Pasinex Resources Limited
Management's Discussion & Analysis
For the Three and Six Months Ended June 30, 2024
Discussion dated: August 29, 2024

Introduction

The following interim Management's Discussion & Analysis ("Interim MD&A") of Pasinex Resources Limited (the "Company" or "Pasinex") for the three and six months ended June 30, 2024, has been prepared to provide material updates to the business operations, liquidity, and capital resources of the Company since its last annual management discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2023. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2023 and 2022, together with the notes thereto, and the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2024, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. Where the Turkish Lira is reported it is referenced as TRY.

The Company's unaudited condensed interim financial statements and the financial information contained in this Interim MD&A 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. The unaudited condensed interim financial statements have been prepared on a historical basis and compliance with IFRS applicable to the preparation of interim financial statements, including IAS 34 Interim Financial Reporting. Accordingly, the information contained herein is presented as of August 29, 2024, unless otherwise indicated.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in or would reasonably be expected to result in a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the Secretary of the Company or on SEDAR at www.sedar.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained in this Interim MD&A constitute forward-looking statements; as such term is defined under applicable securities laws. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performances and business prospects and opportunities of the Company. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "intend", "will", "project", "could", "believe", "predict", "potential", "should" or the negative of these terms or other similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, achievements or events to differ materially from those anticipated, discussed or implied in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Interim MD&A should be considered carefully and investors should not place undue reliance on them as the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

These statements speak only as of the date of this Interim MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) general business and economic conditions; (ii) timing and amount of estimated future production (iii) the supply and demand for, deliveries of, and the level and volatility of prices of zinc and other precious metals; (iv) the timing of the receipt of any outstanding regulatory and governmental approvals for the Company's projects; (v) the ability to meet social and environmental standards and expectations; (vi) the availability of financing for the Company's development of its properties on reasonable terms; (vii) the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; (viii) the ability to attract and retain skilled staff; (ix) exploration and development timetables; and (x) capital expenditure and operating cost estimates.

The Company has not been materially impacted by the ongoing conflicts in the Ukraine and Israel, but uncertainty remains surrounding the conflicts 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.

The Pinargozu zinc mine was placed into production without a feasibility study of mineral reserves demonstrating economic and technical viability, and as such, any forward-looking statements related to the performance of the Pinargozu mine may differ materially from actual results. The decision to operate a mine without a technical report or feasibility study creates increased uncertainty. Economic or technical results of the Pinargozu zinc mine may differ materially from forward-looking statements due to reduced zinc grade, variation in estimated mineral resources, increased difficulty in mining and other risks associated with the reliability of internal analytical results, geological interpretation and statistical inferences drawn from drilling and sampling.

These forward-looking statements involve risks and uncertainties relating to, among other things, exploration and development risks, changes in commodity prices, particularly the zinc price, expectations regarding currency fluctuations, possible variation in mineral resources or grade, counter party risk associated with sales of zinc material, access to skilled mining personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, changes to government regulation and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors contained in this Interim MD&A. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. The forward-looking statements contained in this Interim MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

Description of Business

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.

Selected Quarterly Information

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Financial:				
Equity gain from Horzum AS	**$ 309,802**	$ 821,044	**$ 943,280**	$ 1,596,806
Dividend income from Horzum AS	**$ -**	$ 779,128	**$ -**	$ 779,128
Consolidated net (loss) income	**$ (296,550)**	$ 1,107,117	**$ (10,778)**	$ 911,534
Basic and diluted net (loss) income per share	**$ 0.00**	$ 0.01	**$ 0.00**	$ 0.01
Net cash (used in) provided by operating activities	**$ (357,731)**	(48,669)	**$ (537,927)**	$ 171,817
Weighted average shares outstanding	**144,554,371**	144,554,371	**144,554,371**	144,554,371

As at:	June 30, 2024	December 31, 2023
Total assets	**$ 3,743,673**	$ 3,024,660
Total liabilities	**$ 3,681,183**	$ 2,976,689
Total shareholders' equity	**$ 62,490**	$ 47,971

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Horzum AS operational data (100% basis):				
Zinc product mined (wet) tonnes	**1,225**	1,954	**2,728**	4,765
Zinc product sold (wet) tonnes	**994**	2,993	**3,980**	5,990
Zinc oxide product average grade sold	**NA**	NA	**NA**	NA
Zinc sulphide product average grade sold	**49.0%**	48.4%	**49.4%**	47.8%
Gross margin [1]	**46%**	53.0%	**41%**	56.0%
CAD cost per tonne mined [1]	**$ 887**	$ 496	**$ 833**	$ 493
USD cash cost per pound of zinc mined [1]	**$ 0.61**	$ 0.36	**$ 0.56**	$ 0.36

[1] see non-GAAP measures

The Company has a 50% joint venture interest in Horzum AS, which is equity accounted. This means in the Pasinex consolidated financial statements:

- Horzum AS net income is shown on one line in the Statement of Income – Equity gain from Horzum AS.
- The investment in Horzum AS is shown on one line on the Statement of Financial Position - Equity investment in Horzum AS.

Highlights

- Horzum AS continued to pursue the two separate legal actions, which were initiated in the second quarter of 2024. These actions had resulted in the appointment of an interim committee and an authorized trustee to provide oversight of the management of the Joint Venture. In addition, a legal action is on-going by Horzum AS for the recovery of the debt owed by Akmetal.

