

## Pasinex Reports Full Year and Fourth Quarter 2018 Results

**TORONTO, ON – April 30, 2019** – Pasinex Resources Limited (CSE: PSE) (FSE: PNx) (The “Company” or “Pasinex”) today reported financial results for the full year and fourth quarter ended December 31, 2018. On February 15, 2019 the Company reported solid operating results from Horzum AS that drove strong revenue, gross margins and adjusted equity gain from Horzum AS for the year. Adjusted consolidated net income for 2018 was \$2.8 million. Consolidated loss for the year was \$8.4 million reflecting the impact of two impairments in the year – a \$1.7 million charge on the impairment of the Golcuk property and a \$10.5 million charge on the value of the receivable owing from Akmetal (joint venture partner) to Horzum AS.

### Highlights – Year End and Q4 2018 and 2017

<i>(Canadian dollars)</i>	Year Ended December 31		Fourth Quarter	
	2018	2017	2018	2017
<b>Pasinex financial results:</b>				
Consolidated net income (loss)	\$ (8,429,326)	\$ 5,834,104	\$ (9,890,542)	\$ 2,682,150
Adjusted consolidated net income <sup>(1)</sup>	\$ 2,845,365	\$ 5,834,104	\$ 39,146	\$ 2,682,150
Equity (loss) gain from Horzum AS	\$ (4,098,639)	\$ 8,153,698	\$ (9,410,185)	\$ 3,355,358
Adjusted equity gain from Horzum AS <sup>(1)</sup>	\$ 5,489,452	\$ 8,153,698	\$ 519,503	\$ 3,355,358
Dividend received from Horzum AS	\$ 1,523,538	\$ 1,183,215	\$ 757,575	\$ 1,183,215
Basic net income (loss) per share	\$ (0.06)	\$ 0.04	\$ (0.07)	\$ 0.02
<b>Horzum AS operational data (100% basis):</b>				
Zinc produced (wet) tonnes	45,757	57,675	9,021	15,748
Zinc sold (wet) tonnes	46,154	47,697	10,504	12,575
Zinc grade	33%	33%	30%	31%
Gross margin <sup>(1)</sup>	57%	66%	21%	45%
C\$ cost per tonne mined <sup>(1)</sup>	\$ 229	\$ 183	\$ 437	\$ 252
US\$ cash cost per pound of zinc produced <sup>(1)</sup>	\$ 0.25	\$ 0.19	\$ 0.54	\$ 0.30

<sup>(1)</sup> Refer to Note 1

Steve Williams, CEO of Pasinex commented, “2018 was a solid operating year for Horzum AS. Pinargozu delivered production 14% below expectation due to difficult mining conditions, but at a strong 57% gross margin and at costs as expected originally.

2019 will be a transition year in many respects. The known accessible oxide ore is depleting and as such we are undertaking a mine development program to open up deeper zinc sulphide mineralization at the Pinargozu mine. We expect to mine oxide ore until December at reduced quantities and anticipate a production hiatus may occur later in 2019 to complete this development.

In addition, there is intense focus to collect or restructure the receivable owing from Akmetal to Horzum AS. We are adamant to resolve the issue with Akmetal and restore cash flows from Horzum AS to Pasinex. Until a secured legal restructure is in place or collection is received, accounting rules have required us to write down the value of the receivable owing from Akmetal to Horzum AS. This is reflected in the equity loss from Horzum AS in the year.”

### **Pasinex Highlights**

- Pasinex’s adjusted consolidated net income for 2018 was \$2.8 million, which included a \$5.5 million adjusted equity gain from Horzum AS.
- The adjusted equity gain decreased period over period largely due to lower realized zinc sales prices (see Horzum AS Highlights below).
- Adjusted consolidated net income excludes two impairments recorded in 2018 - an impairment on a receivable owing from the joint venture partner (Akmetal) to Horzum AS recorded in equity loss (recorded in the fourth quarter of 2018) and an impairment on the Golcuk property (\$1.7 million recorded in the first quarter of 2018).
- A \$10.5 million impairment charge on the receivable from Akmetal (net of foreign exchange gain and taxes) was included in equity loss from Horzum AS. The full amount of the receivable owing from Akmetal to Horzum AS was written down to zero to reflect significantly increased credit risk. The amounts owing are unsecured and Akmetal did not make any repayment on the amounts owing since June 2018. The financial condition of Akmetal is uncertain and as a result, under IFRS accounting principles, the Company was required to take a full impairment of the receivable. Management is vigorously attempting to find a resolution and collect the funds and remains confident that these funds will be appropriately reimbursed.
- Total assets and shareholders’ equity have decreased significantly as a result of the impairments. At the end of 2018 Pasinex total assets were \$2.3 million and the shareholders’ equity balance was \$1.0 million, both balances decreasing over \$9 million from the end of 2017. The investment in Horzum AS at December 31, 2018 was nil. Any recoveries of the receivable from Akmetal will be reflected in income and accordingly will increase the value of the investment in Horzum AS.
- In 2018, the Company paid its non-discretionary expenses and met its spending obligations under the Spur Option Agreement with the receipt of \$1.5 million in dividends from Horzum AS and \$745,000 in cash from shareholder loans, as well as cash on hand at January 1, 2018.
- At December 31, 2018 the Company’s cash balance was \$0.2 million with \$0.6 million in current payables, excluding shareholder loans payable. As a measure to ensure the delivery of cash to Pasinex from Horzum AS, the two joint venture partners (Pasinex and Akmetal) altered the sales arrangement and entered into an agreement whereby all direct ore sales would be contracted by Horzum AS, rather than sold through Akmetal’s trading company. As a result, cash received from sales go directly to Horzum AS where Pasinex has shared control over cash disbursements. Pasinex will allocate funds towards outstanding liabilities at Horzum AS and ensure adequate funds are allocated to Pasinex to meet its payment obligations.

