

PASINEX RESOURCES LIMITED

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**THREE MONTHS ENDED
MARCH 31, 2022**

**(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)**

Notice to Reader

The accompanying unaudited condensed interim consolidated financial statements of Pasinex Resources Limited (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Pasinex Resources Limited

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at		As at	
	March 31, 2022		December 31, 2021	
Assets				
Current Assets				
Cash	\$	860,192	\$	100,031
Receivables		15,888		9,894
Due from related parties (note 3)		3,476,133		893,350
Prepaid expenses and deposits		53,596		33,937
Total current assets		4,405,809		1,037,212
Non-current assets				
Equipment		4,961		6,015
Value added tax receivable		24,930		27,319
Exploration and evaluation assets (note 5)		1,783,625		1,801,222
Total non-current assets		1,813,516		1,834,556
Total assets	\$	6,219,325	\$	2,871,768
Shareholders' equity (deficiency) and liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 6)	\$	672,270	\$	683,634
Due to related parties (note 13)		361,447		382,674
Shareholder loans (notes 7 and 13)		2,811,143		2,774,106
Loans payable (note 8)		154,878		153,466
Total current liabilities		3,999,738		3,993,880
Total liabilities		3,999,738		3,993,880
Shareholders' equity (deficiency)				
Share capital (note 9)		12,888,506		12,888,506
Reserves		2,157,117		2,100,117
Deficit		(8,414,838)		(12,049,182)
Accumulated other comprehensive loss		(4,411,198)		(4,061,553)
Total shareholders' equity (deficiency)		2,219,587		(1,122,112)
Total liabilities and shareholders' equity (deficiency)	\$	6,219,325	\$	2,871,768

Basis of measurement and going concern (note 2(c))

Subsequent event (note 15)

Approved on behalf of the Board:

"Larry Seeley" Director

"Victor Wells" Director

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited**Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended	
	March 31,	
	2022	2021
Equity gain from Horzum AS (note 4)	\$ -	\$ 32,232
Expenses		
Recovery of Horzum AS receivable	-	(15,068)
Exploration costs	85,105	40,513
General and administrative costs (note 12)	248,913	161,943
Interest expense (notes 7 and 13)	38,449	31,438
Share-based payments (notes 10 and 13)	57,000	-
Total expenses	429,467	218,826
Other income (loss)		
Dividend income (note 3)	4,072,320	-
Other income	305	23,687
Foreign exchange loss	(8,814)	(46,739)
Total other income (loss)	4,063,811	(23,052)
Net income (loss) for the period	3,634,344	(209,646)
Other comprehensive income (loss)		
Item that will be reclassified subsequently to profit and loss:		
Currency translation adjustment	(349,645)	36,400
Total comprehensive income (loss) for the period	\$ 3,284,699	\$ (173,246)
Net income per share - basic and diluted (note 10)	\$ 0.03	\$ 0.00
Weighted average number of shares outstanding		
- basic and diluted (note 11)	144,554,371	144,554,371

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended	
	March 31,	
	2022	2021
Operating activities		
Net income (loss) for the period	\$ 3,634,344	\$ (209,646)
Dividend and other receivables collected from Horzum AS (note 3)	1,167,464	32,232
Adjustments for items not involving cash:		
Recovery of Horzum AS receivable	-	(15,068)
Interest accrual (note 7)	38,449	31,438
Share-based payments (notes 10 and 13)	57,000	-
Equity gain from Horzum AS	-	(32,232)
Foreign exchange	21,413	-
Other	469	1,138
Changes in non-cash working capital items:		
Prepaid expenses and deposits	(11,873)	2,528
Accounts payable and accrued liabilities	45,564	24,479
Due to related parties	(104,266)	(74,471)
Dividend receivable	(4,072,320)	-
Other	(6,423)	5,059
Net cash provided by (used in) operating activities	769,821	(234,543)
Investing activities		
Equipment acquisition	-	(2,851)
Net cash used in investing activities	-	(2,851)
Financing activities		
Cash received from shareholders loans (note 7)	-	175,000
Net cash provided by financing activities	-	175,000
Net change in cash	769,821	(62,394)
Effect of foreign currencies on cash	(9,660)	85,407
Cash, beginning of period	100,031	46,028
Cash, end of period	\$ 860,192	\$ 69,041