- For the three and six months ended June 30, 2024, Pasinex recorded net losses of approximately $0.3 million and $0.01 million, respectively, compared with net incomes of approximately $1.1 million and $0.9 million for same periods in 2023. The primary reason for the decrease in the net income in 2024 versus 2023 was that lower equity gains from Horzum AS were achieved.

- The operating income in Horzum AS decreased to $0.7 million and $2.1 million in the three and six months ended June 30, 2024, from $1.6 million and $3.6 million for the same periods in 2023. The decrease was due to higher costs being incurred as a result of inflationary pressures and lower sales being achieved. Gross margin (see *non-GAAP measures*) for the three and six months ended June 30, 2024, was 46% and 41%, respectively compared with 53% and 56% for the same periods in 2023.

- Horzum AS mined 1,225 tonnes and 2,728 tonnes of zinc product during the three and six months ended June 30, 2024, respectively, at the Pinargozu mine, compared with 1,954 and 4,765 tonnes of zinc product for the same periods in 2023.

- Sales volume decreased to 994 tonnes and 3,980 tonnes of high-grade zinc sulphide product in the three and six months ended June 30, 2024, respectively compared with 2,993 tonnes and 5,990 tonnes of high-grade zinc sulphide product for the same periods in 2023.

- Sales prices per tonne on a USD basis increased by 61% and 18% for the three and six months ended June 30, 2024, respectively, for zinc sulphide product sold, when compared to prices in the same periods in 2023. The average USD sales price for the three and six months ended June 30, 2024, was US$1,133 and US$941 per tonne for zinc sulphide product, respectively, versus US$704 and US$798 per tonne for zinc sulphide product in the same periods in 2023.

- The average grade of the high-grade zinc sulphide product sold was 49.0% zinc per tonne and 49.4% zinc per tonne for the three and six months ended June 30, 2024, respectively, compared with 48.4% zinc per tonne and 47.8% zinc per tonne for the same periods in 2023.

- The CAD cost per tonne mined (*see non-GAAP measures*) increased to $887 per tonne mined and $833 per tonne mined for the three and six months ended June 30, 2024, respectively, compared with $496 per tonne mined and $493 per tonne mined in the same periods in 2023. The USD cash cost per pound of zinc product mined (*see non-GAAP measures*) increased to US$0.61 per pound mined and US$0.56 per pound mined in the three and six months ended June 30, 2024, respectively, from US$0.36 per pound mined and US$0.36 per pound mined for the same periods in 2023.

Going Concern

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 June 30, 2024, the Company has a deficit of $10,622,868 (December 31, 2023 – $10,612,090) and has a working capital deficiency position of $3,531,391 (December 31, 2023 – working capital deficiency position of $2,645,221). The Company had net losses of $296,550 and $10,778 for the three and six months ended June 30, 2024, respectively compared with net incomes of $1,107,117 and $911,534 for the three and six months ended June 30, 2023, respectively and negative cash flows from operations of $537,927 for the six months ended June 30, 2024, compared with positive cash flows from operations of $171,817 for the six months ended June 30, 2023.

Horzum AS had net incomes of $603,856 and $1,846,284 for the three and six months ended June 30, 2024, respectively compared with net incomes of $1,634,085 and $3,163,046 for the three and six months ended June 30, 2023, respectively. 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 six months ended June 30, 2024, compared with TRY 22.4 million (approximately $1.5 million using the exchange rates on the dates of the various transfers from Horzum AS) in advanced dividend payments from Horzum AS in the six months ended June 30, 2023.

Pasinex Arama transferred USD $110,000 (approximately $148,000 using the exchange rates on the dates of the transfers) to Pasinex Canada in the six months ended June 30, 2024. Approximately TRY 15.5 million (approximately $1.1 million using the exchange rates on the dates of the transfers) was transferred to Pasinex Canada by Pasinex Arama in the six months ended June 30, 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 June 30, 2024, Horzum AS has a receivable owing from Akmetal of approximately $35.8 million (see note 3(a)).

Legal Actions

During the Quarter, Horzum AS initiated two separate legal actions with the objective of settling the receivable owed by Akmetal to Horzum AS and to provide an interim committee and an authorized trustee to provide oversight of the management of the Joint Venture. In addition, a legal action is on-going by Horzum AS for the recovery of the debt owed by Akmetal.

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. Omer Korkut (Chairman of the Horzum Board), Ahmet Ferit Savasci and Ahmet Yuksel.

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 and 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 powers of Horzum AS executives; (b) determine the agenda for subsequent meeting of Horzum AS shareholders (the "Shareholders"); and (c) convene a meeting of Shareholders to ensure continuation of Horzum AS activities. The 2nd Court approved the appointment of HALLIL ALUMERT (30529131992) on June 4, 2024.

Subsequent to the quarter end, the Interim Committee called a General Assembly Meeting at the request of Pasinex AS of the shareholders on July 16, 2024, with an Agenda prepared by Pasinex AS. This meeting was attended by the Interim Committee, representatives of Pasinex AS and Akmetal Shareholders. No agreement was achieved, and the Interim Committee suggested that Akmetal and Pasinex AS should try to resolve their issues. Subsequently, two proposals were put forward by Akmetal which were not acceptable by Pasinex, and further negotiations are expected to resume in September if at all. In addition, a Court Recess for vacation is in place in August until September 1, 2024, in Türkiye.

