

## **Management Discussion & Analysis for the Year Ended December 31, 2013**

*The following discussion and analysis of the financial position and results of operations for PASINEX RESOURCES LIMITED (the "Company" Or "Pasinex") should be read in conjunction with the Company's audited consolidated financial statements for the **year ended December 31, 2013**, and the related notes thereto. The audited consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollars amounts are in Canadian dollars unless otherwise indicated.*

The effective date of this report is April 29, 2014.

### **Nature of Business**

Pasinex Resources Limited (formerly Triple Dragon Resources Inc.) ("Pasinex" or the "Company") is a publicly listed company incorporated in British Columbia on February 21, 2006, and on August 4, 2006, it continued out of British Columbia and into the British Virgin Islands. On September 21, 2006, the Company changed its principal business activity and developed its business plan to enter the convention industry principally in Macau. On July 10, 2008, in connection with the change of control, the Company continued into British Columbia as a mineral exploration company in the exploration stage, engaged in the acquisition, exploration and development of mineral properties. On February 1, 2012, the Company purchased all the assets of 0886183 B.C. LTD. ("0886183 B.C.", a private company incorporated in British Columbia) which included a company in Turkey, Pasinex Arama ve Madencilik A.S. ("Pasinex Arama"). On March 2, 2012, the Company's major shareholder sold 19% of the Company's issued and outstanding share capital to a total of three individuals, effectively changing control of the Company. On May 31, 2013, 0886183 B.C. was voluntarily dissolved, and as a result, the Company deconsolidated all assets and liabilities associated with 0886183 B.C. The Company changed the fiscal year end from March 31 to December 31, effective December 31, 2012.

The Company's shares are listed on the Canadian National Stock Exchange ("CNSX") under the symbol "PSE" and on the Frankfurt Stock Exchange ("FSE") under the symbol "PNX".

### **Mineral Properties and Deferred Exploration Expenditures**

#### **Properties Held in Turkey**

##### **Dadak Property, Afyon Province, Turkey**

The Dadak property is 14.74 km<sup>2</sup> located in the province of Afyon in Turkey. The property was staked as a potential for Miocene age copper / gold porphyry deposits such as the Eldorado Gold (ELD: TSX) Kisladag porphyry gold property. The property has easy road access that permits work all year round. Pasinex Resources Limited has undertaken mapping, preliminary stream and rock sampling and a geochemical grid matrix sample campaign on this property.

##### **Bursa Project, Turkey**

The Company has staked three properties in the province of Bursa, at this stage called Bursa 1, Bursa 2a and Bursa 2b. These properties are (respectively) 11.22, 3.30 and 1.07 km<sup>2</sup>. These properties have been staked targeting porphyry, epithermal and skarn type deposits (Au, Cu mineralization). The properties are about 14km from Columbus Copper Corp.'s (CCU: TSX-V) (formerly Empire Mining Corp. (EPC: TSX-V)) Karapinar and Demirtepe porphyry Cu prospects. The Bursa properties have easy road access that enables work all year round. The Company has undertaken mapping and preliminary stream and rock sampling on these properties. During the year ended December 31, 2013, the Bursa 1, Bursa 2a, and Bursa 2b Properties have been relinquished back to the government and the properties have been impaired.



*Bereket, Bahceli and Kupluce Properties, Artvin Province, Turkey*

The three properties staked in the Province of Artvin are highly prospective for volcanogenic massive sulphides (VMS) and epithermal gold type deposits. Bereket is 19.76 km<sup>2</sup>; Bahceli is 16.66 km<sup>2</sup> and Kupluce is 9.65 km<sup>2</sup>. These Artvin properties lie in the Eastern Pontides Tectonic Belt. The company has taken rock and stream samples from these properties. During the year ended December 31, 2013, the Bereket, Bahceli, and Kupluce Properties have been relinquished back to the government and the properties have been impaired.

*Adana Region Zinc Properties*

On June 28, 2012, the Company announced it had acquired, and will transfer into a 50 / 50 joint venture with a Turkish mining company called Akmetal AS, five mineral exploration licenses (called Akkaya, Feke, Gedikli, Konakkuran and Ortakoy) within and adjoining a target corridor between Horzum and Tufenbeyli in Adana province, Turkey, all of which host limestone units prospective for lead / zinc mineralization probably of the carbonate replacement or Mississippi Valley Type zinc deposits.

Field work and initial exploration commenced on these properties in July, 2012.

