CALLINEX MINES INC.

Management's Discussion and Analysis for the three and nine months ended June 30, 2017

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, 2017 ("MD&A") has been prepared as of August 29, 2017. It should be read in conjunction with the condensed interim financial statements of Callinex Mines Inc. for the three and nine months ended June 30, 2017 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

Callinex Mines Inc. is focused on discovering and developing zinc and copper rich mines within prolific Canadian volcanogenic massive sulphide ("VMS") mining jurisdictions. The Company is actively exploring its Pine Bay Project, located within close proximity of HudBay's 777 mine and mill in the Flin Flon mining district of Manitoba. Callinex is also advancing its Nash Creek and Superjack projects, which host significant zinc-rich mineral resources within the Bathurst mining district of New Brunswick.

Operational Highlights

- Extended new discovery at the Pine Bay Project in the Flin Flon Mining District of Manitoba with drill hole PBM-024 that intersected 2.6m of 3.0% Cu Eq., located 180m along strike and 70m below the discovery hole that intersected 10.3m of 13.1% Zn Eq. (See News Release dated May 1, 2017);

- Commenced its 2017 Bathurst drilling campaign to complete up to 10,000m at the Nash Creek and Superjack VMS projects located in the Bathurst Mining District of New Brunswick;

- Added a second rig to its ongoing 2017 Bathurst drilling campaign at the Nash Creek Project located in the Bathurst Mining District of New Brunswick; and

- Announced key appointments to the management team including Jordan Butler as Vice President, Corporate Development and Matthew Anderson as Chief Financial Officer.

EXPLORATION PROGRAMS AND EXPENDITURES

During the nine months ended June 30, 2017, the Company incurred deferred acquisition and exploration expenditures of $2,887,757 (2016 - $1,511,405). The majority of the expenditures relate to the Pine Bay project and the Nash Creek project.

	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**
Acquisition	83,044	-	73,750	73,750	-	230,544
Assaying	2,411	18,745	486	486	-	22,128
Camp costs	127,834	-	-	-	-	127,834
Consulting	9,902	-	17,670	-	-	27,572
Drilling	1,721,543	-	293,061	759	-	2,015,363
Geologists	131,458	300	22,685	3,918	-	158,361
Geochemical	77,061	-	-	-	-	77,061
Geophysical	231,164	1,000	48,479	6,207	212	287,062
Other	17,048	-	13,666	13,914	-	44,628
Permitting	12,310	-	5,505	5,850	-	23,665
Recovery	(160,000)	-	-	438	(11,362)	(170,924)
Share-based compensation	29,649	-	7,407	7,407	-	44,463
	2,283,424	20,045	482,709	112,729	(11,150)	2,887,757
June 30, 2017	**12,470,671**	**598,729**	**634,205**	**266,316**	**1,356,814**	**15,326,735**

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 6,000ha Pine Bay Project. The project is located 16km east of Flin Flon, MB and covers the Baker Patton Felsic Complex, one of the largest and most highly altered accumulations of felsic rocks within the Flin Flon Greenstone Belt. The project hosts four past producing VMS mines and historic resources. Additionally, high-grade copper and zinc mineralization is contained within a mineral lease that allows for the right to operate a mine and covers a 212m vertical shaft with 760m of underground development.

In October, 2016 Callinex announced that hole 284-3-93-DPN intersected 10.3m grading 13.1% zinc equivalent mineralization ("Zn Eq.") containing 6.0% Zn, 1.8 g/t Au, 60.4 g/t Ag, 0.7% Cu and 0.4% Pb including a higher grade interval over 4.2m grading 20.8% Zn Eq. containing 11.8% Zn, 2.4 g/t Au, 73.8 g/t Ag, 0.7% Cu and 0.7% Pb (See News Release dated October 18, 2016). The discovery was made by extending a historic Placer Dome drill hole by 38 meters. The historic drill hole was initially drilled as part of their mandate to discover a 30 million ton Volcanogenic Massive Sulphide ("VMS") deposit at the Pine Bay Project.

Callinex has completed over 15,000m of drilling with the objective to discover additional high-grade VMS mineralization within the project area. The Company anticipates completing further drill programs in 2017 and 2018.

Big Island

Callinex has an option to acquire a 100% interest in the Big Island Project located 10 km east from HudBay's processing facilities in Flin Flon, Manitoba. The project includes the Tara Lake Deposit, which is one of the highest-grade VMS discoveries within the Flin Flon Mining District. Interestingly, no follow-up exploration has occurred at the Tara Lake Deposit since the initial discovery and subsequent exploration that was conducted between 1987 and 1991. Callinex believes this represents a compelling exploration opportunity given the tenor of mineralization combined with modern geological and geophysical advancements over the last 25 years.

Callinex has initiated a geological and geophysical review of the project area in order to identify drill-ready targets. It is anticipated that the initial exploration focus will be on identifying extensions to high-grade zinc and gold mineralization. An initial drill program is anticipated to occur during a 2017 summer drill program.

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.

Callinex has completed interpretation of an airborne geophysical survey that led to the identification of several prospective drill targets. Additionally, the Company entered into an option agreement with HudBay Minerals Inc. to acquire land adjacent to its Hook Lake target. Callinex anticipates this target could be tested as part of an upcoming drilling program in 2017 or 2018.

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 away 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.

The Company has commenced a summer drilling campaign at its Superjack and Nash Creek projects. It is anticipated that additional drilling program may occur in late-2017 and 2018. The objective of the 2017 summer drilling program is to test for expansion potential to the north of the Nash Creek Deposit while the drilling program at the Superjack project will test for expansion of the A Zone at depth.

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.

The Company has completed preliminary metallurgical work to characterize the nature of mineralization. Callinex will assess opportunities for further metallurgical testing and preliminary engineering work.

