



# **PASINEX RESOURCES LIMITED**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE TWELVE MONTHS ENDED  
DECEMBER 31, 2024**

**Dated June 25, 2025**

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# **Pasinex Resources Limited**

## **Management's Discussion & Analysis**

### **For the Years Ended December 31, 2024, and 2023**

## **Introduction**

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Pasinex Resources Limited (the "Company" or "Pasinex") should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2024.

Management is responsible for the preparation of the financial statements and MD&A. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures in this MD&A are expressed in Canadian dollars, unless stated otherwise.

This MD&A has been prepared as of June 25, 2025.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the Secretary of the Company or on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **Cautionary Note Regarding Forward-Looking Statements**

Certain statements contained in this MD&A constitute forward-looking statements; as such term is defined under applicable securities laws. These statements relate to future events or future performance and reflect management's expectations and assumptions regarding the growth, results of operations, performances and business prospects and opportunities of the Company. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "intend", "will", "project", "could", "believe", "predict", "potential", "should" or the negative of these terms or other similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, achievements or events to differ materially from those anticipated, discussed or implied in such forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should be considered carefully and investors should not place undue reliance on them as the Company cannot assure investors that actual results will be consistent with these forward-looking statements.

These statements speak only as of the date of this MD&A. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about: (i) general business and economic conditions; (ii) timing and amount of estimated future production (iii) the supply and demand for, deliveries of, and the level and volatility of prices of zinc and other precious metals; (iv) the timing of the receipt of any outstanding regulatory and governmental approvals for the Company's projects; (v) the ability to meet social and environmental standards and expectations; (vi) the availability of financing for the Company's development of its properties on reasonable terms; (vii) the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; (viii) the ability to attract and retain skilled staff; (ix) exploration and development timetables; and (x) capital expenditure and operating cost estimates.

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

The Company has not been materially impacted by the ongoing conflict in 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.

The Pinargozu zinc mine was placed into production without a feasibility study of mineral reserves demonstrating economic and technical viability, and as such, any forward-looking statements related to the performance of the Pinargozu mine may differ materially from actual results. The decision to operate a mine without a technical report or feasibility study creates increased uncertainty. Economic or technical results of the Pinargozu zinc mine may differ materially from forward-looking statements due to reduced zinc grade, variation in estimated mineral resources, increased difficulty in mining and other risks associated with the reliability of internal analytical results, geological interpretation and statistical inferences drawn from drilling and sampling.

These forward-looking statements involve risks and uncertainties relating to, among other things, exploration and development risks, changes in commodity prices, particularly the zinc price, expectations regarding currency fluctuations, possible variation in mineral resources or grade, counter party risk associated with sales of zinc material, access to skilled mining personnel, results of exploration and development activities, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, changes to government regulation and unanticipated environmental impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors contained in this MD&A. Investors should not place undue reliance on forward-looking statements, as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward-looking statements except as expressly required by applicable securities law.

### **Description of Business**

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 Resources Limited owns 50% of Horzum Maden Arama ve Isletme Anonim Sirketi ("Horzum AS", "Joint Venture" or "JV"), through its 100% owned subsidiary Pasinex Arama ve Madencilik Anonim Sirketi ("Pasinex Arama"). The other 50% owner is Akmetal Madencilik Sanayi ve Ticaret A.S. ("Akmetal"), a private Turkish company. Horzum AS holds 100% of the producing Pinargozu high-grade zinc mine. Horzum AS sells directly to zinc smelters and or refiners through commodity brokers from its mine site in Türkiye. The Company also holds a 51% interest of a high-grade zinc exploration project, the Gunman Project, located in Nevada.

Pasinex is currently focused on advancing high-grade zinc properties, which are already producing through small-scale mining operations at zinc grades between 30% and 50%.