On September 07, 2012, the Company announced that it has expanded its land package in the joint venture to include three additional properties, called Gokceviz, Kayrak-Kisacikli and Kayadibi. These properties cover approximately 2,601 hectares and are located within the Horzum area of Adana Province. With the new acquisitions, Pasinex has a total of eight claims totaling approximately 8,650 hectares within this area that are under a joint venture agreement with Akmetal AS. The Properties were staked for their potential to host lead / zinc mineralization and are all early-stage, exploration opportunities. A field work program including soil sampling and geochemical surveys has been carried out on the collective group of properties.

On October 29, 2012, the Company announced the new joint venture company, Horzum Arama ve Isletme AS ("Joint Venture") has been formed. Under the terms of the transaction, the Joint Venture will be held 50 / 50 by the two parties and will be controlled by a board consisting of equal representatives of both Pasinex and Akmetal. Both partners will equally fund exploration and other general costs associated with the Joint Venture's course of business. Project and technical management to direct the exploration for zinc in the selected areas will be provided by Pasinex Arama ve Madencilik AS to the Joint Venture. On January 17, 2013, Pasinex Arama and Akmetal signed the Joint Venture Agreement effective the same day.

On May 14, 2013, the Joint Venture Company announced that Horzum AS had acquired the Pinargozu exploration licence, which lies immediately to the north and east of the Horzum Mine. It was acquired from a private Turkish party for \$125,000 USD.

As a result of the Company's work, two new and important geochemical anomalies have been identified in the Akkaya and Pasali (staked by Akmetal AS for the JV) properties. These geochemical anomalies were reported in News Releases on September 19, 2012 (for Akkaya) and January 7, 2013 (for Pasali).

During the year ended December 31, 2013, the properties called Feke, Ortakoy and Gedikli were relinquished as they were deemed to be less prospective than other properties still held. As of the date of this report, exploration consisting of geochem work and underground geological mapping continued on the remaining Horzum AS properties.

On August 23, 2013, the Company announced that Akmetal has had mineral exploration license applications denied for six properties: Pasali, Karabucak, Orendere, Yerebakan, Salmanli, and Kalkumac. There was no reason provided for the denials, and the remaining six properties held by the joint venture were unaffected.

On November 1, 2013, the Company announced that work had commenced on the Pinargozu property in an old adit there, with rehabilitation of the 700 Level gallery to allow drill entry. While blasting a small expansion to that gallery to facilitate the changing of drill rods, massive high grade (>25%) zinc oxide mineralisation was encountered.



On three news releases dated February 13, 2014, March 3, 2014 and April 7, 2014, the Company announced ground penetrating radar work on Akkaya and Pinargozu. This work aimed at identifying cave structures in the limestone host rocks that may contain the zinc bearing mineralization.

On April 22, 2014, the Company announced that it had received drill permits for both the Akkaya and Pinargozu properties.

During the year ended December 31, 2013, the Feke, Gedikli, Konakkuran and Ortakoy Properties have been relinquished back to the government and the properties have been impaired. Currently Pasinex Turkey holds just two licenses in the Horzum region being Akkaya and, through their JV company, Horzum AS, the property called Pinargozu.

*Golcuk Property, Sivas Province, Turkey*

On July 19, 2012 the Company signed an option agreement (collectively the “Agreement”) with Eurasian Minerals Inc. (TSXv: EMX; NYSE: EMXX) (“Eurasian”) and its wholly owned Turkish subsidiary, Eurasia Madencilik Ltd. STI, whereby Pasinex, through its wholly owned Turkish subsidiary, Pasinex Arama ve Madencilik AS (“Pasinex Turkey”), to acquire a 100%-interest in the Golcuk Property (“Golcuk”) located in northeast Turkey.

Golcuk is a mineralized copper-silver project located in the province of Sivas, Turkey which encompasses one exploration license that covers approximately 4,000 hectares. The project is situated within the Eastern Pontides Metallogenic Belt of northeast Turkey and was originally worked on by the Mines Bureau of Turkey and later explored by Eurasian and a Turkish minerals group Turmenka Madencilik Sanavi ve Ticaret A.S. which yielded high-grade copper results.

Pasinex considers Golcuk prospective for copper, possibly of distal porphyry affinity (associated with the nearby Kozedag Pluton) or of a non-porphyry-associated manto-type. Extension of drilling patterns, soil sampling grids and detailed surface mapping are methods to be deployed by Pasinex in its planned search for sizeable volumes of copper mineralization at Golcuk – to be supported by geophysical methods, if deemed appropriate.

