

# Pasinex Reports Third Quarter 2019 Results

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TORONTO, Nov. 28, 2019 - [Pasinex Resources Ltd.](#) (CSE: PSE) (FSE: PNX) (the "Company" or "Pasinex") today reported financial results for the third quarter of 2019. As expected, production from Horzum AS was lower than the prior year and combined with lower realized zinc prices in 2019, consolidated net income was lower than it was 2018. Adjusted consolidated net income<sup>(1)</sup> for the nine months ended September 30, 2019, was approximately \$2.5 million. Consolidated net loss for the nine months ended was approximately \$0.6 million.

## Financial and Operational Highlights

	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
<b>Financial:</b>				
Equity gain from Horzum AS	\$ 135,701	\$ 521,675	\$ 672,139	\$ 5,311,546
Adjusted equity gain from Horzum AS <sup>(1)</sup>	\$ 1,217,147	\$ 521,675	\$ 2,470,539	\$ 5,311,546
Dividend received from investment in Horzum AS	\$ 135,701	\$ -	\$ 672,139	\$ 765,963
Consolidated net (loss) income	\$ (245,251)	\$ (194,998)	\$ (568,710)	\$ 1,461,216
Basic net income per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
Diluted net income per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
Cash used in operating activities	\$ 92,936	\$ 686,920	\$ 174,241	\$ 847,568
Weighted average shares outstanding	144,395,674	142,608,718	144,368,289	142,307,484
<b>Operational:</b>				
	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
<b>Horzum AS operational data (100% basis):</b>				
Zinc product mined (wet) tonnes	3,216	10,619	14,296	36,736
Zinc product sold (wet) tonnes	1,502	12,979	11,558	35,651
Zinc product sold grade	44%	33%	37%	33%
Gross margin <sup>(1)</sup>	73%	52%	64%	68%
CAD cost per tonne mined <sup>(1)</sup>	\$ 398	\$ 193	\$ 306	\$ 166
USD cash cost per pound of zinc mined <sup>(1)</sup>	\$ 0.38	\$ 0.19	\$ 0.30	\$ 0.17

Steve Williams, CEO of Pasinex commented, "Horzum AS produced as expected for the first nine months of 2019, with an operating gross margin of 64%. However, the first nine months of 2019 ended with a net loss of \$1,880,455 after recognition of an impairment of the Akmetal receivable of approximately \$6.8 million.

We continue to stand by the original production guidance for 2019 which indicated 14,000 – 17,000 tonnes (wet) for the year.

## Pasinex Highlights

- For the three and nine months ended September 30, 2019 Pasinex incurred an approximately \$0.25 million and \$0.57 million loss, respectively, compared to a net loss of approximately \$0.2 million for the three months ended September 30, 2018 and net income of approximately \$1.5 million for the nine months ended September 30, 2018. The increase in net losses in 2019 is largely due to lower equity gains from Horzum AS, which in turn is due to lower production for the year and also lower realized zinc prices. In addition, the lower equity gain reflects the significant impairment of Akmetal debt to Horzum AS.

- The equity gains from Horzum AS for the three and nine months ended September 30, 2019 were approximately \$0.14 million and \$0.67 million, respectively, compared with approximately \$0.5 million and \$5.3 million for the same periods in 2018.
- Pinargozu mined 3,216 tonnes in the third quarter versus 4,293 in the second quarter of 2019 and 6,787 tonnes of material in the first quarter of 2019. This compares with 13,037, 13,080 and 10,619 tonnes in the first, second and third quarters of 2018, respectively. As expected, mine production has decreased in 2019, because of difficulties in gaining access to the available ore and operating fewer shifts related to available cash.
- Similar to production, sales volumes are down between years, at 1,502 tonnes in third quarter 2019 versus 12,979 tonnes in the same period in 2018. Sales volumes for the nine months ended September 30, 2019 were 11,558 tonnes versus 35,651 tonnes for the same period in 2018.
- In May 2019, the Company entered into a Debt Agreement with Akmetal to resolve the collectability of the trade receivable owing from them to Horzum AS. The terms of the Debt Agreement include a minimum amount of repayments on a monthly basis plus the chance for additional repayments from proceeds Akmetal would receive from the sale of its other assets (see *Loan Receivable &ndash; Akmetal*). Akmetal has not honoured the terms of the Debt Agreement and has not been able to complete the sale of its other assets as it had planned. As a result, the financial position of Horzum AS and the Company has weakened further.
- During the third quarter of 2019, the local tax office in Turkey issued an action against the Turkish based directors and officers of Horzum AS for late payment of taxes due. Horzum AS has been in negotiations with the central tax office in Turkey to finalize a payment plan. Those negotiations are expected to be complete in December 2019.
- In September 2019 the underground workers at the Pinargozu mine in Turkey, commenced a strike action for late payment of their wages. This action was resolved during the month of October. Ore production at the Pinargozu mine resumed upon the workers return to work during October 2019.
- On September 11, 2019 the Company announced that it had changed the payment date on an option payment due on the Spur Option Agreement. The payment was originally scheduled to be made on September 11, 2019 and was changed to December 11, 2019. In addition, the 2019 exploration obligations were deferred to 2020.
- During the third quarter of 2019, the Company received \$95,000 from related parties of the Company. Subsequent to the end of the quarter the Company received an additional \$190,000 from those related parties.
- During the quarter ended September 30, 2019, the Company appointed a new Chief Financial Officer to its management team. In addition, the Company's VP &ndash; Exploration resigned to pursue other endeavours.

#### Note 1

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

#### About Pasinex

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

Visit our web site at: [www.pasinex.com](http://www.pasinex.com)

On Behalf of the Board of Directors  
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