VANCOUVER, BRITISH COLUMBIA--(Marketwired - Oct 18, 2016) -

Highlights:

- Callinex has discovered a high-grade zone over 10.3 meters grading 13.1% Zn Eq. (6.0% Zn, 1.8 g/t Au, 60.4 g/t Ag, 0.7% Cu and 0.4% Pb) by extending a previous Placer Dome drill hole by 38 meters;
- The original hole, 284-3-93, was drilled in 1993 when Placer Dome had a mandate to discover a 30 Mt VMS deposit at the Pine Bay Project;
- Large geophysical target associated with intersection that projects along strike to the southwest for 700 meters and at depth for 1,050 meters; and
- The discovery is situated within a mining lease located 16 km from HudBay's processing facilities, which have less than four years of ore remaining.

Callinex Mines Inc. (the "Company" or "Callinex") (TSX VENTURE:CNX) (OTCQX:CLLXF) is pleased to announce a new high-grade zinc, gold, silver and copper discovery at the Company's Pine Bay Project, located near HudBay's operations in Flin Flon, Manitoba (See Figures 1, 2 and 3). The discovery 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. The discovery was made by extending a historic Placer Dome drill hole by 38 meters. The historic drill hole, which ended in copper-bearing sulphide mineralization, was initially drilled as part of their mandate to discover a 30 million tonne Volcanogenic Massive Sulphide ("VMS") deposit at the Pine Bay Project.

Max Porterfield, President and CEO, stated, "We are very encouraged by this new discovery which indicates potential for a large, high-grade deposit located within the existing mining lease at Pine Bay. This exploration success comes at a time when the current processing facility in Flin Flon, which has operated for more than 90 consecutive years, has less than four years of ore remaining. In terms of context, the new intersection has encountered the most significant gold and silver results from over 80 years of exploration including 625 holes drilled on the property."

Jim Pickell, Chief Geologist, stated, "Having seen several discovery hole intersections over the years, including at the 777 Mine, I'm particularly impressed with this one because of where it sits, its high grade nature and its width. I've always been intrigued by the special geological environment in the Pine Bay area and its likely ability to host a prolific volcanogenic massive sulphide system."

Many of the largest deposits within the Flin Flon Greenstone Belt have been discovered at depth, such as the 777 Mine that was the discovered at a down-hole depth of 1,278m and the Lalor Mine that was discovered at a down-hole depth of 781m. HudBay's nearby 777 Mine has proven and probable reserves totaling 6.3 Mt grading approximately 11% Zn Eq. over an average width of 8 meters to a vertical depth of approximately 1,500m. Exploration efforts have reportedly been unable to extend the life of mine.

The existence and abundance of zinc, gold and silver indicates that the hole may have intersected the edge of the VMS system. The high-grade nature and strong continuity of gold and silver, with assays including 2.4 g/t Au and 74 g/t Ag over 4.2m suggests that the system is long-lived and robust (See Table 1). In addition, the geophysical interpretation also supports the geological interpretation, showing the majority of the target is at depth (See Figure 4).

The Company's geophysical target is modeled to have similar conductance as the intersected zone and extends for approximately 700m along strike and 1,050m in vertical extent, almost entirely below the hole (See Figure 4). The intersected zone consists primarily of lower conductivity or non-conductive metals including zinc, gold and silver. Several historic deposits at the Pine Bay Project, along with the Centennial Mine to the south, are poor geophysical conductors.

After reviewing drilling results from earlier this year, Callinex theorized that the Cabin Zone Horizon may not have actually been intersected at depth by historic drilling. Several previously drilled holes including 284-3-93 and 95-02 were selected for deepening as part of the ongoing drilling campaign. Placer Dome had interpreted that the Cabin Zone Horizon was intersected at a down-hole depth of 923m, approximately 77m before where we now know the horizon is located (See Figure 1 and 2).

Despite Placer Dome's incorrect interpretation that the down-plunge portion of the Cabin Zone Horizon had been tested, they continued to recommend additional drilling to the south where they believed that the most prospective area remained. This target area is coincident with the newly detected, large (700m wide by 1,050m deep) borehole geophysical target identified from hole 284-3-93-DPN that intersected the newly discovered mineralization. Placer Dome's final hole, 284-5-93 was drilled to test this area but was abandoned due to drilling difficulties and represents an upcoming drill target.

This discovery hole is located within the Baker Patton Felsic Complex, one of the largest and most highly altered accumulations of felsic rocks within the Flin Flon Greenstone Belt. A major alteration zone had previously been identified at surface and spans

1,100m by 700m as defined by values of more than 90 using the Hashimoto (Ishikawa et al.) Alteration Index (See Figure 2), a quantitative approach to evaluate alteration trends that ranges from 0 to 100. Since the huge alteration zone seen at surface is structurally overturned, the exploration thesis is that the massive sulphides associated with this mineralizing event would be preserved at depth. Typically, there is a correlation between the size of an alteration zone and the size of VMS deposit it is associated with.

