

Pasinex Announces First Quarter 2021 Financial Results

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TORONTO, May 28, 2021 - [Pasinex Resources Ltd.](https://www.pasinexresources.com/) (CSE: PSE) (FSE: PNK) (The "Company" or "Pasinex") today reports the Company's financial and operating results for the three months ended March 31, 2021.

Andrew Gottwald, Chief Financial Officer of Pasinex, commented, "The first quarter of 2021 was a continuation of the building that occurred in 2020. The dewatering of the fourth adit, although not complete, has allowed for access to sulphide product located at the 625-metre level. There should be sufficient sulphide product at the 625-metre level to mine until the fourth adit development is complete, to make up for the originally forecasted sulphide product production. With zinc prices having rebounded together with increased tonnage available for sale, this should lead to improved sales metrics and cash flow in 2021."

Highlights - First Quarter 2021

	Three Months Ended March 31,	
	2021	2020
Financial:		
Equity gain from Horzum AS	\$ 32,232	\$ 3,298
Adjusted equity gain from Horzum AS ⁽¹⁾	\$ 598,869	\$ 25,435
Dividend received from investment in Horzum AS	\$ 32,232	\$ 3,298
Consolidated net loss	\$ (209,646)	\$ (396,448)
Adjusted consolidated net income (loss) ⁽¹⁾	\$ 341,923	\$ (340,389)
Basic and diluted net loss per share	\$ 0.00	\$ 0.00
Net cash (used in) provided by operating activities	\$ (234,543)	\$ (183,652)
Weighted average shares outstanding	144,554,371	144,554,371
	Three Months Ended March 31,	
	2021	2020
Horzum AS operational data (100% basis):		
Zinc product mined (wet) tonnes	2,580	3,797
Zinc product sold (wet) tonnes	2,372	1,932
Zinc product sold grade	31%	30%
Gross margin ⁽¹⁾	18%	13%
CAD cost per tonne mined ⁽¹⁾	\$ 429	\$ 306
USD cash cost per pound of zinc mined ⁽¹⁾	\$ 0.53	\$ 0.37

(1) Refer to Note 1

Financial and Operational

- For the three months ended March 31, 2021, Pasinex incurred a net loss of approximately \$210,000 compared with a net loss of approximately \$400,000 for the three months ended March 31, 2020. The year over year decrease of approximately \$200,000 is the result of lower general and administrative costs, a larger dividend received in 2021 compared with 2020 and a small recovery of the Horzum AS receivable compared with a small impairment in 2020.

- The adjusted consolidated net gain (see note 1) was approximately \$340,000 for the three months ended March 31, 2021, compared with an adjusted consolidated net loss for the same period in 2020. The adjusted equity gain (see note 1) was approximately \$600,000 for the three months ended March 31, 2021, compared with approximately \$25,000 for the three months ended March 31, 2020. These non-GAAP measures reflect the Company's results without recording the impairment charges and foreign currency impact related to the Akmetal receivable.
- The operating income in Horzum AS decreased slightly in the three months ended March 31, 2021, compared with the prior period, although when adjusting for prior period adjustments the results in 2021 are improved compared to 2020. The cost of goods sold in 2021 also includes costs related to the development of the fourth adit, from which no ore product was mined in the first quarter of 2021. The gross margin (see note 1) for the three months ended March 31, 2021, increased to 18% from 13% for the same period in 2020.
- Development of the fourth adit was stopped after reaching approximately 370 metres in the first quarter of 2021 due to safety concerns after encountering large volumes of groundwater. As previously disclosed, this was expected and Horzum AS had started to dewater the area to be able to continue the adit development. The dewatering process has been slowed with spring rains having increased the volume of groundwater. The Company had originally expected to be completed by the end of May 2021. As of the date of this report, the dewatering process is continuing. Due to the continued large volumes of ground water being discharged, the Company is considering completing additional geoelectrical and hydrogeological studies to help determine the source of the water. It is now anticipated that the dewatering process could take an additional six to eight weeks. Thereafter, it is expected, that an additional two months of development will be needed to reach the targeted zinc sulphide.
- The dewatering process at the fourth adit has enabled Horzum AS to conduct further exploratory drilling at the 625-metre level. Horzum AS encountered zinc sulphide at the 625-metre level and started to successfully mine zinc sulphide product in that area in the first quarter of 2021. The zinc sulphide product is expected to contain a grade of between 40% to 60% zinc. The ground between the 625-metre level and the 541-metre level has had little exploration to date with the potential below the 541-metre level completely unknown. The fourth adit will allow this area to be drilled from underground and will enable the depth potential to be better delineated.
- Horzum AS completed a total of approximately 2,800 metres of underground and surface diamond core drilling and 500 metres of exploration and development adits during the first quarter of 2021.
- Horzum AS restructured its tax liabilities in December 2020 as allowed by the Turkish taxation department. Horzum AS is scheduled to make instalments of its various tax debts, with each tax debt under its own schedule of 18 equal instalments. Akmetal has paid on behalf of Horzum AS two sets of instalments during the first quarter of 2021. The first set of payments was made on March 1, 2021, with the second set on March 31, 2021. The total amount paid was approximately \$720,000 (TRY 4.44 million). The amount paid subsequent to the end of the quarter was approximately \$42,600 (TRY 287,000).
- The Company received \$175,000 during the first quarter of 2021 and \$115,000 subsequent to the quarter end from shareholder loans.

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 website at www.pasinex.com.

On Behalf of the Board of Directors
[Pasinex Resources Ltd.](#)

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