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited**Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)****(Expressed in Canadian Dollars)****Unaudited**

	Number of Shares (note 9)	Share Capital (note 9)	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
Balance as at December 31, 2020	144,554,371	\$ 12,888,506	\$ 1,777,117	\$ (11,919,504)	\$ (4,086,540)	\$ (1,340,421)
Currency translation adjustment	-	-	-	-	36,400	36,400
Net loss for the period	-	-	-	(209,646)	-	(209,646)
Balance as at March 31, 2021	144,554,371	\$ 12,888,506	\$ 1,777,117	\$ (12,129,150)	\$ (4,050,140)	\$ (1,513,667)
Balance as at December 31, 2021	144,554,371	\$ 12,888,506	\$ 2,100,117	\$ (12,049,182)	\$ (4,061,553)	\$ (1,122,112)
Share-based payments (note 10 and 13)	-	-	57,000	-	-	57,000
Currency translation adjustment	-	-	-	-	(349,645)	(349,645)
Net income for the period	-	-	-	3,634,344	-	3,634,344
Balance as at March 31, 2022	144,554,371	\$ 12,888,506	\$ 2,157,117	\$ (8,414,838)	\$ (4,411,198)	\$ 2,219,587

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

1. Corporate information and nature of operations

Pasinex Resources Limited ("Pasinex" or the "Company") is a publicly listed company incorporated in British Columbia. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "PSE" and on the Frankfurt Stock Exchange ("FSE") under the symbol "PNX". The head office, principal address and registered and records office of the Company are located at 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1.

Pasinex owns 50% of Horzum Maden Arama ve Isletme Anonim Sirketi ("Horzum AS") which holds the producing Pinargozu high grade zinc mine, through its 100% owned subsidiary Pasinex Arama ve Madencilik Anonim Sirketi. The other 50% owner is Akmetal Madencilik Sanayi ve Ticaret A.S. ("Akmetal"), a private Turkish company. Horzum AS sells directly to zinc smelters and refiners or through commodity brokers. The Company also holds an option to acquire 80% of the Gunman high grade zinc exploration project in Nevada ("Gunman Project" - formerly the "Spur Zinc Project").

These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Audit Committee and Board of Directors on May 24, 2022.

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

While operations were not materially impacted by COVID-19 in the first quarter of 2022, uncertainty remains surrounding COVID-19 and the extent and duration of the impacts that it may have on the Company's ability to operate on prices for zinc, on logistics and supply chains, on the Company's employees and on global financial markets. In Turkey, all employees have been vaccinated against COVID-19 by Horzum AS medical staff with approved vaccines and have been able to continue running two shifts throughout 2022, notwithstanding the restrictions and negative impacts caused by COVID-19.

Similar to COVID-19, the Company has not been materially impacted by the ongoing conflict in the Ukraine, but uncertainty remains surrounding the conflict and the extent and duration of the impacts that it may have on the Company's ability to operate, on prices for zinc, on logistics and supply chains, on the Company's employees and on global financial markets.

2. Basis of presentation and accounting policies

(a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") in effect for the fiscal period beginning January 1, 2022.

These unaudited condensed interim financial statements have been prepared on a historical basis and compliance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

2. Basis of presentation and accounting policies (continued)

(a) Statement of compliance (continued)

financial statements, including IAS 34 Interim Financial Reporting. These unaudited condensed interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the Company's December 31, 2021, audited annual financial statements.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of Pasinex and its subsidiaries from their respective dates of control, as listed below:

	Location	Nature of Operation	Interest	
			2022	2021
Pasinex Arama	Turkey	Mineral exploration	100%	100%
Pasinex Nevada	United States	Mineral exploration	100%	100%

Pasinex and its subsidiaries are collectively referred to as the "Company". All intercompany transactions, balances and unrealized gains and losses from intercompany transactions have been eliminated upon consolidation.