Under the Agreement, Golcuk will be forthwith transferred to Pasinex Turkey and as consideration, upon granting of the mining obligation extension, Pasinex will issue to Eurasian Pasinex common shares as follows:

- (i) 500,000 shares within five (5) days after the granting of the extension (the “Initial Issuance Date”) (issued);
- (ii) 500,000 common shares on the one year anniversary of the Initial Issuance Date (issued subsequent to December 31, 2013 – see Subsequent Events);
- (iii) 1,000,000 common shares on the two year anniversary of the Initial Issuance Date; and
- (iv) 1,000,000 common shares on the three year anniversary of the Initial Issuance Date, for a total of 3,000,000 Pasinex common shares.

Eurasian will retain a 2.9% Net Smelter Royalty on Golcuk which Pasinex has the option of buying down to 2% within six years of the Agreement date for consideration of \$1,000,000.

Additionally, Pasinex will be required to complete minimum work commitments on the project as follows:

- (i) \$200,000 before the one year anniversary of the date of the transfer of Golcuk to Pasinex Turkey (the “Completion Date”);
- (ii) \$250,000 before the two year anniversary of the Completion Date; and
- (iii) \$250,000 before the end of the four year anniversary of the Completion Date.

Golcuk is classified as an operational license under the Turkish government mining regulations. As such, the property requires, at a minimum, a small-scale mining operation to be carried out each year in order to satisfy its operational license. Each year, the project must process approximately 900 tonnes of ore. On the completion and acceptance of the Agreement, Pasinex filed a request for a one-year extension in regard to the Company’s small-



scale mining obligation to the Turkish government. The purpose of this request was for the Company to determine the most efficient and economical small-scale mining plan for Golcuk.

Other than the initial 500,000 Pasinex shares to be issued on the Initial Issuance Date and the \$200,000 of expenditures to be incurred in the first year following the Completion Date, Pasinex is not required to proceed with the Acquisition and can terminate the Agreement, subject to a right of transfer and exclusivity right in favour of Eurasian in respect of Golcuk. A finder's fee of 300,000 common shares over a three year period will be paid to Zimtu Capital Corp. ("Zimtu") in connection with the transaction (50,000 shares were issued to Zimtu as the first tranche in February 2013).

Pasinex began drilling on the Golcuk property in December, 2012 and reported their first results in a News Release on January 17, 2013. The first reported results included an intersection of 9.7m of 2.97% Cu. Pasinex also described in that News Release that it is thought that the ore mineralogy and associated alteration is suggestive of Golcuk being a Basaltic Cu type deposit.

The original agreement was subject to Pasinex applying for and receiving a one-year extension to the operational license and the requirement to process a minimum of 900 tonnes of ore annually. In the original agreement, the granting of this extension was a condition precedent to the agreement with Eurasian and if not granted for any reason, the agreement was to terminate.

However, Pasinex applied for and obtained an Open Pit Application and management has determined that the granting of the Open Pit Application would replace the one-year extension requirement of the original option Agreement. The Company entered into an Amending Agreement with Eurasian to waive the holiday requirement and the right to terminate the agreement. The Golcuk property was transferred to Pasinex in September 2012 and in October 2012, Pasinex Turkey worked on producing a small tonnage of rock at Golcuk from an underground adit, in order to meet required mining obligations on the Golcuk license.

On 12<sup>th</sup> February, 2013 Pasinex announced the completion of the Golcuk agreement with Eurasian Minerals Inc. whereby all condition precedents were completed.

On July 11, 2013, the Company announced results of a surface rock sampling and mapping program conducted on the Golcuk South mineral occurrence in the south-western sector of its Golcuk Property. The Company completed mining of around 900 tonnes of mineralized material through a small open pit mining operation at Golcuk in July 2013. As the Golcuk license is an operational license, this mining was required to meet minimum tonnage mining obligations for the license.

On July 30, 2013, the Company published a NI 43-101 compliant technical report on its Golcuk Copper project located in the Sivas Province, Turkey. The report is available on SEDAR and the Company's web site.

On September 25, 2013, the Company announced the results of the first phase channel sampling exercise conducted on the Golcuk South mineral occurrence in the south-western corner of the Golcuk property. The length weighted average copper value for all the channels sampled was 0.41% copper.

