

## Pasinex Reports First Quarter Results; Strong Financial Results from Pinargozu and Decision Not to Advance Golcuk Property

**TORONTO, ON – May 25, 2018** – Pasinex Resources Limited (CSE: PSE) (FSE: PNX) (The “Company” or “Pasinex”) today reported net income for the first quarter (Q1) of 2018 of \$0.7 million compared to \$0.9 million in Q1 2017. The strong operational and financial performance at Horzum AS (the 50% owned joint venture that holds the Pinargozu mine), is reflected in a \$3.0 million equity gain from Horzum AS, a 155 percent increase over Q1 2017. Also included in net income for Q1 2018 is a \$1.7 million impairment charge on the Golcuk Property recorded after a decision was made to not advance the property.

### Highlights – Q1 2018 and 2017

<i>(Canadian dollars)</i>	<b>First Quarter</b>	
	<b>2018</b>	<b>2017</b>
<b>Pasinex financial results:</b>		
Equity gain from Horzum AS	<b>\$ 2,984,186</b>	\$ 1,168,289
Dividend received from Horzum AS	<b>\$ 388,593</b>	-
Consolidated net income	<b>\$ 726,021</b>	\$ 863,030
Basic net income per share	<b>\$ 0.01</b>	\$ 0.01
<b>Horzum AS operational data (100% basis):</b>		
Zinc produced (wet) tonnes	<b>13,037</b>	11,786
Zinc sold (wet) tonnes	<b>12,721</b>	12,379
Zinc grade	<b>35%</b>	32%
Gross margin	<b>81%</b>	50%
C\$ cost per tonne mined	<b>\$ 187</b>	\$ 180
US\$ cash cost per pound of zinc produced	<b>\$ 0.19</b>	\$ 0.21

*Refer to Note 1*

Steve Williams, CEO of Pasinex commented, “Operational results continue to be strong from Pinargozu and we expect to meet our production targets of between 54,000 and 60,000 tonnes for 2018. The average LME zinc price for Q1 2018 was US\$1.55 per pound which was a large contributor to the strong financial results from the mine in the quarter. We also took the decision to not continue work at Golcuk and we will focus our exploration efforts on expansion of resources near the Pinargozu mine and drilling at the Gunman project in Nevada.”

## **Pasinex Highlights**

- Pasinex's consolidated net income for Q1 2018 was \$0.7 million, which included a \$3.0 million equity gain from Horzum AS and a \$1.7 million impairment charge for Golcuk.
- The equity gain increased period over period mainly due to higher zinc prices (see Horzum AS Highlights below).
- In March 2018, Horzum AS declared a Turkish Lira ("TRY") 40 million dividend payable to both of its 50% shareholders to be paid in instalments during 2018. To May 25, 2018 Pasinex received \$0.8 million of this dividend (\$0.4 million was received in Q1 2018). Receipt of the full dividend should allow the Company to fund its non-discretionary obligations, fund growth opportunities, including exploration for the Gunman project, and grow its cash balance. Horzum AS financial results are expected to continue to be strong in 2018.
- The value of the TRY has shown a steady decline during the month of May, with a more significant drop since May 21. From May 1, the TRY to Canadian dollar fell from a rate of 3.17 to 3.77 and the TRY to US dollar fell from a rate of 4.06 to 4.85 – both representing a 20% devaluation in the TRY. The impact of the devaluation has a positive affect on Horzum AS profitability because revenues are US dollar based, over 80% of costs are TRY based and there is minimal TRY cash on hand. However, at May 25 a dividend of TRY 17.6 million remains outstanding to Pasinex, which is subject to foreign exchange risk.
- In May 2018, the Company completed an extensive geological review of the Golcuk Property, including mapping, structure, mineralization and geological model/genesis and made the decision to not advance the property. Although there is evidence of copper throughout the property the Company believes that it will be difficult to get sufficient contiguous mineralization that would underpin the Company's targets for economical tonnage. The property will either be transferred back to EMX Royalty Corporation, sold or the license will be relinquished to the Turkish government. The fair value of the property has been estimated at zero and costs to dispose of \$0.4 million have been accrued as at March 31, 2018 resulting in an impairment charge of \$1.7 million for the three months ended March 31, 2018.

