

# **CALLINEX MINES INC.**

**Condensed interim financial statements  
Three and Six months ended March 31, 2023 and 2022**

*(Unaudited - Expressed in Canadian dollars)*

## **Notice of no Auditor Review of condensed 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 condensed interim financial statements, they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed 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 condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

# CALLINEX MINES INC.

Condensed Interim Statements of Financial Position  
As at March 31, 2023 and September 30, 2022  
(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2023	September 30, 2022
		\$	\$
<b>Assets</b>			
Current			
Cash and cash equivalents		6,710,389	994,543
GST receivable		39,355	114,934
Prepaid expenses and other assets		1,206,728	238,955
		<b>7,956,472</b>	1,348,432
Non-current			
Deposits		28,192	28,192
Property and equipment	5	249,751	280,876
Exploration and evaluation assets	6	35,611,737	33,996,487
		<b>43,846,152</b>	35,653,987
<b>Liabilities</b>			
Current			
Accounts payable and accrued liabilities	7	701,978	659,380
Lease obligations	8	34,741	56,270
Loan payable	10	40,000	-
		<b>776,719</b>	715,650
Non-current			
Lease obligations	8	-	5,212
Loan payable	10	-	40,000
Deferred income tax liability	11	1,593,134	1,785,991
Flow-Through premium liability	9	2,273,577	-
		<b>4,643,430</b>	2,546,853
<b>Shareholders' Equity</b>			
Capital stock	12	80,608,311	74,254,851
Equity reserve	12(e)	9,274,833	9,131,173
Accumulated other comprehensive loss		(353,995)	(353,995)
Deficit		(50,326,427)	(49,924,895)
		<b>39,202,722</b>	33,107,134
		<b>43,846,152</b>	35,653,987

Going Concern – Note 2  
Commitments – Note 15

APPROVED BY THE BOARD OF DIRECTORS

Michael Louie (“signed”)

Director

Nico Civelli (“signed”)

Director

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

## CALLINEX MINES INC.

Condensed Interim Statements of Income (Loss) and Comprehensive Income (Loss)

Three and six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended		Six Months Ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
			\$		\$
Corporate development		204,068	102,346	351,439	277,641
Depreciation	5	16,088	16,254	32,463	32,935
General exploration		-	-	106	-
Listing and filing fees		18,103	15,990	49,749	43,224
Management and consulting fees	13	69,822	66,190	129,900	126,266
Office and administration		65,431	27,512	133,428	51,042
Professional fees	13	45,653	41,470	89,545	70,051
Share-based compensation	12(c),13	57,965	61,385	126,547	138,312
		<b>(477,130)</b>	<b>(331,147)</b>	<b>(913,177)</b>	<b>(739,471)</b>
Gain on sale of exploration asset	6	-	1,000,000	-	1,000,000
Lease finance charges	8	(2,196)	(4,821)	(5,055)	(10,018)
Interest income		274	(118)	325	-
Foreign exchange loss		(12,865)	(1,918)	(14,234)	(2,922)
Loss on disposal of property and equipment		(1,659)	-	(1,659)	-
Flow-through premium recovery	9	339,411	14,422	339,411	475,783
<b>Income (loss) before income taxes</b>		<b>(154,165)</b>	<b>676,418</b>	<b>(594,389)</b>	<b>723,372</b>
<b>Income tax recovery/(expense)</b>	11	<b>104,083</b>	<b>(180,850)</b>	<b>192,857</b>	<b>(420,850)</b>
<b>Income (loss) and total comprehensive income (loss) for the period</b>		<b>(50,082)</b>	<b>495,568</b>	<b>(401,532)</b>	<b>302,522</b>
<b>Earnings (Loss) per share</b>					
- Basic and diluted earnings (loss) per share		0.00	0.04	(0.03)	0.02
- Diluted earnings (loss) per share		-	0.04	-	0.02
<b>Weighted average number of shares outstanding</b>					
- Basic and diluted		15,627,795	13,492,806	15,295,224	13,492,806
- Diluted		15,958,038	13,844,088	-	13,845,317

