

PASINEX RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2023**

**(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		As at	
	September 30, 2023		December 31, 2022	
Assets				
Current Assets				
Cash	\$	340,039	\$	855,567
Receivables		26,140		48,456
Due from related parties		98,617		-
Prepaid expenses and deposits		124,967		247,185
Total current assets		589,763		1,151,208
Non-current assets				
Equipment		3,407		4,608
Value added tax receivable		16,530		16,445
Exploration and evaluation assets (note 5)		1,890,476		1,893,020
Equity investment in Horzum AS (note 4)		1,546,275		1,016,855
Total non-current assets		3,456,688		2,930,928
Total assets	\$	4,046,451	\$	4,082,136
Shareholders' equity and liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	\$	269,512	\$	715,580
Due to related parties (notes 3 and 13)		53,000		406,236
Shareholder loans (notes 7 and 13)		2,456,530		2,403,147
Loan payable (note 8)		40,000		40,000
Total current liabilities		2,819,042		3,564,963
Total liabilities		2,819,042		3,564,963
Shareholders' equity				
Share capital (note 9)		12,888,506		12,888,506
Reserves		2,157,117		2,157,117
Deficit		(9,916,393)		(10,302,322)
Accumulated other comprehensive loss		(3,901,821)		(4,226,128)
Total shareholders' equity		1,227,409		517,173
Total liabilities and shareholders' equity	\$	4,046,451	\$	4,082,136

Basis of measurement and going concern (note 2(c))

Subsequent events (note 15)

Approved on behalf of the Board:

"Larry Seeley" 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 (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Equity gain from Horzum AS (note 4)	\$ 529,122	\$ -	\$ 2,017,182	\$ -
Expenses				
Exploration costs	(18,720)	(373,147)	(558,446)	(743,870)
General and administrative costs (note 12)	(426,804)	(304,649)	(1,119,431)	(854,943)
Share-based payments (notes 10 and 13)	-	-	-	(57,000)
Total expenses	(445,524)	(677,796)	(1,677,877)	(1,655,813)
Other (loss) income				
Other (loss) income	(173,751)	473	(171,371)	1,094
Interest expense (note 7)	(34,835)	(36,782)	(103,383)	(114,107)
Foreign exchange gain	70,608	140,171	107,814	185,894
Dividend income	-	-	626,476	4,072,320
Loss on net monetary position	(216,349)	(64,022)	(412,912)	(383,345)
Total other (loss) income	(354,327)	39,840	46,624	3,761,856
Net (loss) income for the period	(270,729)	(637,956)	385,929	2,106,043
Other comprehensive income (loss)				
Item that will be reclassified subsequently to profit and loss:				
Currency translation adjustment	604,727	(45,319)	324,307	(296,081)
Total comprehensive income (loss) for the period	\$ 333,998	\$ (683,275)	\$ 710,236	\$ 1,809,962
Net income (loss) per share				
- basic and diluted (note 11)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02
Weighted average number of shares outstanding				
- basic and diluted (note 11)	144,554,371	144,554,371	144,554,371	144,554,371

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

	Nine Months Ended	
	September 30,	
	2023	2022
Operating activities		
Net income for the period	\$ 385,928	\$ 2,106,043
Net equity gain from Horzum AS	(2,017,182)	-
Dividend and other receivables received (note 3)	1,764,385	4,115,058
Adjustments for items not involving cash:		
Interest accrual (note 7)	103,383	114,107
Share-based payments (notes 10 and 13)	-	57,000
Foreign exchange	(91,889)	(170,980)
Loss on net monetary position	412,912	383,345
Depreciation	1,241	1,667
Changes in non-cash working capital items:		
Prepaid expenses and deposits	114,290	(13,318)
Accounts payable and accrued liabilities	(429,044)	57,585
Due to related parties	8,765	(463,157)
Due from related parties	(626,476)	-
Dividend receivable	-	(4,072,320)
Other	15,600	(8,901)
Net cash (used) provided by operating activities	(358,087)	2,106,129
Investing activities		
Equipment acquisition	(1,823)	(1,494)
Net cash used in investing activities	(1,823)	(1,494)
Financing activities		
Cash paid on shareholders loans (note 7)	(50,000)	(318,510)
Repayment of loans and interest payable	-	(116,510)
Net cash used in financing activities	(50,000)	(435,020)
Net change in cash	(409,910)	1,669,615
Effect of foreign currencies on cash	(105,618)	(23,607)
Cash, beginning of period	855,567	100,031
Cash, end of period	\$ 340,039	\$ 1,746,039

