PASINEX RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2018

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Pasinex Resources Limited (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Pasinex Resources Limited
Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2018	As at December 31, 2017
Assets		
Current assets		
Cash	**$ 632,765**	$ 741,727
Goods and services tax receivable	**148,776**	147,407
Other receivables	**1,536**	1,560
Prepaid expenses and deposits	**59,627**	92,273
Dividend owing from Horzum AS (note 4)	**6,137,739**	-
Total current assets	**6,980,443**	982,967
Non-current assets		
Equipment (note 3)	**26,846**	26,134
Investment in Horzum AS (note 4)	**4,339,326**	8,045,296
Exploration and evaluation assets (note 5)	**1,336,314**	2,568,423
Total non-current assets	**5,702,486**	10,639,853
Total assets	**$12,682,929**	$11,622,820
Shareholders' Equity and Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	**$ 658,194**	$ 207,826
Due to related parties (note 12)	**33,050**	27,797
Total liabilities	**691,244**	235,623
Shareholders' Equity		
Share capital (note 7)	**12,618,506**	12,618,506
Reserves	**1,687,331**	1,618,697
Accumulated deficit	**(478,881)**	(1,204,902)
Accumulated other comprehensive loss	**(1,835,271)**	(1,645,104)
Total shareholders' equity	**11,991,685**	11,387,197
Total liabilities and shareholders' equity	**$12,682,929**	$11,622,820

Basis of Measurement and Going Concern (note 2(b))
Subsequent Event (note 5(b))

Approved on behalf of the Board:

"Steven Williams" Director *"Victor Wells"* Director

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited

Condensed Interim Consolidated Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2018	2017
Equity gain from Horzum AS (note 4)	**$ 2,984,186**	$ 1,168,289
Expenses		
Impairment charge (note 5(b))	**1,686,600**	-
Exploration costs	**41,859**	-
General and administration costs (note 11)	**483,212**	314,879
Share-based payments (notes 8 and 12)	**68,634**	-
	(2,280,305)	(314,879)
Other income		
Other income	**6,260**	1,374
Foreign exchange gain	**15,880**	8,246
	22,140	9,620
Net income for the period	**726,021**	863,030
Other comprehensive loss		
Item that will be reclassified subsequently to profit and loss:		
Currency translation adjustment (note 10)	**(190,167)**	(85,256)
Total comprehensive income for the period	**$ 535,854**	$ 777,774
Net income per share - basic (note 9)	**$ 0.01**	$ 0.01
Net income per share - diluted (note 9)	**$ 0.01**	$ 0.01
Weighted average number of shares outstanding - basic (note 9)	**142,154,370**	123,948,213
Weighted average number of shares outstanding - diluted (note 9)	**143,046,082**	132,719,690

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating activities		
Net income for the period	**$ 726,021**	$ 863,030
Dividend from Horzum AS	**388,593**	-
Adjustments for items not involving cash:		
Impairment charge	**1,686,600**	-
Share-based payments	**68,634**	-
Equity gain from Horzum AS	**(2,984,186)**	(1,168,289)
Other	**1,860**	1,178
Changes in non-cash working capital items:		
Goods and services tax receivable	**(3,317)**	(26,326)
Prepaid expenses and deposits	**32,048**	10,887
Accounts payable and accrued liabilities	**82,294**	(27,004)
Due from Joint venture	**(16,406)**	-
Due to related parties	**-**	(27,377)
Net cash used in operating activities	**(17,859)**	(373,901)
Investing activities		
Exploration and evaluation assets	**(82,905)**	(41,191)
Equipment acquisition	**(2,879)**	-
Net cash used in investing activities	**(85,784)**	(41,191)
Financing activities		
Issuance of shares	**-**	490,060
Net cash provided by financing activities	**-**	490,060
Net change in cash	**(103,643)**	74,968
Effect of foreign currencies on cash	**(5,319)**	(413)
Cash, beginning of period	**741,727**	311,958
Cash, end of period	**$ 632,765**	$ 386,513