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

# CALLINEX MINES INC.

## Statements of Cash Flows

Six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

	2023	2022
	\$	\$
<b>Cash flows (used in) provided by</b>		
<b>Operating activities</b>		
Income (Loss) for the period	(401,532)	302,522
<i>Items not affecting cash</i>		
Depreciation	32,463	32,935
Share-based compensation	126,547	138,312
Lease finance charges	5,055	10,018
Finance (income)/expense	(325)	-
Flow-through premium recovery	(339,411)	(475,783)
Income tax expense/(recovery)	(192,857)	420,850
Loss on disposal of property and equipment	1,659	-
Gain on sale of exploration asset	-	(1,000,000)
<i>Net change in non-cash working capital items</i>		
Accounts receivable	75,904	80,746
Prepaid expenses	(967,773)	98,253
Accounts payable and accrued liabilities	315,212	(113,176)
Net cash used in operating activities	(1,345,058)	(505,323)
<b>Investing activities</b>		
Investment in exploration and evaluation assets	(1,889,764)	(2,432,152)
Proceeds from sale of exploration asset	-	430,000
Receipt of finance income	-	-
Acquisition of property and equipment	(2,997)	(2,575)
Net cash used in investing activities	(1,892,761)	(2,004,727)
<b>Financing activities</b>		
Proceeds from issuance of shares	9,408,376	-
Share issuance costs	(628,596)	-
Proceeds from exercise of options	205,681	-
Lease payments	(31,796)	(31,770)
Net cash provided by (used in) financing activities	8,953,665	(31,770)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>5,715,846</b>	<b>(2,541,820)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>994,543</b>	<b>2,812,534</b>
<b>Cash and cash equivalents, end of period</b>	<b>6,710,389</b>	<b>270,714</b>
Cash and cash equivalents consist of:		
Cash	6,677,389	237,714
Cash equivalents	33,000	33,000

Supplemental Cash Flow Information – Note 14

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

## CALLINEX MINES INC.

Condensed Interim Statements of Changes in Equity

For the six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

	Common shares	Capital Stock	Equity Reserve	AOCL <sup>1</sup>	Deficit	Total
	#	\$	\$	\$	\$	\$
<b>Balance, September 30, 2021</b>	<b>13,492,806</b>	<b>70,108,189</b>	<b>8,649,381</b>	<b>(353,995)</b>	<b>(49,965,946)</b>	<b>28,437,629</b>
Share-based compensation - stock options	-	-	198,708	-	-	198,708
Comprehensive income for the period	-	-	-	-	302,522	302,522
<b>Balance, March 31, 2022</b>	<b>13,492,806</b>	<b>70,108,189</b>	<b>8,848,089</b>	<b>(353,995)</b>	<b>(49,663,424)</b>	<b>28,938,859</b>
Shares issued in consideration for:						
Cash, pursuant to private placement	1,419,446	6,240,217	-	-	-	6,240,217
Less: Issue costs - cash	-	(285,588)	-	-	-	(285,588)
Exercise of options	20,000	17,773	(7,773)	-	-	10,000
Allocation of private placement proceeds to flow-through premiums	-	(1,825,740)	-	-	-	(1,825,740)
Share-based compensation - stock options	-	-	290,857	-	-	290,857
Comprehensive loss for the period	-	-	-	-	(261,471)	(261,471)
<b>Balance, September 30, 2022</b>	<b>14,932,252</b>	<b>74,254,851</b>	<b>9,131,173</b>	<b>(353,995)</b>	<b>(49,924,895)</b>	<b>33,107,134</b>
Shares issued in consideration for:						
Cash, pursuant to private placement	2,157,266	9,408,376	-	-	-	9,408,376
Less: Issue costs - cash	-	(669,098)	-	-	-	(669,098)
Less: Issue costs - non-cash	-	(108,471)	108,471	-	-	-
Allocation of private placement proceeds to flow-through premiums	-	(2,612,988)	-	-	-	(2,612,988)
Exercise of options	72,333	335,641	(129,960)	-	-	205,681
Share-based compensation - stock options	-	-	165,149	-	-	165,149
Comprehensive loss for the period	-	-	-	-	(401,532)	(401,532)
<b>Balance, March 31, 2023</b>	<b>17,161,851</b>	<b>80,608,311</b>	<b>9,274,833</b>	<b>(353,995)</b>	<b>(50,326,427)</b>	<b>39,202,722</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, 2023 and 2022

*(Unaudited - Expressed in Canadian dollars)*

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## 1. Nature of operations

Callinex Mines Inc. (“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. Subsequent to the plan of arrangement, the Company has been directly engaged in the exploration of mineral properties in Canada.