Further, Pasinex AS filed a lawsuit regarding the appointment of a special auditor of the Debt owed by Akmetal to Horzum AS. The court requested that a response by Horzum AS be submitted by the Interim Committee with a deadline of September 5, 2024.

In addition, with Kurmel Holding A.S. (formerly known as SEM Gayrimenkul Yatirim Danismanligi Tic. A.S.) ("Kurmel") is selling their shares in Gumastas Madencilik ve Tic. A.S ("Gumastas") to Dogan Sirketler Grubu Holding A.S. ("Dogan"), a lawsuit was filed against Kurmel, Gumastas, and Dogan at the Istanbul Anadolu 8th Commercial Court (Nr. 2024/973) which seeks to prevent the transfer of company shares and to block the payment of US$32,000,000 of the transfer amount. However, the court rejected the request until further documentation on the amounts transferred from Horzum A.S. to Gumastas is presented. The decision will be appealed to a higher court with the support of a special auditor that is to be appointed.

Further, in the on-going court case in Adana to recover the debt owed by Akmetal, Pasinex AS was allowed by the court to join the current lawsuit by Horzum AS against Akmetal. In the Interim, Horzum AS continues to operate. 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.

In addition, Soner Koldas, Country Manager, of Pasinex AS resigned from the company, subsequent to the end of the quarter, and was replaced, on an interim basis, by Jonathan Challis with Power of Attorney having been given to Aydin Sen to act as General Manager. Aydin Sen is also the Exploration Manager of Pasinex AS.

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 Burosu in Istanbul, 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.

Review of Quarterly Consolidated Financial Statements

Three and Six Months Ended June 30, 2024

The following is a summary income statement for Pasinex:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Equity gain from Horzum AS	**$ 309,802**	$ 821,044	**$ 943,280**	$ 1,596,806
Exploration costs	**(101,747)**	(46,995)	**(105,027)**	(539,726)
General and administration costs	**(405,641)**	(379,530)	**(723,304)**	(695,602)
Dividend income	**-**	779,128	**-**	779,128
Other income	**9,527**	1,536	**20,125**	2,380
Interest expense	**(39,730)**	(34,105)	**(76,430)**	(68,548)
Foreign exchange gain	**28,198**	37,186	**183,203**	37,206
Loss on net monetary position	**(96,959)**	(71,147)	**(252,625)**	(200,110)
Net income (loss)	**$ (296,550)**	$ 1,107,117	**$ (10,778)**	$ 911,534

Equity gain

Horzum AS is considered a joint venture for accounting purposes and as such the Company records its share of net income on one line in the income statement. In the fourth quarter of 2018 an impairment of the Akmetal receivable was recorded. Since the joint venture is equity accounted and because the impairment was so large, the equity loss was capped in the fourth quarter of 2018 so that the investment would not be below zero. The unrecognized loss was applied against equity gains beginning in 2019, and in the fourth quarter of 2022, Horzum AS had recognized all of the equity losses recorded in prior years. Further details on the results of Horzum AS follow below – *Review of Horzum AS.*

Exploration Costs

Exploration costs represent expenditures incurred at the Gunman Project. For further details on the exploration program at the Gunman Project see – *Liquidity and Financial Position – Commitments – Gunman Project.* The exploration cost in the second quarter of 2024 relates to the write off of an amount previously put on deposit with the Company's driller as the driller went bankrupt during the quarter.

General and administration costs

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Consulting fees	**$ 47,785**	$ 160,629	**$ 107,541**	$ 231,619
Investor relations	**8,002**	5,809	**8,002**	11,382
Management fees and salaries	**57,825**	53,850	**120,600**	119,550
Director fees	**24,000**	24,000	**48,000**	48,000
Office and general	**-**	26,138	**-**	26,801
Professional fees	**239,022**	71,820	**339,284**	136,517
Transfer agent and regulatory fees	**11,042**	7,813	**20,154**	11,679
Travel and meals	**17,232**	29,016	**78,990**	109,096
Other	**733**	455	**733**	958
Total general and adminstrative costs	**$ 405,641**	$ 379,530	**$ 723,304**	$ 695,602

The largest increase year over year was in professional fees. The majority of the professional fees increase was related to an increase in legal fees incurred in Türkiye but also included increases in audit and tax services. Consulting fees decreased as the Company wrote off an amount accrued for consulting work that ended up being less than previously estimated. Other costs remained mainly consistent year over year.

Interest Expense

Interest expense increased slightly year over year as the shareholder loan balances increased marginally in the first and second quarters of 2024.

Loss on net monetary position

Due to various qualitative factors and developments with respect to the economic environment in Türkiye during 2022, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the Turkish Statistical Institute exceeded 100% in March 2022 and the significant devaluation of the Turkish Lira, Türkiye was designated a hyper-inflationary economy in the second quarter of 2022 for accounting purposes.

Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, was applied to the Company's unaudited condensed interim consolidated financial statements as the Company's Turkish wholly owned subsidiary, Pasinex Arama, uses the Turkish Lira as its functional currency. As a result, the Company recorded losses on net monetary position of $96,959 and $252,625 for the three and six months ended June 30, 2024, respectively, compared to $71,147 and $200,110 for the same periods in 2023, which relates to the revaluation of Pasinex Arama's share capital.