On November 18, 2013, the Company announced that it has initiated a ground magnetics survey of the entire Golcuk licence. The Company also announced three new sites of bedrock copper mineralization have been found on the Golcuk licence by Pasinex in the last six months. These are the Golcuk South Prospect (found in June 2013, and described in news releases dated July 11 and September 25, 2013), the Bayram Prospect (found in August 2013) and the Baykus Prospect (found in November, 2013). Finally, the Company announced that they have completed channel sampling on another three outcrops at the Golcuk South prospect, according to the methods described in the news release dated September 25, 2013. The results of these new channel averages were 0.78 to 1.41% copper, which are regarded as encouraging for the Company.

On December 16, 2013, the Company announced the results of the geophysics magnetic survey at Golcuk property and the identification of other mineralized zones in the Golcuk property.

## **Properties Held in Canada**

### **Murray Property:**

The Murray Property consists of one mineral claim encompassing approximately 2,479.2 acres (1,003 ha) directly southeast of Murray Lake, within the south-central part of Northwest Territories. The Murray Property is about 80 km northeast of Yellowknife, NWT, and is accessible during summer months by fixed wing aircraft and in the winter by ski-equipped aircraft or snowmobile.

The Murray Property is subject to a mineral property acquisition agreement dated April 17, 2008 between the Company and Zimtu Capital Corp. whereby the Company acquired the property for \$15,509. The property was subject to a 1% NSR and a 1% GORR on diamond production which was relinquished on May 7, 2009. The Technical Report on the Murray Property, prepared for the Company by Jocelyn Klarenbach, P. Geol. and dated November 28, 2008, as revised February 9, 2009, was prepared for the Company and has been posted on the Company's website and has been filed on SEDAR.

## **Selected Annual Information**

The following is a summary of the financial data of the Company for the last three completed fiscal periods:

	Year ended December 31, 2013	Nine months ended December 31, 2012	Year ended March 31, 2012
Total Revenues	Nil	Nil	Nil
Net income (loss)	(1,103,805)	(1,011,952)	(735,041)
Net income (loss) (per share, basic and diluted)	(0.02)	(0.02)	(0.03)
Total assets	1,106,081	1,644,643	2,381,382
Total long term financial liabilities	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

## **Results of Operations**

### **Year Ended December 31, 2013**

The Company incurred a net loss of \$1,103,805 during the year ended December 31, 2013, compared to a net loss of \$1,011,952 during the nine months ended December 31, 2012, for a difference of \$91,853. The significant differences from the prior period include:

- An increase in administration fees to \$150,000 (2012 - \$112,500) as the monthly fees were increased effective April 2012 due to the increased business activities,
- A decrease in advertising and promotions to \$66,708 (2012 - \$72,374) as the company continued to promote the Company's new business endeavors,
- A decrease in consulting and management fees to \$335,861 (2012 - \$354,933) due to reduction in outside services required by the Company,
- An increase in office and general expenses to \$34,831 (2012 - \$28,986) due to increased activities in the office in Turkey,

- A decrease in project investigation costs to \$15,803 (2012 - \$43,473) as the Company incurred more costs exploring new business opportunities in Turkey in the prior period,
- A decrease in professional fees to \$74,713 (2012 - \$82,974) as the Company reduced its legal and accounting fees during the year,
- An increase in the unrealized gain on marketable securities to \$186,000 (2012 – \$105,000 loss) due to the difference in market value of the shares in the comparable period,
- A decrease interest income to \$2,314 (2012 - \$13,126) due to a reduction in the available cash on hand,
- An increase in the loss on disposition of marketable securities to \$126,632 (2012 - \$2,517 gain) due to the sale of investments in the current period,
- An increase in the equity loss of affiliates to \$13,829 (2012 - \$nil) due to the Company's share of the loss of its investment in the joint venture, and
- An increase in impairment on mineral properties to \$314,193 (2012 - \$76,661) related to the impairment of the May Property and various licenses in Turkey in the current period (the Staircase Claims and Burnt Island Property were impaired in the prior period).

As at December 31, 2013, the Company has cash and cash equivalents of \$46,037 (2012 - \$496,927), taxes receivable of \$6,627 (2012 - \$38,639), other receivables of \$1,139 (2012 - \$15,850), prepaid expenses and deposits of \$20,160 (2012 - \$14,679), marketable securities of \$96,239 (2012 - \$187,477), accounts payable and accrued liabilities of \$255,088 (2012 - \$39,051), and due to related parties of \$23,957 (2012 - \$214,141), for total working capital deficiency of \$108,843 (2012 - \$500,380 surplus).

#### Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters:

	<b>December 31, 2013</b>	<b>September 30, 2013</b>	<b>June 30, 2013</b>	<b>March 31, 2013</b>
Revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss) and comprehensive income (loss)	\$(318,085)	\$(366,369)	\$(196,705)	\$(222,646)
Basic and diluted net gain (loss) (per share)	\$(0.01)	\$(0.01)	\$(0.00)	\$(0.00)

	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Revenues	\$ -	\$ -	\$ -	\$ -
Net income (loss) and comprehensive income (loss)	\$(377,578)	\$(275,756)	\$(358,618)	\$(423,454)
Basic and diluted net gain (loss) (per share)	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.02)

### Three Months Ended December 31, 2013

The Company incurred a net loss of \$318,085 during the three months ended December 31, 2013, compared to a net loss of \$377,578 during the three months ended December 31, 2012, for a difference of \$59,493. The significant differences from the prior period include:

- A decrease in advertising and promotions to \$20,675 (2012 - \$42,255) as the company reduced spending on advertising and website expenses,
- A decrease in consulting and management fees to \$71,071 (2012 - \$151,955) due to reduction in outside services required by the Company and the charging of applicable fees to exploration and evaluation assets,
- A decrease in office and general expenses to \$4,570 (2012 - \$13,521) due to the higher cost of setting up the office in Turkey in the prior year,
- A decrease in project investigation costs to \$11,549 (2012 - \$32,406) for costs related to the exploration of properties,
- A decrease in professional fees to \$7,233 (2012 - \$14,127) due to a reduction in services required compared to the prior period,
- A decrease in transfer agent and regulatory authorities fees of \$3,264 (2012 - \$7,000) due to reduced share transaction in the current period,
- An increase in the unrealized gain on marketable securities to \$29,250 (2012 - \$15,000 loss) due to the difference in market value of the shares in the comparable period,
- A decrease in interest income to \$25 (2012 - \$5,284) due to decreased cash on hand,
- An increase in impairment on mineral properties to \$173,882 (2012 - \$66,231) related to the impairment of the May Property and various licenses in Turkey in the current period (the Staircase Claim was impaired in the prior period),
- An increase in other expenses to \$11,600 (2012 - \$nil) for expensing VAT that may not be recoverable, and
- An increase in foreign exchange gain to \$28,189 (2012 - \$14,175) for conversion of funds from Canadian dollars to Turkish Lira.

### **Capital Resources and Liquidity**

The Company has total assets of \$1,106,081 (2012 - \$1,644,643). The primary assets of the Company are cash and cash equivalents of \$46,037 (2012 - \$496,927), taxes receivable of \$6,627 (2012 - \$102,146), other receivables of \$1,139 (2012 - \$15,850), prepaid expenses and deposits of \$20,160 (2012 - \$14,679), marketable securities of \$96,239 (2012 - \$187,477), due from Akmetal of \$27,133 (2012 - \$nil), investment in joint venture of \$18,470 (2012 - \$34,763), equipment of \$64,273 (2012 - \$81,909), and exploration and evaluation assets of \$826,003 (2012 - \$774,399). The Company has accounts payable and accrued liabilities of \$255,088 (2012 - \$39,051) and due to related parties of \$23,957 (2012 - \$214,141). The Company's working capital deficiency is \$108,843 (2012 - \$500,380 surplus).

During the year ended December 31, 2013, cash flows were as follows:

- Financing activities generated \$570,900 (2012 - \$330,000) from the issuance of shares for cash and used \$13,344 (2012 - \$8,612) for share issuance costs.
- Investing activities consisted of cash outflows on exploration and evaluation assets of \$379,211 (2012 - \$459,612) and equipment acquisition costs of \$8,968 (2012 - \$32,947) and cash inflows on proceeds of disposition of equipment of \$nil (2012 - \$28,265), the disposition of marketable securities of \$127,500 (2012 - \$nil), the disposition of mutual funds of \$20,841 (2012 - \$37,342 acquisition), and the investment in the joint venture of \$nil (2021 - \$34,638).
- Cash outflows on operating activities were \$770,709 (2012 - \$647,851).

On December 22, 2012, the Company completed a non-brokered private placement of 3,300,000 common shares at a price of \$0.10 per share for gross proceeds of \$330,000. The Company paid finder's fees of \$8,612 in connection with the private placement and issued 9,160 agent options, priced at \$0.15 and expiring on December 21, 2014.

On February 4, 2013, 76,000 agent warrants were exercised at \$0.10 per share, for gross proceeds of \$7,600. A total of \$5,111 was reversed out of reserves and credited to share capital in relation to the option exercise.