The Company’s head office and registered and records office address is 1555 – 555 West Hastings Street, Vancouver, British Columbia, Canada V6B 4N4.

## 2. Basis of presentation and going concern

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) and as applicable to a going concern. The condensed interim financial statements have been prepared under the historical cost convention except for certain financial instruments carried at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed interim financial statements of the Company are presented in Canadian dollars, which is also the functional currency of the Company.

These condensed interim financial statements were approved by the board of directors for use on May 29, 2023.

### Going Concern

The Company has primarily incurred losses since inception and expects to incur further losses in the development of its business. At March 31, 2023, the Company had a working capital surplus of \$7,179,753 and at that date, the Company also had an accumulated deficit of \$50,326,427 which has been funded primarily by the issuance of equity. For the six months ended March 31, 2023, cash used in operating activities totalled \$1,345,058 (2022 – \$505,323)

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These factors give rise to material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

The economic uncertainties around persistent inflation pressure, geopolitical events and the lingering COVID-19 pandemic have the potential to slow growth in the global economy. Future developments in these challenging areas could impact on the Company’s results and financial condition and the full extent of that impact remains unknown.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

### 3. New and future accounting standards and pronouncements

New standards applicable to the Company's condensed interim financial statements as of October 1, 2022 did not have a material impact upon adoption. New standards issued at March 31, 2023 are not currently expected to have a material impact on the Company's condensed interim financial statements.

### 4. Summary of Significant Accounting Policies

The same accounting policies are used in the preparation of these condensed consolidated interim financial statements as for the most recent audited annual consolidated financial statements and reflect all the adjustments necessary for fair presentation in accordance with International Financial Reporting Standards of the results for the interim periods presented.

### 5. Property and equipment

	Equipment	Office Furniture	Computer Equipment	Buildings, Furniture & Fittings	Right of Use Asset	Total
	\$	\$	\$	\$	\$	\$
<b>Cost</b>						
Balance, September 30, 2022	142,506	12,898	97,433	236,672	179,212	668,721
Additions	-	-	2,997	-	-	2,997
Disposals	(10,800)	-	-	-	-	(10,800)
<b>Balance, March 31, 2023</b>	<b>131,706</b>	<b>12,898</b>	<b>100,430</b>	<b>236,672</b>	<b>179,212</b>	<b>660,918</b>
<b>Accumulated depreciation</b>						
Balance, September 30, 2022	121,193	8,309	81,612	43,147	133,584	387,845
Depreciation	2,953	447	2,439	5,544	21,080	32,463
Disposals	(9,141)	-	-	-	-	(9,141)
<b>Balance, March 31, 2023</b>	<b>115,005</b>	<b>8,756</b>	<b>84,051</b>	<b>48,691</b>	<b>154,664</b>	<b>411,167</b>
<b>Net book value</b>						
September 30, 2022	21,313	4,589	15,821	193,525	45,628	280,876
<b>March 31, 2023</b>	<b>16,701</b>	<b>4,142</b>	<b>16,379</b>	<b>187,981</b>	<b>24,548</b>	<b>249,751</b>



## CALLINEX MINES INC.

Notes to the condensed interim financial statements  
For the three and six months ended March 31, 2023 and 2022  
(Unaudited - Expressed in Canadian dollars)