Review of Horzum AS

Key Performance Indicators
(shown on a 100% basis)

	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Tonnes mined (wet)	**1,225**	1,954	**2,728**	4,765
Tonnes sold (wet):				
Zinc sulphide product	**994**	2,993	**3,980**	5,990
	994	2,993	**3,980**	5,990
Average grades for tonnes sold:				
Zinc sulphide product	**49.0%**	48.4%	**49.4%**	47.8%
CAD cost per tonne mined [(1)]	**$ 887**	$ 496	**$ 833**	$ 493
USD cash cost per pound of zinc product mined [(1)]	**$ 0.61**	$ 0.36	**$ 0.56**	$ 0.36

(1) See non-GAAP measures

Operating results

Horzum AS mined 37% and 43% fewer tonnes in the three and six months ended June 30, 2024, respectively, compared with the same periods in 2023. Sales in the first quarter of 2024 included sales of zinc sulphide product mined in the fourth quarter of 2023. Sales in the second quarter were 67% lower than in the same period in 2023 due to availability of zinc product. Sales going forward in 2024 will be lower than in 2023 given the anticipated lower mining rate in 2024. The average grade of the zinc sulphide product sold was essentially unchanged year over year. The lower number of tonnes mined was also the primary reason for the 79% increase in the cost per tonne mined for the three months ended June 30, 2024, compared with the same period in 2023. The year-to-date increase in the cost per tonne mined was 69% higher than the same period in 2023. The USD cash cost per pound of zinc product mined increased by 70% for the three months ended June 30, 2024, and 55% for the six months ended June 30, 2024, when compared to the same periods in 2023. Continued increases in the prices of supplies and services were experienced in 2024, which also contributed to the cost per tonne mined and cost per pound of zinc product mined metrics worsening.

Financial results

Below are the statements of operation for Horzum AS for the three and six months ended June 30, 2024 and 2023.

Statement of Operations								
				Three Months Ended June 30,				**Six Months Ended June 30,**
(100% basis - Canadian dollars)		**2024**		**2023**		**2024**		**2023**
Revenue	**$**	**1,639,335**	$	2,952,147	**$**	**5,249,475**	$	6,556,664
Cost of sales		**(905,147)**		(1,302,394)		**(3,017,433)**		(2,731,821)
Selling, marketing and other distibution		**(32,601)**		(88,261)		**(129,812)**		(177,843)
Operating income		**701,587**		1,561,492		**2,102,230**		3,647,000
Impairment of Akmetal receivable (note 3(a))		**(449,168)**		(15,668,186)		**(3,665,810)**		(17,249,396)
General and administrative expenses		**(123,621)**		(80,696)		**(185,930)**		(130,587)
Foreign exchange gain		**470,066**		16,274,499		**3,626,155**		17,549,711
Finance expense		**(15,679)**		(44,408)		**(32,339)**		(95,403)
Deferred tax (expense) income		**(64,955)**		6,354		**(149,204)**		(78,370)
Gain on net monetary position		**244,541**		211,506		**639,848**		589,259
Current income tax expense		**(158,915)**		(626,476)		**(488,666)**		(1,069,168)
Net income	**$**	**603,856**	$	1,634,085	**$**	**1,846,284**	$	3,163,046

Revenue

(100% basis Canadian dollars)	**Three Months Ended June 30, 2024**			**Three Months Ended June 30, 2023**		
	Wet Tonnes		**CAD**	**Wet Tonnes**		**CAD**
Zinc sulphide product sales	**994**	**$**	**1,534,156**	2,993	$	2,812,556
Other sales	**-**		**105,179**	-		139,591
Total revenue	**994**	**$**	**1,639,335**	2,993	$	2,952,147

(100% basis Canadian dollars)	**Six Months Ended June 30, 2024**			**Six Months Ended June 30, 2023**		
	Wet Tonnes		**CAD**	**Wet Tonnes**		**CAD**
Zinc sulphide product sales	**3,980**	**$**	**5,071,404**	5,990	$	6,413,314
Other sales	**-**		**178,071**	-		143,350
Total revenue	**3,980**	**$**	**5,249,475**	5,990	$	6,556,664

Total revenue decreased by 44% in the three months ended June 30, 2024, and 20% for the six months ended June 30, 2024, when compared to the same periods in 2023, primarily due to fewer tonnes being sold. The decrease was partially offset by higher prices being achieved per tonne of zinc sulphide product sold in 2024 compare with 2023. Sales prices per tonne on a USD basis increased by 61% and 18% for the three and six months ended June 30, 2024, respectively, for zinc sulphide product sold, when compared to prices in the same periods in 2023. The average USD sales price for the three and six months ended June 30, 2024, was US$1,133 and US$941 per tonne for zinc sulphide product, respectively, versus US$704 and US$798 per tonne for zinc sulphide product in the same periods in 2023.

Costs of Sales

The cost of sales in the three and six months ended June 30, 2024, was negatively impacted by higher prices for goods and services and the negative impact of not achieving economies of scale due to fewer tonnes being mined. As noted in the *Review of Horzum AS – Operating Results*, the cost per tonne mined increased by 79% and 69% for the three and six months ended June 30, 2024, respectively, when compared with the same periods in 2023.

