CALLINEX MINES INC.

Management's Discussion and Analysis for the three and nine months ended June 30, 2016

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and nine months ended June 30, 2016 ("MD&A") has been prepared as of August 25, 2016. It should be read in conjunction with the audited financial statements of Callinex Mines Inc. for the year ended September 30, 2015.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in the Company's presentational currency of Canadian dollars unless otherwise indicated.

CORPORATE SUMMARY

Business description

Callinex Mines Inc. (the "Company" or "Callinex") is principally engaged in the acquisition, exploration and development of mineral properties within established Canadian mining jurisdictions with its head office located in Vancouver, British Columbia, Canada. The Company is a reporting issuer in British Columbia and Alberta and trades its common shares on the TSX Venture Exchange under the symbol CNX.

Business Strategy

The Company's focus is on carrying out exploration activities on its 100% owned projects located in the Flin Flon Mining District, Manitoba (MB), for the purpose of identifying high grade zinc and copper rich volcanogenic massive sulphide ("VMS") deposits. The larger project portfolio hosts three significant zinc rich mineral resources including the Point Leamington, Nash Creek and Superjack Projects located in Eastern Canada.

Operational Highlights

- .Callinex completed a 12-hole, 6,968m drill program that successfully tested several targets and identified new areas of interest;
- Notable drill results from the 2016 winter drilling program included the discovery of the Pine Bay East Zone with hole PBM-008 intersecting 3.3m of 3.2% Cu;
- Closed a $4.2 million through a non-brokered private placement that was significantly upsized due to investor demand;
- Signed binding purchase agreements to a portfolio of zinc assets in Eastern Canada including the Point Leamington, Nash Creek and Superjack zinc-rich VMS deposits; and
- Announced plans to drill a high-priority target near the Sourdough Deposit at the Company's 100% owned Pine Bay Project during the upcoming 2016 summer drilling program.

QUARTERLY INFORMATION

The following is selected financial data from the Company's unaudited quarterly financial statements for the last eight quarters ending with the most recently completed quarter, being the three months ended June 30, 2016.

Three months ended	June 30 2016 ($)	March 31 2016 ($)	December 31 2015 ($)	September 30 2015 ($)
Revenues	-	-	-	-
Net Loss	(554,469)	(425,562)	(410,251)	(3,520,954)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.09)

Three months ended	June 30 2015 ($)	March 31 2015 ($)	December 31 2014 ($)	September 30 2014 ($)
Revenues	-	-	-	-
Net Loss	(256,397)	(316,826)	(295,786)	(16,024,458)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.51)

(1) The basic and diluted loss per share calculation results in the same amount due to the anti-dilutive effect of outstanding stock options and warrants.

The net loss for the quarter ended September 30, 2015 and 2014 was higher due to $3,536,375 and $21,525,857 of exploration and evaluation assets written down or impaired and $418,306 and $5,850,000 of deferred tax recovery recorded in the quarters, respectively.

RESULTS OF OPERATIONS

During the three months ended June 30, 2016, the Company reported a net loss of $554,469 or $0.01 loss per share (2015 - $256,397 or $0.01 loss per share).

	2016 ($)	2015 ($)
General and administrative expenses	(536,517)	(228,748)
Share-based payments	(160,675)	(25,973)
Interest earned	523	(1,676)
Gain on settlement of accounts payable	142,200	-
Net loss for the year	(554,469)	(256,397)

The most significant general and administrative expenses were with respect to the following:

<u>Salaries - $117,022 (2015 - $55,084)</u>
Salaries include fees paid to the Company's senior executives and employees. The increase represents an increase in the number of employees from the prior periods.

<u>Shareholder engagement - $293,092 (2015 - $62,286)</u>
The increase is a result of increased shareholder marketing functions associated with capital raising efforts during the period.

Share-based payments expense of $160,675 (2015 - $26,973) was recorded during the period based on vesting of previously granted options.

A gain on settlement of accounts payable of $142,200 (2015 - $nil) was recorded during the period as the Company entered into a settlement agreement with a vendor in relation to its drilling program.