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)
Unaudited

	Number of Shares (note 7)	Share Capital (note 7)	Reserves	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss (note 10)	Total
Balance, December 31, 2016	**121,262,250**	**$ 10,219,119**	**$ 1,274,334**	**$(7,039,006)**	**$ (671,476)**	**$ 3,782,971**
Exercise of warrants (note 7(b))	4,875,502	509,677	(19,617)	-	-	490,060
Currency translation adjustment (note 10)	-	-	-	-	(85,256)	(85,256)
Net income for the period	-	-	-	863,030	-	863,030
Balance, March 31, 2017	**126,137,752**	**$ 10,728,796**	**$ 1,254,717**	**$(6,175,976)**	**$ (756,732)**	**$ 5,050,805**

	Number of Shares (note 7)	Share Capital (note 7)	Reserves	Retained Earnings (Deficit)	Accumulated Other Comprehensive Loss (note 10)	Total
Balance, December 31, 2017	**142,154,371**	**$ 12,618,506**	**$ 1,618,697**	**$ (1,204,902)**	**$ (1,645,104)**	**$11,387,197**
Share-based payments (note 8)	-	-	68,634	-	-	68,634
Currency translation adjustment (note 10)	-	-	-	-	(190,167)	(190,167)
Net income for the period	-	-	-	726,021	-	726,021
Balance, March 31, 2018	**142,154,371**	**$ 12,618,506**	**$ 1,687,331**	**$ (478,881)**	**$ (1,835,271)**	**$11,991,685**

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

1. Corporate Information and Nature of Operations

Pasinex Resources Limited ("Pasinex" or the "Company") is a publicly listed company incorporated in British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "PSE" and on the Frankfurt Stock Exchange ("FSE") under the symbol "PNX". The head office, principal address and registered and records office of the Company are located at 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

Pasinex owns 50% of Horzum Maden Arama ve Isletme Anonim Sirketi ("Horzum AS") which holds the producing Pinargozu high grade zinc mine. Under a direct shipping program, Horzum AS sells directly to zinc smelters / refiners. The Company also holds an option to acquire 80% of the Gunman high-grade zinc exploration project in Nevada.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Audit Committee and Board of Directors on May 24, 2018.

2. Basis of Presentation

(a) Statement of Compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These unaudited consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited consolidated interim condensed financial statements are based on IFRS issued and outstanding as of May 24, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited consolidated interim condensed financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2018 could result in restatement of these unaudited consolidated interim condensed financial statements.

(b) Basis of Measurement and Going Concern

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are measured at their fair value. The consolidated financial statements are presented in Canadian dollars except where otherwise indicated. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting. Certain prior year balances have been reclassified to conform with current year presentation.

(Expressed in Canadian Dollars, unless otherwise indicated)

2. Basis of Presentation (Continued)

(b) Basis of Measurement and Going Concern (continued)

The application of the going concern concept assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations. At March 31, 2018, the Company does not have enough cash on hand to fund its expected non-discretionary obligations for the year. Funding sources for 2018 include dividends from Horzum AS and/or securing funding from either equity financing or related party loans. Horzum AS declared a 40 million Turkish Lira ("TRY") dividend payable to both of its 50% shareholders to be paid in instalments through 2018. To May 24, 2018, the Company has received $0.8 million of this dividend, which covers greater than half of the Company's expected nondiscretionary spending. The Company expects to receive the remaining TRY17.6 million in dividends during 2018. Receipt of the dividend should allow the Company to fund its nondiscretionary obligations, fund growth opportunities and grow its cash balance. Horzum AS is expected to maintain a greater than 50% gross margin in 2018 and therefore deliver positive net income. Sales from Horzum AS are sold to its Turkish 50% shareholder and payment of the dividend is dependent on Horzum AS collecting on its current trade receivables and future sales. The Company has received positive indication that funds will be received but there is no assurance that this will be the case and that the Company will be able to generate funds from other sources.