Operating Income

The operating income in Horzum AS decreased 55% and 42% in the three and six months ended June 30, 2024, respectively, compared with the same periods in 2023, as a result of higher costs being incurred, and lower sales being achieved. The gross margin, (see *non-GAAP measures*), for the three and six months ended June 30, 2024, decreased to 46% and 41%, respectively, compared with 53% and 56% for the same periods in 2023.

Impairment of Akmetal Receivable

In 2018, the Company performed an assessment resulting in the recording of an impairment of the loan receivable from Akmetal as required by IFRS 9. For further discussion see *Review of Horzum AS – Akmetal Receivable*. The recording of the impairment does not represent the elimination of the loan receivable and as such the Company continues to expect full repayment of the loan receivable in due course.

Foreign Exchange Gain

The functional currency of Horzum AS is the TRY. The foreign exchange gain in both 2024 and 2023 is a result of the revaluation of a portion of the Akmetal receivable, which is denominated in US dollars. The gains are the result of the significant decline in the value of the TRY relative to the US dollar during both 2024 and 2023.

Gain on net monetary position

Türkiye was designated as a hyperinflationary economy in the second quarter of 2022 and as a result, IAS 29 - Financial Reporting in Hyper-Inflationary Economies, has been applied to the summarized financial information for Horzum AS. The effect of inflation on Horzum AS's net monetary position for the current period is included in the statement of operations as a net monetary gain, relating to adjustments on share capital, lease assets and plant and equipment.

Income Tax Expense

The statutory rate for income taxes in three and six months ended June 30, 2024, was 25% compared with 20% in the same periods in 2023. The following is a reconciliation of the expected income tax expense using the statutory rate compared to the actual income tax expense.

(100% basis Canadian dollars)	**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2024	**2023**	**2024**	**2023**
Income before income tax expense	**$ 762,771**	$ 2,260,561	**$ 2,334,950**	$ 4,232,214
Statutory tax rate	25%	20%	25%	20%
Expected income tax expense	**(190,693)**	(452,112)	**(583,738)**	(846,443)
Non-deductible expenses	**(685)**	(648)	**(1,348)**	(971)
Reduction of utilization of tax losses	**-**	(309,815)	**-**	(309,815)
Tax expense not recognized	**32,463**	136,099	**96,420**	88,061
Income tax expense	**$ (158,915)**	$ (626,476)	**$ (488,666)**	$ (1,069,168)

Financial condition

The following are summary balance sheets for Horzum AS:

Statements of Financial Position *(100% basis - Canadian dollars)*		**As at June 30, 2024**		**As at December 31, 2023**
Current assets				
Cash and prepaid expenses	**$**	**613,577**	$	381,510
Akmetal receivable		**35,846,441**		34,639,070
Less - discount and allowance on Akmetal receivable		**(35,846,441)**		(34,639,070)
Trade receivables		**57,144**		3,077
Other current assets		**36,768**		320,556
Due from shareholders and related parties		**104,500**		-
Inventories		**600,120**		1,345,344
Non current assets		**3,274,980**		3,017,675
Total assets		**4,687,089**		5,068,162
Current Liabilities				
Current liabilities	**$**	**744,680**	$	2,955,721
Non-current liabilities		**577,515**		463,601
Total liabilities		**1,322,195**		3,419,322
Shareholders' equity		**3,364,894**		1,648,840
Total liabilities and shareholders' equity	**$**	**4,687,089**	$	5,068,162

Akmetal Receivable

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 $35.8 million as at the end of June 30, 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 $0.7 million in current liabilities (approximately $3.0 million at December 31, 2023) and has working capital of approximately $0.7 million (working capital deficiency of approximately $0.9 million at December 31, 2023). Included within the total current liabilities are approximately $0.2 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 taxes payable of nil ($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.

Due from shareholders and related parties

Amounts due from shareholders and related parties as at June 30, 2024, are for the amounts advanced to Pasinex Arama. There were no amounts due from shareholders and related parties as at December 31, 2023.

Inventories

The following is a reconciliation of the Horzum AS inventory tonnage movements for the three and six months ended June 30, 2024:

Tonnes - Three Months Ended June 30, 2024	Oxide	Sulphide	Low-Grade Sulphide	Lead	Total
Opening Inventory	81	520	-	-	601
Production Net of Waste	21	1,204	-	-	1,225
Sales	-	(994)	-	-	(994)
Ending Inventory	102	730	-	-	832

Tonnes - Six Months Ended June 30, 2024	Oxide	Sulphide	Low-Grade Sulphide	Lead	Total
Opening Inventory	81	2,003	-	-	2,084
Production Net of Waste	21	2,707	-	-	2,728
Sales	-	(3,980)	-	-	(3,980)
Ending Inventory	102	730	-	-	832

Non-current assets

The non-current assets held in Horzum AS are primarily plant and equipment including leased assets.

Current Liabilities

In 2024, current liabilities include trade payables, amounts due to shareholders and related parties, and lease liabilities. In 2023, current liabilities also include deferred revenue and taxes payable. Amounts due to shareholders and related parties as at June 30, 2024 and December 31, 2023, include amounts owed to Akmetal for services and supplies provided to Horzum AS. The decrease in current liabilities at June 30, 2024, compared with December 31, 2023 is primarily due to a reduction in deferred revenue of approximately $1.6 million, and a reduction in taxes payable of approximately $0.3 million.