On February 12, 2013, the Company issued 500,000 common shares to Eurasian, valued at \$50,000, in accordance with the Golcuk Property agreement. The Company also issued 50,000 common shares to Zimtu Capital Corp., valued at \$5,000, for finder's fees in accordance with the Golcuk Property agreement.

On July 2, 2013, the Company completed a non-brokered private placement of 3,897,500 units (the "Units") at a price of \$0.08 per unit for gross proceeds of \$311,800. Each unit consists of one common share and one-half of a share purchase warrant (the "Warrant"). Each warrant will be exercisable into one common share of the Company at a price of \$0.16 for a period of 2 years. Of the total share subscriptions received, \$120,000 came from Zimtu Capital Corp. a related party, who subscribed for 1,500,000 shares. The Company paid \$9,344 in finder's fees and issued 58,400 finder's warrants.

On December 11, 2013, the Company completed a non-brokered private placement of 3,869,231 units (the "Units") at a subscription price of \$0.065 per Unit for gross proceeds of \$251,500. Each Unit consists of one common share and one-half of a share purchase warrant (the "Warrant"). Each whole Warrant is exercisable into one additional common share (the "Warrant Share") of the Company at \$0.10 per Warrant Share for a period of three years from closing. The Company paid \$4,000 in finder's fees.

### **Transactions with Related Parties**

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 executive and 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 transacted 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:

<b>Related Party Transactions</b>	<b>Year ended December 31, 2013</b>	<b>Nine months ended December 31, 2012</b>
	<b>\$</b>	<b>\$</b>
Management and consulting fees	287,082	243,100
Geological fees	75,300	-
Rental income	(1,139)	-
<b>Total</b>	<b>381,438</b>	<b>243,100</b>

<b>Amounts Due to (from) Related Parties</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
Clinton Smyth	14,808	25,850
Paul Chow	-	7,447
Baris Yildirim	1,861	15,000
Steven Williams	6,148	13,712
<b>Total Amount Payable</b>	<b>22,817</b>	<b>62,009</b>

Baris Yildirim	-	7,024
<b>Total Prepaid Expenses and Deposits</b>	<b>-</b>	<b>7,024</b>

Steven Williams is the President, and a Director of the Company. Clinton Smyth, Paul Chow and Baris Yildirim are also Officers or Directors of the Company.

Included in prepaid expenses and deposits is \$nil (2012 - \$7,024) held by Baris Yildirim as of December 31, 2013 as the financial proof in connection with the Company's property license applications in Turkey. The deposit was returned to the Company upon completion of the purchase of the property license.

These transactions are in the normal course of operations and have been valued in these 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.

#### **Proposed Transactions and Subsequent Events**

- a) On February 3, 2014, 250,000 stock options priced at \$0.25 expired unexercised.
- b) On February 12, 2014, the Company issued 500,000 common shares to Eurasian, valued at \$25,000, in accordance with the Golcuk Property agreement (see Note 11). The Company also issued 50,000 common shares to Zimtu Capital Corp., valued at \$2,500, for finder's fees in accordance with the Golcuk Property agreement.

- c) On March 14, 2014, 1,500,000 stock options were granted to directors, officers, and consultants of the Company at a price of \$0.10 expiring on March 14, 2019. The stock options were 100% vested on issuance.
- d) On April 7, 2014, the Company completed tranche 1 of a non-brokered private placement of 5,947,142 units (the "Units") at a subscription price of \$0.07 per Unit for gross proceeds of \$416,300. Each Unit consists of one common share and one-half of a share purchase warrant (the "Warrant"). Each whole Warrant is exercisable into one additional common share (the "Warrant Share") of the Company at \$0.12 per Warrant Share for a period of three years from closing. The Company paid \$18,304 in cash, and issued 27,200 broker warrants and 60,000 common shares to finders in connection with this private placement.
- e) On April 22 2014, the Company completed tranche 2 of a non-brokered private placement of 1,449,460 units (the "Units") at a subscription price of \$0.07 per Unit for gross proceeds of \$101,462. Each Unit consists of one common share and one-half of a share purchase warrant (the "Warrant"). Each whole Warrant is exercisable into one additional common share (the "Warrant Share") of the Company at \$0.12 per Warrant Share for a period of three years from closing.