(c) Changes in accounting policies

(i) IFRS 9, Financial Instruments

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL").

The new hedge accounting guidance had no impact on the Company's unaudited condensed interim consolidated financial statements.

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	**IAS 39**	**IFRS 9**
Cash	FVTPL	FVTPL
Other receivables	Loans and receivables (amortized cost)	Amortized cost
Dividends owing from Horzum AS	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Due to related parties	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's December 31, 2017 consolidated financial statements has been updated as follows:

2. Basis of Presentation (Continued)

(c) Changes in accounting policies (continued)

(i) IFRS 9, Financial Instruments (continued)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's cash is classified as financial assets and measured at FVTPL.

- Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at fair value through profit and loss: 1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and 2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's other receivables and dividend owing from Horzum AS are classified as financial assets and measured at amortized cost.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

- Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination. The Company's accounts payable and accrued liabilities and due from related parties do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

2. Basis of Presentation (Continued)

(c) Changes in accounting policies (continued)

(i) IFRS 9, Financial Instruments (continued)

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Expected Credit Loss Impairment Model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

(ii) IFRS 15 Revenue from contracts with customers ("IFRS 15")

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of the promised asset and the Company satisfies its performance obligation. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. On January 1, 2018, the Company adopted IFRS 15 on a retrospective basis and concluded that there were no significant changes in the accounting for revenues as a result of the transition to IFRS 15.

(d) Future Accounting Pronouncements

The accounting pronouncements detailed in this note have been issued but are not yet effective. The Company has not early adopted these standards.

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16 eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is evaluating the impact of adopting this standard on its consolidated financial statements.

(Expressed in Canadian Dollars, unless otherwise indicated)

3. Equipment

Cost	Vehicles	Fixtures and Equipment	Mining Equipment	Total
Balance - December 31, 2016	$ 19,193	$ 23,713	$ 48,595	$ 91,501
Additions/(Disposals)	(19,193)	19,340	-	147
Currency translation differences	-	(4,522)	-	(4,522)
Balance - December 31, 2017	-	38,531	48,595	87,126
Additions/(Disposal)	-	2,879	-	2,879
Currency translation differences	-	(629)	-	(629)
Balance - March 31, 2018	**$ -**	**$ 40,781**	**$ 48,595**	**$ 89,376**
Accumulated Depreciation				
Balance - December 31, 2016	$ 19,193	$ 18,096	$ 37,849	$ 75,138
Depreciation for the year	-	4,544	3,224	7,768
Disposals	(19,193)	-	-	(19,193)
Currency translation differences	-	(2,721)	-	(2,721)
Balance - December 31, 2017	-	19,919	41,073	60,992
Depreciation for the period	-	1,296	564	1,860
Currency translation differences	-	(322)	-	(322)
Balance - March 31, 2018	**$ -**	**$ 20,893**	**$ 41,637**	**$ 62,530**
Carrying Amount				
Balance - March 31, 2018	**$ -**	**$ 19,888**	**$ 6,958**	**$ 26,846**
Balance - December 31, 2017	$ -	$ 18,612	$ 7,522	$ 26,134

(Expressed in Canadian Dollars, unless otherwise indicated)

4. Investment in Horzum AS

On January 17, 2013, the Company, through its wholly owned Turkish subsidiary, Pasinex Arama ve Madencilik AS ("Pasinex Arama"), entered into a joint venture agreement with Turkey based miner, Akmetal, to explore for zinc and other associated commodities in the region between and around Horzum and Tufanbeyli, Adana Province, Turkey. A joint venture company was formed, Horzum AS, held 50% by each joint venture partner. Horzum AS is controlled by a board consisting of equal representatives of both Pasinex and Akmetal.