Shareholders' Equity

The increase in the shareholders' equity at June 30, 2024, to $3,364,894 from $1,648,840 at December 31, 2023, is due to a combination of factors including, net income from operations and the recognition of inflationary gains recorded as a result of applying IAS 29.

Exploration and Mining Review and Expectations for 2024

Production at the Pinargozu Mine for 2024 is forecast to be between 6,000 and 9,000 tonnes of zinc sulphide product at an average grade in excess of 50% zinc as direct shipping material. Depending on the progress of underground exploration at Pinargozu, this production forecast could be increased in the second half of 2024. Horzum AS expects that it will complete in excess of 10,000 metres of underground and surface diamond core drilling and in excess of 900 metres of adit development in 2024. Production and diamond core drilling will be predominately underground from and in the Fourth Adit (at the 541-metre level and below). Horzum AS will continue to extend the existing Fourth Adit an additional 300 metres to reach the Akkaya property.

(100% basis)	**Guidance for the Year Ended December 31, 2024**	
	Wet Tonnes	**Grade**
Zinc sulphide product mined	**6,000 to 9,000**	**50%**
	6,000 to 9,000	
CAD cost per tonne mined		$500 - $600

The Company continues with its emphasis on health and safety with one lost time accident reported during the quarter. An inspection by the Ministry of Mines also reported that conditions underground and the safety culture were excellent.

Production at the Pinargozu Mine was slightly less than forecast for both the three and six months ended June 30, 2024. Total production for the six months ended June 30, 2024 was 2,706 tonnes of high-grade zinc sulphide product and 21 tonnes of zinc oxide product. Of this total, 2,567 tonnes of high-grade zinc sulphide product were transported to Adana for crushing and grinding. To date, the Joint Venture has been unaffected by the attacks on shipping using the Suez Canal and the Red Sea routes to the far east, but have been impacted by modest increases in shipping rates.

A total of 120 metres and 318 metres of horizontal development was completed during the three and six months ended June 30, 2024, respectively, which included some work to extend the decline to lower levels where mineralization has been detected by diamond drilling.

During the second quarter of 2024, a total of 10 underground diamond drill holes were completed with a total length of 1,292 metres, four surface diamond drill holes for a total length of 1,082 metres and six underground percussion holes for a total length of 505 metres. The above drilling is in addition to the drilling which occurred in the first quarter of 2024, which included, a total of 18 underground diamond drill holes were completed with a total length of 2,063 metres; five surface diamond drill holes were completed with a total length of 1,089 metres; and six percussion holes were completed underground with a total length of 393 metres. This continued emphasis on underground drilling is crucial to extending the productive life of the Pinargozu property, and the surface drilling work which is focused on an area up to one kilometre to the east of the existing workings is particularly important to this goal.

The Company has not completed a current technical report that includes a mineral resource estimate as defined by the Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council, and procedures for classifying the reported Mineral Resources were undertaken within the context of the Canadian Securities Administrators National Instrument 43-101 ("NI 43-101"). The Company has no intention of completing a NI 43-101 compliant technical report. The Joint Venture has not followed accepted quality assurance and quality control procedures with respect to its current drilling program and has not used an independent third-party laboratory for its assay analysis. The Joint Venture uses field handheld X-ray fluorescence analyzers ("XRF") for zinc assays and grade control in exploration and mining. In addition, assays are completed by an independent third-party laboratory for all of the Joint Venture's sales.

The decision to enter production at the Pinargozu zinc mine was made without reference to a technical report or feasibility study prepared under NI 43-101. Accordingly, the Company's production estimates, and the economic viability of the mine may differ materially from the estimates contained herein.

Trends

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Apart from these and the discussion below on zinc prices and foreign currency, and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations. See "Risks and Uncertainties" below.

Türkiye has continued to experience very high inflation. According to the Türkiye Istatistik Kurumu (Turkish Statistical Institute), the three-year cumulative inflation rate to the end of June 2024 was 380%. As a result, Horzum AS has been and will continue to experience price pressure on its goods and services incurred, including wages of its labour force. The year-to-date average of zinc prices in 2024 of US$1.21 per pound was 7% lower than the year-to-date average of US$1.29 per pound in 2023. Notwithstanding the lower zinc prices and higher costs, the Joint Venture continued to report a high gross margin in 2024 with a year-to-date average of 41% (see *Non-GAAP measures – Gross Margin*)

Horzum AS sells their product in US dollars and to a lesser extent in Euros, which are then converted to the Turkish Lira. As such, Horzum AS's financial performance also depends on the TRY to US dollar. The USD / TRY exchange rate has had a substantial increase in the past few years. The average USD / TRY rate increased to 32.7 at the end of June 2024, which represents an 11% increase compared to the end of 2023. Since the Joint Ventures sales are priced in USD, the increase in the USD / TRY exchange rate helps to offset the higher TRY costs when the sales proceeds are converted to pay for the local costs.

