

Pasinex Announces First Quarter 2020 Financial Results

TORONTO, ON – July 14, 2020 – Pasinex Resources Limited (CSE: PSE) (FSE: PNX) (The “Company” or “Pasinex”) today reports the Company’s financial and operating results for the three months ended March 31, 2020.

Steve Williams, President and CEO of Pasinex, commented, “The first quarter financial results continue to reflect the difficult times that Pasinex is going through as a consequence of significant impairment costs and virtually no dividend payment received from our Turkey joint venture in this quarter. On the positive side, we continue to receive support in the form of Shareholder loans that provide us the time to work through our issues with our Turkish JV partner. Also, as before, the underlying Pinargozu mine operation in Turkey continues with a positive operating margin. We remain determined to get the issues with our Turkey joint venture appropriately resolved.”

Highlights – First Quarter 2020

	Three Months Ended March 31,	
	2020	2019
Financial:		
Equity gain from Horzum AS	\$ 3,298	\$ 250,055
Adjusted equity gain from Horzum AS ⁽¹⁾	\$ 172,036	\$ 127,236
Dividend received from investment in Horzum AS	\$ 3,298	\$ 250,055
Consolidated net loss	\$ (396,448)	\$ (214,850)
Adjusted consolidated net loss ⁽¹⁾	\$ (193,788)	\$ (337,669)
Basic net income per share	\$ 0.00	\$ 0.00
Diluted net income per share	\$ 0.00	\$ 0.00
Net cash (used in) provided by operating activities	\$ (183,652)	\$ 9,064
Weighted average shares outstanding	144,554,371	144,354,371
Horzum AS operational data (100% basis):		
Zinc product mined (wet) tonnes	3,797	6,787
Zinc product sold (wet) tonnes	1,932	7,659
Zinc product sold grade	30%	30%
Gross margin ⁽¹⁾	13%	59%
CAD cost per tonne mined ⁽¹⁾	\$ 306	\$ 257
USD cash cost per pound of zinc mined ⁽¹⁾	\$ 0.37	\$ 0.31

⁽¹⁾ Refer to Note 1

Financial and Operational

- For the three months ended March 31, 2020 Pasinex incurred a net loss of approximately \$0.4 million, compared with a net loss of approximately \$0.2 million for the three months ended March 31, 2019. The primary difference in the increase in net loss is due to having received a smaller dividend amount from its joint venture. Exploration and general & administration costs are modestly lower in 2020 versus 2019.
- The adjusted consolidated net loss and adjusted equity gain (see Note 1) were approximately \$0.2 million and \$0.2 million, respectively, for the three months ended March 31, 2020 compared with approximately \$0.35 million and \$0.13 million, respectively, in the same period in 2019. These non-GAAP measures reflect what the results of the Company would be without the recording of the impairment charges in 2019 and 2020.
- The operating income in Horzum AS decreased substantially from approximately \$2.5 million in the three months ended March 31, 2019 to \$0.4 million in the same period in 2020. This decrease in operating income is a result of fewer tonnes having been sold, lower zinc product prices having been realized on sales along with higher per tonne costs of sales in the first quarter of 2020. These factors also resulted in the gross margin (see Note 1) for the first quarter of 2020 decreasing to 13% from 59% in the first quarter of 2019.
- During first quarter of 2020, the Company received \$195,500 from related parties of the Company. Subsequent to the end of the year the Company received an additional \$260,000 from those related parties.

Summary of Pasinex Situation in Turkey

- Akmetal is a private Turkish company, which is controlled by the Kurmel family. The Kurmel family has a conglomerate of companies (the “Kurmel Group”) that includes Akmetal, a carpet company, an agricultural business, real estate assets and other minor businesses.
- Several of the companies in the Kurmel Group have gone through financial distress during the last three years. This has led to the growth of a large payable amount owed to Horzum AS by Akmetal and one of its subsidiaries.
- In November 2018, one division of the Kurmel Group together with certain family members of the Kurmel family, entered into a Turkish court-controlled process called Concordat. The purpose of this process is to allow a company with liquidity problems, but with assets greater than its debt, time to sell some or all of its assets in order to reorganize and pay its debts. This process was completed on February 21, 2020 and the division and those family members came out of the Concordat process.
- In May 2019, the Company entered into a Debt Agreement with Akmetal to resolve the collectability of the trade receivable owing to Horzum AS. The terms of the Debt Agreement include a minimum amount of repayments on a monthly basis plus the chance for additional repayments from proceeds Akmetal would receive from the sale of its other assets. Akmetal has not honoured the terms of the Debt Agreement and has not been able to complete the sale of its

other assets as it had planned. As a result, the financial position of Horzum AS and the Company has weakened further.

- The value of the loan receivable from Akmetal and one of its subsidiaries, to Horzum AS as at March 31, 2020, is \$34.4 million. The portion of the receivable owed by the subsidiary is guaranteed by its parent, Akmetal. As at March 31, 2020, Horzum AS owes Pasinex Arama \$2.4 million that arose upon the declaration of a dividend in 2018.
- Management has been in constant contact with senior executives of the Kurmel Group during the year, while the Kurmel Group have been working through the Concordat process. Pasinex is expecting to receive the payment of the remaining dividend and other amounts owing to Pasinex Arama following a payment of a portion of the Akmetal receivable, as a result of the financial restructuring the Kurmel Group is currently undergoing. In addition, the Company has been discussing the necessary management and structural changes at the Horzum AS joint venture.

Note 1

Please note that all dollar amounts in this news release are expressed in Canadian dollars unless otherwise indicated. Refer also to the first quarter 2020 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 mined. 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

On Behalf of the Board of Directors
PASINEX RESOURCES LIMITED

“Steve Williams”

Steve Williams
President/CEO
Phone: +1 416.861.9659
Email: info@pasinex.com

Evan White
Manager of Corporate Communications
Phone: +1 416.906.3498
Email: evan.white@pasinex.com

The CSE does not accept responsibility for the adequacy or accuracy of this news release.

This news release includes forward-looking statements that are subject to risks and uncertainties. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements.

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 a guarantee 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.