In 2013, Horzum AS acquired the Pinargozu mine in Turkey. The property is located within the Turkish Provinces of Adana and has been in operation since 2016 producing high grade zinc.

The investment in Horzum AS is considered a joint venture for accounting purposes and accordingly is accounted for using the equity method.

The following table shows the change in the value of the Company's 50% investment in Horzum AS.

	As at March 31, 2018	As at December 31, 2017
Opening balance	**$ 8,045,296**	**$ 1,901,589**
Equity gain from Horzum AS (4(a))	2,984,186	8,153,698
Dividend received from Horzum AS	(388,593)	(1,183,215)
Dividend owing from Horzum AS	(6,137,739)	-
Foreign exchange difference included in other accumulated comprehensive income	(163,824)	(826,776)
Closing balance	**$ 4,339,326**	**$ 8,045,296**

In March, 2018, a dividend of TRY 40 million was declared by Horzum AS to its shareholders, of which Pasinex is to receive half. In 2017, a dividend of TRY 7.1 million was declared and paid by Horzum AS to its shareholders, of which Pasinex received half.

(Expressed in Canadian Dollars, unless otherwise indicated)

4. Investment in Horzum AS (Continued)

(a) Summarized Financial Statements for Horzum AS

Summarized financial information for Horzum AS, based on its IFRS financial statements and a reconciliation with the carrying amounts in the Company's consolidated financial statements, are set out below.

Statement of Financial Position

(100% Canadian dollars)	**As at March 31, 2018**	**As at December 31, 2017**
Current assets		
Cash and prepaid expenses	$ 16,275	$ 35,172
Trade receivables – Akmetal (note 4(a)(i))	8,144,567	6,075,850
Trade receivables – other	15,195	8,772
Other receivables	379,853	503,817
Inventories	2,174,399	2,049,268
Other current assets	-	44,458
Non-current assets		
Trade receivables - Akmetal (note 4(a)(i))	9,743,539	12,015,408
Plant and equipment	1,381,960	966,904
Deferred taxes	112,059	282,253
Other non-current assets	357,241	286,753
Total assets	$ 22,325,088	$ 22,268,655
Current liabilities		
Trade payable and other current liabilities	$ 5,870,132	$ 4,102,539
Amounts due to shareholders and related parties (note 4(a)(ii))	6,177,726	152,980
Income taxes payable	1,502,793	1,825,290
Non-current liabilities		
Employee benefits and other liabilities	95,785	97,254
Equity		
Share capital	237,400	237,400
Surplus	10,713,832	18,001,460
Foreign exchange difference	(2,272,580)	(2,148,268)
Total liabilities and equity	$ 22,325,088	$ 22,268,655
Pasinex ownership interest	50 %	50 %
Net assets (equity) from above	$ 8,678,652	$ 16,090,592
Pasinex investment in Horzum AS	$ 4,339,326	$ 8,045,296

(i) The sale of zinc is largely sold to a subsidiary of Akmetal which in turn sells the material to third parties. In November 2017, Horzum AS entered into an agreement with Akmetal to structure a formal repayment process, including interest, for US$11.4 million of the trade receivable from Akmetal's subsidiary.

(Expressed in Canadian Dollars, unless otherwise indicated)

4. Investment in Horzum AS (Continued)

Under the terms of the formal agreement, Horzum AS received US$250,000 in the first quarter of 2018. The repayment plan for the remaining US$11.15 million (C$14.4 milllion) to Horzum AS is as follows:

Second quarter 2018	$ 386,820	
Third quarter 2018	386,820	
Fourth quarter 2018	1,031,520	
First quarter 2019	2,320,920	
Next 12 months	4,126,080	
April to December 2019	10,057,320	
2020	193,410	plus interest
	$ 14,376,810	plus interest

Interest is to be paid at a rate equivalent to Wall Street Journal (WSJ) prime rate. The loan receivable is recorded at $13.7 million ($9.7 million of which is long-term), which reflects the present value of the loan repayments discounted at the current WSJ prime rate. The remaining trade receivables of $4.2 million are expected to be repaid based on typical trade terms as agreed with the customer.