### 6. Exploration and evaluation assets

	Flin Flon	Point Leamington	Nash Creek	Superjack	Other	Total
	\$	\$	\$	\$	\$	\$
<b>September 30, 2022</b>	<b>27,003,339</b>	<b>1,059,896</b>	<b>4,692,669</b>	<b>1,122,341</b>	<b>118,242</b>	<b>33,996,487</b>
Assaying	162,170	-	-	-	-	162,170
Camp costs	32,688	-	1,812	593	-	35,093
Consulting	24,947	-	-	-	-	24,947
Drilling	806,451	-	-	-	-	806,451
Geologists	125,465	8,117	15,634	-	-	149,216
Geophysical	26,750	-	-	-	-	26,750
Other	226,706	-	-	-	-	226,706
Permitting	30,736	27,465	15,410	-	-	73,611
Surveying	71,704	-	-	-	-	71,704
Share-based compensation	37,491	-	1,111	-	-	38,602
	1,545,108	35,582	33,967	593	-	1,615,250
<b>March 31, 2023</b>	<b>28,548,447</b>	<b>1,095,478</b>	<b>4,726,636</b>	<b>1,122,934</b>	<b>118,242</b>	<b>35,611,737</b>

#### Flin Flon Area

##### Pine Bay project

Callinex owns a 100% interest, with certain mineral leases and claims within the Pine Bay Project being subject to a Net Smelter Return ("NSR") royalty ranging from 0%-1% (of which 0.5% NSR can be repurchased for \$500,000) and a Net Profit Interest.

##### Flin Flon project

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.

##### Gossan Gold project

Callinex owns a 100% interest, subject to a 2% NSR royalty, in the Gossan Gold Project.

#### Nash Creek and Superjack projects

The Company completed a purchase agreement to acquire 100% of the Superjack and Nash Creek VMS deposits and exploration data on May 18, 2016.

#### Other

The Company has an interest in other properties. The other properties are in good standing and do not require any further commitments. These include the Sneath Lake property, Moak Lake property, Herblet Lake property, Headway property, Headway North claim and the Island Lake properties.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

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### Neuron Graphite Project

On January 29, 2022, the Company entered into an agreement with a different third party to sell the Neuron Graphite Project for aggregate proceeds of \$1,000,000, with \$300,000 due on closing (received) and \$700,000 due six months after closing (received).

### Headway Project

On November 5, 2018, the Company entered into a purchase agreement and acquired a 100% interest in the Headway Project located in the Bathurst Mining District of New Brunswick.

The vendor retained a 1.0% net smelter return royalty, of which half can be purchased by the Company at any time for \$500,000.

### *Headway North claim*

During the year ended September 30, 2019, the Company closed a purchase agreement acquiring the Headway North claim, expanding the Company's Headway Project.

The vendor retained a 1.0% net smelter return royalty, of which half can be re-purchased by the Company for \$500,000.

## 7. Accounts payable and accrued liabilities

	March 31, 2023	September 30, 2022
	\$	\$
Accounts payable	653,297	601,987
Accrued liabilities	48,681	57,393
	<b>701,978</b>	<b>659,380</b>

## 8. Lease obligations

The Company, upon adoption of IFRS 16 *Leases* ("IFRS 16") on October 1, 2019, recognized lease obligations with respect to the lease of office space, with the corresponding right-of-use asset for office space being presented within property and equipment (Note 6). Upon adoption of IFRS 16 the initial carrying value of the lease obligations and right of use asset were each recorded at \$179,212.

The Company is required to make monthly payments of approximately \$5,300, with the term of the lease expiring on October 31, 2023. The outstanding balances as at March 31, 2023 and September 30, 2022, calculated using an implied rate of 20% p.a., are as follows:

	March 31, 2023	September 30, 2022
	\$	\$
Office lease obligation	34,741	61,482
Current portion	(34,741)	(56,270)
Non-current portion	-	5,212

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

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(Unaudited - Expressed in Canadian dollars)

The following is a schedule of the Company's future minimum lease payments related to the lease obligations:

	March 31, 2023
	\$
2023	37,095
2024	-
Total minimum lease payments	37,095
Less: imputed interest	(2,354)
Total present value of minimum lease payments	34,741
Less: Current portion	(34,741)
Non-current portion	-

### 9. Flow-through premium liability

With respect to a flow-through share financing completed during March 2023, the Company is committed to incurring, on or before December 31, 2024, qualifying Canadian exploration expenses as defined under the *Income Tax Act (Canada)* (the "Qualifying Expenditures") in the amount of \$5,879,223. None of the qualifying CEE will be available to the Company for future deduction from taxable income. As at March 31, 2023, the Company had completed \$763,674 of this commitment to incur Qualifying Expenditures.

