CALLINEX MINES INC.

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

(Unaudited - Expressed in Canadian dollars)

Notice of no Auditor Review of Interim Financial Statements

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

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

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

CALLINEX MINES INC.

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

	Note	December 31 2016	September 30 2016
		$	$
Assets			
Current			
Cash and cash equivalents		**9,926,926**	**4,259,785**
Receivables	**5**	**219,271**	**37,217**
Prepaid expenses		**106,590**	**119,030**
		10,252,787	**4,416,032**
Non-current			
Deposits		**27,992**	**27,992**
Equipment		**88,235**	**28,559**
Exploration and evaluation assets	**6**	**13,145,587**	**12,438,978**
		23,514,601	**16,911,561**
Liabilities			
Current			
Accounts payable and accrued liabilities	**8**	**375,261**	**245,225**
Shareholders' Equity			
Capital stock	**7**	**58,551,194**	**51,453,256**
Equity reserve	**7**	**5,752,144**	**5,596,776**
Deficit		**(41,163,998)**	**(40,383,696)**
		23,139,340	**16,666,336**
		23,514,601	**16,911,561**

Commitments – Note 10

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 Loss and Comprehensive Loss
Three months ended December 31
(Unaudited - Expressed in Canadian dollars)

	Note	2016	2015
		$	$
Depreciation		**2,368**	2,334
Listing and filing fees		**18,565**	9,677
Management and consulting fees	**8**	**96,019**	92,047
Office and administration		**77,310**	98,278
Professional fees	**8**	**36,937**	13,795
Property investigation expenses		**-**	2,699
Share-based compensation	**7,8**	**177,657**	110,787
Corporate development		**371,490**	80,677
		(780,346)	(410,294)
Finance income		**44**	43
Loss and comprehensive loss		**(780,302)**	(410,251)
Loss per share			
- Basic and diluted		**(0.01)**	(0.01)
Weighted average number of shares outstanding			
- Basic and diluted		**67,244,634**	47,654,472

CALLINEX MINES INC.

Condensed Interim Statements of Cash Flows
Three months ended December 31
(Unaudited - Expressed in Canadian dollars)

	2016	2015
	$	$
Cash flows (used in) provided by		
Operating activities		
Net loss	**(780,302)**	(410,251)
Items not affecting cash		
Depreciation	**2,368**	2,334
Share-based payments	**177,657**	110,787
Net change in non-cash working capital items		
Receivables	**(22,054)**	9,766
Prepaid expenses	**12,440**	24,688
Deposits	**-**	(210)
Accounts payable and accrued liabilities	**(24,243)**	23,554
	(634,134)	(239,332)
Investing activities		
Exploration and evaluation assets expenditures	**(699,113)**	(588,772)
Equipment purchases	**(62,044)**	-
	(761,157)	(588,772)
Financing activities		
Proceeds on shares issued	**7,435,001**	-
Share issuance costs	**(372,569)**	-
	7,062,432	-
Increase (decrease) in cash and cash equivalents	**5,667,141**	(828,104)
Cash and cash equivalents, beginning of period	**4,259,785**	3,663,503
Cash and cash equivalents, end of period	**9,926,926**	2,835,399
Cash and cash equivalents consist of:		
Cash	**7,143,926**	2,835,399
Cash equivalents	**2,750,000**	-

Supplemental Cash Flow Information – Note 9

CALLINEX MINES INC.

Condensed Interim Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

	Common shares	Capital Stock	Equity reserve	Deficit	Total
	number	**$**	**$**	**$**	**$**
Balance, September 30, 2015	**47,654,472**	**47,115,364**	**4,586,672**	**(38,400,058)**	**13,301,978**
Share-based payments	-	-	110,787	-	110,787
Net loss	-	-	-	(410,251)	(410,251)
Balance, December 31, 2015	**47,654,472**	**47,115,364**	**4,697,459**	**(38,810,309)**	**13,002,514**
Shares issued in consideration for:					
Cash, pursuant to:					
- Private placement	14,000,000	4,200,000	-	-	4,200,000
- Exercise of warrants	240,000	108,000	-	-	108,000
Exploration and evaluation assets	300,000	129,000	-	-	129,000
Share issuance costs	-	(99,108)	-	-	(99,108)
Exploration and evaluation asset acquisition	-	-	400,000	-	400,000
Share-based payments	-	-	499,317		499,317
Net loss	-	-		(1,573,387)	(1,573,387)
Balance, September 30, 2016	**62,194,472**	**51,453,256**	**5,596,776**	**(40,383,696)**	**16,666,336**
Shares issued in consideration for:					
Cash, pursuant to:					
- Private placement	9,870,000	5,026,000	-	-	5,026,000
- Exercise of warrants	5,246,336	2,360,851	-	-	2,360,851
- Exercise of options	155,000	83,656	(35,506)	-	48,150
Share issuance costs	-	(372,569)	-	-	(372,569)
Share-based payments	-	-	190,874	-	190,874
Net loss	-	-	-	(780,302)	(780,302)
Balance, December 31, 2016	**77,465,808**	**58,551,194**	**5,752,144**	**(41,163,998)**	**23,139,340**

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. Subsequent to the plan of arrangement, the Company is directly engaged in the exploration of mineral properties in Canada.