(ii) Amounts due to shareholders and related parties includes the dividend payable to Pasinex Arama of $6.2 million.

Statement of Operations for the three months ended March 31,

(100% Canadian dollars)	**2018**	**2017**
Revenue	$ 9,497,707	$ 5,846,959
Cost of sales	(2,312,987)	(2,659,356)
Other	722,696	-
Selling, marketing and other distribution	(47,160)	-
General and administrative expenses	(185,804)	(265,953)
Income tax expense	(1,706,080)	(585,072)
Net income	$ 5,968,372	$ 2,336,578
Pasinex ownership interest	50 %	50 %
Equity gain from Horzum AS	$ 2,984,186	$ 1,168,289

Horzum AS can distribute its profits based on terms under the joint venture agreement which requires approval from Horzum AS's board of directors. In March 2018, after approval from its board of directors and shareholders, Horzum AS declared a TRY 40 million dividend (Pasinex share is approximately $6.5 million) to be paid to its shareholders on an instalment basis throughout 2018. As of May 24, 2018, the Company has received $0.8 million. The dividend receivable is a TRY based obligation and as such will be subject to variations from foreign exchange fluctuations.

(Expressed in Canadian Dollars, unless otherwise indicated)

5. Exploration and Evaluation Assets

	Horzum Properties	Golcuk Property	Gunman Project	Total
Balance, December 31, 2016	**$ 575,739**	**$ 1,073,797**	**$ -**	**$ 1,649,536**
Additions during the year:				
Acquisition costs - cash	16,690	94,297	178,362	289,349
Acquisition costs - shares issued (note 7)	-	60,216	484,000	544,216
Property exploration costs:				
Assays	17,474	7,699	-	25,173
Drilling	-	92,488	-	92,488
Geological and field personnel	25,759	49,932	-	75,691
Miscellaneous expenses	263	2,193	-	2,456
Travel and accommodation	-	6,471	-	6,471
Total additions during the year	60,186	313,296	662,362	1,035,844
Foreign exchange adjustment	(17,706)	(99,251)	-	(116,957)
Balance, December 31, 2017	**618,219**	**1,287,842**	**662,362**	**2,568,423**
Additions during the period:				
Acquisition costs - cash	-	50,739	-	50,739
Property exploration costs:				
Geological and field personnel	52,010	2,119	-	54,129
Miscellaneous expenses	2,445	3,012	-	5,457
Travel and accommodation	7,198	-	-	7,198
Total additions during the period	61,653	55,870	-	117,523
Foreign exchange adjustment	**(5,920)**	**(26,579)**	**-**	**(32,499)**
Impairment	**-**	**(1,317,133)**	**-**	**(1,317,133)**
Balance, March 31, 2018	**$ 673,952**	**$ -**	**$ 662,362**	**$ 1,336,314**

(a) Horzum Properties

The Company, through Pasinex Arama had acquired six properties in 2013 located near the Pinargozu mine. As at March 31, 2018, the Company only held the Akkaya Property with its exploration license in good standing. The Company is in the process of transfering the license for the Akkaya Property to Horzum AS. In 2018, in anticipation of the license transfer, Horzum AS will incur the costs to continue to explore Akkaya and as such the costs related to Akkaya will be capitalized in the accounts of Horzum AS.

5. Exploration and Evaluation Assets (Continued)

(b) Golcuk Property

On July 17, 2012, amended on January 29, 2013 and further amended on November 8, 2016, the Company signed an option agreement (the "Agreement") with EMX Royalty Corporation ("EMX") (formerly named Eurasian Minerals Inc.) and its wholly owned Turkish subsidiary, Eurasia Madencilik Ltd. STI, whereby Pasinex, through Pasinex Arama, would acquire a 100% interest in the Golcuk Property ("Golcuk") located in northeast Turkey. The Golcuk mineral rights and operational license were transferred to Pasinex Arama in September 2012 and all consideration for the transaction was paid.