With respect to a flow-through share financing completed during April 2022, the Company was committed to incurring, on or before December 31, 2023, qualifying Canadian exploration expenses as defined under the *Income Tax Act (Canada)* (the "Qualifying Expenditures") in the amount of \$4,830,000. None of the qualifying CEE will be available to the Company for future deduction from taxable income. As at March 31, 2023, the Company had completed this commitment to incur Qualifying Expenditures.

During the six months ended March 31, 2023, the Company recognized a flow-through premium of \$2,612,988 (2022 - \$nil) and during the three and six months, respectively, the Company recognized flow-through premium recoveries of \$550,437 and \$550,437, (2022 - \$14,422 and \$475,783, respectively) in profit or loss, with the flow-through premium recoveries representing the pro-rata portion of Qualifying CEE incurred during the period from issuance of the flow through shares to March 31, 2023.

### 10. Loan payable

In May 2020, the Company received \$40,000 in the form of a Canada Emergency Business Account ("CEBA") loan. CEBA is part of the economic assistance program launched by the Government of Canada to ensure that businesses have access to capital during the COVID-19 pandemic and can only be used to pay non-deferrable operating expenses. During the period from receipt of the CEBA loan to December 31, 2023 (previously December 31, 2022), the "Initial Term", no interest is charged on the amount outstanding. In January 2022 an extension to the interest free period was announced by the Government of Canada to extend the Initial Term from December 31, 2022 to December 31, 2023 (the "Government Announcement"). As part of the Government Announcement, it was confirmed that should repayment of the CEBA loan occur on or before the new deadline of December 31, 2023, up to one quarter (25%) of the value of the CEBA loan will be forgiven. Accordingly, should at least \$30,000 of the principal be repaid on or before the end of the Initial Term the remaining \$10,000 of principal will be forgiven. During the period from January 1, 2024 to December 31, 2025 (the "Extended Term"), should the loan remain outstanding, interest will be payable monthly at rate of 5% per annum on the outstanding balance. The balance of the CEBA loan is fully repayable on or before the end of the Extended Term, if not repaid on or before the end of the Initial Term.

# CALLINEX MINES INC.

Notes to the condensed interim financial statements

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(Unaudited - Expressed in Canadian dollars)

## 11. Deferred Income Tax Liability

During the three and six months ended March 31, 2023, a change in deferred tax liability of \$192,857 and \$192,857, respectively, was recognized resulting in a deferred tax liability at March 31, 2023 of \$1,593,134 (September 30, 2022 - \$1,785,991). The significant components of the Company's net deferred tax liability as at March 31, 2023 and September 30, 2022 is as follows:

	March 31, 2023	September 30, 2022
	\$	\$
<i>Deferred tax assets:</i>		
Equipment	53,206	49,684
Issuance Costs	247,133	146,535
Capital losses and other	143,000	143,000
Non-refundable mining ITC	47,721	47,721
Non-capital losses	4,782,930	4,477,577
Deferred tax assets	5,273,990	4,864,517
Unrecognized deferred tax assets	(143,000)	(143,000)
Net deferred tax assets	5,130,990	4,721,517
<i>Deferred tax liabilities:</i>		
Resource property	(6,724,124)	(6,507,508)
Deferred tax liabilities	(6,724,124)	(6,507,508)
<b>Net deferred tax liabilities</b>	<b>(1,593,134)</b>	<b>(1,785,991)</b>

## 12. Share capital

### a) Authorized

Unlimited common shares with no par value

### b) Financings

For the six months ended March 31, 2023

On March 6, 2023, the Company closed a brokered private placement and issued 1,120,366 Units at a price of \$3.15 per Unit for gross proceeds of \$3,529,153. Each Unit consisted of one common share and one-half of one common share purchase warrant, wherein each Warrant entitles the holder to purchase one common share at an exercise price of \$4.05 per common share for a period of two years from the issue date until March 6, 2025. The Company also issued 1,036,900 flow-through units ("FT Unit") at a price of \$5.67 per FT Unit consisting of one flow-through common share and one-half of one non-flow-through warrant for gross proceeds of \$5,879,223. Each FT Unit consisted of one common share and one-half of one common share purchase warrant, wherein each Warrant entitles the holder to purchase one common share at an exercise price of \$4.05 per common share for a period of two years until March 6, 2025.