The Company's head office and registered and records office address is 1500 – 555 West Hastings Street, Vancouver, British Columbia, Canada V6B 4N4.

2. Basis of presentation

These condensed interim financial statements for the three months ended December 31, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's September 30, 2016 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 February 27, 2017.

3. Future Accounting standards and pronouncements

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 is currently evaluating the impact of the standards on its financial statements.

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.

IFRS 16 - Leases
This standard specifies how an issuer will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has an insignificant value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

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, 2016 annual financial statements

5. Receivables

	December 31 2016	September 30 2016
	$	$
Mineral exploration assistance program receivable	160,000	-
GST receivable	50,216	28,166
Interest receivable	6,055	6,051
Other	3,000	3,000
	219,271	37,217

6. Exploration and evaluation assets

	Flin Flon	Point Leamington	Nash Creek	Superjack	Other	Total
	$	$	$	$	$	$
September 30, 2015	**8,438,986**	**-**	**-**	**-**	**1,366,183**	**9,805,169**
Acquisition	-	525,000	114,800	114,800	-	754,600
Assaying	25,237	-	-	-	-	25,237
Camp costs	60,643	-	-	-	-	60,643
Consulting	36,682	4,898	5,617	4,898	-	52,095
Drilling	1,145,213	-	-	-	-	1,145,213
Geologists	99,200	2,700	-	-	-	101,900
Geochemical	24,687	-	-	-	-	24,687
Geophysical	255,862	6,692	1,243	18,117	-	281,914
Other	22,068	4,865	-	-	-	26,933
Permitting	13,672	6,673	1,980	1,916	1,781	26,022
Recovery	-	-	-	(14,000)	-	(14,000)
Share-based payments	64,997	27,856	27,856	27,856	-	148,565
September 30, 2016	**10,187,247**	**578,684**	**151,496**	**153,587**	**1,367,964**	**12,438,978**
Camp costs	59,784	-	-	-	-	59,784
Drilling	676,694	-	-	-	-	676,694
Geologists	50,917	-	-	-	-	50,917
Geochemical	9,601	-	-	-	-	9,601
Geophysical	36,655	1,000	270	410	-	38,335
Other	16,516	2,859	-	-	-	19,375
Permitting	10,048	-	-	-	-	10,048
Recovery	(160,000)	-	-	-	(11,362)	(171,362)
Share-based payments	13,217	-	-	-	-	13,217
	713,432	**3,859**	**270**	**410**	**(11,362)**	**706,609**
December 31, 2016	**10,900,679**	**582,543**	**151,766**	**153,997**	**1,356,602**	**13,145,587**

Flin Flon Area

Pine Bay project
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.

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 greenstone belt area.

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

Superjack and Nash Creek properties

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

Consideration for the properties is to be as follows:

(i) $150,000 in cash or shares on or before the first anniversary
(ii) $25,000 cash and $125,000 in cash or common shares on or before the second anniversary
(iii) $25,000 in cash on or before the third anniversary
(iv) $125,000 due in cash or common shares within 10 days of the Company completing a preliminary economic assessment on the Nash Creek property

Consideration for the exploration data is to be as follows:

(i) $100,000 cash (paid)
(ii) $150,000 in cash or common shares (issued 300,000 common shares at fair value of $129,000)
(iii) $50,000 cash on or before the first anniversary

In the event that common shares are issued to settle any of the above payments, the number of common shares to be issued is fixed, as per the contract, by dividing the amount of cash to be paid by $0.50. In the event that the Company fails to make any of the payments noted above, ownership of the properties will revert back to the vendor provided the vendor delivers written notice of the default and the Company does not remedy the default within 30 days of the notice.

Pt. Leamington property

The Company completed a purchase agreement to acquire a 100% ownership of the Pt. Leamington VMS deposit and exploration data on July 29, 2016.

Consideration for the sale of the property is to be as follows:

(i) 50% reimbursement of first annual permitting fees (paid $15,000)
(ii) $100,000 in cash or common shares on the first anniversary
(iii) $200,000 in cash or common shares on the second anniversary

Consideration for the sale of the exploration data is to be as follows:

(i) $100,000 cash (paid)
(ii) 100,000 in cash or common shares on the first anniversary

In the event that common shares are issued to settle any of the above payments, the number of common shares to be issued is fixed, as per the contract, by dividing the amount of cash to be paid by $0.462. At September 30, 2016, the remaining $400,000 payable in cash or the fixed number of common shares at the Company's option had been recorded to the equity reserve. There has been no change during the three months ended December 31, 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 Neuron property, Sneath Lake property, Coles Creek property, Fox River property, Moak Lake property, Norris Lake property, the Herblet Lake property and the Island Lake properties.