### **Segment 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:

	2013		2012	
Non-current assets by geographic segment				
Canada	\$	351,777	\$	263,562
Turkey		556,969		627,509
	\$	908,746	\$	891,071

### **Other MD&A Requirements**

#### **Additional Disclosure for Venture Issuers without Significant Revenue**

As the Company has not had significant revenue from operations in its last three fiscal years, the following is a breakdown of the material accumulated transactions incurred in the periods disclosed below:

	Year ended December 31, 2013	Nine months ended December 31, 2012	Year ended March 31, 2012
Capitalized Exploration and Evaluation Costs	\$826,003	\$710,892	\$326,491
Capitalized Property held for Sale	Nil	Nil	Nil
General and Administration Expenses	\$834,954	\$850,845	\$390,698
Gain (loss) on sale of marketable securities	\$(126,632)	\$2,517	\$ -
Gain on sale of mineral properties	Nil	Nil	Nil

### Disclosure of Outstanding Share Capital

The Company has an authorized share capital of an unlimited number of common shares without par value. The following table describes the issued and outstanding share capital of the Company:

	<b>April 29, 2014</b>	<b>December 31, 2013</b>	<b>December 31, 2012</b>
Common shares	67,846,438	59,839,836	51,447,105
Warrants	9,231,666	5,533,365	1,650,000
Stock Options	1,500,000	250,000	1,371,250
Agent Warrants	94,760	67,560	1,186,011
Fully Diluted Shares	78,672,864	65,690,761	55,654,366

For additional details of outstanding share capital, refer to the audited consolidated financial statements for the year ended December 31, 2013.

### **Critical Accounting Judgments, Estimates and Assumptions**

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure. Judgement is used mainly in determining how a balance or transaction should be recognized in the consolidated financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgement has been applied include:

- Economic recoverability and probability of future economic benefits of exploration, evaluation and development costs – Management has determined that exploratory drilling, evaluation, development and related costs incurred which have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic information, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.
- Functional currency – The functional currency for the Company's subsidiary and investment in joint venture, is the currency of the primary economic environment in which the entity operates. The Company has determined the functional currency of each entity is the New Turkish Lira (TRY). Determination of functional currency may involve certain judgments to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and conditions which determined the primary economic environment.
- Joint Venture – Pursuant to the Joint Venture Agreement between Pasinex Arama and Akmetal Madencilik Sanayi ve Ticaret A.S. ("Akmetal") dated January 17, 2013, the Company has determined the Joint Venture is a form of joint venture and the Company is required to account for its shares in the joint venture company by using the equity method.
- Going concern – Significant judgments used in the preparation of these consolidated financial statements include, but are not limited to those relating to the assessment of the Company's ability to continue as a going concern.
- Deferred taxes - deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax

assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgements on the amount and timing of recovery

Significant areas requiring the use of management estimates and assumptions include:

- The inputs used in assessing the recoverability of deferred tax assets to the extent that the deductible temporary differences will reverse in the foreseeable future and that the Company will have future taxable income;
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the year; and
- The inputs used in accounting for share-based payment expenses.

All of the Company's significant accounting policies and estimates are included in Notes 3 and 4 of its audited consolidated financial statements for the year ended December 31, 2013.

#### **Future Accounting Standards**

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 4 of the Company's audited consolidated financial statements for the year ended December 31, 2013.

#### **Off Balance Sheet Arrangements**

There are no off-balance sheet arrangements to which the Company is committed.

#### **Risks and Uncertainties**

The Company, and the securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's securities:

The Company has a very limited history of operations, is in the early stage of development and has received no revenues other than insignificant interest revenues. As such, the Company is subject to many risks common to such enterprises. There can be no assurance that the Company will be able to obtain adequate financing in the future or, if available, that the terms of such financing will be favourable. The Company has no intentions of paying any dividends in the future.

Although the Company has taken steps to verify the title to mineral properties in which it has acquired an interest, no assurance whatsoever can be given that the Company's interests may not be challenged by third parties. If challenged, and if the challenge is sustained, it will have an adverse effect on the business of the Company. Title to mineral properties may be subject to unregistered prior agreements or transfers, and may also be affected by undetected defects or the rights of indigenous peoples.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

The exploration of mineral properties involves significant risks which even experience, knowledge and careful evaluation may not be able to avoid. The price of metals has fluctuated widely, particularly in recent years as it is affected by numerous factors which are beyond the Company's control including international economic and political trends, expectations of inflation or deflation, currency exchange fluctuations, interest rate fluctuations, global or regional consumptive patterns, speculative activities and increased production due to new extraction methods. The effect of these factors on the price of metals, and therefore the economic viability of the Company's interests in the mineral properties cannot be accurately predicted. Furthermore, changing conditions in the financial markets, and Canadian Income Tax legislation may have a direct impact on the Company's ability

to raise funds for exploration expenditures. A drop in the availability of equity financings will likely impede spending. As a result of all these significant risks, it is quite possible that the Company may lose its investments in the Company's mineral property interests.