- The Company relies on dividends from Horzum AS to fund its spending. The 2019 production forecast for Pinargozu is approximately 19,000 tonnes (half of 2018 production), but in combination with the sale of inventory on hand at January 1, 2019 there should be adequate cash flow to fund operations at Horzum AS as well as fund non-discretionary spending at Pasinex for the next twelve months. Drilling will continue through 2019 at Pinargozu to find a parallel oxide system in an effort to increase 2019 production. Additional production could provide more cash flow to allow the Company to commence another drill program at the Spur Zinc Project.
- The Company is aggressively working with Akmetal to resolve the collectability of the trade receivable owing from them to Horzum AS. The discussions are focused on asset sales from Akmetal to Horzum AS or Pasinex, together with some formal structured loan repayment, as an offset for this receivable. Receipt of the trade receivables would provide significant cash flow to Pasinex through additional dividends.

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

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

- In 2018, Horzum AS produced 45,757 tonnes (wet weight) of direct shipping material with an average grade of 33% zinc. Mine production was down from 2017 production of 57,675 tonnes reflecting difficulties in gaining access to the available ore.
- Sales volumes are comparable between years, at 46,154 tonnes in 2018 and 47,697 tonnes in 2017.
- Gross sales decreased to \$26.0 million in 2018 from \$31.8 million in 2017; a result of lower zinc sulphide sales volumes and lower LME zinc prices in 2018.
- Total costs per tonne mined in 2018 were \$229 per tonne or US\$0.25 per pound of zinc produced. This compares to \$183 per tonne mined in 2017 or US\$0.19 per pound of zinc produced. Although the unit costs are higher than the prior year due to the decreased production, the costs are very competitive as confirmed by a strong gross margin of 57% in the year.

## Horzum AS Operating Guidance for 2019

The following table highlights the operating guidance for the Pinargozu mine for 2019:

<i>(100% of Pinargozu)</i>	<b>Guidance for the year ended December 31, 2019</b>	
	<b>Tonnes</b>	<b>Grade</b>
Zinc oxide	17,000 – 18,000	29% - 31%
Zinc sulphide	1,000 – 2,000	45% - 47%
	18,000 – 20,000	
		<b>C\$</b>
Cost per tonne mined		\$400 - \$450

Guidance assumes TL/C\$ exchange rate of 4. Cost per tonne mined includes underground development and drilling.

Production guidance has been modified for 2019 from the guidance provided in the news release dated February 15, 2019. Horzum AS will continue to mine the known accessible oxide ore, but now the revised forecast includes an additional 3,000 tonnes of newly discovered ore. The company is engaged in a significant mine development program to open-up sulphide mineralization known to be at depth by new access through either a spiral development or use of an additional adit. This development is underway but has encountered strong water ingress at depth. This water ingress has delayed development while the Company works on a water control mitigation strategy. At this stage the anticipated production hiatus has moved to later in 2019 (from August of 2019 in the original guidance) while development is completed for access to the deeper mineralization. As a result, production of the deeper sulphide mineralization will likely not take place until 2020. Oxide production guidance has increased to between 17,000 and 18,000 tonnes from original guidance of between 9,000 and 10,000 tonnes, while the sulphide production guidance has decreased to between 1,000 and 2,000 tonnes from 5,000 to 7,000 tonnes.

### Note 1

*Please note that all dollar amounts in this news release are expressed in Canadian dollars unless otherwise indicated. Refer also to the year-end 2018 Management's Discussion and Analysis (MD&A) and Audited Financial Statements found on SEDAR.com for more information. This news release includes non-GAAP measures, including adjusted equity gain from Horzum AS, adjusted consolidated net income, gross margin, cost per tonne mined and US\$ cash cost per pound of zinc 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 smelters / refiners from its mine site in Turkey. The Company also holds an option to acquire 80% of the Spur high-grade zinc exploration project in Nevada. Pasinex has a strong technical management team with many years of 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.

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

On Behalf of the Board of Directors  
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