In addition, the Company, through Pasinex Arama, holds a joint venture interest which is equity accounted in the consolidated financial statements, as follows:

	Location	Nature of Operation	Interest	
			2022	2021
Horzum AS	Turkey	Mining	50%	50%

(c) Basis of measurement and going concern

These consolidated financial statements have been prepared on a going concern basis, under the historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss and fair value of stock-based compensations which, are measured at their fair value. The consolidated financial statements are presented in Canadian dollars except where otherwise indicated. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting. Certain prior year balances have been reclassified to conform with current year presentation.

The application of the going concern concept assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations. At March 31, 2022, the Company has a net equity deficit of \$8,414,838 (December 31, 2021 – \$12,049,182) and has a working capital position of \$406,071 (December 31, 2021 – working capital deficiency position of \$2,956,668). The Company had net income of \$3,634,344 for the three months ended March 31, 2022 (three months ended March 31, 2021 – net loss of \$209,646) and positive cash flows from operations of \$769,821 for the three months ended March 31, 2022 (three months ended March 31, 2021 – negative cash flows from operations of \$234,543).

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements
Three Months Ended March 31, 2022
(Expressed in Canadian Dollars, unless otherwise indicated)
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2. Basis of presentation and accounting policies (continued)

(c) Basis of measurement and going concern (continued)

Pasinex Arama received approximately TRY 13.7 million (approximately \$1.17 million using the exchange rates on the dates of the various transfers from Horzum AS) in dividend payments from Horzum AS for the three months ended March 31, 2022, compared with TRY 200,000 (approximately \$32,232 using the exchange rate on the date of the transfer from Horzum AS) for the same period in 2021. Pasinex Arama also received TRY 17 million (approximately \$1.4 million using the exchange rates on the dates of the various transfers from Horzum AS) (see note 15), subsequent to March 31, 2022.

Approximately TRY 28.25 million (approximately \$2.56 million using the exchange rates on the dates of the transfers from Pasinex Arama) of the TRY 30.7 million received by Pasinex Arama in 2022, have been transferred to Pasinex Canada. Both Pasinex Canada and Pasinex Arama now have sufficient cash on hand to fund their ongoing activities for the next 12 months, but the Company does not have enough cash on hand to repay all of its outstanding obligations.

During the quarter ended March 31, 2022, Horzum AS declared a dividend to its shareholders of which Pasinex Arama is entitled to TRY 44.8 million. Pasinex Arama has received TRY 21 million of this amount as of the date of these financial statements, leaving TRY 23.8 million to be collected.

As at March 31, 2022, Horzum AS has a receivable owing from Akmetal of approximately \$40.7 million (see note 4(a)). Management continues to work with Akmetal and the Kurmel family to resolve the collectability of this debt. Until strong credit worthiness is demonstrated by Akmetal, accounting principles require Pasinex to maintain an expected credit loss equivalent to the full balance of the receivable (note 4(a)). Receipt of the Akmetal receivable would provide significant cash flow to Pasinex through additional dividends.

Horzum AS's operations have generated substantial positive cash flow in the first three months of 2022, however in the absence of the receipt of additional dividends from Horzum AS, the Company would need to secure funding from either equity financing or additional related party loans. There can be no assurance that the Company will be able to generate either sufficient dividends from Horzum AS or be able to generate funds from other sources.

Accordingly, until Akmetal makes significant payments, these conditions represent a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include adjustments to the carrying values of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

(d) Accounting policies not yet effective

(i) Amendments to IAS 1: Classification of Liabilities as Current of Non-Current

The amendments only affect the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability income or expenses, or the information that entities disclose about those items. In October 2020, the IASB amended the adoption date by one year to annual reporting periods beginning on or after January 1, 2023 with early application permitted. The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Due from Related Parties

As noted in note 2(c), Horzum declared a dividend during the first quarter of 2022, of which Pasinex Arama is entitled to TRY 44.8 million. Four million (approximately \$330,000) of this amount was collected in the first quarter of 2022, leaving an amount receivable of approximately \$3.5 million (TRY 40.8 million) at March 31, 2022.

The amount due from related parties at the end of December 31, 2021, of \$893,350, which related to the dividend declared in 2018 and other receivables relating to expenditures incurred by Pasinex Arama that were charged to Horzum AS, was collected in full in the first quarter of 2022. The actual Canadian dollar value of the amount received was approximately \$838,000.