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 (Deficiency)

(Expressed in Canadian Dollars)

Unaudited

	Number of Shares (note 8)	Share Capital (note 8)	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
Balance as at December 31, 2021	144,554,371	\$ 12,888,506	\$ 2,100,117	\$ (12,049,182)	\$ (4,061,553)	\$ (1,122,112)
Impact of hyperinflation adjustment	-	-	-	(296,313)	296,313	-
Balance as at January 1, 2022	144,554,371	\$ 12,888,506	\$ 2,100,117	\$ (12,345,495)	\$ (3,765,240)	\$ (1,122,112)
Share-based payments (note 10 and 13)	-	-	57,000	-	-	57,000
Currency translation adjustment	-	-	-	-	(592,394)	(592,394)
Net income for the period	-	-	-	2,106,043	-	2,106,043
Balance as at September 30, 2022	144,554,371	\$ 12,888,506	\$ 2,157,117	\$ (10,239,452)	\$ (4,357,634)	\$ 448,537
Balance as at December 31, 2022	144,554,371	\$ 12,888,506	\$ 2,157,117	\$ (10,302,322)	\$ (4,226,128)	\$ 517,173
Currency translation adjustment	-	-	-	-	324,307	324,307
Net income for the period	-	-	-	385,929	-	385,929
Balance as at September 30, 2023	144,554,371	\$ 12,888,506	\$ 2,157,117	\$ (9,916,393)	\$ (3,901,821)	\$ 1,227,409

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

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

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 Resources Limited owns 50% of Horzum Maden Arama ve Isletme Anonim Sirketi (“Horzum AS” or “Joint Venture”), through its 100% owned subsidiary Pasinex Arama ve Madencilik Anonim Sirketi (“Pasinex Arama”). The other 50% owner is Akmetal Madencilik Sanayi ve Ticaret A.S. (“Akmetal”), a private Turkish company. Horzum AS holds 100% of the producing Pinargozu high-grade zinc mine. Horzum AS sells directly to zinc smelters and or refiners through commodity brokers from its mine site in Türkiye. The Company also holds a 51% interest, with an option to increase to an 80% interest of a high-grade zinc exploration project, the Gunman Project, located in Nevada.

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Audit Committee and Board of Directors on November 29, 2023.

The Company has not been materially impacted by the ongoing conflict in the Ukraine, but uncertainty remains surrounding the conflict and the extent and duration of the impacts that it may have on the Company’s ability to operate, on prices for zinc, on logistics and supply chains, on the Company’s employees and on global financial markets.

2. Basis of presentation and accounting policies

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) in effect for the fiscal period beginning January 1, 2023.

These unaudited condensed interim consolidated financial statements have been prepared on a historical basis and compliance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. These unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company’s December 31, 2022, audited annual consolidated financial statements.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of Pasinex and its subsidiaries from their respective dates of control, as listed below:

	Location	Nature of Operation	Interest	
			2023	2022
Pasinex Arama	Türkiye	Mineral exploration	100%	100%
Pasinex Nevada	United States	Mineral exploration	100%	100%

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Basis of presentation and accounting policies (continued)

Pasinex and its subsidiaries are collectively referred to as the "Company". All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated upon consolidation.

In addition, the Company, through Pasinex Arama, holds a joint venture interest which is equity accounted in the consolidated financial statements, as follows:

	Location	Nature of Operation	Interest	
			2023	2022
Horzum AS	Türkiye	Mining	50%	50%

(c) Basis of measurement and going concern

These unaudited condensed interim 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 and fair value of stock-based compensations which, are measured at their fair value. These unaudited condensed interim consolidated financial statements are presented in Canadian dollars except where otherwise indicated. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting.

