

Pasinex Announces Third Quarter 2020 Financial Results

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TORONTO, Nov. 30, 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 nine months ended September 30, 2020.

Andrew Gottwald, Chief Financial Officer of Pasinex, commented, "There were positive developments during the quarter at the Company's Turkish joint venture including management changes, the beginning of the development of a fourth adit and the addition of the Mahyalar claim. We are also very pleased to have been able to negotiate an extension on the highly prospective Gunman project option. 2020 has proved to be a challenging year, but the Company is now positioned to drive both of these interests forward in 2021."

Highlights Third Quarter 2020

	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Financial:				
Equity gain from Horzum AS	\$ -	\$ 135,701	\$ 3,298	\$ 672,135
Adjusted equity gain from Horzum AS ⁽¹⁾	\$ 101,173	\$ 1,688,233	\$ 246,951	\$ 1,462,951
Dividend received from investment in Horzum AS	\$ -	\$ 135,701	\$ 3,298	\$ 672,135
Consolidated net loss	\$ (408,615)	\$ (245,251)	\$ (1,101,021)	\$ (568,701)
Adjusted consolidated net income (loss) ⁽¹⁾	\$ (330,985)	\$ 1,307,281	\$ (813,328)	\$ 222,101
Basic and diluted net loss per share	\$ (0.01)	\$ 0.00	\$ (0.01)	\$ 0.00
Cash used in operating activities	\$ 317,088	\$ 92,936	\$ 711,308	\$ 174,241
Weighted average shares outstanding	144,554,371	144,395,674	144,554,371	144,361,674
	Three Months Ended September 30		Nine Months Ended September 30	
	2020	2019	2020	2019
Horzum AS operational data (100% basis):				
Zinc product mined (wet) tonnes	3,050	3,216	9,697	14,296
Zinc product sold (wet) tonnes	2,731	1,502	8,376	11,558
Zinc product sold grade	30 %	44 %	30 %	37 %
Gross margin ⁽¹⁾	23 %	73 %	16 %	64 %
CAD cost per tonne mined ⁽¹⁾	\$ 322	\$ 398	\$ 310	\$ 306
USD cash cost per pound of zinc mined ⁽¹⁾	\$ 0.38	\$ 0.38	\$ 0.36	\$ 0.30

⁽¹⁾ Refer to Note 1

Financial and Operational

- For the three and nine months ended September 30, 2020, Pasinex incurred a net loss of approximately \$0.4 million and \$1.1 million, respectively, compared with a net loss of approximately \$0.25 million and \$0.57 million for the three and nine months ended September 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 \$0.8 million for the three and nine months ended September 30, 2020, compared with adjusted consolidated net income of \$1.3 million and \$0.2 million for the same periods in 2019. The adjusted equity gain (see non-GAAP measures) was approximately \$0.1 million and \$0.25 million for the three and nine months ended September 30, 2020, compared with approximately \$1.7 million and \$1.5 million for the three and nine months ended September 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 \$4.6 million in the nine months ended September 30, 2019, to \$0.8 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 2020. These factors also resulted in the gross margin (see non-GAAP measures) for the nine months ended September 30, 2020, decreasing to 16% from 64% for the same period in 2019.
- During the quarter, Horzum AS began developing a new fourth adit 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.
- During the quarter, 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. Fieldwork conducted to date has shown elevated zinc levels from rock and soil samples. Exploration, including the collection of further rock, soil samples and geological mapping, will be conducted over the next year.
- Subsequent to the quarter end, the Company entered into an amending agreement with Cypress and Caliber to extend the deadline for the completion of the minimum exploration expenditures to December 31, 2022. In addition, the deadline to acquire the additional 29% interest has been extended to December 31, 2024.
- In 2020, the Company received \$805,500 from related parties of the Company. Subsequent to the end of the quarter, the Company received an additional \$50,000 from those related parties.

Summary of Pasinex Situation in Turkey

- Management has continued its contact with senior executives of the Kurmel Group during 2020. During the quarter, the joint venture underwent certain management changes resulting from 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 that 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 mineral exploration and mining project development experience. 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

[Pasinex Resources Ltd.](#)

“Andrew Gottwald”

Andrew Gottwald	Evan White
Chief Financial Officer	Manager of Corporate Communications
Phone: +1 416.861.9659	Phone: +1 416.906.3498
Email: info@pasinex.com	Email: evan.white@pasinex.com

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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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