In connection with the private placement, Agents were granted a total of 110,398 non-transferable compensation warrants and advisory broker warrants ("Agent warrants"), wherein each Warrant entitles

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the Agents to purchase one common share at an exercise price of \$4.05 per common share for a period of two years until March 6, 2025. In addition, the Company incurred cash finders' fees of \$560,670 and other cash issue costs of \$101,428 in association with financing.

The weighted average fair value of Agent warrants issued was \$0.98 per Agent warrant, for an aggregate fair value of \$108,471 recognized as a non-cash issuance cost. Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: (i) risk free rate - 4.25%; (ii) expected life - 2 years; (iii) expected volatility (based on historical volatility) – 66.23%; and (iv) expected forfeiture and dividends - nil.

### **c) Stock options**

On October 18, 2017, the shareholders of the Company approved the Company's fixed stock option plan, under which the number of common shares available for issuance is fixed and there is no replenishment in the future. Under the fixed option plan, the Company's total number of stock options is limited to 1,565,974.

The maximum number of common shares reserved for issue (i) at any time and (ii) issued within any one year period to any one person under the plan (except as noted below) may exceed 5% of the issued and outstanding number of common shares at the date of the grant; the maximum number of common shares issuable to any one person under the plan (except as noted below) may exceed 10% of the issued and outstanding number of common shares at the date of the grant; and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Market Price (as that term is defined in the policies of the TSXV). Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and upon resignation or termination expire within 90 days, or 30 days for a person engaged in investor relations activities, or within reasonable discretion of the board. Options granted to employees, management and directors vest immediately, unless otherwise specified by the Board of Directors. Investor relation options vest over 12 months with no more than one quarter of the options vesting in any three-month period.

On March 27, 2023, 280,000 stock options were granted to directors, officers and consultants to purchase one common share at a price of \$3.15 for a period of five years. The weighted average fair value of stock options granted was \$2.57. Fair values were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: (i) risk free rate - 2.5%; (ii) expected life - 5 years; (iii) expected volatility (based on historical volatility) – 92.46%; and (iv) expected forfeiture and dividends - nil.

## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

The balance of options outstanding and related information for the six months ended March 31, 2023 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2022	1,323,334	\$2.71	3.10
Granted	280,000	\$3.15	
Exercised	(72,333)	\$2.84	
Forfeited	(10,000)	\$3.11	
Balance March 31, 2023	1,521,001	\$2.78	3.00
Unvested	(440,000)	\$3.14	4.66
<b>Exercisable, March 31, 2023</b>	<b>1,081,001</b>	<b>\$2.64</b>	<b>2.32</b>

The balance of options outstanding as at March 31, 2023 was as follows:

Expiry date	Exercise price	Remaining life (years)	Options Outstanding	Unvested	Exercisable
September 9, 2024	\$0.50	1.45	388,334	-	388,334
October 14, 2024	\$0.50	1.54	10,000	-	10,000
September 14, 2025	\$3.50	2.46	357,500	-	357,500
March 4, 2026	\$5.00	2.93	160,000	-	160,000
August 8, 2026	\$3.80	3.36	130,000	-	130,000
April 27, 2027	\$3.11	4.08	195,167	160,000	35,167
March 27, 2028	\$3.15	4.99	280,000	280,000	-
			<b>1,521,001</b>	<b>440,000</b>	<b>1,081,001</b>

Subsequent to March 31, 2023, 58,334 options were exercised at a price of \$0.50 per common share for gross proceeds of \$29,167.

For the three and six months ended March 31, 2023, the Company recorded share-based compensation expense, arising from options of \$74,910 and \$165,149, respectively, (2022 – \$88,206 and \$198,708, respectively,) of which \$16,945 and 38,602, respectively, (2022 – \$26,821 and \$60,396, respectively,) was allocated to exploration and evaluation assets.