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. As at September 30, 2023, the Company has a net equity deficit of \$9,916,393 (December 31, 2022 – \$10,302,322) and has a working capital deficiency position of \$2,229,279 (December 31, 2022 – working capital deficiency position of \$2,413,755). The Company had a net loss of \$270,729 and net income of \$911,534 for the three and nine months ended September 30, 2023, respectively, (three and nine months ended September 30, 2022 – net loss of \$637,956 and net income of \$2,106,043, respectively) and negative cash flows from operations of \$358,087 for the nine months ended September 30, 2023 (nine months ended September 30, 2022 – positive cash flows from operations of \$2,106,129).

Horzum AS had a net income of \$1,018,637 and \$3,964,191 in the three and nine months ended September 30, 2023, respectively, (\$1,888,647 and \$7,921,884 in the same periods in 2022). Pasinex Arama received approximately TRY 29.1 million (approximately \$1.8 million using the exchange rates on the dates of the various transfers from Horzum AS) in dividend and other receivable collections from Horzum AS in the nine months ended September 30, 2023, compared with TRY 52 million (approximately \$4.1 million using the exchange rates on the dates of the various transfers from Horzum AS) in dividend and other receivable collections from Horzum AS in the nine months ended September 30, 2022. Approximately TRY 15.5 million and USD \$50,000 (approximately \$1.2 million using the exchange rates on the dates of the transfers) have been transferred to Pasinex Canada by Pasinex Arama in the nine months ended September 30, 2023, approximately TRY 48.2 million for the same period in 2022 (approximately \$3.8 million using the exchange rates on the dates of the transfers). With the reduction of cash inflows to Canada, partially caused by the decrease in the value of the Turkish Lira against the Canadian Dollar, the Company does not have sufficient cash on hand to fund its ongoing activities for the next 12 months nor does the Company have enough cash on hand to repay all of its outstanding obligations.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Basis of presentation and accounting policies (continued)

(c) Basis of measurement and going concern (continued)

As at September 30, 2023, Horzum AS has a receivable owing from Akmetal of approximately \$45.3 million (see note 4(a)). Management continues to work with Akmetal and the Kurmel family to resolve the collectability of this debt. Until strong credit worthiness is demonstrated by Akmetal, accounting principles require Pasinex to maintain an expected credit loss equivalent to the full balance of the receivable (note 4(a)). Receipt of the Akmetal receivable would provide significant cash flow to Pasinex through additional dividends.

Horzum AS's operations have generated substantial positive cash flow in the first nine months of 2023, however in the absence of the receipt of additional dividends from Horzum AS, the Company would need to secure funding from either equity financing or additional related party loans to fund its ongoing activities. There can be no assurance that the Company will be able to generate either sufficient dividends from Horzum AS or be able to generate funds from other sources.

Accordingly, until Akmetal makes significant payments, these conditions represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The unaudited condensed interim consolidated financial statements do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Due to Related Parties

As mentioned in *note 2(c) - Basis of Measurement and Going Concern*, Pasinex Arama received approximately TRY 29.1 million (approximately \$1.8 million using the exchange rates on the dates of the various transfers from Horzum AS) in dividend and other receivable collections in the first nine months of 2023.

At an Ordinary General Assembly Meeting held in May 2023, Horzum AS declared a dividend totalling approximately TRY 35.0 million (approximately \$2.4 million using the exchange rate on the date the dividend was declared) of which Pasinex Arama was entitled to TRY 17.5 million (approximately \$1.2 million using the exchange rate on the date the dividend was declared) as a result of its 50% ownership in Horzum AS. In addition, Akmetal has assigned to Pasinex Arama, 20% of its entitlement to the declared dividend. The value of the assignment of the dividend was approximately TRY 7.0 million (approximately \$0.5 million using the exchange rate on the date the dividend was declared). This amount will be deducted from the value of the Akmetal receivable. Therefore, Pasinex Arama's total entitlement from the declared dividend is approximately TRY 24.5 million (approximately \$1.7 million using the exchange rate on the date the dividend was declared).

In addition, at the same Ordinary General Assembly Meeting, Horzum AS also approved the distribution of its legal reserves totalling approximately TRY 11.2 million (approximately \$0.8 million using the exchange rate on the date the distribution was approved). Pasinex Arama was entitled to TRY 5.6 million (approximately \$0.4 million using the exchange rate on the date the distribution was approved) as a result of its 50% ownership in Horzum AS. In addition, Akmetal has assigned to Pasinex Arama, 20% of its entitlement to the distribution. The value of the assignment of the distribution was approximately TRY 2.2 million (approximately \$0.2 million using the exchange rate on the date the distribution was approved). This amount will be deducted from the value of the Akmetal receivable. Therefore, Pasinex Arama's total entitlement from the distribution is approximately TRY 7.8 million (approximately \$0.6 million using the exchange rate on the date the distribution was approved).

This brings the total amount owing to Pasinex Arama to approximately TL 32.3 million (approximately \$2.3 million using the exchange rate on the date the dividend and distribution were declared and approved). As noted above Pasinex Arama has already received TRY 25.2 million in dividend distributions in 2023 plus it had received TL 5.0 million in advanced dividend distributions in 2022, which leaves a remaining amount to be collected as of the date of these unaudited condensed interim consolidated financial statements of TRY 2.1 million.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Due to Related Parties (continued)

Finally, at the same Ordinary General Assembly Meeting, Horzum AS also approved further additional advanced dividend distributions of up to TRY 24 million (approximately \$1.6 million using the exchange rate on the date the advanced dividend distribution was approved). Pasinex Arama will be entitled up to TRY 12.0 million (approximately \$0.8 million using the exchange rate on the date the advanced dividend distribution was approved) as a result of its 50% ownership in Horzum AS. In addition, Akmetal will assign to Pasinex Arama, 20% of its entitlement to the advanced dividend distribution. The value of the assignment of the advanced dividend distribution will be approximately TRY 4.8 million (approximately \$0.3 million using the exchange rate on the date the advanced dividend distribution was approved). This amount will be deducted from the value of the Akmetal receivable when received.

In total, Horzum AS declared a dividend, legal reserves distribution and approved advance dividend distributions totalling approximately TRY 70.0 million (approximately \$4.8 million using the exchange rate on the date the dividend, the legal reserves distribution and the advanced dividend distributions were declared and approved). Pasinex Arama will be entitled to receive up to approximately TRY 49.0 million (approximately \$3.3 million using the exchange rate on the date the dividend, the legal reserves distribution and the advanced dividend distributions were declared and approved). After deducting the amount Pasinex Arama has already received, approximately TRY 18.9 million (approximately \$1.3 million using the exchange rate on the date the dividend and the advanced dividend distributions were declared) remains to be collected.

4. Investment in Horzum AS

On January 17, 2013, the Company, through its wholly owned Turkish subsidiary, Pasinex Arama, entered into a joint venture agreement with Türkiye based miner, Akmetal, to explore for zinc and other associated commodities in the region between and around Horzum and Tufanbeyli, Adana Province, Türkiye. 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 Türkiye. 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. Horzum AS can distribute its profits based on terms under the joint venture agreement, which requires approval from Horzum AS's Board of Directors.

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

	Nine Months Ended September 30,	
	2023	2022
Opening balance	\$ 1,016,855	\$ -
Equity gain from Horzum AS	2,017,182	-
Dividend declared by from Horzum AS (note 5)	(1,566,191)	-
Foreign exchange loss	78,429	-
Closing balance	\$ 1,546,275	\$ -

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements
 Three and Nine Months Ended September 30, 2023
 (Expressed in Canadian Dollars, unless otherwise indicated)
 Unaudited

4. Investment in Horzum AS (continued)

Summarized Financial Statements for Horzum AS

Statements of Financial Position (100% basis - Canadian dollars)	As at September 30, 2023	As at December 31, 2022
Current assets		
Cash and prepaid expenses	\$ 161,968	\$ 639,101
Akmetal receivable (note 4(a))	45,286,113	45,099,246
Less - discount and allowance on Akmetal receivable (note 4(a))	(45,286,113)	(45,099,246)
Trade receivables	6,283	18,378
Other receivables	61,404	273,870
Due from shareholders and related parties (note 4(b))	-	362,000
Inventories	956,742	1,166,806
Total current assets	1,186,397	2,460,155
Non-current assets		
Lease asset	1,380,963	1,673,338
Plant and equipment	1,446,136	1,489,098
Deferred tax asset	-	72,458
Other non-current assets	12,177	632,909
Total non-current assets	2,839,276	3,867,803
Total assets	\$ 4,025,673	\$ 6,327,958
Current Liabilities		
Trade payable and other current liabilities	\$ 263,721	\$ 454,709
Amounts due to shareholders and related parties (note 4)	98,617	-
Lease liabilities	293,593	920,154
Deferred revenue	-	1,705,967
Taxes payable	-	968,227
Total current liabilities	655,931	4,049,057
Non-current liabilities		
Employee benefits and other liabilities	166,961	245,192
Deferred tax liability	110,232	-
Total liabilities	933,124	4,294,249
Shareholders' equity		
Share capital	807,016	736,843
Deficit	(136,399)	(968,209)
Foreign exchange difference	2,421,932	2,265,075
Total shareholders' equity	3,092,549	2,033,709
Total liabilities and shareholders' equity	\$ 4,025,673	\$ 6,327,958
Pasinex ownership interest	50%	50%
Net equity above	\$ 3,092,549	\$ 2,033,709
Pasinex investment in Horzum AS	\$ 1,546,274	\$ 1,016,855

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Investment in Horzum AS (continued)

Statement of Operations

<i>(100% basis - Canadian dollars)</i>	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Revenue	\$ 2,039,050	\$ 5,328,840	\$ 8,595,714	\$ 15,787,491
Cost of sales	(1,137,417)	(1,654,890)	(3,869,160)	(3,862,980)
Selling, marketing and other distribution	(59,504)	(245,629)	(237,347)	(373,597)
Operating income	842,129	3,428,321	4,489,207	11,550,914
Impairment of Akmetal receivable (note 4 (a))	(1,883,967)	(4,504,000)	(19,350,933)	(17,518,374)
General and administrative expenses	(79,231)	(336,002)	(209,818)	(642,996)
Foreign exchange gain	2,483,311	4,131,771	20,033,022	14,797,708
Finance expense	7,943	(38,051)	(87,460)	(116,211)
Deferred tax income (expense)	(107,575)	-	(185,945)	-
Gain on net monetary position	489,594	36,528	1,078,853	665,534
Current income tax expense	(733,567)	(829,920)	(1,802,735)	(829,920)
Other	-	0	-	15,229
Net income	\$ 1,018,637	\$ 1,888,647	\$ 3,964,191	\$ 7,921,884
Pasinex ownership interest	50%	50%	50%	50%
Share of net income	\$ 509,319	\$ 944,324	\$ 1,982,096	\$ 3,960,942
Recognition of prior year equity losses (note 4(d))	-	(944,324)	-	(3,960,942)
Hyperinflationary adjustments to share capital	19,802	-	35,086	-
Equity gain for Horzum AS	\$ 529,121	\$ -	\$ 2,017,182	\$ -

(a) Akmetal has been facing liquidity issues since 2018. This combined with nonpayment of the Akmetal receivable led management to assess the probability of credit losses to be high. As a result, as required under IFRS 9, the Company took a full impairment charge of the receivables at December 31, 2018.

The total receivable from Akmetal is approximately \$45.3 million as at the end of September 30, 2023, compared with \$45.1 million at the end of December 31, 2022. The receivable consists of a number of items including joint venture sales proceeds received and withheld by Akmetal, the value of zinc product mined at the joint venture used by Akmetal, foreign currency gains on USD denominated amounts and the value of certain loan payments made to a customer on behalf of Akmetal (note 4(c)); less the value of any operating expenses paid by Akmetal.

As a result of not having collected the Akmetal receivable, Horzum AS has not been able to pay its liabilities in the normal course of operations. Horzum AS currently has approximately \$0.7 million in current liabilities (approximately \$4.1 million at December 31, 2022) and has working capital of approximately \$0.5 million (working capital deficiency of approximately \$1.6 million at December 31, 2022). Included within the total current liabilities are approximately \$0.3 million owed in trade payables (\$0.5 million at December 31, 2022), lease liabilities of \$0.3 million, (0.9 million at December 31, 2022), deferred revenue of nil (\$1.7 million at December 31, 2022) and nil in various taxes payable (\$1.0 million at December 31, 2022).

Due to Akmetal's continued liquidity issues and continued nonpayment of the receivable, management has continued to assess the probability of credit losses to be high. As a result, the Akmetal receivable remains written down to zero. See note 2(c) - Basis of Measurement and Going Concern for additional discussion on the collectability of the Akmetal receivable.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Investment in Horzum AS (continued)

- (b) Amounts due from shareholders and related parties as at December 31, 2022, include the amounts advanced to Pasinex Arama in the form of advanced dividends (see note 3).
- (c) Amounts due to shareholders and related parties as at September 30, 2023, include the amounts declared dividends and distributions to Pasinex Arama (see note 3).
- (d) In the first nine months of 2023 there was an equity gain of approximately \$2.0 million.

5. Exploration and evaluation assets

	Horzum Properties	Gunman Project	Total
Balance as at December 31, 2021	\$ 457,321	\$ 1,343,901	\$ 1,801,222
Additions during the year:			
Foreign exchange adjustment	-	91,798	91,798
Balance as at December 31, 2022	\$ 457,321	\$ 1,435,699	\$ 1,893,020
Foreign exchange adjustment	-	(2,544)	(2,544)
Balance as at September 30, 2023	\$ 457,321	\$ 1,433,155	\$ 1,890,476

(a) Horzum Properties

See discussion in note 4 regarding Horzum AS.

(b) Gunman Project

Pasinex through its wholly-owned subsidiary Pasinex Nevada, entered into an option agreement with Century Lithium Corp. ("Century") (formally Cypress Development Corp) and Caliber Minerals Inc. ("Caliber") (formerly named Silcom Systems Inc.) to earn up to an 80% interest in the Gunman Project (formerly the "Spur Zinc Project") located in White Pine County, Nevada ("Option Agreement"). The Option Agreement's total consideration to acquire an 80% interest is a combination of cash and Pasinex common shares. The Company must incur minimum exploration expenditures totalling US\$2,950,000.

On September 12, 2019, the Company announced they reached an agreement with Century and Caliber to change the terms relating to the earn in option agreement by changing the date of the US\$100,000 option payment to December 11, 2019 (paid) and deferred the 2019 exploration obligations to 2020.

On November 27, 2020, the Company entered into an additional amending agreement with Century and Caliber to extend the deadline for completion of the minimum exploration expenditures to December 31, 2022. Also, the deadline to acquire the additional 29% interest, as outlined below, has been extended to December 31, 2024. As part of the amending agreement the Company changed the name of the project to Gunman Project, agreed to pay US\$15,000 to Century and was required to spend a minimum of US\$200,000 by December 31, 2021, as a condition precedent for the effectiveness of the amending agreement.

On December 14, 2021, the Company entered into an additional amending agreement with Century and Caliber to extend the deadline to complete the minimum of US \$200,000 of qualified exploration expenditures to on or before June 30, 2022.

On December 29, 2022, The Company entered into an additional amending agreement with Century and Caliber to extend the deadline for completing the First Option Conditions of Exercise to March 31, 2023.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

5. Exploration and evaluation assets (continued)

The spending and associated ownership is as follows:

The Company has completed the following to earn its initial 51% of the Gunman Project:

- In December 2017, a cash payment was made to Caliber of US\$125,000 (\$158,897) and 2.2 million Pasinex Common Shares (value of \$484,000) were issued to Caliber and Century.
- In September 2018, a cash payment of US\$200,000 (\$258,960) and issuance of 2.2 million Pasinex Common Shares (value of \$264,000) were made to Caliber and Century.
- In December 2019, a payment of US\$100,000 cash and issuance of 200,000 Pasinex Common Shares (valued at \$6,000) to Century.
- In addition, minimum exploration expenditures as defined in the Option Agreement must be spent as follows:
 - US\$250,000 prior to December 5, 2018 (spent);
 - US\$800,000 prior to December 5, 2019 (spent);
 - US\$800,000 prior to December 5, 2020 (spent).

The Option Agreement calls for Pasinex and Century to enter into a joint venture agreement now that the Company has exercised the first option and earned the 51% interest. Pasinex is currently discussing with Century whether this is necessary and may continue with phase 2, to earn an additional 29% interest, without the joint venture agreement. Total consideration to acquire the 51% interest included US\$425,000 in cash payments, the issuance of 4.6 million Pasinex Common Shares and exploration expenditures of US\$1,850,000.

To acquire an additional 29% of the Gunman Project:

- Prior to December 5, 2021 (deferred to December 31, 2024):
 - a payment of US\$250,000 cash and issuance of 200,000 Pasinex Common Shares to Century; and
 - spend an additional US\$1.1 million (spent approximately US\$496,000 to September 30, 2023) in exploration expenditures as defined in the Option Agreement.

The underlying licenses are in good standing until September 2024.

6. Accounts payable and accrued liabilities

	As at	
	September 30, 2023	December 31, 2022
Trade payables	\$ 194,512	\$ 652,380
Accrued liabilities	75,000	63,200
Total accounts payable and accrued liabilities	\$ 269,512	\$ 715,580

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. Shareholder loans

On August 1, 2018, the Company entered into loans with certain shareholders and directors of the Company (the "lenders") in the form of promissory notes. The promissory notes are payable on demand by the lenders and bear interest at 6% per annum, payable quarterly in arrears commencing September 15, 2018. The promissory notes are secured by all the property and assets of the Company.

The Company recorded interest expense of \$34,835 and \$103,383 during the three and nine months ended September 30, 2023, respectively, compared with \$36,578 and \$111,063 for the same periods in 2022. The Company paid nil and \$50,000 during the three and nine months ended September 30, 2023, respectively, (2022 - \$208,248 and 318,510), of accrued interest owing on the shareholder loans and principal repayments. As at September 30, 2023, the outstanding shareholder loans and accrued interest thereon totalled \$2,456,530 (December 31, 2022 - \$2,403,147).

8. Loan payable

	As at		As at	
	September 30, 2023		December 31, 2022	
CEBA loan	\$	40,000	\$	40,000
Total loan payable	\$	40,000	\$	40,000

On April 24, 2020, the Company applied for the Canada Emergency Business Account ("CEBA") interest-free loan. To date the Company has drawn \$40,000. The loan balance must be repaid on or before December 31, 2023. Outstanding loans at December 31, 2023 would be converted to two-year loans with interest of five percent per annum commencing on January 1, 2024. Those loans would be fully due by December 31, 2025.

9. Share capital

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

(b) Issued and outstanding common shares:

	Number of		Amount	
	Shares			
Balance as at December 31, 2021 and September 30, 2022	144,554,371	\$	12,888,506	
Balance as at December 31, 2022 and September 30, 2023	144,554,371	\$	12,888,506	

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

10. 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 as at December 31, 2021	10,750,000	\$ 0.05
Expired	(1,700,000)	\$ 0.07
Granted	1,500,000	\$ 0.04
Balance as at September 30, 2022	10,550,000	\$ 0.04
Balance as at December 31, 2022	10,550,000	\$ 0.04
Expired	(50,000)	\$ 0.20
Balance as at September 30, 2023	10,500,000	\$ 0.04

On March 24, 2022, 1,500,000 stock options were granted to the CFO of the Company at an exercise price of \$0.04 per stock option, expiring March 24, 2027. The stock options vested immediately. The fair value of the stock options at the date of grant of \$57,000 was estimated using the Black-Scholes valuation model with the following assumptions: a five-year expected term; a 183% expected volatility based on historical trends; risk-free interest rate of 2.27%; share price at the date of grant of \$0.04; and an expected dividend yield of 0%. The Company expensed the full amount of \$57,000 in the first quarter of 2022.

The Company had the following stock options outstanding as of September 30, 2023:

Expiry Date	Number of Options		Exercise Price	Weighted Average Remaining
	Outstanding	Exercisable		Contractual Life (Years)
July 25, 2024	500,000	500,000	\$ 0.09	0.82
April 30, 2026	8,500,000	8,500,000	\$ 0.04	2.56
March 24, 2027	1,500,000	1,500,000	\$ 0.04	3.48
Total	10,500,000	10,500,000	\$ 0.04	2.63

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

11. Net income (loss) per common share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Numerator				
Net (loss) income	\$ (270,729)	\$ (637,956)	\$ 385,929	\$ 2,106,043
Denominator				
Weighted average number of common shares - basic and diluted	144,554,371	144,554,371	144,554,371	144,554,371
Net (loss) income per share - basic and diluted				
	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02

12. General and administrative costs

General and administration costs are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Consulting fees (note 13)	\$ 70,571	\$ 127,670	\$ 302,190	\$ 312,275
Investor relations	1,098	5,326	12,480	15,045
Management fees and salaries (note 13)	54,000	45,761	173,550	153,630
Director fees	24,000	24,000	72,000	72,000
Office and general	47,190	3,025	71,016	23,872
Professional fees	183,407	60,100	319,924	184,932
Transfer agent and regulatory fees	6,008	4,810	17,687	18,256
Travel and meals	40,253	33,199	149,349	73,979
Other	277	758	1,235	954
Total general and administrative costs	\$ 426,804	\$ 304,649	\$ 1,119,431	\$ 854,943

13. 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 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.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

13. Related party balances and transactions (continued)

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Management fees and salaries	\$ 54,000	\$ 45,750	\$ 173,550	\$ 153,600
Consulting fees	44,678	42,203	137,239	135,299
Director fees	24,000	24,000	72,000	72,000
Share-based payments	-	-	-	57,000
Interest expense on shareholder loans	34,835	36,578	103,383	111,063
	\$ 157,513	\$ 148,531	\$ 486,172	\$ 528,962

Amounts payable to related parties were as follows:

	Due to Related Parties		Shareholder Loans	
	As at	As at	As at	As at
	September	December	September	December
	2023	2022	2023	2022
1514341 Ontario Inc. ⁽¹⁾	\$ -	\$ -	\$ 2,002,202	\$ 1,968,357
Seeley Holdings Ltd. ⁽²⁾	-	-	366,861	351,093
Rainer Beteiligungsgesellschaft ⁽³⁾	-	-	87,467	83,697
2192640 Ontario Inc. ⁽⁴⁾	39,818	44,236	-	-
Soner Koldas ⁽⁵⁾	13,182	-	-	-
Horzum AS	-	362,000	-	-
	\$ 53,000	\$ 406,236	\$ 2,456,530	\$ 2,403,147

(1) 1514341 Ontario Inc. is a company controlled by Larry Seeley, a director of the Company.

(2) Seeley Holdings Ltd. is a company controlled by a family member of Larry Seeley, a director of the Company.

(3) Rainer Beteiligungsgesellschaft is owned by Joachim Rainer a director of the Company at September 30, 2023 and December 31, 2022.

(4) 2192640 Ontario Inc. is a company controlled by Andrew Gottwald, the CFO of the Company.

(5) Soner Koldas is the General Manager of Pasinex AS and Managing Director of Horzum AS.

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.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

13. Related party balances and transactions (continued)

To the knowledge of the directors and officers of the Company, as at September 30, 2023, 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	30,000,591	20.75%

14. 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 September 30, 2023		As at December 31, 2022	
Non-current assets by geographic segment				
Türkiye	\$	2,023,533	\$	1,495,229
United States		1,433,155		1,435,699
	\$	3,456,688	\$	2,930,928

Total assets by geographic segment

Canada	\$	85,001	\$	724,551
Türkiye		2,426,826		1,735,578
United States		1,534,624		1,622,007
	\$	4,046,451	\$	4,082,136

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

Equity gain from joint venture

Canada	\$	-	\$	-	\$	-	
Türkiye		529,122		-	2,017,182	-	
United States		-		-	-	-	
Total equity gain from joint venture	\$	529,122	\$	-	2,017,182	\$	-

Net income (loss)

Canada	\$	2,904,817	\$	(185,488)	\$	2,175,681	\$	(815,947)
Türkiye		(3,155,537)		(76,507)		(1,230,017)		3,668,674
United States		(20,009)		(375,961)		(559,735)		(746,684)
Total net income (loss)	\$	(270,729)	\$	(637,956)	\$	385,929	\$	2,106,043

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Nine Months Ended September 30, 2023

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

15. Subsequent events

Subsequent to September 30, 2023, Pasinex Canada received approximately USD 125,000 (\$167,000 using the exchange rates on the dates of the various transfers), in cash transfers from Pasinex Arama.