

Pasinex Reports Net Income of \$5.8 Million for 2017, Strong Operating Results at Pinargozu and Operating Guidance for 2018

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TORONTO, April 30, 2018 (GLOBE NEWSWIRE) -- [Pasinex Resources Ltd.](#) (CSE:PSE) (FSE:PNX) (The "Company" or "Pasinex") today reported net income for 2017 of \$5.8 million; a 700 percent increase from 2016 net income of \$0.8 million. Net income for the fourth quarter (Q4) of 2017 was \$2.7 million compared to \$0.6 million in Q4 2016. The significant improvement in the consolidated results is due to the strong operational and financial performance at Horzum AS (the 50% owned joint venture that holds the Pinargozu mine), which is reflected in Pasinex net income as Equity gain from Horzum AS.

Tonnage (Wet) Produced Per Quarter

Highlights – Year End and Q4 2017 and 2016

<i>(Canadian dollars)</i>	Year Ended December 31		Fourth Quarter	
	2017	2016	2017	2016
Pasinex financial results:				
Equity gain from Horzum AS	\$ 8,153,698	\$ 1,802,710	\$ 3,355,358	\$ 1,006,817
Dividend received from Horzum AS	\$ 1,183,215	-	\$ 1,056,495	-
Consolidated net income	\$ 5,834,104	\$ 829,906	\$ 2,682,150	\$ 613,999
Basic net income per share	\$ 0.04	\$ 0.01	\$ 0.02	\$ 0.01
Horzum AS operational data (100% basis):				
Zinc produced (wet) tonnes	57,675	26,462	15,748	9,416
Zinc sold (wet) tonnes	47,697	29,937	12,575	9,421
Zinc grade	33	% 33	% 31	% 30
Gross margin	64	% 39	% 68	% 62
C\$ cost per tonne mined	\$ 183	\$ 288	\$ 252	\$ 247
US\$ cash cost per pound of zinc produced	\$ 0.19	\$ 0.29	\$ 0.30	\$ 0.20

Refer to Note 1

Steve Williams, CEO of Pasinex commented, "We are very pleased with our 2017 financial results. Pinargozu reached its production expectations for the year resulting in a record year. This comes at a time of very strong zinc prices and we see this reflected in the robust 2017 financial results. We also received a \$1.2 million dividend payment from Horzum AS in 2017 and we are expecting approximately \$6.5 million in dividends paid to us during 2018."

Pasinex Highlights

- Pasinex's consolidated net income for 2017 was \$5.8 million, which included an \$8.2 million equity gain from Horzum AS.
- The equity gain increased period over period due to higher production/sales at the mine at higher sales prices (see Horzum AS Highlights below).
- Pasinex received dividend proceeds of \$1.2 million from Horzum AS.

- Total assets and shareholders' equity continue to rise in line with the increasing equity gain from Horzum AS. At the end of 2017 Pasinex total assets were \$11.6 million and the shareholders' equity balance was \$11.4 million, both balances increasing \$2.7 million from the end of Q3 2017 and \$7.6 million from December 31, 2016.
- In March 2018, Horzum AS declared a Turkish Lira 40 million dividend payable to both of its 50% shareholders to be paid in instalments during 2018 (Pasinex share being approximately \$6.5 million). To April 25, 2018 Pasinex received \$0.8 million of this dividend. Receipt of the full dividend should allow the Company to fund its non-discretionary obligations, fund growth opportunities, including exploration for the Gunman Project, and grow its cash balance. Horzum AS financial results are expected to continue to be strong in 2018 as shown in the Horzum AS operating guidance for 2018 below.