### **Financial Instruments and Capital Disclosures**

In accordance with IFRS, the Company shall disclose the comparison of carrying amounts and fair values of the Company's financial instruments that are carried in the consolidated financial statements. As of December 31, 2013 and 2012, the fair values of the financial assets and liabilities approximate their carrying amounts due to the short-term maturities of these instruments, except for cash and cash equivalents and marketable securities. Marketable securities are measured at fair value based on price quotations at the reporting date.

The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or

Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

	<b>Assets measured at fair value as at December 31, 2013</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At fair value through profit or loss</b>				
Cash and cash equivalents	46,037	-	-	46,037
Marketable securities	96,239	-	-	96,239
	<u>142,276</u>	<u>-</u>	<u>-</u>	<u>95,523</u>

	<b>Assets measured at fair value as at December 31, 2012</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>At fair value through profit or loss</b>				
Cash and cash equivalents	496,927	-	-	496,927
Marketable securities	187,477	-	-	187,477
	<u>684,404</u>	<u>-</u>	<u>-</u>	<u>684,404</u>

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments. This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein. A discussion of the Company's use of financial instruments and their associated risk is provided below:



a) Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada and in Turkey. Management believes that the credit risk with respect to receivables is remote. The Company mitigates credit risk on these financial instruments by adhering to its investment policy that outlines credit risk parameters and concentration limits.

The maximum credit risk exposure relating to financial assets is represented by their respective carrying values as at the statement of financial position date.

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at December 31, 2013, the Company had a cash balance of \$46,037 (2012- \$496,927) and current liabilities of \$279,045 (2012 - \$253,192). All of the Company's accounts payable and accrued liabilities have contractual maturities of less than 60 days and are subject to normal trade terms. The Company may manage its short term liquidity shortfall by obtaining additional loans from directors or by equity financing.

c) Market Risk

Market risk consists of currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

i) Currency Risk - Foreign currency exchange rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the exploration stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollar. Foreign currency risk also arises from the fluctuation in currency exchange between the Canadian dollar and TRY. The Company is exposed to currency risk with regards to its TRY denominated financial assets and financial liabilities. The Company has not entered into financial instruments to hedge against this risk. A 1% strengthening in Canadian dollar against TRY would have a before-tax effect of \$3,000 increase in accumulated other comprehensive income, based on amounts held at December 31, 2013 (2012 - \$850).

ii) Interest Rate Risk - Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is currently not exposed to interest rate risk.

The Company manages its common shares, stock options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its project for the benefit of its stakeholders. The Company is not subject to any externally imposed capital requirement.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business. The properties in which the Company currently has interest are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

### **Forward looking Statements**

This Management Discussion & Analysis may contain forward-looking information and is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ from those projected in the forward-looking statements.

*Readers can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof.*

Forward-looking information is based on the opinions and estimates of management and its consultants at the date the information is given. It is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices for metals, the conclusions of detailed feasibility and technical analyses, lower than expected grades and quantities of resources, mining rates and recovery rates and the lack of availability of necessary capital, which may not be available to the Company on terms acceptable to it or at all.

Forward-looking statements address future events and conditions and therefore involve inherent risks and uncertainties. Actual results may differ materially from those currently anticipated in such statements. There can be no assurance that the plan, intentions or expectations upon which these forward looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements should not be in any way construed as guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements.

Readers are cautioned not to put undue reliance on forward looking statements. The Company does not undertake to update any forward-looking statements that are contained herein, except in accordance with applicable securities laws.

### **Directors and Officers**

As at April 29, 2014, the Company had the following directors and officers:

Steven Williams – Director, President and CEO  
Clinton Smyth – VP Exploration  
Baris Yildirim – Manager – Turkey  
Jody Bellefleur – CFO  
Frances Petryshen – Corporate Secretary  
David Hodge – Director \*  
Sven Olsson – Director \*  
Paul Chow – Director \*

\* Member of the Company's Audit Committee

### **Approval**

The Board of Directors of Pasinex Resources Limited has approved the disclosure contained in this MD&A.



**Additional Information**

Additional information about the Company can be found on their Disclosure Hall page at [www.cnsx.ca](http://www.cnsx.ca), the Company's website at [www.pasinex.com](http://www.pasinex.com), or on [www.sedar.com](http://www.sedar.com).