The combination of the above items received resulted in cash inflows totaling approximately \$1.168 million.

4. Investment in Horzum AS

On January 17, 2013, the Company, through its wholly owned Turkish subsidiary, Pasinex Arama, entered into a joint venture agreement with Turkey based miner, Akmetal, to explore for zinc and other associated commodities in the region between and around Horzum and Tufanbeyli, Adana Province, Turkey. A joint venture company was formed, Horzum AS, held 50% by each joint venture partner. Horzum AS is controlled by a board consisting of equal representatives of both Pasinex and Akmetal.

In 2013, Horzum AS acquired the Pinargozu mine in Turkey. The property is located within the Turkish Provinces of Adana and has been in operation since 2016 producing high grade zinc. The investment in Horzum AS is considered a joint venture for accounting purposes and accordingly is accounted for using the equity method.

Horzum AS can distribute its profits based on terms under the joint venture agreement, which requires approval from Horzum AS's Board of Directors.

Summarized Financial Statements for Horzum AS

Summarized financial information for Horzum AS, based on its IFRS financial statements and a reconciliation with the carrying amounts in the Company's consolidated financial statements, are set out below.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Investment in Horzum AS (continued)

Statement of Financial Position		As at	As at
<i>(100% basis - Canadian dollars)</i>		March 31, 2022	December 31, 2021
Current assets			
Cash and prepaid expenses	\$	(207)	\$ 9,324
Akmetal receivable (note 4(a))		40,708,974	40,064,449
Less - discount and allowance on Akmetal receivable (note 4(a))		(40,708,974)	(40,064,449)
Trade receivables		26,724	1,630
Other receivables		4,142	346,353
Inventories		759,905	602,015
Total current assets		790,564	959,322
Non-current assets			
Lease asset		632,002	716,086
Plant and equipment		238,191	262,757
Other non-current assets		53,899	197,347
Total non-current assets		924,092	1,176,190
Total assets	\$	1,714,656	\$ 2,135,512
Current Liabilities			
Trade payable and other current liabilities	\$	475,660	\$ 267,912
Amounts due to shareholders and related parties (note 4(b))		3,476,133	893,345
Lease liabilities		737,215	821,146
Deferred revenue		1,239,453	-
Income taxes payable		1,830,658	2,404,404
Total current liabilities		7,759,119	4,386,807
Non-current liabilities			
Employee benefits and other liabilities		91,327	101,724
Income taxes payable		839,078	1,351,218
Total liabilities		8,689,524	5,839,749
Shareholders' deficiency			
Share capital		237,400	237,400
Deficit		(10,172,199)	(6,554,008)
Foreign exchange difference		2,959,931	2,612,371
Total liabilities and shareholders' deficiency	\$	1,714,656	\$ 2,135,512
Pasinex ownership interest			
Net equity above	\$	(6,974,868)	\$ (3,704,237)
Pasinex ownership interest in Horzum AS	\$	(3,920,392)	\$ (1,852,119)
Unpaid dividend		3,476,133	840,791
Impairment in excess of equity value		444,259	1,011,328
Pasinex investment in Horzum AS	\$	-	\$ -

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Investment in Horzum AS (continued)

Statement of Operations

<i>(100% basis - Canadian dollars)</i>	Three Months Ended	
	2022	March 31, 2021
Revenue	\$ 4,609,343	\$ 1,332,959
Cost of sales	(1,293,224)	(1,039,748)
Selling, marketing and other distribution	(16,004)	(55,631)
Operating income	3,300,115	237,580
Impairment of Akmetal receivable (note 4 (a))	(5,717,517)	(3,707,887)
General and administrative expenses	(168,963)	(64,281)
Foreign exchange gain	4,537,316	4,434,577
Finance expense	(41,973)	(17,308)
Other	15,231	20,657
Current income tax expense	-	(58,519)
Net income	\$ 1,924,209	\$ 844,819

(a) Akmetal has been facing liquidity issues since 2018. This combined with nonpayment of the Akmetal receivable led management to assess the probability of credit losses to be high. As a result, as required under IFRS 9, the Company took a full impairment charge of the receivables at December 31, 2018.