Horzum AS Highlights (described on a 100% basis)

The increase in equity gain from Horzum AS is a result of the following operational and financial highlights:

- In 2017, Horzum AS produced 57,675 tonnes (wet weight) of direct shipping material with an average grade of 33% zinc. Mine production was on an upward trend during the year with Q4 producing over 170 tonnes per day; consistent with Q3 2017 but an increase of 10% from Q2 2017 and 34% from Q1 2017.
- The figure to the right shows the production chronology over the past eight quarters. Production from Pinargozu has steadily increased through each of these quarters due in large part to the addition of a new third adit at the mine in August 2016 and on-going mine development in 2017 that has opened up many new mining stope areas. By the third and fourth quarter of 2018 production had reached capacity.
- Sales revenue for 2017 was \$31.8 million. This included \$31.4 million from the sale of 37,783 wet tonnes of zinc oxide, 9,220 wet tonnes of zinc sulphide and 694 wet tonnes of lead and \$0.4 million related to finalized invoices from 2016 provisional invoicing. This compares to \$11.7 million of revenue in 2016 from the sale of 28,807 wet tonnes of zinc oxide, 716 wet tonnes of zinc sulphide and 414 wet tonnes of lead. 2017 revenues also benefitted from higher zinc prices and higher amounts of sulphide zinc sold compared to 2016.
- Approximately 10,000 tonnes of zinc oxide were accumulated and stockpiled at the end of Q4. This was shipped in Q1 2018.
- Total costs per tonne mined in 2017 were \$183 per tonne or US\$0.19 per pound of zinc produced. This compares to \$288 per tonne mined in 2016 or US\$0.29 per pound of zinc produced. The lower unit costs are largely due to the increased production year over year.
- The net income for Horzum AS for 2017 was \$16.3 million compared to \$3.6 million in 2016. 50% of these amounts represent equity gain in Horzum AS for the respective periods.
- In November 2017, the Company announced its maiden mineral resource estimate (National Instrument 43-101 compliant) for Pinargozu. As at June 30, 2017, the total Inferred Mineral Resource for 100% of the mine included 200,000 tonnes of zinc at an average grade of 31%.

Horzum AS Operating Guidance for 2018

In 2018, Pinargozu should continue to deliver strong production with a focus on maximizing cash flows to the Company. In addition, the Company will focus on growth initiatives through near-mine exploration and resource expansion. The following table highlights the operating guidance for the Pinargozu mine for 2018:

(100% of Pinargozu)		Guidance for the year ended December 31, 2018	
		Tonnes	Grade
Zinc oxide		50,000 – 54,000	29% - 31%
Zinc sulphide		3,000 – 4,000	37% - 39%
Lead sulphide		1,000 – 2,000	54% - 56%
		54,000 – 60,000	
		C\$	
Cost per tonne mined		\$205 - \$230	
Capital expenditures, including exploration and evaluation asset additions		\$1.7 million to \$2.0 million	

Underground development and drilling

\$4.5 million to \$5.0 million

Guidance assumes TL/C\$ exchange rate of 3.15. Cost per tonne mined includes underground development and drilling, some of which may be capitalized in 2018 reducing the cost per tonne mined.

Steve Williams further commented: "We look forward to 2018 and duplicating the mine performance we achieved in 2017. We also anticipate continued strong zinc prices this year that should again lead to another healthy financial result."

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 2017 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 gross margin, cost per tonne mined and US\$ cash cost per pound of zinc produced. A reconciliation of these non-GAAP measures to the GAAP financial statements are 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 smelter / refiners from its mine site in Turkey. The Company also holds an option to acquire 80% of the Gunman 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.

The Pinargozu mine is held in a separate entity, Horzum Maden Arama ve Isletme A.S. (Horzum AS), which is a corporate joint venture held equally between Pasinex and Turkish mining house, Akmetal Madencilik San ve Tic. AS (Akmetal AS). Akmetal AS is one of Turkey's largest family-owned conglomerates which also owns the nearby past-producing Horzum zinc mine.

Visit our web site at: www.pasinex.com

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A table accompanying this announcement is available at
<http://resource.globenewswire.com/Resource/Download/639cfccf-2702-47c3-ad6d-2bb01ae722c6>

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