100% (see below). 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 (paid and issued subsequent to June 30, 2015).

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.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and nine months ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

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### 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.

## 7. Share capital

### a) Authorized:

Unlimited common shares with no par value

### b) Financings

Subsequent to June 30, 2015 the Company closed a non-brokered private placement for gross proceeds of \$3,406,375. The private placement consisted of 5,728,751 flow-through shares at a price per share of \$0.30 for gross proceeds of \$1,718,625 and of 5,625,832 non-flow through units at a price per unit of \$0.30 for gross proceeds of \$1,687,750. Each non-flow through unit consisted of one non-flow through common share and one-half of one share purchase warrant. Each whole warrant will entitle the holder to acquire one non-flow through common share at a price of \$0.45 for a period of two years from the date of issue.

### c) Stock options

The balance of options outstanding and related information for the nine months ended June 30, 2015 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2014	3,195,000	\$0.36	4.35
Granted	275,000	\$0.29	
Expired	(420,000)	\$0.44	
Balance June 30, 2015	3,050,000	\$0.34	3.81
Unvested	360,000	\$0.29	4.39
Exercisable, June 30, 2015	2,690,000	\$0.35	3.74

The weighted average fair value of the options granted during the nine months June 30, 2015 was \$0.23 (2014 - \$0.23).

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and nine months ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

For the three and nine months ended June 30, 2015, the Company recorded share-based payments expense of \$25,973 and \$196,251 (2014 - \$134,811 and \$177,358). The fair value of these options was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2015	2014
Risk free interest rate	1.00%	1.30%
Expected life	5 years	5 years
Expected volatility	138%	101%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

The balance of options outstanding as at June 30, 2015 was as follows:

Expiry date	Average Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
September 14, 2016	\$0.90	1.21	150,000	-	150,000
August 6, 2018	\$0.30	3.10	550,000	-	550,000
October 28, 2018	\$0.37	3.33	150,000	-	150,000
May 7, 2019	\$0.47	3.85	300,000	-	300,000
September 5, 2019	\$0.29	4.19	1,350,000	200,000	1,150,000
September 12, 2019	\$0.29	4.21	275,000	40,000	235,000
October 15, 2019	\$0.29	4.30	75,000	-	75,000
January 20, 2020	\$0.29	4.56	50,000	30,000	20,000
May 14, 2020	\$0.29	4.88	150,000	90,000	60,000
	\$0.35	3.74	3,050,000	360,000	2,690,000

### d) Share purchase warrants

The balance of warrants outstanding and related information for the nine months ended June 30, 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	(1,840,000)	0.20	
Balance June 30, 2015	8,152,691	0.22	0.10

Subsequent to June 30, 2015 a total of 1,650,000 warrants were exercised for gross proceeds of \$330,000 and a total of 5,450,000 warrants at an exercise price of \$0.20 expired unexercised.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and nine months ended June 30, 2015 and 2014

(Expressed in Canadian dollars)

The balance of warrants outstanding as at June 30, 2015 was as follows:

<b>Expiry date</b>	<b>Average Exercise price</b>	<b>Remaining life (years)</b>	<b>Warrants Outstanding</b>
July 25, 2015	\$0.20	0.06	7,100,000
October 23, 2015 <sup>(1)</sup>	\$0.39	0.32	789,441
November 22, 2015	\$0.42	0.40	263,250
	\$0.23	0.10	8,152,691

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

### 8. Related party transactions

During the three and nine months ended June 30, 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:

	<b>Three months ended June 30</b>		<b>Nine months ended June 30</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounting	-	12,016	-	44,016
Consulting	9,000	-	27,000	-
Office and administration	(7,000)	-	(25,000)	-
	2,000	12,016	2,000	44,016

Compensation paid or payable to executive and non-executive members of the Company's Board of Directors and corporate officers for services provided during the three and nine months ended June 30, 2015 and 2014 was as follows

	<b>Three months ended June 30</b>		<b>Nine months ended June 30</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Consulting	18,000	-	52,500	-
Salaries	30,000	53,667	105,000	184,189
Share-based compensation	17,896	64,972	124,592	104,786
	65,896	118,639	282,092	288,975

As at June 30, 2015 a total of \$4,000 (September 30, 2014 - \$12,000) from related parties is included in accounts receivables and \$42,000 (September 30, 2014 - \$14,937) was owed to related parties and is included in accounts payable and accrued liabilities.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and nine months ended June 30, 2015 and 2014

*(Expressed in Canadian dollars)*

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### 9. Commitments

The Company is committed to payments, for the next twelve months, of \$79,500 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	\$18,000
Fiscal year ended September 30, 2016	\$12,000

### 10. Supplemental information with respect to cash flow

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the condensed interim consolidated statements of cash flow. During the nine months ended June 30, 2015 and 2014 the following transactions were excluded from the condensed interim consolidated statements of cash flows:

	2015	2014
	\$	\$
<b>Non-cash investing and financing transactions</b>		
Mineral property interest expenditures in accounts payable	148,335	-
Mineral property interest expenditures settled for shares	185,964	-
Recoveries for exploration and evaluation assets in accounts receivable	175,107	-

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