**Pasinex Resources Limited**  
**Management's Discussion & Analysis**  
**For the Years Ended December 31, 2024, and 2023**

**Selected Annual Consolidated Information**

	Years Ended December 31,		
	2024	2023	2022
<b>Financial:</b>			
Share of net equity gain from joint venture	\$ 143,147	\$ 1,797,579	\$ 3,928,724
Assigned dividend	\$ -	\$ 626,476	\$ 1,095,289
Consolidated net (loss) income	\$ (2,651,030)	\$ (309,768)	\$ 2,043,173
Basic and diluted net (loss) income per share	\$ (0.010)	\$ (0.003)	\$ 0.01
Net cash (used in) provided by operating activities	\$ (1,544,419)	\$ (554,397)	\$ 1,838,461
Weighted average shares outstanding	144,554,371	144,554,371	144,554,371
	As At December 31,		
	2024	2023	2022
Total assets	\$ 3,557,225	\$ 3,024,660	\$ 4,082,136
Total liabilities	\$ 4,900,852	\$ 2,976,689	\$ 3,564,963
Total shareholders' equity (deficiency)	\$ (1,343,627)	\$ 47,971	\$ 517,173
	Years Ended December 31,		
	2024	2023	2022
<b>Horzum AS operational data (100% basis):</b>			
Zinc product mined (wet) tonnes	3,601	8,061	13,766
Zinc product sold (wet) tonnes	3,601	7,979	13,013
Zinc sulphide product - average grade sold	51.5%	48.9%	50.1%

The Company has a 50% joint venture interest in Horzum AS, which is equity accounted. This means in the Pasinex consolidated financial statements:

- Horzum AS net income is shown on one line in the Consolidated Statement of Loss and Comprehensive Loss – Share of net gain from joint venture
- The investment in Horzum AS is shown on one line on the Consolidated Statement of Financial Position - Investment in joint venture

**Recent Developments**

- On October 21, 2024, Pasinex announced that Pasinex Arama entered into an Option and Purchase Agreement ("Purchase Agreement") with a local Turkish company, Aydin Teknik, which may lead to the purchase of 100% of a Group IV lead-zinc operating license called Sarikaya ("Sarikaya License") located in the Kayseri province of Türkiye.
- On January 7, 2025, Pasinex announced a corporate update highlighting significant leadership changes and strategic developments.
  - Ian D. Atacan was appointed Chief Financial Officer and Corporate Secretary.
  - Aydin Sen was appointed as General Manager of Pasinex Arama
  - Ozlem Altunal was appointed Financial Manager of Pasinex Arama
  - JC Professional Corporation was appointed Auditor.
  - Annual General Meeting ("AGM") was set for February 14, 2025.
- On February 14, 2024, Pasinex held its AGM, whereby following directors were elected for the ensuing year:
  - Dr. Larry Seeley, Executive Chairman
  - Jonathan Challis, Audit Committee Chair

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## Pasinex Resources Limited

### Management's Discussion & Analysis

#### For the Years Ended December 31, 2024, and 2023

- Joachim Rainer, Lead Director
  - Ian D. Atacan, Nominating and Corporate Governance Committee Chair
- Subsequent to December 31, 2024, Pasinex received \$400,000 from related party shareholders of the Company, as shareholder loans.
- Subsequent to December 31, 2024, the Company granted an aggregate of 2,900,000 stock options to directors, officers, key employees and consultants. 2,500,000 of the options are exercisable at \$0.04 per share and 400,000 options are exercisable at \$0.05 per share. The options vested immediately and expire five years from the date of grant.

## Outlook

Pasinex is building a zinc mining company step by step through the acquisition and development of exceptional high-grade zinc deposits, ranging from 25 to 50% zinc in Türkiye and 14 to 24% zinc in Nevada.

These high-grade zinc ore deposits have an exceptionally high intrinsic value, ranging from approximately \$900 to \$1,500 per tonne of ore, surpassing nearly all known copper and gold deposits currently under development or in production. In fact, these zinc ore grades are economically equivalent to copper grades of approximately 9% to 15%, assuming a copper price of \$5 per pound.

Mining costs range from approximately USD \$200 to \$300 per tonne of ore, resulting in after-tax margins generally between 30% and 50% of sales. The economic risk is low, given the high-grade zinc deposits and substantial margins that provide a buffer against various operational issues. Moreover, profitability can significantly increase when zinc prices rise.

In Türkiye, capital costs remain low due to the nature of the ore deposits, which can be readily accessed through adits and declines for underground mining. Because these carbonate-hosted zinc deposits are located at or near the surface, mining operations can commence quickly, generating immediate cash flow. Additionally, the high-grade nature of the ore ensures profitability from the outset, enabling rapid capital payback within just a few months.