The total receivable from Akmetal is approximately \$40.7 million as at the end of March 31, 2022 compared with \$40.1 million at the end of December 31, 2021. The receivable consists of a number of items including joint venture sales proceeds received and withheld by Akmetal, the value of zinc product mined at the joint venture used by Akmetal, foreign currency gains on USD denominated amounts and the value of certain loan payments made to a customer on behalf of Akmetal (note 4(c)); less the value of any operating expenses paid by Akmetal.

As a result of not having collected the Akmetal receivable, Horzum AS has not been able to pay its liabilities in the normal course of operations. Horzum AS currently has approximately \$7.78 million in current liabilities (approximately \$4.4 million at December 31, 2021) and a working capital deficiency of approximately \$7.0 million (\$3.4 million at December 31, 2021). Included within the total current liabilities are \$0.5 million owed in trade payables (\$0.3 million at December 31, 2021), \$3.5 million owed to the Company's wholly owned subsidiary in Turkey (\$0.9 million at December 31, 2021), approximately \$1.2 million in amounts collected for which the sale has not been completed, and \$1.8 million in various taxes payable (\$2.4 million at December 31, 2021). Due to the tax restructuring \$0.9 million of the taxes payable has been classified as non-current (\$1.4 million at December 31, 2021). The amount due to Pasinex Arama at year end was collected during the first quarter. The amount outstanding is for the newly declared dividend in March 2022.

Due to Akmetal's continued liquidity issues and continued nonpayment of the receivable, management has continued to assess the probability of credit losses to be high. As a result, the receivable remains written down to zero. See note 2(c) Basis of Measurement and Going Concern for additional discussion on the collectability of the Akmetal receivable.

During the three months ended March 31, 2022, the Company's subsidiary received approximately \$1.17 million (TRY 13.7 million) (\$32,232 (TRY 200,000) in the three months ended March 31, 2021) in dividend payments from Horzum AS.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

4. Investment in Horzum AS (continued)

(b) Amounts due to shareholders and related parties include the dividend payable to Pasinex Arama.

(c) Akmetal entered into a loan facility with one of its customers for overpayments received on advanced provisional invoice payments received in 2018. Akmetal did not make payments against the loan facility, but Horzum AS has paid a total of approximately US\$1.75 million (approximately \$2.2 million using the March 31, 2022, spot rate) to this customer, as at March 31, 2022.

(d) In 2022 and 2021, the equity loss from Horzum AS was greater than its investment value so the loss was capped as the investment could not be less than zero. The unrecognized loss will be applied against future equity gains. In the three months ended March 31, 2022, the Company's share of net income after tax of approximately \$962,000 reduced the carry forward losses.

(e) In December 2020, Horzum AS restructured its tax liabilities that were due as at August 31, 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. Horzum AS has paid certain of the instalments due in 2021. The total amount paid to March 31, 2022, was approximately TRY 14.1 million (approximately \$1.75 million using the exchange rates on the dates of the payments). As part of the tax restructuring agreements the joint venture is permitted to miss two instalments, per each restructuring agreement, during each year of the restructuring agreements three-year life. Horzum AS has missed two instalments in 2021 for each of the restructuring agreements. The amount of the missed payments totaled TRY 4.7 million Turkish Lira. Horzum AS has paid all of its instalments in 2022 and is therefore in compliance with each of the tax restructuring agreements. Any missed instalments will become due and payable at the end of the month following the date of the last payment date of the restructuring. An additional requirement to remain in compliance with the restructuring agreements is that all current taxes from September 1, 2020, onward must be paid when they become due. As of the date of these financial statements, Horzum AS made all of these required payments.

5. Exploration and evaluation assets

	Horzum Properties	Gunman Project	Total
Balance as at December 31, 2020	\$ 594,664	\$ 1,343,194	\$ 1,937,858
Additions during the year:			
Acquisition costs - cash	-	25,679	25,679
Expense capitalized costs	(78,320)		(78,320)
Foreign exchange adjustment	(59,023)	(24,972)	(83,995)
Balance as at December 31, 2021	\$ 457,321	\$ 1,343,901	\$ 1,801,222
Foreign exchange adjustment	-	(17,597)	(17,597)
Balance as at March 31, 2022	\$ 457,321	\$ 1,326,304	\$ 1,783,625