Under the Agreement, Pasinex will pay EMX a 2.9% net smelter royalty ("NSR") from Golcuk production. Prior to production, Pasinex is to pay EMX an advance royalty payment of 75 troy ounces of gold or its equivalent on or before each anniversary of the Initial Issuance Date commencing on the sixth anniversary (September 2018). These amounts to be set off against the NSR once payable. In September 2017, Pasinex paid EMX an equivalent amount of advance royalty payment of 75 troy ounces of gold through issuance of 224,150 Pasinex common shares and payment of $62,425 in cash (to be set off against the NSR once payable).

Subsequent Event and Impairment Charge

In May 2018, the Company met with EMX and finalized an extensive geological review including mapping, structure, mineralization and geological model/genesis and made the decision to not advance the Golcuk property. Although there is evidence of copper throughout the property the Company believes that it will be difficult to get sufficient contiguous mineralization that would underpin the Company's targets for economical tonnage. The property will either be transferred back to EMX, sold or the license will be relinquished to the Turkish government. The fair value of the property has been estimated at zero and costs to dispose of $0.4 million have been accrued as at March 31, 2018 resulting in an impairment charge of $1.7 million for the three months ended March 31, 2018.

(c) Gunman Project

Pasinex through its wholly-owned subsidiary Pasinex Nevada, entered into an option agreement with Cypress Development Corp ("Cypress") and Silcom Systems Inc. ("Silcom") to earn up to an 80% interest in the Gunman zinc project ("Gunman Project") located in White Pine County, Nevada ("Option Agreement").

The Option Agreement's total consideration to acquire an 80% interest is staged over four years payable in a combination of cash and Pasinex common shares. In addition, the Company must incur minimum exploration expenditures totalling US$2,950,000 over the same four year period. The Company can accelerate payments to acquire ownership sooner and also has no obligation to continue payments if the Company decides not to proceed in exercising the option.

(Expressed in Canadian Dollars, unless otherwise indicated)

5. Exploration and Evaluation Assets (Continued)

(c) Gunman Project (continued)

The spending and associated ownership over the four years is as follows:

To acquire initial 51% of the Gunman Project:

- In December 2017, a cash payment was made to Silcom of US$125,000 ($158,897) and 2.2 million Pasinex Common Shares (value of $484,000) were issued to Silcom and Cypress
- Prior to September 11, 2018 a payment of US$200,000 cash and issuance of 2.2 million Pasinex Common Shares to Silcom and Cypress
- Prior to September 11, 2019 a payment of US$100,000 cash and issuance of 200,000 Pasinex Common Shares to Cypress
- In addition, minimal exploration expenditures as defined in the Option Agreement must be spent as follows:
    - ♦ US$250,000 prior to December 5, 2018
    - ♦ US$800,000 prior to December 5, 2019
    - ♦ US$800,000 prior to December 5, 2020.

If the 51% option is exercised, Pasinex will enter into a joint venture agreement with Cypress. Total consideration to acquire the 51% interest includes US$425,000 in cash payments, issuance of 4.6 million Pasinex Common Shares and minimal exploration expenditures of US$1,850,000.

To acquire an additional 29% of the Gunman Project:

- Prior to December 5, 2021 a payment of US$250,000 cash and issuance of 200,000 Pasinex Common Shares to Cypress
- Spend an additional US$1.1 million in exploration expenditures as defined in the Option Agreement.

6. Accounts Payable and Accrued Liabilities

	As at March 31, 2018	As at December 31, 2017
Trade payables	**$ 196,904**	$ 176,159
Accrued liabilities	**461,290**	31,667
Total	**$ 658,194**	$ 207,826

Accrued liabilities include $369,467 related to costs to prepare the Golcuk property for transfer back to EMX, sale or relinquishment of license (note 5(b)).