The exploration model for large VMS deposits within the Flin Flon Greenstone Belt, such as the Lalor and 777 deposits, includes having several smaller deposits in close proximity to a large alteration system within a major felsic volcanic centre. Historic and recent exploration has identified three VMS deposits, along with the new Pine Bay East Zone, known to exist in close proximity to the huge Baker Patton alteration zone.

Inmet Mining Corp. also attempted to test the Cabin Zone Horizon with hole 95-02, which was drilled 400m along strike to the south of hole 284-3-93 but was stopped short of the horizon. Callinex is currently deepening this hole to test the down-plunge extension of the recently discovered Pine Bay East Zone (See News Releases Dated March 7th, 2016 and May 31st, 2016).

Table 1: 284-3-93-DPN Assay Results

Hole (1)-(4)	From (m)	To (m)	Interval (m)	Zn Eq. (%)	Zn (%)	Cu (%)	Au (g/t)	Ag (g/t)	Pb (%)
284-3-93-DPN	998.80	1010.26	11.46	12.23	5.61	0.68	1.65	56.38	0.35
Including	999.26	1009.59	10.33	13.06	6.00	0.71	1.78	60.39	0.35
Including	999.80	104.00	4.20	20.77	11.82	0.70	2.43	73.77	0.73
Including	999.80	102.50	2.70	26.35	16.37	0.86	2.57	79.21	0.98

Notes(1)(2)(3(4):

- Dip and azimuth for hole 284-3-93-DPN is -85º and 317º Az. The 1,101m deep diamond drill hole is located at the following Universal Transverse Mercator (UTM) coordinates using the North American Datum of 1983 (NAD83) within UTM Zone 14N: 332882m East and 6071554m North. The collar of the hole is 321m above sea level.
- Zinc equivalent grades are based on the following metal prices: zinc US$1.00/lb, copper US$2.50/lb, gold US$1,300 per oz, silver US$18.00 per oz, lead US$0.90/lb. Metal recoveries of 100% are applied in the zinc equivalent calculation. The zinc equivalent calculation is as follows: ZnEq = 100 ((Au Price in (g) x Au Grade) + (Ag Price in (g) x Ag Grade) + (Pb Price*2204.6 x (Pb Grade(%)/100) + (Cu Price*2204.6 x Cu Grade(%)/100) + (Zn Price*2204.6 x (Zn Grade(%)/100))/Zn Price*2204.6
- The numbers may not add due to rounding.
- True widths are not currently known.

Figures

Figure 1: Overview of Flin Flon Area Properties

http://media3.marketwire.com/docs/Fig%201%20Callinex.pdf

Figure 2: Plan Map of the Northern Pine Bay Area

http://media3.marketwire.com/docs/Fig%202%20-%20Callinex.pdf

Figure 3: Cross Section of the Northern Pine Bay Area with 3-D Surface

http://media3.marketwire.com/docs/Fig%203%20Callinex.pdf

Figure 4: Longitudinal Section of the Cabin Zone Horizon and Geophysical Target

http://media3.marketwire.com/docs/Fig%204.pdf

QA/QC

Individual samples were labeled, placed in plastic sample bags, and sealed. Groups of samples were then placed in security

sealed bags and shipped directly to SGS Canada Inc in Vancouver, B.C. for analysis. Samples were crushed to 75% passing 2mm and pulverized to 85% passing 75 microns in order produce a 250g split. All copper, zinc and silver assays were determined by Aqua Regia digestion with a combination of ICP-MS and ICP-AES finish, with overlimits (>100 ppm Ag, >10,000 ppm Zn, and >10,000 ppm Cu) completed by fire assay with gravimetric finish (Ag) or Aqua Regia digestion with ICP-AES finish (copper and zinc). All samples were analyzed for gold by Fire Assay of a 30 gram charge by AAS, or if over 10.0 g/t were re-assayed and completed with a gravimetric finish. QA/QC included the insertion and continual monitoring of numerous standards and blanks into the sample stream at a frequency of 1 per 10 samples, and the collection of duplicate samples at random intervals within each batch at a frequency of 1 per 10 samples.

SGS Canada Inc carried out some or all of following methods to obtain the assay results for Callinex: G_LOG02 Pre-preparation processing, G_WGH79 Weighing and reporting, G_PRP89 Weigh, dry, crush, split, pulverize, G_SCRQC QC for crush and pulverize stages, G_CRU22 Crush >3kg, G_DRY11 Dry samples, GE_FAA313 @Au, FAS, AAS, 30g-5ml (Final mode), GE-IC14A Aqua Regia digestion/ICP-AES finish, GE_IMS14B Aqua Regia digestion/ICP-MS package, GE_IMS14 Aqua Regia digestion, GO_FAG303 30g, Fire assay, gravimetric finish (Au)(Final Mode), GO_FAG313 30g, Fire assay, gravimetric finish (Ag)(Final Mode), G0_ICP13B Ore Grade, Aqua Regia digest/ICP-AES. Ag >10ppm was analyzed by ICP and GO_XRF77B-pyrosulfate fusion.

James Pickell, P.Geo, a Qualified Person under National Instrument 43-101 and a consultant to Callinex, has reviewed and approved the technical information in this news release.