(a) Horzum Properties

The Company, through Pasinex Arama holds the Akkaya Property, for which it is awaiting the receipt of its operational license. Once received, the Pasinex Arama will have three years to convert the operational license to an operational permit. In order to receive the operational permit, Pasinex Arama must obtain all essential permits including forestry and working permits according to the mining laws and completion of an environmental impact assessment.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

5. Exploration and evaluation assets (continued)

(b) Gunman Project

Pasinex through its wholly-owned subsidiary Pasinex Nevada, entered into an option agreement with Cypress Development Corp ("Cypress") and Caliber Minerals Inc. ("Caliber") (formerly named Silcom Systems Inc.) to earn up to an 80% interest in the Gunman Project (formerly the "Spur Zinc Project") located in White Pine County, Nevada ("Option Agreement"). The Option Agreement's total consideration to acquire an 80% interest is a combination of cash and Pasinex common shares. The Company must incur minimum exploration expenditures totalling US\$2,950,000.

On September 12, 2019, the Company announced they reached an agreement with Cypress and Caliber to change the terms relating to the earn in option agreement by changing the date of the US\$100,000 option payment to December 11, 2019 (paid) and deferred the 2019 exploration obligations to 2020.

On November 27, 2020, the Company entered into an additional amending agreement with Cypress and Caliber to extend the deadline for completion of the minimum exploration expenditures to December 31, 2022. Also, the deadline to acquire the additional 29% interest, as outlined below, has been extended to December 31, 2024. As part of the amending agreement the Company changed the name of the project to Gunman Project, agreed to pay US\$15,000 to Cypress and was required to spend a minimum of US\$200,000 by December 31, 2021, as a condition precedent for the effectiveness of the amending agreement.

On December 14, 2021, the Company entered into an additional amending agreement with Cypress and Caliber to extend the deadline to complete the minimum of US \$200,000.00 of qualified exploration expenditures to on or before June 30, 2022. The Company agreed to pay US\$20,000 for this extension. The Company has satisfied the US\$200,000 spending obligation as of March 31, 2022.

The spending and associated ownership is as follows:

To acquire an initial 51% of the Gunman Project:

- In December 2017, a cash payment was made to Caliber of US\$125,000 (\$158,897) and 2.2 million Pasinex Common Shares (value of \$484,000) were issued to Caliber and Cypress.
- In September 2018, a cash payment of US\$200,000 (\$258,960) and issuance of 2.2 million Pasinex Common Shares (value of \$264,000) were made to Caliber and Cypress.
- In December 2019, a payment of US\$100,000 cash and issuance of 200,000 Pasinex Common Shares (valued at \$6,000) to Cypress.
- In addition, minimum exploration expenditures as defined in the Option Agreement must be spent as follows:
 - US\$250,000 prior to December 5, 2018 (paid);
 - US\$800,000 prior to December 5, 2019 (deferred to December 31, 2022 - paid);
 - US\$800,000 prior to December 5, 2020 (deferred to December 31, 2022 - spent US\$52,000 to March 31, 2022).

If the 51% option is exercised, Pasinex will enter into a joint venture agreement with Cypress. Total consideration to acquire the 51% interest includes US\$460,000 in cash payments, (including US\$35,000 in payments relating to the amending agreements), issuance of 4.6 million Pasinex Common Shares and minimum exploration expenditures of US\$1,850,000.

To acquire an additional 29% of the Gunman Project:

- Prior to December 5, 2021 (deferred to December 31, 2024) a payment of US\$250,000 cash and issuance of 200,000 Pasinex Common Shares to Cypress.
- Spend an additional US\$1.1 million in exploration expenditures as defined in the Option Agreement.

The underlying licenses are in good standing until September 2022.

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6. Accounts payable and accrued liabilities

		As at March 31, 2022		As at December 31, 2021
Trade payables	\$	583,910	\$	619,067
Accrued liabilities		88,360		64,567
Total accounts payable and accrued liabilities	\$	672,270	\$	683,634

7. Shareholder loans

On August 1, 2018, the Company entered into loans with certain shareholders and directors of the Company (the "lenders") in the form of promissory notes. The promissory notes are payable on demand by the lenders and bear interest at 6% per annum, payable quarterly in arrears commencing September 15, 2018. The promissory notes are secured by all the property and assets of the Company.