Nine months ended June 30, 2016
During the nine months ended June 301, 2016, the Company reported a net loss of $1,390,282 or $0.03 loss per share (2015 - $869,009 or $0.03 loss per share). Operating activities consumed $966,758. Cash requirements for investing activities totaled $1,820,771 which majorly related to exploration and evaluation asset expenditures. These cash requirements were primarily funded from private placements completed during the current period and the previous year.

	2016 ($)	**2015 ($)**
General and administrative expenses	(1,104,871)	(675,811)
Share-based payments	(428,218)	(196,250)
Interest earned	607	3,052
Gain on settlement of accounts payable	142,200	-
Net loss for the period	(1,390,282)	(869,009)

The most significant general and administrative expenses were with respect to the following:

<u>Salaries - $273,538 (2015 - $170,897)</u>
Salaries include fees paid to the Company's senior executives and employees. The increase represents an increase in the number of employees from the prior periods.

<u>Administration and corporate development - $122,025 (2015 - $79,094)</u>
The increase is largely a result of increased corporate development activities due to the Company's increased activity level over the comparable period.

<u>Shareholder engagement - $464,933 (2015 - $166,097)</u>
The increase is largely a result of increased shareholder marketing functions associated with capital raising efforts during the period.

Share-based payments expense of $428,218 (2015 - $196,250) was recorded during the period based on new and previously granted options and vesting terms of options granted.

Capital Expenditures
During the nine months ended June 30, 2016, the Company incurred deferred exploration expenditures of $1,281,805 (2015 - $642,268 offset with $346,976 of recoveries). The majority of the deferred exploration expenditures relate to the Pine Bay property. The Company also incurred acquisition expenditures of $229,600 on the Superjack and Nash properties for exploration data.

Financing Activities
During the nine months ended June 30, 2016 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.

During the nine months ended June 30, 2015 the Company raised $368,000 through the exercise of 1,840,000 number of warrants.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2016, the Company had cash on hand of $4,976,866 compared to $3,663,503 as at September 30, 2015. The net increase of cash for the period, is due the private placement gross proceeds of $4,200,000 received, offset by cash used in operating activities of $996,758 and capital expenditures of $1,820,771.

As at June 30, 2016 the Company had working capital of $5,193,962 (September 30, 2015 - $3,435,548) and no long term debt.

EXPLORATION PROGRAMS AND EXPENDITURES

During the nine months ended June 30, 2016, the Company incurred acquisition of exploration data of $229,600 and deferred exploration expenditures of $1,281,805 (2015 - $295,292). The majority of the expenditures related to the Pine Bay exploration programs.

During the three months ended June 30, 2016 the Company entered into binding purchase agreements for the below properties:

a) Superjack and Nash Creek properties
The Company entered into a binding purchase agreement to acquire 100% of the Superjack and Nash Creek VMS deposits and exploration data. Consideration for the sale of the properties is $325,000 to be paid in installments over a three year period with the first payment due on the first anniversary of the agreement. The consideration of the sale of the exploration data is $300,000 to be paid in installments over a one year period. The Company has paid $100,000 in cash and issued 300,000 common shares at a fair value of $129,000 in connection with the agreement.

b) Pt. Leamington property
The Company entered into a binding purchase agreement to acquire a 100% ownership of the Point Leamington VMS deposit and exploration data. Consideration for the sale of the property is $300,000, plus a reimbursement of annual permitting fees, which are to be paid in installments over a two year period with the first payment due on the first anniversary of the agreement. The consideration of the sale of exploration data is $200,000 to be paid in installments over a one year period. Subsequent to June 30, 2016 the Company has paid $150,000 in cash in connection with the agreement.

Subsequent to June 30, 2016 the Company completed the above acquisitions.

The following are the significant exploration and evaluation assets held by the Company:

Point Leamington
Callinex owns a 100% interest, subject to a 3.5% NSR of which 1.5% may be purchased for $2,000,000 in Mineral Lease 136, which contains the Point Leamington Zn-Au-Ag-Cu VMS deposit. The project is located approximately 37km by road and trails from Grand-Falls Windsor, NL. The deposit is a large, felsic-hosted VMS deposit that dips 70 degrees to the west, has a strike length of 500m and a maximum thickness of 85m.

