

Callinex Mines Inc. – TSXV:CNX

September 27, 2018

## Site Visit: Blue Sky in Bathurst

Impact: Positive

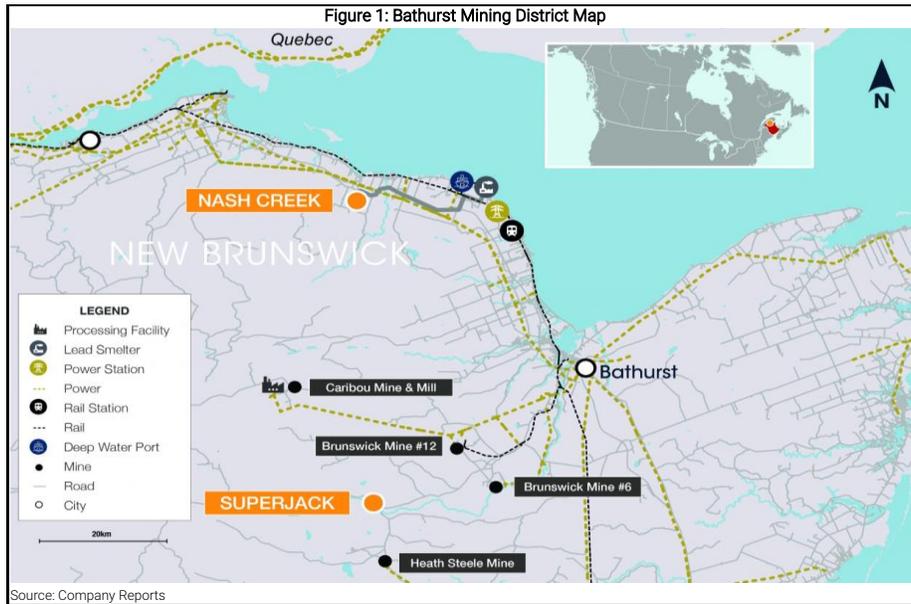
Last week we visited Callinex Mines' Nash Creek and Superjack properties in the Bathurst Mining Camp of New Brunswick, Canada. The highlight of the week's visit was a combination of both the extensive mining infrastructure in the historic camp and the largely untapped mineral potential of Callinex's 155km<sup>2</sup> Nash Creek property. After recently increasing M&I resources by 74% and inferred resources by 385% at Nash Creek, the company remains focused on continuing to expand its Zn-Pb-Ag resource base in the camp to further enhance the projects already proven economic potential. Overall, the company previously demonstrated the economic value of the Nash Creek and Superjack properties in a recent PEA (2018), but our site visit has since confirmed the size potential of the project which we expect to be reflected through ongoing property-wide geophysics and exploration drilling.

**A well-established mining camp.** The Nash Creek and Superjack properties are located in one of the largest VMS belts in the world with well-established mining infrastructure and a skilled workforce that has previously served numerous world-class mines, most notably the Brunswick #12 mine (Figure 1). Prior to its closing in 2014, Brunswick #12, operated by Glencore plc, was the largest private sector employer in Northern New Brunswick. After the loss of such a big employer in the region and only one smaller mine, Trevali's Caribou mine, to replace it, the province needs its next mine. Nash Creek is located 50km from Bathurst and is conveniently located 1km from Provincial Highway 11 and high-voltage (230 Kv) transmission lines that lead to the Port of Belledune, located 18km to the east, which hosts a deep-water port, a 450MW power plant and Glencore's Brunswick Lead Smelter (Figure 2). Superjack is located 45km from Bathurst and is in close proximity to Caribou and Brunswick #12, which are hosted by the same mineralized horizon.

**Maiden PEA: proven economic potential to now build upon.** With the addition of a small satellite open pit mine at Superjack to feed into the Nash Creek process plant, Callinex demonstrated the positive economic potential of its Bathurst assets with a PEA outlining an after-tax NPV of C\$128M and an IRR of 25%. The PEA considered a 10-year mine life with average yearly production of 77 Mlb Zn, 15 Mlb Pb and 0.44 Moz Ag where the mine plan incorporates mining the high-grade material from the Superjack pit in year one, which allows for higher margins and creates the opportunity to increase the IRR and NPV with expansion of the higher-grade resources. We see the maiden PEA as a proof of concept for the economic viability of Nash Creek and Superjack, which we expect to be built upon with subsequent resource updates and technical studies as the company explores the remaining 18km of the 20km trend at Nash Creek (Figure 3).