Pasinex is currently focused on advancing high-grade zinc properties, which are already producing through small-scale mining operations at zinc grades between 30% and 50%. Due to our respected exploration team's extensive local knowledge and Pasinex's trusted reputation, we regularly receive opportunities to acquire licenses from family owners who wish to exit for personal reasons or who lack the financial, technical, or managerial resources needed to fully develop their assets. This represents an ideal moment for Pasinex to acquire these licenses, explore and expand their resources, and secure the financing required to execute this strategic opportunity.

The Sarikaya license, which is outside the area of influence of the joint venture with the Kurmel Group of companies, highlights tremendous potential for near-term profitability through direct shipping ore, as well as the significant possibility of discovering a major zinc ore deposit. To date, exploration conducted by family owners has primarily involved small-scale mining operations that follow surface outcrops via adits, without employing modern exploration methods. These large properties have seen minimal geological mapping, geochemistry, geophysics, structural analysis, or drilling, despite abundant outcrops and geological indicators. Pasinex's acquisition of these high-grade zinc licenses represents a valuable opportunity, generating wealth for the families through direct purchase payments and net smelter returns, while significantly enhancing shareholder value through company growth. Furthermore, this development promises substantial economic benefits and employment opportunities for local communities, aligning closely with Türkiye's broader economic vision.

The potential for mutually beneficial economic growth and capability development among all stakeholders is substantial, and stakeholders strongly support Pasinex's leadership in managing this strategy and these opportunities. The exceptional zinc grades have been clearly demonstrated through existing small-scale mining activities as well as visible surface outcrops.

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

Türkiye is an excellent jurisdiction for mining, featuring progressive mining laws, highly capable government ministries, skilled geologists, mining engineers, strong electrical and mechanical expertise, as well as first-rate legal, accounting, administrative, and commercial professionals. Additionally, Türkiye has a well-educated, hardworking workforce with deep mining and metallurgical knowledge. The country adheres to the best international practices in mining safety and environmental regulations, demonstrating effective implementation and enforcement of these laws.

The mining methods used for these high-grade zinc deposits involve underground operations accessed through adits and declines, resulting in a minimal environmental footprint and limited impact on surrounding communities. Pasinex maintains strong relationships and an excellent reputation with employees, local communities, and government authorities.

Türkiye offers outstanding geological potential due to its unique position at the intersection of the Asian, African, and European tectonic plates, creating numerous faults and geological features that significantly enhance the likelihood of discovering base metals and gold deposits. Additionally, Türkiye benefits from excellent infrastructure, including roads, electricity, and water resources conveniently located near most mining licenses, with easy access to major cities and ports. These factors position Türkiye as one of the best exploration and mining jurisdictions in the world.

Zinc has been recognized by the U.S. Geological Survey and the World Economic Forum as one of the 31 critical metals essential for the transition to a sustainable future. Primary uses of zinc include galvanizing steel to prevent rust in cars and construction materials, die-casting, and alloying with copper to create brass and with tin to create bronze for applications such as door handles, plumbing fittings, and heat exchange equipment. Zinc oxide is widely utilized in tire manufacturing, paints, and fertilizers. Additionally, zinc is used extensively in skincare, beauty products, health supplements, artwork, and musical instruments. Emerging technologies such as zinc-air batteries are anticipated to experience substantial growth. Zinc also plays a significant role in the electronics, automotive, textile, aerospace, and defense industries.

Global zinc consumption is approximately 12 million tonnes per year, with recycled zinc accounting for only about 34% of this demand. Due to zinc's dispersed applications and long product life cycles, only a portion can be economically recycled, resulting in significant dependence on primary zinc mined from deposits. Zinc is produced by many countries and is a globally traded commodity with prices set by the worldwide market. Unlike critical metals such as gallium or rare earth elements, zinc prices cannot be dominated or controlled by any single country or company.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Apart from these and the discussion below on zinc prices and foreign currency, and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## **Review of Annual Consolidated Financial Statements**

### **Years Ended 2024 and 2023**

The following is a summarized consolidated income statement for Pasinex:

**Pasinex Resources Limited**  
**Management's Discussion & Analysis**  
**For the Years Ended December 31, 2024, and 2023**

	<b>Year Ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
Equity gain from Horzum AS	\$ 143,147	\$ 1,797,579
Exploration costs	(119,174)	(563,889)
General and administration costs	(1,464,482)	(1,486,037)
Other (loss) income	71,802	(163,997)
Interest expense	(175,445)	(138,218)
Foreign exchange gain	324,280	171,472
Assigned dividend	-	626,476
Loss on net monetary position	(1,430,055)	(515,340)
Income tax expense	(1,103)	(37,814)
<b>Net loss for the year</b>	<b>\$ (2,651,030)</b>	<b>\$ (309,768)</b>

For the year ended December 31, 2024, Pasinex recorded a net loss of approximately \$2.7 million (2023 – net loss of approximately \$0.3 million). The primary reason for the decrease in net income was the decrease in the equity gain in 2024 compared with 2023. In 2024 there was no assigned dividend. The decrease in net income was partially offset by lower exploration costs being incurred in Nevada in 2024 compared with 2023.