During the three months ended March 31, 2022, the Company received an additional \$175,000 (no amounts were received in the first quarter of 2022) from shareholders and recorded interest expense of \$38,449 compared with \$31,438 for the same period in 2021. As at March 31, 2022, the shareholder loans and accrued interest thereon totalled \$2,811,143 (December 31, 2021 - \$2,774,106).

8. Loan payable

		As at March 31, 2022		As at December 31, 2021
CEBA loan	\$	40,000	\$	40,000
Loan to unrelated party		114,878		113,466
	\$	154,878	\$	153,466

On April 24, 2020, the Company applied for the Canada Emergency Business Account ("CEBA") interest-free loan. To date the Company has drawn \$40,000. The loan balance must be repaid on or before December 31, 2023. Outstanding loans at December 31, 2023 would be converted to two-year loans with interest of five percent per annum commencing on January 1, 2024. Those loans would be fully due by December 31, 2025.

One of the shareholder loans was reclassified to loan payable from shareholder loans during 2021. Interest accrued on this loan during the first quarter of 2022 was \$1,412.

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9. Share capital

(a) Authorized: Unlimited common shares with no par value.

(b) Issued and outstanding common shares:

	Number of Shares	Amount
Balance as at December 31, 2020 and March 31, 2021	144,554,371	\$ 12,888,506
Balance as at December 31, 2021 and March 31, 2022	144,554,371	\$ 12,888,506

10. Stock options

The Company has a stock option plan (the "Plan") in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the CSE. The expiry date for each option should be for a maximum term of five years. The Plan was most recently approved at the Company's 2015 Annual General Meeting.

The following table reflects the continuity of stock options for the periods presented:

	Number of Options	Weighted Average Exercise Price
Balance as at December 31, 2020 and March 31, 2021	3,250,000	\$ 0.13
Balance as at December 31, 2021	10,750,000	\$ 0.05
Expired	(1,500,000)	\$ 0.04
Granted (note 10)	1,500,000	\$ 0.04
Balance as at March 31, 2022	10,750,000	\$ 0.05

On March 24, 2022, 1,500,000 stock options were granted to the CFO of the Company at an exercise price of \$0.04 per stock option, expiring March 24, 2027. The stock options vested immediately. The fair value of the stock options at the date of grant of \$57,000 was estimated using the Black-Scholes valuation model with the following assumptions: a five-year expected term; a 183% expected volatility based on historical trends; risk-free interest rate of 2.27%; share price at the date of grant of \$0.04; and an expected dividend yield of 0%. The Company expensed the full amount of \$57,000 in the first quarter of 2022.

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Unaudited

10. Stock options (continued)

The Company had the following stock options outstanding as of March 31, 2022:

Expiry Date	Number of Options		Exercise Price	Weighted Average Remaining
	Outstanding	Exercisable		Contractual Life (Years)
August 14, 2022	200,000	200,000	\$ 0.25	0.37
January 24, 2023	50,000	50,000	\$ 0.20	0.82
July 25, 2024	500,000	500,000	\$ 0.09	2.32
April 30, 2026	8,500,000	8,500,000	\$ 0.04	4.09
March 24, 2027	1,500,000	1,500,000	\$ 0.04	4.95
Total	10,750,000	10,750,000	\$ 0.05	4.04

11. Net income (loss) per common share

Basic and diluted net loss per share are as follows for the periods presented:

	Three Months Ended	
	2022	March 31, 2021
Numerator		
Net income (loss) for the period	\$ 3,634,344	\$ (209,646)
Denominator		
Weighted average number of common shares - basic and diluted	144,554,371	144,554,371
Net income (loss) per share - basic and diluted	\$ 0.03	\$ 0.00

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2022

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Unaudited

12. General and administrative costs

General and administration costs are as follows:

	Three Months Ended March 31,	
	2022	2021
Consulting fees (note 13)	\$ 93,272	\$ 45,387
Investor relations	6,704	-
Management fees and salaries (note 13)	54,000	34,614
Director fees	24,000	6,000
Office and general	11,092	10,935
Professional fees	37,847	46,606
Transfer agent and regulatory fees	7,486	8,197
Travel and meals	14,067	9,066
Other	445	1,138
Total general and administrative costs	\$ 248,913	\$ 161,943

13. Related party balances and transactions

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with key management personnel, which includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of non-executive members of the Company's Board of Directors and corporate officers. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities had transactions with the Company during the year. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, or similar transactions to non-key management personnel related entities on an arm's length basis.