Liquidity and Financial Position

Cash Flows

A summary of the Company's cash flows is as follows:

	Six Months Ended June 30, 2024	June 30, 2023
Cash (used in) provided by operating activities		
Before changes in working capital	**$ (815,088)**	$ 1,029,497
Changes in working capital	**277,161**	(857,680)
	(537,927)	171,817
Cash used in investing activities	**(908)**	(1,823)
Cash received (used) in financing activities	**425,000**	(50,000)
Effect of foreign currencies	**(6,139)**	(155,695)
Net change in cash	**(119,974)**	(35,701)
Opening cash balance	**177,278**	855,567
Closing cash balance	**$ 57,304**	$ 819,866

Cash (used in) provided by operating activities

The Company had modest outflows of cash from its operating activities in the six months ended June 30, 2024. 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 six months ended June 30, 2024. The Company had modest inflows of cash from its operating activities in the six months ended June 30, 2023, as Pasinex Arama received TRY 22.4 million (approximately $1.5 million using the exchange rates on the dates of the various transfers from Horzum AS) in advanced dividend payments from Horzum AS. See *Going Concern* and *Review of Horzum AS - Financial Condition – Current Liabilities*.

Cash used in investing activities

Cash used in investing activities in 2023 relates to miscellaneous costs incurred by Pasinex Arama. There was no cash spent in investing activities in 2024.

Cash provided by (used in) financing activities

Cash provided by financing activities in 2024 related to the receipt of cash from the Company's shareholders. Cash used in financing activities in 2023 relates to a payment on the Company's shareholder loans.

Commitments

Gunman Project

Pasinex through its wholly-owned subsidiary Pasinex Nevada, entered into an option agreement with Century Lithium Corp. ("Century") (formerly 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.

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$504,000 to June 30, 2024) in exploration expenditures as defined in the Option Agreement.

The underlying licenses are in good standing until September 2024.

Off-Balance Sheet Arrangements

As of the date of this Interim MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

Commitments and Contingencies

As of the date of this Interim MD&A, the Company has no commitments and contingencies other than those owed in accordance with the Gunman Option Agreement (*see Liquidity and Financial Position – Commitments – Gunman Project*). The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are constantly changing and generally are becoming more restrictive. The Company does not believe that there are currently any material decommissioning liabilities at its sites, nor subject to known additional environmental liabilities or mitigation measures.

Share Capital

As of the date of this Interim MD&A, the Company has 144,554,371 issued and outstanding common shares and an aggregate of 10,000,000 stock options outstanding.

Transactions with Related Parties

Related Party Balances and Transactions

Related parties and related party transactions impacting the accompanying unaudited condensed interim consolidated financial statements are summarized below and include transactions with key management personnel, which include 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 transacted with the Company during the period. The terms and conditions of these transactions with key management personnel and their related parties were no more favorable than those available, or which might reasonably be expected to be available, for similar transactions to non-key management personnel related entities on an arm's length basis.

A summary of the related party transactions are as follows:

	Three Months Ended June 30,		Six Months Ended June 30, 2024	
	2024	**2023**	**2024**	**2023**
Management fees and salaries	**$ 57,825**	$ 53,850	**$ 120,600**	$ 119,550
Consulting fees	**40,365**	48,678	**83,901**	92,561
Director fees	**24,000**	24,000	**48,000**	48,000
Interest expense on shareholder loans	**39,730**	34,105	**76,430**	68,548
	$ 161,920	$ 160,633	**$ 328,931**	$ 328,659

Amounts payable to related parties were as follows:

	Due to Related Parties		Shareholder Loans	
	As at June 30, 2024	**As at December 31, 2023**	**As at June 30, 2024**	**As at December 31, 2023**
1514341 Ontario Inc. (1)	**$ -**	$ -	**$ 2,316,439**	$ 2,030,457
Seeley Holdings Ltd. (2)	**-**	-	**585,119**	372,175
Rainer Beteiligungsgesellschaft (3)	**-**	-	**91,237**	88,733
Larry Seeley (4)	**12,000**	-	-	-
Joachim Rainer (4)	**12,000**	-	-	-
Jonathan Challis (4)	**12,000**	-	-	-
Victor Wells (4)	**12,000**	-	-	-
2192640 Ontario Inc. (5)	**43,840**	30,504	**-**	-
Soner Koldas(6)	**61,591**	19,178	**-**	-
Horzum AS	**104,500**	-	**-**	-
	$ 257,931	$ 49,682	**$ 2,992,795**	$ 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 June 30, 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 at the amount of consideration established and agreed to by the related parties in the accompanying unaudited condensed interim consolidated financial statements. 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 June 30, 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%**

Selected Consolidated Quarterly Financial Data

The following table provides a summary of unaudited financial data for the last eight quarters:

	Three Months Ended							
	June 2024	Mar 2024	Dec 2023	Sept 2023	June 2023	Mar 2023	Dec 2022	Sept 2022
Financial:								
Equity gain from Horzum AS	$ 309,802	$ 633,478	$ (328,349)	$ 529,122	$ 821,044	$ 775,762	$ 856,728	$ 948,698
Consolidated net income (loss)	$ (296,550)	$ 285,772	$ (797,921)	$ (270,729)	$ 954,465	$ (195,583)	$ (157,835)	$ 550,035
Basic and diluted net income (loss) per share	$ 0.00	$ 0.00	$ (0.01)	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00

The investment in the joint venture is accounted for using the equity method. In 2018, the net loss of the joint venture was so large after the impairment of the Akmetal receivable was recorded that the equity loss was capped so the investment would not be below zero. In 2021, the equity gains represent dividends received from Horzum AS. Equity gains reduce the remaining equity loss that was recorded in 2018 and net losses increase the unrecorded equity loss. In 2022 and 2023, the equity gains include dividends received and the equity pickup from Horzum AS.