*Equity gain from Horzum AS*

Horzum AS is considered a joint venture for accounting purposes and as such the Company records its share of net income on one line in the income statement. In the fourth quarter of 2018 an impairment of the Akmetal receivable was recorded. Since the joint venture is equity accounted and because the impairment was so large, the equity loss was capped in the fourth quarter of 2018 so that the investment would not be below zero. The unrecognized loss was applied against equity gains beginning in 2019, and in the fourth quarter of 2022, Pasinex had recognized all of the equity losses recorded in prior years.

*Exploration Costs*

Exploration costs represent expenditures incurred at the Gunman Project.

*General and administration costs*

	<b>Years Ended</b>	
	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Consulting fees	\$ 163,837	\$ 368,290
Investor relations	18,566	15,647
Management fees and salaries	202,050	220,350
Director fees	96,000	72,000
Office and general	102,425	75,869
Professional fees	681,951	532,221
Transfer agent and regulatory fees	30,088	25,301
Travel and accomodation	135,586	175,173
Other	33,979	1,186
<b>Total general and adminstrative costs</b>	<b>\$ 1,464,482</b>	<b>\$ 1,486,037</b>

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

General and administration costs have changed year over year due to:

- Consulting fees decreased as the Company wrote off an amount accrued for consulting work that ended up being less than previously estimated. Consulting fees include amounts paid to the Company's general manager and exploration manager located in Türkiye;
- Pasinex Arama invoiced Horzum AS in both 2024 and 2023 for certain costs incurred, keeping office and general costs reasonable.
- The largest increase year over year was in Professional fees. The majority of the professional fees increase was related to an increase in legal fees incurred in Türkiye related to the legal actions undertaken by Pasinex Arama but also included increases in audit and tax services.
- Overall, general and administrative costs decreased marginally, approximately 2% year over year.

#### *Other (loss) income*

Cash paid by Pasinex Arama to Pasinex Canada is set up as a loan receivable (payable) by Pasinex Arama (Canada). These amounts are eliminated on consolidation. In addition, Pasinex Arama charges Pasinex Canada interest on the loan. The interest expense (income) is also eliminated on consolidation. The amount of the loan can be reduced in the event that Pasinex Arama issues dividends to Pasinex Canada or by repayment of funds from Pasinex Canada to Pasinex Arama. In 2023, the Turkish government enacted a one-time option for companies based in Türkiye to write-off long-standing debts if a penalty was paid. The Company decided to take advantage of this option and wrote off approximately TRY 63.5 million (approximately \$5.5 million). This resulted in a penalty of approximately TRY 3.0 million (approximately \$178,000), which is included in the other loss incurred in 2023.

#### *Interest expense*

Interest expense increased year over year as the shareholder loan balances increased in 2024.

#### *Assigned dividend*

At an Ordinary General Assembly Meeting held in May 2023, Horzum AS declared a dividend and approved the distribution of legal reserves totaling approximately TRY 46.2 million. Akmetal assigned to Pasinex Arama a portion of its entitlement to these amounts, which amounted to approximately TRY 9.2 million (approximately \$0.6 million using the exchange rate on the date the dividend and distribution were declared and approved).

#### *Loss on net monetary position*

Due to various qualitative factors and developments with respect to the economic environment in Türkiye during 2022, including, but not limited to, the acceleration of multiple local inflation indices, the three-year cumulative inflation rate of the Turkish Statistical Institute exceeded 100% in March 2022 and the significant devaluation of the Turkish Lira, Türkiye was designated a hyper-inflationary economy in the second quarter of 2022 for accounting purposes.