(Expressed in Canadian Dollars, unless otherwise indicated)

7. Share Capital

(a) Authorized: Unlimited common shares with no par value.

(b) Issued: At March 31, 2018, 142,154,371 common shares valued at $12,618,506 (December 31, 2016 - 142,154,371 common shares valued at $12,618,506).

The table below lists the shares that have been issued.

	2018		2017	
	Common Shares	**Amount**	**Common Shares**	**Amount**
Balance, January 1,	**142,154,371**	**$ 12,618,506**	**121,262,250**	**$ 10,219,119**
Exercise of warrants and agent warrants (d) and (e)	-	-	4,875,502	509,677
Balance, March 31,	**142,154,371**	**12,618,506**	**126,137,752**	**10,728,796**

(c) Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2016	**18,758,571**	**$ 0.10**
Exercised	(4,848,302)	0.10
Expired	(455,000)	0.18
Balance, March 31, 2017	**13,455,269**	**$ 0.10**
Balance, December 31, 2017 and March 31, 2018	**-**	**$ -**

(Expressed in Canadian Dollars, unless otherwise indicated)

7. Share Capital

(d) Agent Warrants

The following table reflects the continuity of agent warrants for the periods presented:

	Number of Agent Warrants	Weighted Average Exercise Price
Balance, December 31, 2016	**168,400**	**$ 0.19**
Exercised	(27,200)	0.12
Balance, March 31, 2017	**141,200**	**0.20**
Balance, December 31, 2017 and March 31, 2018	**-**	**$ -**

8. Stock Options

The Company has a Stock Option Plan (the "Plan") in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the CSE. The expiry date for each option should be for a maximum term of five years. The Plan was most recently approved at the Company's 2015 Annual General Meeting.

The following table reflects the continuity of stock options for the periods presented:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2016	**4,190,000**	**$ 0.16**
Expired / forfeited	(40,000)	0.14
Balance, March 31, 2017	**4,150,000**	**$ 0.16**
Balance, December 31, 2017	**6,350,000**	**$ 0.19**
Granted (i)	50,000	0.20
Balance, March 31, 2018	**6,400,000**	**$ 0.19**

(Expressed in Canadian Dollars, unless otherwise indicated)

8. Stock Options (continued)

(i) On January 24, 2018, 50,000 stock options were granted to a consultant of the Company at a price of $0.20, expiring January 24, 2023. The stock options vested immediately. The fair value of the stock options at the date of grant of $8,700 was estimated using the Black Scholes valuation model with the following assumptions: a 5 year expected term; a 133% expected volatility based on historical trends; risk free interest rate of 2.05%; share price at the date of grant of $0.20; and an expected dividend yield of 0%. The fair value was expensed during the three months ended March 31, 2018.

The Company had the following stock options outstanding as of March 31, 2018:

Expiry Date	Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Weighted Average Remaining Contractual Life (years)
October 18, 2018	2,200,000	2,200,000	$ 0.19	0.55
March 14, 2019	550,000	550,000	$ 0.10	0.95
December 19, 2019	1,400,000	1,400,000	$ 0.14	1.72
August 14, 2022	1,200,000	1,200,000	$ 0.25	4.38
December 4, 2022	1,000,000	400,000	$ 0.25	4.68
January 24, 2023	50,000	50,000	$ 0.20	4.82
	6,400,000	5,800,000		2.24

9. Net Income per Common Share

Basic and diluted net income per share are as follows for the periods presented:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Numerator:		
Net income	**$ 726,021**	$ 863,030
Denominator		
Weighted average number of common shares - basic	**142,154,370**	123,948,213
Effect of dilutive securities	**891,712**	8,771,477
Weighted average number of common shares - diluted	**143,046,082**	132,719,690
Net income per share - basic	**$ 0.01**	$ 0.01
Net income per share - diluted	**$ 0.01**	$ 0.01