A summary of the related party transactions and balances is as follows:

	Three Months Ended March 31,	
	2022	2021
Management fees and salaries	\$ 54,000	\$ 34,200
Consulting fees	45,104	35,511
Director fees	24,000	6,000
Share-based payments (note 10)	57,000	-
Interest expense on shareholder loans (note 7)	37,037	31,438
	\$ 217,141	\$ 107,149

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(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

13. Related party balances and transactions (continued)

Amounts payable to related parties were as follows:

	Due to Related Parties		Shareholder Loans	
	As at March 31, 2022	As at December 31, 2021	As at March 31, 2022	As at December 31, 2021
Larry Seeley ⁽¹⁾	\$ 135,354	\$ 129,354	\$ -	\$ -
Joachim Rainer ⁽¹⁾	6,000	2,000	-	-
Jonathan Challis ⁽¹⁾	14,000	17,772	-	-
Victor Wells ⁽¹⁾	75,000	86,000	-	-
1514341 Ontario Inc. ⁽²⁾	17,961	17,961	2,065,827	2,038,186
Soner Koldas ⁽³⁾	64,750	97,303	-	-
Seeley Holdings Ltd. ⁽⁴⁾	-	-	649,040	640,882
Rainer Beteiligungsgesellschaft ⁽⁵⁾	0	-	96,276	95,038
2192640 Ontario Inc. ⁽⁶⁾	48,382	32,284	-	-
	\$ 361,447	\$ 382,674	\$ 2,811,143	\$ 2,774,106

(1) Larry Seeley, Joachim Rainer, Jonathan Challis and Victor Wells were directors of the Company at March 31, 2022 and December 31, 2021.

(2) 1514341 Ontario Inc. is a company controlled by Larry Seeley, a director of the Company.

(3) Soner Koldas is the General Manager of Pasinex AS and Managing Director of Horzum AS.

(4) Seeley Holdings Ltd. is a company controlled by a family member of Larry Seeley, a director of the Company.

(5) Rainer Beteiligungsgesellschaft is owned by Joachim Rainer a director of the Company.

(6) 2192640 Ontario Inc. is a company controlled by Andrew Gottwald, the CFO of the Company.

These transactions are in the normal course of operations and have been valued in these consolidated financial statements at the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and due on demand.

To the knowledge of the directors and officers of the Company, as at March 31, 2022, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the common shares of the Company other than set out below:

	Number of Common Shares	Percentage of Outstanding Common Shares
Larry Seeley	30,000,591	20.75%

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14. Segmented information

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

	As at		As at	
	March 31, 2022		December 31, 2021	
Non-current assets by geographic segment				
Turkey	\$	487,212	\$	490,656
United States		1,326,304		1,343,900
	\$	1,813,516	\$	1,834,556
Total assets by geographic segment				
Canada	\$	770,500	\$	108,054
Turkey		4,122,521		1,419,814
United States		1,326,304		1,343,900
	\$	6,219,325	\$	2,871,768
Equity gain from joint venture				
Canada	\$	-	\$	-
Turkey		-		32,232
United States		-		-
Total equity gain from joint venture	\$	-	\$	32,232
Net income (loss)				
Canada	\$	(374,269)	\$	(230,736)
Turkey		4,093,718		61,603
United States		(85,105)		(40,513)
Total net income (loss)	\$	3,634,344	\$	(209,646)

15. Subsequent event

Subsequent to March 31, 2022, Pasinex Arama received TRY 17 million (approximately \$1.4 million using the exchange rates on the dates of the various transfers from Horzum AS), in dividend payments from Horzum AS. Of this amount TRY 16.5 million (approximately \$1.36 million using the exchange rates on the dates the various transfers) was transferred from Pasinex Arama to Pasinex Canada.