Accordingly, IAS 29, Financial Reporting in Hyper-Inflationary Economies, was applied to the Company's consolidated financial statements as the Company's Turkish wholly owned subsidiary, Pasinex Arama, uses the Turkish Lira as its functional currency. As a result, the Company recorded a loss on net monetary position of \$1,430,055 for the year ended December 31, 2024 (2023 - \$515,340), which relates to the revaluation of Pasinex Arama's share capital.

#### *Income tax expense*

Pasinex Arama had a small income for income tax purposes after making adjustments for non-taxable dividend income received from Horzum and certain non-deductible expenses. This resulted in a small amount of income taxes being owed.



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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

### **Turkish Joint Venture – Horzum AS**

#### Operating Results

- The price of zinc increased from US\$1.20 per pound in 2023 to US\$1.26 per pound in 2024.
- In 2024, Türkiye has continued to experience very high inflation. According to the Turkish Statistical Institute, the three-year cumulative inflation rate to the end of December 2024 was 291% (2023 – 268%). As a result, Horzum AS continued to experience price pressure on its goods and services, including wages of its labour force.
- The operating income in Horzum AS decreased in 2024, compared with 2023, as a result of the fewer tonnes being sold, and higher costs being incurred, partially offset by higher zinc prices.
- In 2024, Horzum AS had another zero-fatality year at the Pinargozu Mine with a total of fatality free hours having been worked at the Pinargozu Mine of 99,752 (2023 - 151,200). Horzum AS reported four serious injuries and two lost-time injuries during the year (2023 – five and 28 respectively).
- Horzum AS mined 3,601 tonnes of zinc product during 2024 (2023 – 8,061), at the Pinargozu mine. Production at the Pinargozu Mine for 2024 fell short of the amount forecast at the beginning of the year. The main reason for the decrease in production was a direct result of a decline in the number of working places as a consequence of our JV partner unilaterally stopping underground development to open a new production level where drill results had shown a continuation of anomalous zinc grades at a depth below the existing production level.
- Sales volumes decreased by an approximate 55% for the year ended December 31, 2024, to total tonnes sold of 3,601 in 2024 (2023 - 7,979). The decrease in tonnes sold was primarily a function of having lower zinc product available to sell during the year.
- Sales prices per tonne on a USD basis increased by approximately 20% for zinc sulphide product for the year ended December 31, 2024, when compared to prices in 2023.
- The average grade of the zinc sulphide product sold was 51.5% zinc per tonne for 2024, (2023 - 48.9%)
- The Joint Venture completed 6,526 metres of underground and surface diamond drilling in 2024, (2023 – 10,782) and completed 508 metres of exploration and development adit development during 2024 (2023 – 1,108 metres).

#### Financial Results

Below are the statements of operation for Horzum AS for 2024 and 2023 with a reconciliation to the Company's equity gain as shown on the Pasinex consolidated financial statements.

**Pasinex Resources Limited**  
**Management's Discussion & Analysis**  
**For the Years Ended December 31, 2024, and 2023**

<b>(100% basis - Canadian dollars)</b>	<b>Years Ended</b>		<b>December 31,</b>	
	<b>2024</b>		<b>2023</b>	
Revenue	\$	8,721,640	\$	8,658,801
Cost of sales		(4,562,508)		(4,668,947)
Selling, marketing and other distribution		(210,590)		(237,637)
Operating income		3,948,542		3,752,217
Impairment of Akmetal receivable		(52,762)		(11,428,778)
General and administrative expenses		(1,239,457)		(555,461)
Foreign exchange gain		22,875		11,925,192
Finance expense		(70)		(106,205)
Deferred tax expense		(396)		(361,827)
Gain on net monetary position		4,000		1,423,083
Current income tax expense		(666,877)		(1,144,234)
<b>Net income</b>	<b>\$</b>	<b>2,015,855</b>	<b>\$</b>	<b>3,503,987</b>
Pasinex ownership interest		50%		50%
The Company's equity share of net income of joint venture	\$	1,007,928	\$	1,751,994
Other comprehensive (loss) gain		(864,781)		45,585
<b>Pasinex'equity share of other comprehensive gain of joint venture</b>	<b>\$</b>	<b>143,147</b>	<b>\$</b>	<b>1,797,579</b>

*Impairment of Akmetal receivable*

In 2018, the Company performed an assessment resulting in the recording of an impairment of the loan receivable from Akmetal as required by IFRS 9. For further discussion see below – *Akmetal Receivable*. The recording of the impairment does not represent the elimination of the loan receivable and as such the Company continues to expect full repayment of the loan receivable in due course.