(Expressed in Canadian Dollars, unless otherwise indicated)

10. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss only includes the currency translation adjustment related to the translation of Pasinex Arama's TRY based financial statements to the Canadian dollar functional currency. The balances and exchange rates used to translate the financial statements are as follows:

	Three Months Ended March 31, 2018	2017
Currency translation adjustment	**$ 190,167**	$ 85,256
December 31 foreign exchange rate TRY to Canadian dollar	**0.3260**	0.3659
Pasinex Arama net assets (in TRY)	**35,245,877**	7,180,516

The net assets of Pasinex Arama have increased because it holds the 50% joint venture interest in Horzum AS. The currency translation adjustment is effected by both the net assets and the foreign exchange rate.

11. General and Administration Costs

General and administration costs are as follows:

	Three Months Ended March 31, 2018	2017
Advertising and promotion	**$ 22,509**	$ 23,747
Depreciation (note 3)	**1,860**	1,178
Consulting fees (note 12)	**52,070**	98,590
Investor relations	**88,846**	12,527
Management fees and salaries (note 12)	**158,672**	58,780
Office and general	**22,576**	16,381
Professional fees	**36,494**	31,956
Supplies and equipment	**1,142**	139
Transfer agent and regulatory authorities fees	**13,356**	10,116
Travel and meals	**85,687**	61,465
General and administration costs	**$ 483,212**	$ 314,879

12. Related Party Balances and Transactions

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities had transactions with the Company during the year. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management personnel related entities on an arm's length basis.

(Expressed in Canadian Dollars, unless otherwise indicated)

12. Related Party Balances and Transactions (Continued)

A summary of the related party transactions and balances is as follows:

	Three Months Ended March 31, 2018	2017
Management fees and salaries	**$ 145,172**	$ 64,787
Consulting fees	**23,381**	-
Share-based payments	**59,934**	-
	$ 228,487	$ 64,787

Amounts payable to related parties were as follows:

	As at March 31, 2018	As at December 31, 2017
Sven Olsson [(1)]	**$ 11,107**	$ 14,297
Irus Consulting Ltd. [(2)]	**-**	7,500
Victor Wells [(3)]	**6,000**	6,000
Wendy Kaufman [(4)]	**15,943**	-
	$ 33,050	$ 27,797

(1) Sven Olsson is a director of the Company.
(2) Irus Consulting Ltd. is a company controlled by John Barry, a director of the Company.
(3) Victor Wells is a director and the Chairman of the Company.
(4) Wendy Kaufman is the current CFO of the Company.

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

To the knowledge of the directors and officers of the Company, as at March 31, 2018, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the common shares of the Company other than set out below:

	Number of Common Shares	Percentage of Outstanding Common Shares
Larry Seeley	**29,728,191**	**20.91 %**

(Expressed in Canadian Dollars, unless otherwise indicated)

13. Segmented Information

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

	As at March 31, 2018	As at December 31, 2017
Non-current assets by geographic segment		
Turkey	**$ 5,040,124**	$ 9,977,491
United States	**662,362**	662,362
	$ 5,702,486	$10,639,853

	As at March 31, 2018	As at December 31, 2017
Assets by geographic segment		
Turkey	**$11,690,819**	$10,482,028
Canada	**329,748**	478,430
United States	**662,362**	662,362
	$12,682,929	$11,622,820

Three Months Ended March 31, 2018	**Canada**	**Turkey**	**United States**	**Total**
Equity gain from joint venture	$ -	$ 2,984,186	$ -	$ 2,984,186
Net (loss) income	$ (502,085)	$ 1,270,382	$ (42,276)	$ 726,021

Three Months Ended March 31, 2017	**Canada**	**Turkey**	**United States**	**Total**
Equity gain from joint venture	$ -	$ 1,168,289	$ -	$ 1,168,289
Net (loss) income	$ (231,552)	$ 1,094,582	$ -	$ 863,030