About The Pine Bay Project

The Pine Bay Project is located 16km east of HudBay's 777 Mine and processing facilities near Flin Flon, MB. The project area spans 6,000 sq. ha. and covers a significant portion of the Baker Patton Felsic Complex, one of the largest and most highly altered packages of felsic volcanic rocks within the Flin Flon Greenstone Belt. Historic exploration activities have outlined four mineral deposits, three of which are located within a mineral lease that has advanced permitting status and includes the right to conduct mining activities. The Pine Bay deposit, the largest of the four historic deposits, has a 212m vertical shaft with significant underground workings from previous exploration activities.

The project has two distinct areas with VMS mineralization, the northern Pine Bay area and the southern Sourdough area. These areas are each related to historic deposits and occur along an approximate 10km NE-SW VMS trend near the top of the Baker Patton Felsic Complex. The Sourdough area is immediately adjacent to HudBay's past-producing Centennial Mine. Callinex has recently intersected new VMS zones in both the Pine Bay and Sourdough areas.

During the 1990s, majors including Placer Dome Inc. and Inmet Mining Corp. conducted limited exploration programs in the Pine Bay area to define a large VMS deposit at depth. A review of historic work has confirmed that several proposed drill holes and targets outlined by Placer Dome that were never completed. The property position was recently consolidated for the first time combining several large claim blocks previously operated by companies including Placer Dome, Inmet, Newmont, HudBay and Cameco.

Previous to Callinex' modern geophysical and geological exploration programs, very limited work was conducted between 1996 and 2014. Callinex has digitally compiled more than 1,000 mostly shallow drill holes and has completed large airborne and ground geophysical surveys to identify and evaluate the most prospective drill targets.

Pine Bay Historic Resources[1][2] [3]

Deposit	Tons	Cu Eq%[2]	Cu %	Zn %	Au g/t	Ag g/t
Pine Bay	1,113,200	2.76	2.76	N/A	N/A	N/A
Sourdough	291,150	2.98	1.46	1.71	1.03	29.8
Cabin	125,000	2.18	0.84	4.02	N/A	N/A
Baker Patton	95,000	3.66	0.80	5.28	0.83	56.0
Total	1,624,350	2.81	2.26	0.92	0.24	8.9

Notes:

(1) Values have been converted from the imperial to metric system

(2) Historical resource estimates include (a) a Cerro-Mining-Guggenheim Joint Venture report titled "Feasibility Study for 550 ton per day mine & mill", prepared by Wright Engineers Limited in 1971, reported a "geological ore reserve" 1,113,200 tons at 2.76% Cu at the Pine Bay deposit, (b) a Keys report in 1963 reported a historical resource estimate of 291,150 tons at 1.46% Cu at the Sourdough deposit, (c) a Pine Bay Mines report in 1976 reported a historical resource estimate of 125,000 tons at 0.84% Cu at the Cabin deposit and (d) a Macmillan report in 1968 reported a historical resource estimate of 95,000 tons at 0.80% Cu at the Baker Patton deposit. The historical "geological ore reserve" and resource estimates cited above is mentioned for historical purposes only and uses terminology not compliant with current reporting standards. The reliability of these historical estimates is unknown but considered relevant by the Company as it represents a significant target for future

exploration work by the Company. The assumptions, parameters and methods used to calculate this historical resource estimate are not known to the Company. The qualified person has not made any attempt to re-classify the estimates accordingly to current NI 43-101 standards of disclosure or the CIM definitions. In order for these resources to be current, the Company will be required to conduct additional drilling on the Pine Bay Property. The Company is not treating this estimate as current mineral resources or mineral reserves as defined in NI 43-101. Although the Historical resource estimate was also designated as "ore" it cannot be compared to mineral reserves as it is not supported by at least a current pre-feasibility study.

(3) Copper equivalent grades are based on metal prices of: copper US$3.00/lb, zinc $1.00/lb, gold US$1200 per oz, silver US$20 per oz. Metal recoveries of 100% are applied in the copper equivalent calculation. CuEq = 100 ((Au Price in (g) x Au Grade) + (Ag Price in (g) x Ag Grade) + (Pb Price*2204.6 x (Pb Grade(%)/100) + (Cu Price*2204.6 x Cu Grade(%)/100) + (Zn Price*2204.6 x (Zn Grade(%)/100))/Cu Price*2204.6

About Callinex Mines Inc.

Callinex Mines Inc. is focused on discovering and developing zinc and copper rich mines within prolific Canadian VMS mining jurisdictions. The Company is actively exploring its Pine Bay Project, located in the Flin Flon mining district of Manitoba, which hosts significant historic VMS deposits that are within close proximity to a processing facility. The larger project portfolio hosts three significant zinc rich mineral resources including the Point Leamington, Nash Creek and Superjack Projects located in Eastern Canada.

Some statements in this news release contain forward-looking information. These statements include, but are not limited to, statements with respect to future expenditures. These statements address future events and conditions and, as such, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the statements. Such factors include, among others, the ability to complete contemplated work programs and the timing and amount of expenditures. Callinex does not assume the obligation to update any forward-looking statement.

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