**Only just scratched the surface of a district-scale land package.** During our visit, we were fortunate to visit the Nash Creek property to observe the Callinex exploration crew diamond drilling and line cutting for the company's ongoing district-scale induced polarisation (IP) survey (Figure 4). Drilling success in 2017 and the ensuing resource update was largely a result of successful target generation from a 2011 IP survey, which has since been proven to be highly correlated with mineral resources on the property (Figure 5). As IP has proven to be the most effective method for targeting near-surface base metal sulphides on the property, the company is currently conducting a district-scale IP survey to explore the remaining 18km of the 20km trend on the property, which encompasses several untested high-grade mineral occurrences that will be followed up with drilling. We expect upcoming results to reflect the potential for the property to host multiple satellite deposits peripheral to the current Nash Creek deposit. The initial focus for the company is a 38-line km IP survey of the Central Zone, which is directly to the east of the current resource where the company has tighter line spacing of 100m compared to the 300m line spacing of the southern grid (Figure 3).

**Callinex currently trades at a significant discount to zinc explorer/developer peers.** Without ascribing any value to the company's Flin Flon or Buchans assets, Callinex trades at a significant discount to zinc explorer/developer peers (\$0.004/lb vs. peers at \$0.029/lb ZnEq) based on its current resource base of 1,698Mlb ZnEq in the Bathurst Camp. Considering our expectation for further resource growth at Nash Creek beyond the recent update, we expect that the upcoming IP survey results and subsequent drilling are likely to demonstrate this to the market and close the valuation gap to peers.



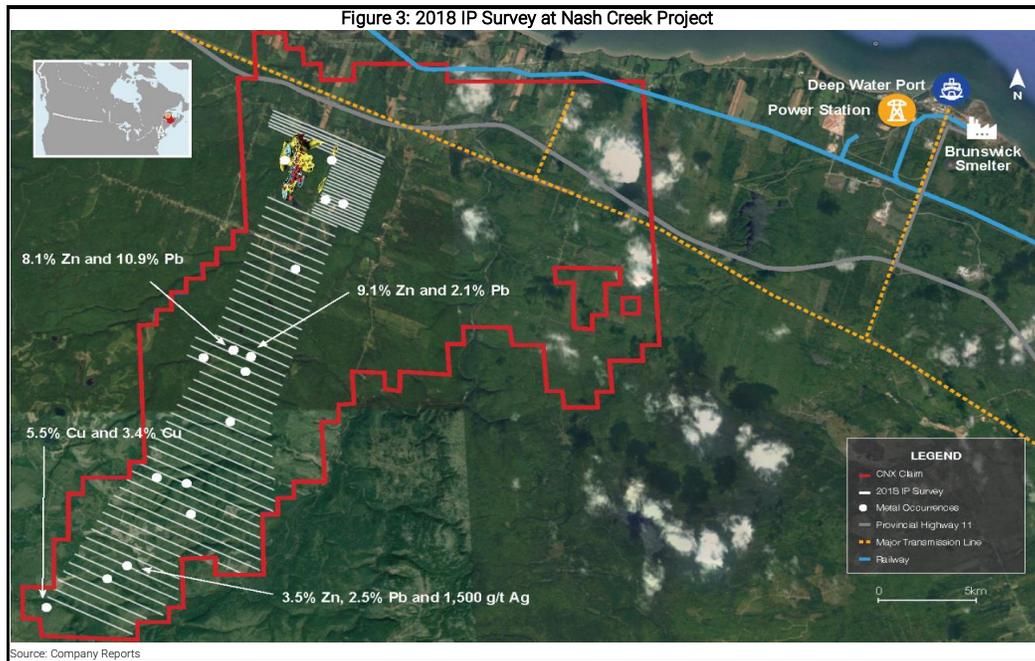
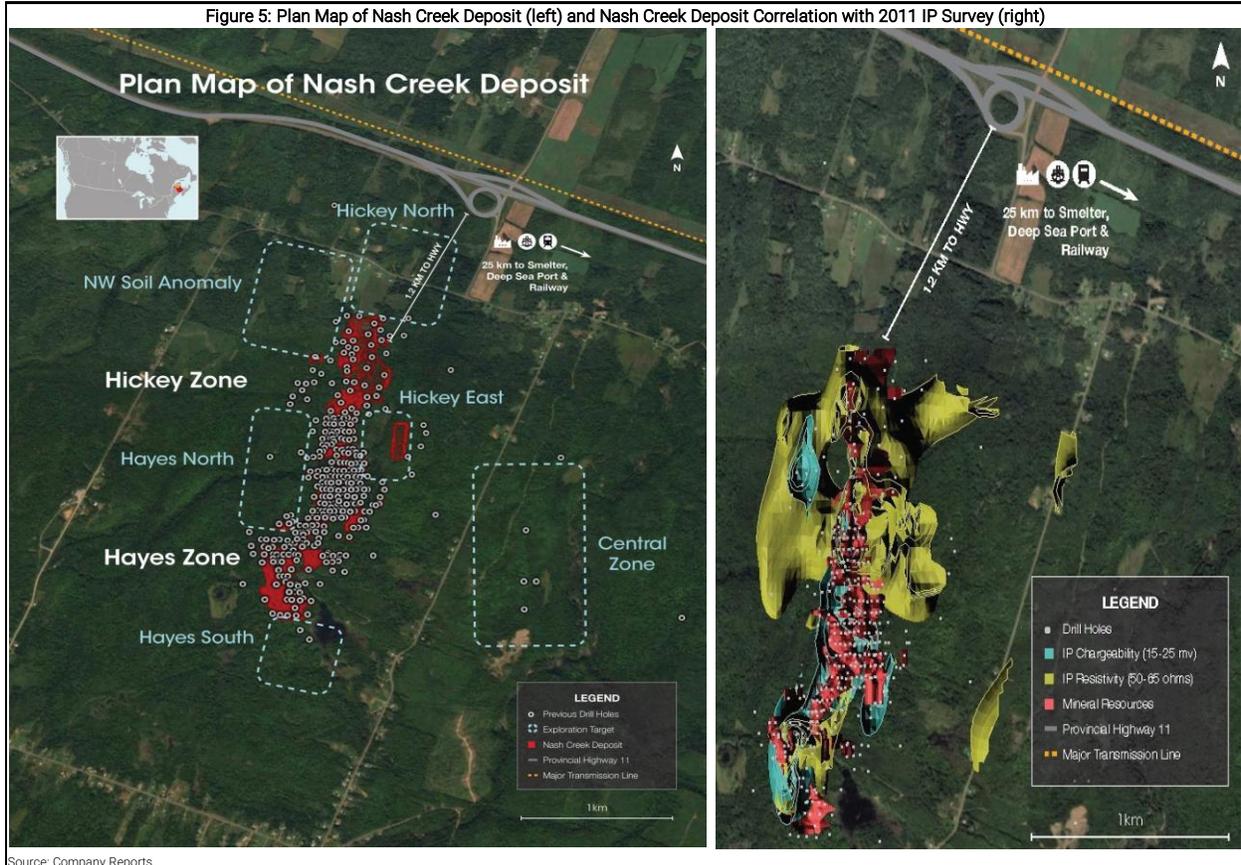