Nash Creek
Callinex owns a 100% interest, subject up to a 1.5% NSR of which 0.5% NSR may be repurchased for $500,000, in the Nash Creek Zn-Pb-Ag VMS deposit. The project is located approximately 90km by road to an operating processing facility in the Bathurst Mining Camp of New Brunswick. Previous exploration work has outlined a sizeable mineral deposit and preliminary metallurgical testing has yielded encouraging results.

Superjack
Callinex owns a 100% interest, subject up to a 1.5% NSR of which 0.5% NSR may be repurchased for $500,000, in the Superjack Zn-Pb-Cu-Ag VMS deposit. The project is located approximately 50km by road to an operating processing facility in the Bathurst Mining Camp of New Brunswick. The Superjack deposit consists of three mineralized zones which all start at surface and are open at depth.

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. The project is located 16km east of Flin Flon, MB and covers approximately 6,000ha. The project includes a mineral lease that allows for the right to operate a mine and covers a 212m vertical shaft with 760m of underground development accessing high-grade copper mineralization. Additionally, the project hosts four past producing VMS mines and historic resources. The Company completed 8 holes totaling 4,536m during the 2015 calendar year and approximately 80km of ground geophysics.

Flin Flon
Callinex owns a 100% interest, subject to a 2% NSR royalty of which 1% of the NSR royalty may be purchased for $1,000,000, in the Flin Flon Project. The project is located 3 km southeast of Flin Flon, MB and covers 2,455 ha with similar geological strata to the main mine horizon that hosts Hudbay's 777 mine. The Project was acquired based on the presence of these favourable geological strata, known mineral occurrences and close proximity to more than ten former producing VMS mines. Recent geophysical work completed in 2012 and 2013 identified several prospective targets.

Gossan
Callinex owns a 100% interest, subject to a 2% NSR royalty, in the Gossan Gold Project. The project is located 40km southeast of Flin Flon, MB and covers approximately 7,428ha. The project includes a past-producing gold mine with significant unmined gold mineralization. From 2010-2012 the Company completed a 63 core drill hole program resulting in the delineation of gold mineralization over a 1.8 kilometer strike length.

Island Lake
Callinex has an option to acquire a 80% interest, subject to a 2% NSR royalty, in the Island Lake Gold Project. The project is located east-central Manitoba approximately 220km from Norway House, MB and covers approximately 5,471ha. The project is situated adjacent to the closed Island Lake Mine and includes gold showings over a strike length of more than 1,600m. Previous exploration has identified significant high-grade occurrences of gold. Cumulative payments of $330,000 cash and 275,000 shares, along with work commitments of $2,000,000, are required within 36 months of July 31, 2009 in order for Callinex to complete its option agreement to acquire an 80% interest. The dates to make the property payment and to incur exploration expenditures on the claim have been deferred as the Company has not received a permit to commence exploration drilling on the property.

Neuron
Callinex owns a 100% interest in the Neuron Project. The project is located near Thompson, MB and covers 75,762ha. Callinex completed a 12-hole program in 2014 and identified high-grade graphite mineralization along a significant strike length. Additionally, preliminary metallurgical work completed by SGS Labs determined graphite is comprised of coarse flakes which is typically more desirable by consumers.

Herblet Lake

Callinex owns a 100% interest, subject to a 2.5% NSR royalty, in the Herblet Lake Project. The 2,441 ha project is located in the Snow Lake mining district and hosts similar geological structures to the nearby Osborne and Anderson mines.

Sneath Lake

Callinex owns a 100% interest in the Sneath Lake Project. The 1,431 ha project is located in the Snow Lake mining district and is approximately 5km from Hudbay's Lalor Mine.

Coles Creek

Callinex owns a 100% interest, subject to a 5% NSR royalty, in the Coles Creek Project. The project is located 80 km southwest of Houston, British Columbia and covers 14,895ha. Previously exploration drill core drilling programs identified copper-gold-molybdenum mineralization over a significant area.