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

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, 2017.

Three months ended	**June 30 2017 ($)**	**March 31 2017 ($)**	**December 31 2016 ($)**	**September 30 2016 ($)**
Revenues	-	-	-	-
Loss	(403,663)	(339,031)	(780,302)	(593,356)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

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

(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 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

Nine months ended June 30, 2017

During the nine months ended June 30, 2017, the Company reported a loss of $1,522,996 and a loss per share of $0.02 (2016 - $1,390,282 and $0.03 loss per share)

	2017 ($)	**2016 ($)**
General and administrative expenses	(1,238,394)	(1,104,064)
Share-based payments	(300,612)	(428,418)
Finance income	16,010	-
Gain on settlement of account payable	-	142,200
Loss for the period	(1,522,996)	(1,390,282)

With respect to general and administrative expenses, the 2017 expenditures were generally higher than those of 2016 primarily because of the Company's increased activity levels. The most significant general and administrative expenses were with respect to the following:

Corporate development - $557,799 (2016 - $464,326)
These costs relate to corporate development matters. The increase is as a result of increased activity in relation to corporate development, project acquisitions and capital raising efforts during the period.

Management and consulting fees - $254,421 (2016 - $308,870)
These include fees paid to the Company's senior executives and employees.

Office and administration - $268,126 (2016 - $195,540)
These costs relate to general corporate matters. The increase in fees were general due to the increases in travel and administrative salaries resulting from the increased corporate activities.

Professional fees - $79,448 (2016 - $62,739)
These include fees paid for legal ($30,980) and accounting and audit fees ($48,468). The increase in fees was due to an increase in activities.

Share-based compensation expense of $300,612 (2016 - $428,418) relates to options granted to executives, directors and consultants. The expense in the current period was based on 350,000 (2016 – 1,600,000) newly granted options and vesting terms of options granted in previous years. In the current period, there was also $44,463 (2016 - $nil) of share-based compensation that was capitalized to exploration and evaluation assets.

Three months ended June 30, 2017
During the three months ended June 30, 2017, the Company reported a loss of $403,663 and a loss per share of $0.00 (2016 - $554,469 and $0.01 loss per share)

	2017 ($)	**2016 ($)**
General and administrative expenses	(337,398)	(535,994)
Share-based payments	(31,219)	(160,675)
Finance income	4,954	-
Gain on settlement of account payable	-	142,200
Loss for the period	(403,663)	(554,469)

The general and administrative expenses decreased during the three months ended June 30, 2017 compared to the comparable period mainly due to the decrease in corporate development costs of $134,540 (2016 - $292,569). Other significant general and administrative expenses were with respect to the following:

Management and consulting fees - $78,482 (2016 - $135,022)
These include fees paid to the Company's senior executives and employees.

Office and administration - $113,201 (2016 - $44,435)
These costs relate to general corporate matters. The increase is generally due to the increases in travel and administrative salaries resulting from the increased corporate activities.

Share-based compensation expense of $31,219 (2016 - $160,675) relates to options granted to executives, directors and consultants. The expense in the current period was based on vesting terms of options granted in previous periods. In the current period, there was also $29,627 (2016 - $nil) of share-based compensation that was 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 June 30, 2017 the Company had cash on hand of $7,234,166 compared to $4,259,785 as at September 30, 2016. The net increase in cash for the period is due to the Company raising $7,062,432 of net proceeds through a private placement and exercise of warrants, offset by cash used in operating activities ($1,286,400) and investing activities ($2,801,651).

As at June 30, 2017 the Company had working capital of $7,198,855 (September 30, 2016 - $4,170,807) and no long term debt.

RELATED PARTY TRANSACTIONS

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, 2017 and 2016 was as follow:

	Three months ended June 30,		Nine months ended June 30,	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Professional fees[(1)]	**5,800**	4,400	**20,920**	17,131
Management and consulting[(2)]	**54,000**	83,643	**177,000**	205,643
Share-based compensation	**12,845**	45,182	**155,366**	189,527
	72,645	133,225	**353,286**	412,301

(1) Includes fees earned by the Chief Financial Officer, Matt Anderson, and the former Chief Financial Officer, Rebecca Moriarty. The business purpose of the transactions was to compensate the individual for administration and management services provided. The Company has a consulting agreement with Malaspina Consultants Inc., a company that employs Mr. Anderson and Ms. Moriarty. The consulting agreement can be terminated with sixty days' notice.

(2) Includes salary earned by the Chief Executive Officer, Max Porterfield, and a Director, Mike Muzylowski. The business purpose of the transactions was to compensate the individuals for administration and management services provided. The Company has an employment agreement with Mr. Porterfield that includes a change of control provision calling for a severance payment of two years of annual salary.

As at June 30, 2017 a total of $3,000 (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

- Announced initial assays results from the first five holes drilled at the Nash Creek Project including drill hole NC17-226 that intersected 9.0m of 5.2% Zn Eq. located 350m north of the Nash Creek Deposit and drill hole NC17-224 intersected 14.8m of 3.6% Zn Eq. located 250m northeast of the Nash Creek Deposit (See News Release dated July 13, 2017).
- Issued 432,900 common shares to Kirkland Lake Gold Ltd. at the fair value of $127,706 as consideration for the acquisition of the Pt. Leamington Property.
- Granted 125,000 stock options to an employee of the Company at an exercise price of $0.32 up to July 20, 2022. The Company cancelled 100,000 stock options which were to expire on December 12, 2021.

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 August 29, 2017:

Issued and outstanding common shares	78,298,708
Share options with a weighted average exercise price of $0.34	5,880,000
Share purchase warrants with a weighted average exercise price of $0.75	4,025,000
Fully Diluted	**88,203,708**

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, 2017 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