7. Share capital

a) Authorized:
Unlimited common shares with no par value

b) Financings
On November 22, 2016 the Company closed a private placement consisting of 8,050,000 non-flow through units at $0.50 per unit and 1,820,000 flow through shares at $0.55 per share for aggregate gross proceeds of $5,026,000. Each non-flow through unit consists of one non-flow through common share and one-half of one share purchase warrant. Each Warrant entitles the holder to acquire one non-flow through common share at a price of $0.75 for a period of three years.

Pursuant to the terms of the warrants issued under the Company's private placement financings completed on July 30, 2015 and May 11, 2016, if the average volume weighted average trading price of the Company's shares on the TSX Venture Exchange is above $0.60 per share for a period of any fifteen trading days, the Company is entitled to accelerate the expiry date of the warrants. On December 5, 2016 the Company elected to provide such notice and a total of 5,246,336 warrants were exercised for gross proceeds of $2,360,851.

c) Stock options
The balance of options outstanding and related information for three months ended December 31, 2016 are as follows:

	Number of options	Weighted average exercise price (per share)	Weighted average remaining life (years)
Balance September 30, 2016	6,110,000	$0.34	3.72
Granted	250,000	$0.60	
Exercised	(155,000)	$0.31	
Expired	(350,000)	$0.38	
Balance December 31, 2016	5,855,000	$0.35	3.57
Unvested	(1,330,000)	$0.42	4.67
Exercisable, December 31, 2016	**4,525,000**	**$0.32**	**3.25**

The fair value of the options granted during the three months December 31, 2016 was $0.43 (2015 - $0.25).

For the three months ended December 31, 2016, the Company recorded share-based payments expense of $190,874 (2015 - $110,787) of which $13,217 was allocated to exploration and evaluation assets. The fair value of these options was determined using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	2016	2015
Risk free interest rate	1.00%	1.00%
Expected life	5 years	5 years
Expected volatility	100%	102%
Expected forfeiture	Nil	Nil
Expected dividends	Nil	Nil

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

Expiry date	Average Exercise price	Remaining life (years)	Options Outstanding	Unvested	Vested
August 6, 2018	$0.30		550,000	-	550,000
October 28, 2018	$0.37		150,000	-	150,000
May 7, 2019	$0.42		100,000	-	100,000
September 5, 2019	$0.29		1,060,000	-	1,060,000
September 12, 2019	$0.29		250,000	-	250,000
October 15, 2019	$0.29		75,000	-	75,000
January 20, 2020	$0.29		50,000	-	50,000
May 14, 2020	$0.29		150,000	-	150,000
December 18, 2020	$0.33		1,420,000	-	1,420,000
August 8, 2021	$0.38		1,800,000	1,080,000	720,000
December 12, 2021	$0.60		250,000	250,000	-
			5,855,000	1,330,000	4,525,000

d) Share purchase warrants

The balance of warrants outstanding and related information for the three months ended December 31, 2016 is as follows

	Number of warrants	Weighted average exercise price (per share)	Weighted average Remaining life (years)
Balance September 30, 2016	6,072,918	$0.45	1.28
Issued	4,025,000	$0.75	
Exercised	(5,246,336)	$0.45	
Expired	(826,582)	$0.45	
Balance December 31, 2016	**4,025,000**	**$0.75**	**2.89**

As at December 31 2016 there were a total of 4,025,000 warrants outstanding with an exercise price of $0.75 and expiry date of November 22, 2019.

f) Flow-through shares

The Company is committed to incur on or before December 31, 2017 qualifying Canadian exploration expenses as defined under the *Income Act, Canada* ("Qualifying CEE") in the amount of $3,101,000 with respect to the flow-through share financings completed on May 11, 2016 and November 22, 2016. None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

As at December 31, 2016 the Company has incurred $1,650,219 of the required qualifying Canadian exploration expenses.

8. Related party transactions

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

	2016	2015
	$	$
Professional fees	10,200	4,371
Management and consulting	69,000	65,000
Share-based compensation	97,060	57,936
	176,260	127,307

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

9. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flow. As at, and during the three months ended December 31, 2016 and 2015 the following transactions were excluded from the statements of cash flows:

	2016	2015
	$	$
Non-cash investing and financing transactions		
Share-based payments included in exploration and evaluation assets	13,217	-
Exploration and evaluation recovery included in accounts receivable	160,000	-
Exploration and evaluation assets included in accounts payable and accrued liabilities	286,179	131,900

During the three months ended December 31, 2016 the Company received $44 (2015 - $43) in interest revenue and paid $nil (2015 - $nil) for interest and taxes.

10. Commitments

In addition to any commitments pursuant to mineral property interest obligations (Note 6), qualifying Canadian exploration expenses (Note 7f) as at December 31, 2016, the Company has entered into a lease agreement for its office premises. The lease will expire on October 31, 2018. The annual lease commitment is as follows:

Fiscal year ended September 30, 2017	$47,700
Fiscal year ended September 30, 2018	$63,600
Fiscal year ended September 30, 2019	$5,300