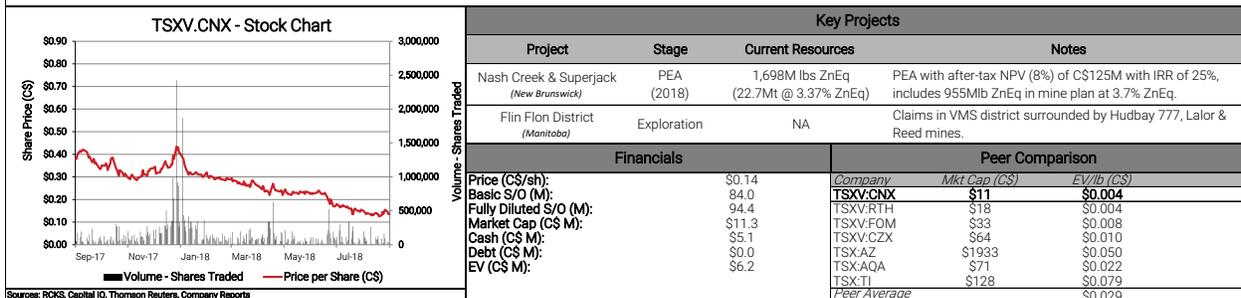
Figure 5: Plan Map of Nash Creek Deposit (left) and Nash Creek Deposit Correlation with 2011 IP Survey (right)



Source: Company Reports

### Company Information: Callinex Mines Inc. (TSXV:CNX)

Callinex Mines is a development-stage mining company focused on advancing its portfolio of zinc-silver-lead VMS deposits in the Bathurst Mining District of New Brunswick, the Flin Flon District of Manitoba and the Buchans District of Newfoundland. Callinex recently released a maiden PEA (2018) on the Nash Creek & Superjack Projects, which outlined a low-cost economic project in the prolific mining district hosting Trevali's Caribou VMS Mine and Xtrata's past-producing world-class Brunswick VMS Mine.



Derek Macpherson | VP Mining Analysis  
Alex Pitcher | Associate, Mining Analysis

Red Cloud Klondike Strike Inc.  
105 King Street East, 2<sup>nd</sup> Floor  
Toronto ON, M5C 1G6  
[RCKSTalk@RedCloudKS.com](mailto:RCKSTalk@RedCloudKS.com)  
[www.redcloudks.com/rcks-talk](http://www.redcloudks.com/rcks-talk)

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Callinex Mines Ltd.	TSXV:CNX	2,4

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