## **Horzum AS Highlights** (described on a 100% basis)

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

- In Q1 2018, Horzum AS produced 13,037 tonnes (wet weight) of direct shipping material with an average grade of 35% zinc, an 11% increase from Q1 2017 production of 11,786 tonnes (average grade of 32% zinc). Difficult ground conditions in Q1 2018 resulted in lower production than planned but the mine is still expected to achieve its targeted production of between 54,000 and 60,000 tonnes in 2018.
- Sales revenue for Q1 2018 was \$9.5 million from the sale of 10,904 wet tonnes of zinc oxide, 1,700 wet tonnes of zinc sulphide and 117 wet tonnes of lead. This compares to \$5.8 million of revenue in Q1 2017 from the sale of 10,397 wet tonnes of zinc oxide, 1,982 wet

tonnes of zinc sulphide and \$0.2 million related to finalized invoices from 2016 provisional invoicing.

- 2018 revenues also benefitted from higher zinc prices. The average London Metals Exchange (“LME”) zinc price for the first quarter of 2018 was US\$1.55 per pound compared to US\$1.26 per pound in the first quarter of 2017.
- Total costs per tonne mined in Q1 2018 were \$187 per tonne, comparable to \$180 per tonne mined in Q1 2017.
- The calculation for unit cost per pound of zinc produced factors in lead metal credits and zinc grade (see Note 1). Despite consistent operating costs between periods, higher lead metal credits and higher zinc grades in Q1 2018 compared to Q1 2017 resulted in lower unit cash costs of US\$0.19 per pound compared to US\$0.21 per pound. Pinargozu would be considered amongst one of the lowest cost zinc producers.
- Net income for Horzum AS for Q1 2018 was \$6.0 million compared to \$2.3 million in Q1 2017. 50% of these amounts are included as an equity gain in Horzum AS for the respective periods.
- Gross margin in Q1 2018 was 81% compared to 50% in Q1 2017, which reflects the higher sales prices for zinc while maintaining consistent costs between periods.

#### **Note 1**

*Please note that all dollar amounts in this news release are expressed in Canadian dollars unless otherwise indicated. Refer also to the interim unaudited condensed consolidated financial statements for the three months ended March 31, 2018 and the corresponding Management’s Discussion and Analysis (MD&A) found on SEDAR.com and Pasinex.com for more information. This news release includes non-GAAP measures, including gross margin, cost per tonne mined and US\$ cash cost per pound of zinc produced. A reconciliation of these non-GAAP measures to the GAAP financial statements are included in the MD&A.*

#### **About Pasinex**

Pasinex Resources Limited is a Toronto-based mining company which owns 50% of the producing Pinargozu high grade zinc mine and, under a Direct Shipping Program, sells to zinc smelter / refiners from its mine site in Turkey. The Company also holds an option to acquire 80% of the Gunman high-grade zinc exploration project in Nevada. Pasinex has a strong technical management team with many years of experience in mineral exploration and mining project development. The mission of Pasinex is to build a mid-tier zinc company based on its mining and exploration projects in Turkey and Nevada.

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

Visit our web site at: [www.pasinex.com](http://www.pasinex.com)

On Behalf of the Board of Directors  
**PASINEX RESOURCES LIMITED**

**“Steve Williams”**

Steve Williams  
President/CEO  
Phone: +1 416.861.9659  
Email: [info@pasinex.com](mailto:info@pasinex.com)

Evan White  
Manager of Corporate Communications  
Phone: +1 416.906.3498  
Email: [evan.white@pasinex.com](mailto:evan.white@pasinex.com)

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