CALLINEX MINES INC.

Management's Discussion and Analysis for the three months ended December 31, 2016

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations for the three months ended December 31, 2016 ("MD&A") has been prepared as of February 27, 2017. It should be read in conjunction with the condensed interim financial statement of Callinex Mines Inc for the three months ended December 31, 2016 as well as the audited annual financial statements for the year ended September 30, 2016 and the accompanying MD&A for the year then ended.

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

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 Pt. Leamington, Nash Creek and Superjack Projects located in Eastern Canada.

Operational Highlights

- Announced a significant new zinc and gold VMS discovery with 10.3m grading 13.1% Zn Eq. including 4.2m of 20.8% Zn Eq. at the Pine Bay Project;
- Commenced a step-out drilling program focused on the new discovery and added a second drill rig to aggressively conduct exploration;
- Closed a $5.0 million private placement with affiliates of the Sprott Group;
- Received proceeds of $2.4 million from the acceleration of the expiry date of share purchase warrants issued in July 2015 and May 2016; and
- Competed and filed three National Instrument 43-101 technical reports supporting the Mineral Resource Estimates on its Point Leamington, Nash Creek and Superjack zinc projects.

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 December 31, 2016.

Three months ended	December 31 2016 ($)	September 30 2016 ($)	June 30 2016 ($)	March 31 2016 ($)
Revenues		-	-	-
Net Loss	(780,302)	(593,356)	(554,469)	(425,562)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

Three months ended	December 31 2015 ($)	September 30 2015 ($)	June 30 2015 ($)	March 31 2015 ($)
Revenues	-	-	-	-
Net Loss	(410,251)	(3,520,954)	(256,397)	(316,826)
Loss per share (basic and diluted)	(0.01)	(0.09)	(0.01)	(0.01)

(1) The basic and diluted loss per share amounts are 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 was higher due to $3,536,375 of exploration and evaluation assets written down offset by a $418,306 deferred tax recovery.

RESULTS OF OPERATIONS

During the three months ended December 31, 2016, the Company reported a net loss of $794,717 and a loss per share of $0.01 (2015 - $410,251 and $0.01 loss per share)

	2016 ($)	2015 ($)
General and administrative expenses	(617,104)	(299,507)
Share-based payments	(177,657)	(110,787)
Finance income	44	43
Net loss for the period	(794,717)	(410,251)

With respect to general and administrative expenses, the 2016 expenditures were generally higher than those of 2015 primarily because of the Company's increased activity levels. The most significant general and administrative expenses were with respect to the following:

Corporate development - $371,490 (2015 - $80,677)
These costs relate to strategic shareholder marketing campaigns. The increase is as a result of increased activity to support the significant capital raising efforts during the period.

Share-based payments expense - $177,657 (2015 - $110,787)
The costs related to options granted to executives, directors and consultants. The expense in the current period was based on 250,000 (2015 – 1,600,000) newly granted options and vesting terms of options granted in previous years. In the current period, there was also $13,217 (2015 - $nil) of share-based payments that were capitalized to exploration and evaluation assets.

FINANCING ACTIVITIES

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.

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.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2016 the Company had cash on hand of $9,926,926 compared to $4,259,785 as at September 30, 2016. The net increase in cash for the period, is due to the Company raising $7,076,847 of proceeds through a private placement and exercise of warrants, offset by cash used in operating activities ($648,549) and investing activities ($761,157).

As at December 31, 2016 the Company had working capital of $9,877,526 (September 30, 2016 - $4,170,807) and no long term debt.

EXPLORATION PROGRAMS AND EXPENDITURES

During the three months ended December 31, 2016, the Company incurred deferred exploration expenditures of $706,609 (2014 - $152,059). The majority of the expenditures relate to the Pine Bay property.

	Flin Flon	Pt Leamington	Nash Creek	Superjack	Other	Total
	$	$	$	$	$	$
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**

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

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.

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.

Superjack and Nash Creek properties
The Nash Creek and Superjack projects are located within the Bathurst Mining Camp ("BMC") of New Brunswick, Canada, and benefit from excellent infrastructure including road access to an operating processing facility approximately 90km and 50km by road. The BMC has been one of the most productive and economically significant base metal mining districts in the world. In total, more than 130 million tonnes of ore have been extracted from at least ten mines, nearly all of which has been mined since the 1950s.

Pt. Leamington property
The Pt. Leamington Project, consisting of Mining Lease 136(2655), is located approximately 37km by road and trails from the city of Grand-Falls Windsor, Newfoundland, and approximately 20km from the provincial power grid. The deposit is a large, felsic-hosted zinc rich VMS deposit that dips 70 degrees to the west, has a strike length of 500m and a maximum thickness of 85m. Massive sulphides have been intercepted to a depth of 360m below surface from a total of approximately 21,714m of drilling in 72 drill holes. Regional government mapping and lithogeochemical sampling has indicated that the Pt.Leamington Project's host volcanic stratigraphy extends well beyond the vicinity of the deposit.

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, Gossan Gold project, Sneath Lake property, Coles Creek property, Fox River property, Moak Lake property, Norris Lake property, the Herblet Lake property and the Island Lake properties.

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 follow:

	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.

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 is currently evaluating the impact of the standards 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.

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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

SUBSEQUENT EVENTS

- Issued year-end letter to shareholders outlining the Company's vision for 2017; and
- Callinex reported initial drill results from its Pine Bay Project.

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 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 of February 27, 2017:

Issued and outstanding common shares	77,465,808
Share options with a weighted average exercise price of $0.35	5,855,000
Share purchase warrants with a weighted average exercise price of $0.75	4,025,000
Fully Diluted	**87,345,808**

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 months ended December 31, 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