

Pasinex Announces Second Quarter 2020 Financial Results

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TORONTO, Oct. 09, 2020 - [Pasinex Resources Ltd.](#) (CSE: PSE) (FSE: PNX) (The Company; or Pasinex;) today reports the Company's financial and operating results for the three and six months ended June 30, 2020.

Andrew Gottwald, Chief Financial Officer of Pasinex, commented, "The second quarter financial results are consistent with the past few quarters, but have stabilized from a cash flow perspective, primarily due to continued support through shareholder loans. There were positive developments at our joint venture partner subsequent to the quarter end, with the recent management changes and the beginning of the development of a fourth adit. We will continue to build on this positive momentum in making further changes and gains in Turkey in the coming months."

Highlights; Second Quarter 2020

	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Financial				
Equity gain from Horzum AS	\$ -	\$ 286,383	\$ 3,298	\$ 536,438
Adjusted equity gain (loss) from Horzum AS ⁽¹⁾	\$ (26,257)	\$ (352,513)	\$ 145,778	\$ (225,277)
Dividend received from investment in Horzum AS	\$ -	\$ 286,383	\$ 3,298	\$ 536,438
Consolidated net loss	\$ (295,958)	\$ (108,609)	\$ (692,406)	\$ (323,459)
Adjusted consolidated net loss ⁽¹⁾	\$ (288,554)	\$ (747,505)	\$ (482,343)	\$ (1,085,174)
Basic net income per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Diluted net income per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Cash used in operating activities	\$ 210,568	\$ 90,369	\$ 394,220	\$ 81,305
Weighted average shares outstanding	144,554,371	144,354,371	144,554,371	144,354,371
	Three Months Ended June 30		Six Months Ended June 30	
	2020	2019	2020	2019
Horzum AS operational data (100% basis):				
Zinc product mined (wet) tonnes	2,850	4,293	6,647	11,080
Zinc product sold (wet) tonnes	3,713	2,397	5,645	10,056
Zinc product sold grade	30%	46%	30%	33%
Gross margin ⁽¹⁾	17%	69%	11%	61%
CAD cost per tonne mined ⁽¹⁾	\$ 323	\$ 403	\$ 312	\$ 318
USD cash cost per pound of zinc mined ⁽¹⁾	\$ 0.34	\$ 0.32	\$ 0.35	\$ 0.34

⁽¹⁾ Refer to Note 1

Financial and Operational

- For the three and six months ended June 30, 2020 Pasinex incurred a net loss of approximately \$0.3 million and \$0.7 million respectively, compared with a net loss of approximately \$0.1 million and \$0.3 million for the three and six months ended June 30, 2019. The primary difference in the increase in net loss is a result of having received smaller dividends from Horzum AS during 2020. The decrease in dividends received is partially offset by a reduction in general and administrative costs period over period.

- The adjusted consolidated net loss (see non-GAAP measures) was approximately \$0.3 million and \$0.5 million for the three and six months ended June 30, 2020 compared with \$0.8 million and \$1.1 million for same periods in 2019. The adjusted equity gain (loss) (see non-GAAP measures) was approximately (\$0.03 million) and \$0.2 million for the three and six months ended June 30, 2020 compared with approximately (\$0.4 million) and (\$0.2 million) for the three and six months ended June 30, 2019. These non-GAAP measures reflect what the results of the Company would be without the recording of the impairment charges in 2019 and 2020.
- The operating income in Horzum AS decreased substantially from approximately \$3.6 million in the six months ended June 30, 2019 to \$0.6 million in the same period in 2020. This decrease in operating income is a result of fewer tonnes having been sold, lower zinc product prices having been realized on sales along with higher per tonne costs of sales in the first half of 2020. These factors also resulted in the gross margin (see non-GAAP measures) for the six months ended June 30, 2020 decreasing to 11% from 61% for the same period in 2019.
- Subsequent to the quarter end, Horzum AS began the development of a new fourth adit in order to access zinc sulphide product, which is expected to contain a grade of between 50% to 60%. By the end of September 2020, approximately 130 metres of the fourth adit had been completed.
- Subsequent to the quarter end Horzum AS received an exploration license for the Mahyalar claim, an area located to the east of the Pinargozu mine in the Mahyalar district of Kozan. The claim area is approximately 18 km² in size and is located in the Pasali Fault zone. The exploration license is valid for seven years. Field work conducted to date has shown elevated zinc levels from rock and soil samples. Exploration including the collection of further rock and soil sample along with geological mapping will be conducted over the next year.
- During first half of 2020, the Company received \$405,500 from related parties of the Company. Subsequent to the end of the quarter the Company received an additional \$400,000 from those related parties.

Summary of Pasinex Situation in Turkey

- Management has continued its contact with senior executives of the Kurmel Group during 2020. Subsequent to the end of June 30, 2020, the joint venture underwent certain management changes that occurred as a result of these continued discussions. Those management changes include the appointment of Pasinex AS employees in the roles of acting Managing Director of Horzum AS and acting Exploration Manager of Horzum AS. Pasinex continues to work toward resolving the financial issues and debts owed by Horzum AS.

Note 1

Please note that all dollar amounts in this news release are expressed in Canadian dollars unless otherwise indicated. Refer also to the first quarter 2020 Management's Discussion and Analysis (MD&A) and Audited Financial Statements found on SEDAR.com for more information. This news release includes non-GAAP measures, including adjusted equity gain from Horzum AS, adjusted consolidated net income, gross margin, cost per tonne mined and US\$ cash cost per pound of zinc mined. A reconciliation of these non-GAAP measures to the GAAP financial statements is included in the MD&A.

About Pasinex

[Pasinex Resources 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

On Behalf of the Board of Directors
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All statements within, other than statements of historical fact, are to be considered forward-looking. Although Pasinex believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not a guarantee of future performance, and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, exploration results, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements.

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