Pasinex Reports First Quarter 2019 Results and Debt Repayment Agreement with Joint Venture Partner

TORONTO, ON – May 28, 2019 – Pasinex Resources Limited (CSE: PSE) (FSE: PNX) (The "Company" or "Pasinex") today reported financial results for the first quarter of 2019. As expected, production from Horzum AS was lower than the prior year and combined with lower realized zinc prices in 2019, consolidated net income was lower than 2018. Adjusted consolidated net income for the first quarter of 2019 was $0.5 million. Consolidated loss for the year was $0.2 million reflecting the impact of a $0.5 million impairment on the zinc material used and owing from Akmetal (joint venture partner) to Horzum AS.

Highlights –Q1 2019 and 2018

(Canadian dollars)	**First Quarter**	
	2019	2018
Pasinex financial results:		
Consolidated net income (loss)	**$ (214,850)**	$ 726,021
Adjusted consolidated net income[(1)]	**$ 455,225**	$ 2,412,621
Equity gain from Horzum AS	**$ 250,055**	$ 2,984,186
Adjusted equity gain from Horzum AS[(1)]	**$ 920,130**	$ 2,984,186
Dividend received from Horzum AS	**$ 250,055**	$ 383,593
Basic net income (loss) per share	**$ -**	$ 0.01
Horzum AS operational data (100% basis):		
Zinc produced (wet) tonnes	**6,787**	13,037
Zinc sold (wet) tonnes	**7,659**	12,721
Zinc grade	**30%**	35%
Gross margin[(1)]	**59%**	75%
C$ cost per tonne mined[(1)]	**$ 257**	$ 190
US$ cash cost per pound of zinc produced[(1)]	**$ 0.31**	$ 0.18

(1) Refer to Note 1

Steve Williams, CEO of Pasinex commented, "Horzum AS produced as expected and managed its costs diligently so that a strong 59% margin was achieved in the quarter. Drilling continues at Pinargozu to find a parallel oxide system to improve the production estimates for the year. Studies are on-going to determine the appropriate measures to mitigate the excess water at depth so that development can continue to access the higher grade sulphide material.

In May, we entered into a legal debt repayment agreement with Akmetal. The agreement requires that a minimum repayment of the debt owing to Horzum As is made on a monthly basis and it strengthens certain control provisions within the joint venture agreement. We will adamantly make certain that Akmetal is maximizing the debt repayments owing to Horzum AS to provide sufficient cash flows to Pasinex."

Pasinex Highlights

- Pasinex's adjusted consolidated net income for the first quarter of 2019 was $0.5 million, which included a $0.9 million adjusted equity gain from Horzum AS.
- The adjusted equity gain decreased period over period largely due to lower sales volumes at lower realized zinc sales prices (see Horzum AS Highlights below).
- Q1 2019 adjusted consolidated net income excludes an impairment on a receivable owing from the joint venture partner (Akmetal) to Horzum AS recorded in equity loss.
- A $0.5 million impairment charge on the receivable from Akmetal was included in equity loss from Horzum AS. The full amount of the receivable owing from Akmetal to Horzum AS was written down to zero in 2018 to reflect significantly increased credit risk. In the first quarter of 2019, Akmetal used approximately 4,000 tonnes of zinc oxide at a cost of approximately $1 million (100% basis). This amount was recorded as a receivable from Akmetal and then written down to zero (see further details below).
- On May 10, 2019, Pasinex entered into a legally binding debt repayment agreement ("Debt Agreement") with Akmetal and Horzum AS. The debt repayments will be made by means of Akmetal's delivery of all sulphide zinc and some oxide zinc material from its wholly owned Horzum mine. Horzum AS will sell the material and proceeds from the sale will be used to repay the debts owing. Akmetal will guarantee a minimum of 300 tonnes of zinc material per month. In addition, a portion of proceeds from sale of certain other of Akmetal assets will also be used to repay the debts owing. The Debt Agreement provides a legal mechanism for Horzum AS to receive payment of the debts owing but it still does not demonstrate credit worthiness from Akmetal and as a result the receivable remains written down to zero. The Company will continue to vigorously pursue receipt of funds from Akmetal and re-assess the expected credit losses on a regular basis. Any recovery of the receivable will be recorded in the equity gain from Horzum AS.
- At March 31, 2019 the Company's cash balance was $0.2 million with $0.7 million in current payables, excluding shareholder loans payable. The Company relies on dividends from Horzum AS to fund its spending. The 2019 production forecast for Pinargozu is approximately 19,000 tonnes (half of 2018 production), but in combination with the sale of inventory on hand at January 1, 2019 and the replenishment of inventory used by Akmetal there should be adequate cash flow to fund operations at Horzum AS as well as fund non-discretionary spending at Pasinex for the next twelve months. Drilling will continue through 2019 at Pinargozu to find a parallel oxide system in an effort to increase 2019 production.
- In May 2019 the Company received an additional $100,000 from a shareholder to pay for certain overdue administration costs.

Horzum AS Highlights (described on a 100% basis)

The decrease in adjusted equity gain from Horzum AS is a result of the following operational and financial highlights:

- In 2019, Horzum AS produced 6,787 tonnes (wet weight) of direct shipping material with an average grade of 30% zinc. Mine production was down from 2018 production of 13,037 tonnes reflecting difficulties in gaining access to the available ore.

- Sales volumes are down between periods, at 7,659 tonnes in Q1 2019 and 12,721 tonnes in Q1 2018, consistent with the lower production.
- Gross sales decreased to $4.3 million in Q1 2019 from $9.5 million in Q1 2018; a result of lower zinc sulphide sales volumes and lower LME zinc prices in 2019.
- Total costs per tonne mined in Q1 2019 were $257 per tonne or US$0.31 per pound of zinc produced. This compares to $190 per tonne mined in Q1 2018 or US$0.18 per pound of zinc produced. Although the unit costs are higher than the prior year due to the decreased production, the costs are very competitive as confirmed by a strong gross margin of 59% in the first quarter.

Note 1

Please note that all dollar amounts in this news release are expressed in Canadian dollars unless otherwise indicated. Refer also to the year-end 2019 Management's Discussion and Analysis (MD&A) and Audited Financial Statements found on SEDAR.com for more information. This news release includes non-GAAP measures, including adjusted equity gain from Horzum AS, adjusted consolidated net income, gross margin, cost per tonne mined and US$ cash cost per pound of zinc produced. A reconciliation of these non-GAAP measures to the GAAP financial statements is included in the MD&A.

About Pasinex

Pasinex Resources Limited is a Toronto-based mining company which owns 50% of the producing Pinargozu high grade zinc mine and, under a Direct Shipping Program, sells to zinc smelters / refiners from its mine site in Turkey. The Company also holds an option to acquire 80% of the Spur high-grade zinc exploration project in Nevada. Pasinex has a strong technical management team with many years of experience in mineral exploration and mining project development. The mission of Pasinex is to build a mid-tier zinc company based on its mining and exploration projects in Turkey and Nevada.

Visit our web site at: www.pasinex.com

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All statements within, other than statements of historical fact, are to be considered forward looking. Although Pasinex believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, exploration results, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements.