

PASINEX RESOURCES LIMITED

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**THREE MONTHS ENDED
MARCH 31, 2024**

**(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	
	March 31, 2024		December 31, 2023	
Assets				
Current Assets				
Cash	\$	168,181	\$	177,278
Receivables		20,454		11,589
Prepaid expenses and deposits		138,621		142,601
Total current assets		327,256		331,468
Non-current assets				
Equipment		2,365		2,529
Value added tax receivable		-		6,932
Exploration and evaluation assets (note 4)		1,893,656		1,859,311
Equity investment in Horzum AS (note 3)		1,379,832		824,420
Total non-current assets		3,275,853		2,693,192
Total assets	\$	3,603,109	\$	3,024,660
Shareholders' equity and liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 5)	\$	364,590	\$	364,467
Due to related parties (note 11)		211,009		49,682
Shareholder loans (notes 6 and 11)		2,708,065		2,491,365
Loan payable (note 7)		29,597		40,000
Income taxes payable		-		31,175
Total current liabilities		3,313,261		2,976,689
Total liabilities		3,313,261		2,976,689
Shareholders' equity				
Share capital (note 8)		12,888,506		12,888,506
Reserves		2,157,117		2,157,117
Deficit		(10,326,318)		(10,612,090)
Accumulated other comprehensive loss		(4,429,457)		(4,385,562)
Total shareholders' equity		289,848		47,971
Total liabilities and shareholders' equity	\$	3,603,109	\$	3,024,660

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

Subsequent events (note 13)

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	
	March 31,	
	2024	2023
Equity gain from Horzum AS (note 3(d))	\$ 633,478	\$ 775,762
Expenses		
Exploration costs	(3,280)	(492,731)
General and administrative costs (note 10)	(317,663)	(316,072)
Total expenses	(320,943)	(808,803)
Other loss		
Other income	10,598	844
Interest expense (note 6)	(36,700)	(34,443)
Foreign exchange gain	155,005	20
Loss on net monetary position	(155,666)	(128,963)
Total other loss	(26,763)	(162,542)
Net income (loss) for the period	285,772	(195,583)
Other comprehensive income (loss)		
Item that will be reclassified subsequently to profit and loss:		
Currency translation adjustment	(43,895)	92,473
Total comprehensive income (loss) for the period	\$ 241,877	\$ (103,110)
Net income (loss) per share		
- basic and diluted	\$ 0.00	\$ 0.00
Weighted average number of shares outstanding		
- basic and diluted	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

	Three Months Ended	
	2024	March 31, 2023
Operating activities		
Net income (loss) for the period	\$ 285,772	\$ (195,583)
Net equity gain from Horzum AS	(633,478)	(775,762)
Adjustments for items not involving cash:		
Interest accrual (note 6)	36,700	34,443
Foreign exchange	(152,919)	22,245
Loss on net monetary position	155,666	128,963
Depreciation	-	503
Changes in non-cash working capital items:		
Prepaid expenses and deposits	5,028	79,283
Accounts payable and accrued liabilities	(25,771)	(292,331)
Due to related parties	161,327	1,218,354
Other	(12,521)	371
Net cash (used in) provided by operating activities	(180,196)	220,486
Investing activities		
Equipment acquisition	-	(1,682)
Net cash used in investing activities	-	(1,682)
Financing activities		
Cash received from shareholders loans (note 6)	180,000	-
Net cash from financing activities	180,000	-
Net change in cash	(196)	218,804
Effect of foreign currencies on cash	(8,901)	(10,434)
Cash, beginning of period	177,278	855,567
Cash, end of period	\$ 168,181	\$ 1,063,937

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 8)	Share Capital (note 8)	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
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	-	-	-	-	92,473	92,473
Net income for the period	-	-	-	(195,583)	-	(195,583)
Balance as at March 31, 2023	144,554,371	\$ 12,888,506	\$ 2,157,117	\$ (10,497,905)	\$ (4,133,655)	\$ 414,063
Balance as at December 31, 2023	144,554,371	\$ 12,888,506	\$ 2,157,117	\$ (10,612,090)	\$ (4,385,562)	\$ 47,971
Currency translation adjustment	-	-	-	-	(43,895)	(43,895)
Net income for the period	-	-	-	285,772	-	285,772
Balance as at March 31, 2024	144,554,371	\$ 12,888,506	\$ 2,157,117	\$ (10,326,318)	\$ (4,429,457)	\$ 289,848

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 Months Ended March 31, 2024

(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 July 8, 2024.

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, 2024.

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, 2023, 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	
			2024	2023
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 Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Basis of presentation and accounting policies (continued)

(b) Principles of consolidation (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	
			2024	2023
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 March 31, 2024, the Company has a deficit of \$10,326,318 (December 31, 2023 – \$10,612,090) and has a working capital deficiency position of \$2,986,005 (December 31, 2023 – working capital deficiency position of \$2,645,221). The Company had a net income of \$285,772 for the three months ended March 31, 2024, compared with a net loss of \$195,583 for the three months ended March 31, 2023 and negative cash flows from operations of \$180,196 for the three months ended March 31, 2024 compared with positive cash flows from operations of \$220,486 for the three months ended March 31, 2023.

Horzum AS had a net income of \$1,242,428 for the three months ended March 31, 2024, compared with a net income of \$1,528,961 for the three months ended March 31, 2023. Pasinex Arama received approximately TRY 5.3 million (approximately \$0.23 million using the exchange rates on the dates of the various transfers from Horzum AS) in advances and other receivable collections from Horzum AS in the three months ended March 31, 2024, compared with TRY 17.4 million (approximately \$1.2 million using the exchange rates on the dates of the various transfers from Horzum AS) in advanced dividend payments from Horzum AS in the three months ended March 31, 2023.

Pasinex Arama transferred USD \$80,000 (approximately \$107,000 using the exchange rates on the dates of the transfers) to Pasinex Canada in the three months ended March 31, 2024. TRY 12.5 million (approximately \$0.9 million using the exchange rates on the dates of the transfers) was transferred to Pasinex Canada by Pasinex Arama in the three months ended March 31, 2023. 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. As at March 31, 2024, Horzum AS has a receivable owing from Akmetal of approximately \$35.5 million (see note 3(a)).

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Basis of presentation and accounting policies (continued)

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

Legal Actions

The Company provided an update on May 29, 2024, of the status of two separate legal actions initiated by Pasinex Arama. In connection with the annual shareholders meeting of Horzum AS, the Joint Venture made two separate judicial applications.

The first application was before the Republic of Türkiye Adana 3rd Commercial Court (the “**3rd Court**”) seeking the appointment of an interim management trustee committee (the “**Interim Committee**”) as the term for Horzum AS’ board of directors (the “**Horzum Board**”) expired on April 30, 2024. Consequently, Horzum AS became unmanaged due to its inability to appoint the new Horzum Board. The 3rd Court accepted the application and appointed the following persons to the Interim Committee, Prof. Dr. Ömer Korkut (Chairman of the Horzum Board), Ahmet Ferit Savaşçı and Ahmet Yüksel.

The 3rd Court further ordered that, *inter alia*, (a) the Interim Committee is authorized to act solely for the purpose of making the due payments of Horzum AS and the necessary and mandatory payments for Horzum AS’ activities; and (b) the validity of all legal transactions (borrowing, promissory note commitment, disposal, etc.) on behalf of Horzum AS requires the signatures of at least two Interim Committee members. The appointment of the Interim Committee is an interim measure until a final decision is made for the appointment of a fully authorized trustee.

The second application was before the Republic of Türkiye Adana 2nd Commercial Court (the “**2nd Court**”) seeking the appointment of a trustee to Horzum AS: (a) with sole signing authority to use all the powers of Horzum AS’ executives; (b) determine the agenda for subsequent meeting of Horzum AS’s shareholders (the “**Shareholders**”); and (c) convene a meeting of Shareholders to ensure continuation of Horzum AS’ activities. The 2nd Court approved the appointment of the trustee HALİL ALUMERT (30529131992) on June 4, 2024.

In the interim, Horzum AS’ continues to operate normally and without disruption. In addition, a legal action in the 2nd Court is on-going by Horzum AS for the recovery of the debt owed by Akmetal. The objective of the legal action by Pasinex and Horzum AS is to recover the debt owed by Akmetal in either assets or cash and to restructure or eliminate the Joint Venture with Pasinex assuming control of the management of the Joint Venture.

Pasinex has engaged the legal services of Denton’s Canada LLP in Toronto, Canada and two Canadian partners. Pasinex has also engaged the legal services of HBB Hukuk Burosı in İstanbul, Türkiye and two senior Turkish partners as well as a university legal professor who is the Chair of the Legal Department and founder of OZATA Law & Partners. This legal team has further legal and accounting resources available in both Canada and Türkiye. The legal process is underway and Pasinex remains optimistic that a resolution will result from these legal actions, but assurance of success is not certain.

Horzum AS’s operations have generated positive operating income in the first three months of 2024, 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. These 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.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. 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.

		Three Months Ended March 31,	
		2024	2023
Opening balance	\$	824,420	\$ 1,016,855
Equity gain from Horzum AS		633,478	775,762
Foreign exchange loss		(78,066)	(39,709)
Closing balance	\$	1,379,832	\$ 1,752,908

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Investment in Horzum AS (continued)

Summarized Financial Statements for Horzum AS

Statements of Financial Position (100% basis - Canadian dollars)	As at March 31, 2024	As at December 31, 2023
Current assets		
Cash and prepaid expenses	\$ 343,753	\$ 381,510
Akmetal receivable (note 3(a))	35,487,654	34,639,070
Less - allowance on Akmetal receivable (note 3(a))	(35,487,654)	(34,639,070)
Trade receivables	128,210	3,077
Other receivables	36,899	320,556
Due from shareholders and related parties (note 3(b))	104,750	-
Inventories	418,983	1,345,344
Total current assets	1,032,595	2,050,487
Non-current assets		
Lease asset	1,460,393	1,368,055
Plant and equipment	1,578,778	1,480,338
Other non-current assets	16,797	169,282
Total non-current assets	3,055,968	3,017,675
Total assets	\$ 4,088,563	\$ 5,068,162
Current Liabilities		
Trade payable and other current liabilities	\$ 293,261	\$ 260,085
Amounts due to shareholders and related parties (note 3(c))	88,730	518,316
Lease liabilities	288,286	318,000
Deferred revenue	-	1,565,517
Taxes payable	144,067	293,803
Total current liabilities	814,344	2,955,721
Non-current liabilities		
Employee benefits and other liabilities	185,409	198,242
Deferred tax liability	329,146	265,359
Total liabilities	1,328,899	3,419,322
Shareholders' equity		
Share capital	852,543	828,014
Deficit	645,825	(596,603)
Foreign exchange difference	1,261,297	1,417,429
Total shareholders' equity	2,759,664	1,648,840
Total liabilities and shareholders' equity	\$ 4,088,563	\$ 5,068,162
Pasinex ownership interest	50%	50%
Net equity above	\$ 2,759,664	\$ 1,648,840
Pasinex investment in Horzum AS	\$ 1,379,832	\$ 824,420

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Investment in Horzum AS (continued)

Statement of Operations

<i>(100% basis - Canadian dollars)</i>	Three Months Ended	
	2024	March 31, 2023
Revenue	\$ 3,610,140	\$ 3,604,517
Cost of sales	(2,112,286)	(1,429,427)
Selling, marketing and other distribution	(97,211)	(89,582)
Operating income	1,400,643	2,085,508
Impairment of Akmetal receivable (note 3(a))	(3,216,642)	(1,581,210)
General and administrative expenses	(62,309)	(49,891)
Foreign exchange gain	3,156,089	1,275,212
Finance expense	(16,660)	(50,995)
Deferred tax expense	(84,249)	(84,724)
Gain on net monetary position	395,307	377,753
Current income tax expense	(329,751)	(442,692)
Net income	\$ 1,242,428	\$ 1,528,961
Pasinex ownership interest	50%	50%
Share of net income	\$ 621,214	\$ 764,481
Hyperinflationary adjustments to share capital	12,264	11,281
Equity gain for Horzum AS	\$ 633,478	\$ 775,762

(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 \$35.5 million as at the end of March 31, 2024, compared with \$34.6 million at the end of December 31, 2023. 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.

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 \$0.8 million in current liabilities (approximately \$3.0 million at December 31, 2023) and has working capital of approximately \$0.2 million (working capital deficiency of approximately \$0.9 million at December 31, 2023). Included within the total current liabilities are approximately \$0.3 million owed in trade payables (\$0.3 million at December 31, 2023), lease liabilities of \$0.3 million, (0.3 million at December 31, 2023), deferred revenue of nil (\$1.6 million at December 31, 2023) and \$0.2 million in various taxes payable (\$0.3 million at December 31, 2023).

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 Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Investment in Horzum AS (continued)

- (b) Amounts due from shareholders and related parties as at March 31, 2024, include amounts advanced to Pasinex Arama. There were no amounts due from shareholders and related parties as at December 31, 2023.
- (c) Amounts due to shareholders and related parties as at March 31, 2024 and December 31, 2023, include amounts owed to Akmetal for services and supplies provided to Horzum AS.
- (d) In the first three months of 2024 there was an equity gain of approximately \$0.6 million compared with an equity gain of approximately \$0.8 million in the first three months of 2023.

4. Exploration and evaluation assets

	Horzum Properties	Gunman Project	Total
Balance as at December 31, 2022	\$ 457,321	\$ 1,435,699	\$ 1,893,020
Foreign exchange adjustment	-	(33,709)	(33,709)
Balance as at December 31, 2023	\$ 457,321	\$ 1,401,990	\$ 1,859,311
Foreign exchange adjustment	-	34,345	34,345
Balance as at March 31, 2024	\$ 457,321	\$ 1,436,335	\$ 1,893,656

(a) Horzum Properties

See discussion in note 3 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 Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. 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\$503,000 to March 31, 2024) in exploration expenditures as defined in the Option Agreement.

The underlying licenses are in good standing until September 2024.

5. Accounts payable and accrued liabilities

		As at March 31, 2024		As at December 31, 2023
Trade payables	\$	222,244	\$	202,022
Accrued liabilities		142,346		162,445
Total accounts payable and accrued liabilities	\$	364,590	\$	364,467

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

6. 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 \$36,700 in the first quarter of 2024, compared with \$34,443 for the same period in 2023. The Company received \$180,000 during the three months ended March 31, 2024, from a shareholder of the Company. No amounts were received from or repaid to shareholders loans in the three months ended March 31, 2023. As at March 31, 2024, the outstanding shareholder loans and accrued interest thereon totalled \$2,708,065 (December 31, 2023 - \$2,491,365).

7. Loan payable

		As at March 31, 2024		As at December 31, 2023
Loan payable	\$	29,597	\$	40,000
Total loan payable	\$	29,597	\$	40,000

On April 24, 2020, the Company applied for the Canada Emergency Business Account ("CEBA") interest-free loan. The Company entered into a loan agreement with its principal banker in the first quarter of 2024 from which the proceeds were used to repay the CEBA loan balance outstanding at the end of December 31, 2023, less \$10,000, which was forgiven. The term of the loan is five years, at an interest rate of prime + 2.34%, with monthly payments of \$631. The loan can be prepaid at any time without fee or premium.

8. Share capital

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

(b) Issued and outstanding common shares:

	Number of Shares		Amount
Balance as at December 31, 2022 and March 31, 2023	144,554,371	\$	12,888,506
Balance as at December 31, 2023 and March 31, 2024	144,554,371	\$	12,888,506

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

9. 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, 2022	10,550,000	\$ 0.04
Expired	(50,000)	\$ 0.20
Balance as at March 31, 2023	10,500,000	\$ 0.04
Balance as at December 31, 2023	10,500,000	\$ 0.04
Expired	-	\$ -
Balance as at March 31, 2024	10,500,000	\$ 0.04

The Company had the following stock options outstanding as of March 31, 2024:

Expiry Date	Number of Options		Exercise Price	Weighted Average Remaining Contractual Life (Years)
	Outstanding	Exercisable		
July 25, 2024	500,000	500,000	\$ 0.09	0.32
April 30, 2026	8,500,000	8,500,000	\$ 0.04	2.08
March 24, 2027	1,500,000	1,500,000	\$ 0.04	2.98
Total	10,500,000	10,500,000	\$ 0.04	2.13

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

10. General and administrative costs

General and administration costs are as follows:

	Three Months Ended March 31,	
	2024	2023
Consulting fees (note 11)	\$ 59,756	\$ 70,990
Investor relations	-	5,573
Management fees and salaries (note 11)	62,775	65,700
Director fees	24,000	24,000
Office and general	1,945	663
Professional fees	98,317	64,697
Transfer agent and regulatory fees	9,112	3,866
Travel and meals	61,758	80,080
Other	-	503
Total general and administrative costs	\$ 317,663	\$ 316,072

11. 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.

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

	Three Months Ended March 31,	
	2024	2023
Management fees and salaries	\$ 62,775	\$ 65,700
Consulting fees	43,536	43,883
Director fees	24,000	24,000
Interest expense on shareholder loans	36,700	34,443
	\$ 167,011	\$ 168,026

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

11. Related party balances and transactions (continued)

Amounts payable to related parties were as follows:

	Due to Related Parties		Shareholder Loans	
	As at	As at	As at	As at
	March 31, 2024	December 2023	March 31, 2024	December 2023
1514341 Ontario Inc. ⁽¹⁾	\$ -	\$ -	\$ 2,240,650	\$ 2,030,457
Seeley Holdings Ltd. ⁽²⁾	-	-	377,430	372,175
Rainer Beteiligungsgesellschaft ⁽³⁾	-	-	89,985	88,733
Larry Seeley ⁽⁴⁾	6,000	-	-	-
Joachim Rainer ⁽⁴⁾	6,000	-	-	-
Jonathan Challis ⁽⁴⁾	6,000	-	-	-
Victor Wells ⁽⁴⁾	6,000	-	-	-
2192640 Ontario Inc. ⁽⁵⁾	41,947	30,504	-	-
Soner Koldas ⁽⁶⁾	40,312	19,178	-	-
Horzum AS	104,750	-	-	-
	\$ 211,009	\$ 49,682	\$ 2,708,065	\$ 2,491,365

⁽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.

⁽⁴⁾ Larry Seeley, Joachim Rainer, Jonathan Challis and Victor Wells were directors of the Company at March 31, 2024 and December 31, 2023.

⁽⁵⁾ 2192640 Ontario Inc. is a company controlled by Andrew Gottwald, the CFO of the Company.

⁽⁶⁾ 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.

To the knowledge of the directors and officers of the Company, as at March 31, 2024, 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%

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2024

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

12. 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		As at	
	March 31, 2024		December 31, 2023	
Non-current assets by geographic segment				
Türkiye	\$	1,839,518	\$	1,291,202
United States		1,436,335		1,401,990
	\$	3,275,853	\$	2,693,192
Total assets by geographic segment				
Canada	\$	52,277	\$	110,717
Türkiye		2,012,802		1,412,691
United States		1,538,030		1,501,252
	\$	3,603,109	\$	3,024,660
Equity gain from joint venture				
Canada	\$	-	\$	-
Türkiye		633,478		775,762
United States		-		-
Total equity gain from joint venture	\$	633,478	\$	775,762
Net income (loss)				
Canada	\$	(164,859)	\$	(312,346)
Türkiye		453,911		609,494
United States		(3,280)		(492,731)
Total net income (loss)	\$	285,772	\$	(195,583)

13. Subsequent events

- (a) Subsequent to March 31, 2024, Pasinex received USD \$30,000 (approximately \$41,000 using the exchange rate on the date of the transfer), in cash transfers from Pasinex Arama.
- (b) Also subsequent to March 31, 2024, Pasinex received \$245,000 from shareholders of the Company.
- (c) The Company also continued its legal actions against Akmetal subsequent to the quarter ended March 31, 2024 (see note 2(c) Basis of presentation and accounting policies - Basis of measurement and going concern).