Quarterly consolidated net income or loss has varied primarily due to the variability of the equity gain or loss recorded from the joint venture. The consolidated net income in the second quarter of 2024 is the result of achieving a lower equity gain from Horzum AS and writing off a drilling deposit (see - Review of Quarterly Consolidated Financial Statements – Exploration costs). The consolidated net income in the first quarter of 2024 is the result of the equity gain from Horzum AS and not having any exploration costs. The consolidated net loss in the fourth quarter of 2023 was primarily due to the fact that there was an equity loss in the fourth quarter of 2023 compared with equity gains in the seven prior quarters. The consolidated net loss in the third quarter of 2023 was the result of a more modest equity gain being offset by higher general and administrative costs and a higher loss on net monetary position driven by the substantial drop in the CPI rate in Türkiye that occurred after the presidential election. The consolidated net income in the second quarter of 2023 was due to equity gain and dividend income received whereas the loss in the first quarter of 2023 was driven by the increased exploration costs at the Gunman Project, general and administration costs and the loss on the net monetary position. The consolidated net loss recorded in the fourth quarter of 2022 was the result of lower equity gains in those quarter. The 2022 third quarter consolidated net income was higher as the equity gain in that quarter was higher when compared to other quarters equity gains or losses.

Non-GAAP measures

The Company has included certain non-GAAP performance measures throughout this document. These performance measures are employed by management to assess the Company's operating and financial performance and to assist in business decision-making. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors and other stakeholders use this information to evaluate the Company's operating and financial performance; however, these non-GAAP performance measures do not have any standardized meaning. Accordingly, these performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Cost per tonne mined

The following table provides a reconciliation of cost per tonne mined to cost of sales (the nearest GAAP measure) per the Horzum AS Statements of Operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
Reconciliation of cost per tonne mined	**2024**	**2023**	**2024**	**2023**
Cost of sales per Horzum income statement	**$ 905,147**	$ 1,302,394	**$ 3,017,433**	$ 2,731,821
Inventory change (including FX difference)	**181,137**	(332,652)	**(745,224)**	(382,734)
	$ 1,086,284	$ 969,742	**$ 2,272,209**	$ 2,349,087
Tonnes mined	**1,225**	1,954	**2,728**	4,765
CAD Cost per tonne mined	**$ 887**	$ 496	**$ 833**	$ 493

US$ cash cost per pound of zinc product mined

The following table provides a reconciliation of US$ cash cost per pound of zinc mined to cost of sales (the nearest GAAP measure) per the Horzum AS Statements of Operations.

		Three Months Ended June 30,		Six Months Ended June 30,	
Reconciliation of US$ cash cost per pound of zinc product mined		**2024**	**2023**	**2024**	**2023**
Cost of sales per Horzum income statement adjusted for cost of sales adjustments and inventory change		**$ 1,086,284**	$ 969,742	**$ 2,272,209**	$ 2,349,087
Less - sales of lead product		**-**	-	**-**	-
		1,086,284	969,742	**2,272,209**	2,349,087
Translate to US$	A	**$ 793,835**	$ 722,017	**$ 1,673,080**	$ 1,742,394
Zinc product tonnes mined (wet)		**1,225**	1,954	**2,728**	4,765
Zinc product grade mined		**49.0%**	48.4%	**51.1%**	47.8%
Moisture loss		**2.0%**	3.0%	**2.2%**	2.6%
Pounds of zinc product mined	B	**1,297,323**	2,022,006	**3,004,717**	4,890,705
US$ cash cost per pound of zinc product mined	A/B	**$ 0.61**	$ 0.36	**$ 0.56**	$ 0.36

Treatment and refining costs are not included in the US$ cash cost per pound.

Gross margin

The following table provides a reconciliation of gross margin to net income (the nearest GAAP measure) per the Horzum AS Statements of Operations.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Operating income per Horzum AS income statement	**$ 701,587**	$ 1,561,492	**$ 2,102,230**	$ 3,647,000
Adjust for final price adjustments for revenue and cost of goods sold related to other periods	**-**	-	**-**	-
Gross margin	**$ 701,587**	$ 1,561,492	**$ 2,102,230**	$ 3,647,000
Revenue (excluding price adjustments related to other periods)	**$ 1,534,156**	$ 2,952,147	**$ 5,071,404**	$ 6,556,664
Gross margin	**46%**	53%	**41%**	56%

Qualified Person

Jonathan Challis, a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer, is the qualified person ("QP") as defined by NI 43-101 for all information in this MD&A. He has inspected the original paid sales invoices issued by the Joint Venture for the shipment of zinc sulphide product specified in this Interim MD&A and has approved the scientific and technical disclosure herein. Mr. Challis is a director of the Company and Chair of the Joint Venture.

Risks and Uncertainties

The Company's business contains significant risk due to the nature of mining, exploration, and development activities. The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in the United States of America and Türkiye. The Company's properties have no established mineral reserves and there is no assurance that any of the Company's projects can be mined profitably. The Company is also exploring and developing other opportunities and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development, and operational risks inherent in the mining industry as well as global economic and base mineral price volatility.

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended December 31, 2023, available on SEDAR at www.sedar.com.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Additional Information

Additional information about the Company can be found at the Company's website at www.pasinex.com, or on www.sedar.com.