Fox River

The Company owns an approximate 45% interest, subject to a 2.5% NSR royalty, in the Fox River Project. The project is located in northeast Manitoba and covers 3,792ha. The project covers an area that has potential to be an extension of the world class Thompson Nickel Belt.

RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's directors, officers and companies associated with them including the following:

- NiconsultGMBH, a company owned by Nico Civelli, VP Finance and Director
- Terra Nova Energy, a company which Nico Civelli, VP Finance and Director is an Officer and Director

Compensation paid or payable to the Company's Board of Directors and corporate officers for services provided during the three and nine months ended June 30, 2016 and 2015 was as follows:

	Three months ended June 30		Nine months ended June 30	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Accounting	4,400	3,800	17,131	20,392
Consulting[(1)]	18,000	18,000	55,500	52,500
Salaries	65,643	45,000	150,143	105,000
Share-based compensation	45,182	18,896	189,527	124,592

[(1)] On August 1, 2014 the Company entered into an agreement with Niconsult GMBH for Nico Civelli to provide VP of Finance services.

During the three and nine months ended June 30, 2016 and 2105, the Company incurred the following additional related party expenditures:

	Three months ended June 30		Nine months ended June 30	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Office and administration [(2)]	-	(7,000)	-	(25,000)

[(2)] On June 1, 2014 the Company entered into an office facilities and service agreement with Terra Nova Energy Ltd ("Terra Nova") whereby the Company will provide certain shared office services to Terra Nova.

As of June 30, 2016 a total of $3,000 (September 30, 2015 - $3,000) from related parties is included in accounts receivables in relation to the Terra Nova agreement and $6,000 (September 30, 2015 - $9,572) was owed to related parties and is included in accounts payable and accrued liabilities.

FUTURE ACCOUNTING STANDARDS AND PRONOUNCEMENTS

At the date of approval of the 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENT

- The Company completed the previously announced acquisitions of the Point Leamington, Nash Creek and Superjack VMS Projects located in Eastern Canada.

OUTSTANDING SHARE DATA AND DILUTION CALCULATION

The Company has authorized share capital consisting of common shares without par value. The number of shares authorized is unlimited. The Company has issued warrants for the purchase of common shares and also has a stock option plan. The table below summarizes the Company's common shares and stock options and warrants that are convertible into common shares as at the date of this MD&A:

Issued and outstanding common shares	61,954,472
Share options with a weighted average exercise price of $0.35	6,350,000
Share purchase warrants with a weighted average exercise price of $0.45	6,312,918
Fully Diluted	**74,617,390**

RISKS AND UNCERTAINTIES

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, First Nations consultation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.

Financial risks include commodity prices and interest rates all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital and to repay indebtedness it incurs.

Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the condensed interim financial statements for the three and nine months ended June 30, 2016 and this accompanying MD&A (together, the "Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain of the statements made herein may constitute "forward-looking statements" or contain "forward-looking information" within the meaning of applicable Canadian securities laws. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation; statements about the potential for additional mineralization at the Company's properties, the timelines to complete the Company's exploration programs, timing for permit applications, timing for new resource estimates, timing to complete technical reports, forecasts for exploration expenditures, estimates of future administrative costs and statements about the Company's future development of its properties. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to foreign currency fluctuations; risks inherent in mine exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations, ground control problems and flooding; risks associated with the estimation of mineral resources and reserves and the geology, grade and continuity of mineral deposits; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; the potential for and effects of labour disputes or other unanticipated difficulties with or shortages of labour or interruptions in production; the potential for unexpected costs and expenses and commodity price; uncertain political and economic environments; changes in laws or policies, delays or the inability to obtain necessary governmental permits; and other risks and uncertainties, including those described under Risk Factors Relating to the Company's Business in the MD&A.

Forward-looking information is in addition based on various assumptions including, without limitation, the expectations and beliefs of management, the assumed long term price of commodities; that the Company can access financing, appropriate equipment and sufficient labour and that the political environment will continue to support the development and operation of mining projects. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in forward-looking statements. Accordingly, readers are advised not to place undue reliance on forward-looking statements. The Company does not intend to update forward-looking statements or information, except as may be required by applicable law.

OTHER INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and at the Company's website at www.callinex.ca