### d) Share purchase warrants

The balance of warrants outstanding and related information for the six months ended March 31, 2023 are as follows:

	Number of warrants	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2022	1,561,455	\$5.43	1.46
Issued	1,189,030	\$4.05	-
Expired	(31,506)	\$6.00	-
Balance March 31, 2023	2,718,979	\$4.82	1.40
<b>Exercisable, March 31, 2023</b>	<b>2,718,979</b>	<b>\$4.82</b>	<b>1.40</b>

**CALLINEX MINES INC.**

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2023 and 2022

*(Unaudited - Expressed in Canadian dollars)*

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## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2023 and 2022

(Unaudited - Expressed in Canadian dollars)

The balance of warrants outstanding as at March 31, 2023 was as follows:

Expiry date	Exercise price	Remaining life (years)	Warrants Outstanding	Exercisable
February 25, 2024	\$6.00	0.91	820,226	820,226
April 22, 2024	\$4.75	1.06	709,723	709,723
March 6, 2025	\$4.05	1.93	1,189,030	1,189,030
			<b>2,718,979</b>	<b>2,718,979</b>

During the six months ended March 31, 2023, 31,506 broker warrants with an exercise price of \$6.00 expired unexercised. Amounts previously recognized with respect to expired warrants are not reclassified within equity.

### e) Equity reserve

	Funding by Callinan	Options and warrants	Total
Balance, September 30, 2022	2,660,523	6,470,650	9,131,173
Issue costs - warrants	-	108,471	108,471
Transfer of value on the exercise of options	-	(129,960)	(129,960)
Share-based compensation – stock options	-	165,149	165,149
<b>Balance, December 31, 2022</b>	<b>2,660,523</b>	<b>6,614,310</b>	<b>9,274,833</b>

### 13. Related party transactions

Compensation paid or payable to the Company's key management, being the Company's Board of Directors, corporate officers and Exploration Manager, for services provided during the three and six months ended March 31, 2023 and 2022 was as follows:

	Three months ended		Six months ended	
	Mar 31, 2023	Mar 31, 2022	Mar 31, 2023	Mar 31, 2022
	\$	\$	\$	\$
Professional fees	8,348	6,967	17,735	17,159
Management fees	97,664	98,995	195,328	196,654
Share-based compensation	45,465	68,604	101,413	154,547
	<b>151,477</b>	<b>174,566</b>	<b>314,476</b>	<b>368,360</b>

Professional fees represent fees charged by a company controlled by the Chief Financial Officer ("CFO") of the Company for the provision of CFO services.

Management fees for the three and six months ended March 31, 2023 and 2022 include salary earned by (i) the Chief Executive Officer ("CEO"), and (ii) the Exploration Manager of the Company. Management fees of \$37,586 and \$75,172, respectively, (2022 - \$37,583 and \$75,166, respectively,) have been capitalised to exploration and evaluation assets during the three and six month periods ended March 31, 2023.

During the three and six months ended March 31, 2023, the Company incurred professional fees of \$12,643 and \$27,608, respectively, (2022 - \$14,724 and \$27,088, respectively,) for the provision of non-



## CALLINEX MINES INC.

Notes to the condensed interim financial statements

For the three and six months ended March 31, 2023 and 2022

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CFO accounting and advisory support services charged by a company controlled by the CFO of the Company.

Included in accounts payable and accrued liabilities at March 31, 2023, are amounts due to related parties of \$21,569 (September 30, 2022 - \$14,470) owing to the CEO, Exploration Manager of the Company, and to a company controlled by the CFO for the provision of CFO, and non-CFO accounting and advisory support services. These amounts are non-interest bearing and due on normal commercial terms.

### 14. Supplemental cash flow information

	2023	2022
	\$	\$
<b>Non-cash investing and financing transactions</b>		
Share-based compensation included in exploration and evaluation assets	38,602	60,397
Change in exploration and evaluation assets included in accounts payable and accrued liabilities	(313,116)	(184,308)
Reclassification of option fair value from equity reserve to share capital on exercise of options	129,960	-
Issue costs - warrants	108,471	-
Issue costs included in accounts payable	40,502	-
Allocation of private placement proceeds to flow-through premiums	2,612,988	-

### 15. Commitments

Commitments are disclosed pursuant to mineral property interest obligations (Notes 6 and 9) and lease payment obligations (Note 8).