Financial condition

*Akmetal receivable*

The total receivable from Akmetal is approximately \$37.7 million as at December 31, 2024 (December 31, 2023 - \$34.6 million). 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; less the value of ongoing operating expenses paid by Akmetal. The above debt figure does not include certain items like interest on the outstanding debt, interest and penalties, incurred by Horzum AS, on the non-payment of income taxes as a result of not having sufficient cash on hand due to Akmetal not paying its debt to Horzum and certain other debts to Horzum AS.

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.

**Liquidity and Financial Position**

As at December 31, 2024, Horzum AS had a receivable owing from Akmetal of approximately \$37.7 million. The above debt figure does not include certain items like interest on the outstanding debt, interest and penalties, incurred by Horzum AS, on the non-payment of income taxes as a result of not having sufficient cash on hand due to Akmetal not paying its debt to Horzum and certain other debts to Horzum AS.

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## Pasinex Resources Limited

### Management's Discussion & Analysis

#### For the Years Ended December 31, 2024, and 2023

Pasinex has initiated legal processes to collect the outstanding receivable owed by Akmetal by court action.

Horzum AS's operations generated moderate positive operating income in 2024, 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 to fund its ongoing activities. 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.

### Off-Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

### Commitments and Contingencies

As of the date of this MD&A, the Company has no commitments or contingencies. The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are constantly changing and generally more restrictive. The Company does not believe that there are currently any decommissioning liabilities at its sites, nor subject to known additional environmental liabilities or mitigation measures.

### Share Capital

As of the date of this MD&A, the Company has 144,554,371 issued and outstanding common shares and an aggregate of 10.5 million stock options outstanding.

### Related Party Transactions

The Company lists its related party transactions in Note 14 of its audited consolidated financial statements for the year ended December 31, 2024.

### Selected Quarterly Financial Information

The following table provides a summary of audited financial data for the last eight quarters:

		Three Months Ended			
		Dec 2024	Sep 2024	Jun 2024	Mar 2024
Equity gain (loss) from joint venture	\$	(912,565)	112,432	309,802	633,478
Consolidated net (loss) income	\$	(2,394,375)	(245,877)	(296,550)	285,772
Basic and diluted net (loss) income per share	\$	0.00	0.00	0.00	0.00
		Dec 2023	Sep 2023	Jun 2023	Mar 2023
Equity gain (loss) from joint venture	\$	(328,349)	529,122	821,044	775,762
Consolidated net (loss) income	\$	(797,921)	(270,729)	954,465	(195,583)
Basic and diluted net (loss) income per share	\$	(0.01)	0.00	0.01	0.00

- See *Review of Annual Consolidated Financial Statements – Years Ended 2024 and 2023 – Equity gain* for an explanation of Equity gain. The quarterly equity gains (losses) are calculated by taking 50% of the following

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## Pasinex Resources Limited

### Management's Discussion & Analysis

#### For the Years Ended December 31, 2024, and 2023

calculation. Horzum AS's net income, which includes hyperinflationary adjustments, less dividends issued by Horzum AS.

- Quarterly consolidated net income or loss has varied primarily due to the variability of the equity gain or loss recorded from the joint venture.
- The consolidated net loss in the fourth quarters of 2024 and 2023 were primarily due to the fact that there was an equity loss in the fourth quarter compared with equity gains in the prior quarters of the year.

### Legal Actions

Pasinex has engaged the legal services of Denton's Canada LLP in Toronto, Canada and two Canadian Partners. Pasinex has also engaged the legal services of HBB Hukuk Burosı in Istanbul, Türkiye and two senior Turkish partners as well as a university legal professor who is the Chair of the Legal Department and founder of Ozata Law & Partners. This legal team has further legal and accounting resources available in both Canada and Türkiye. The legal process is continuing and Pasinex remains optimistic that a resolution will result from these legal actions, but assurance of success is not certain.

As of the date of this MD&A, Pasinex Arama, on behalf of the Joint Venture, has initiated the three following legal actions, with the objective of settling the outstanding receivable owed by Akmetal to Horzum AS.

1. ADANA 3rd COMMERCIAL COURT OF FIRST INSTANCE 2025/273 E.

Subject : Compensation lawsuit filed due to the liability of the defendants.

A lawsuit has been filed requesting the payment of 50,000 USD (reserving the right to claim the remainder) to Horzum A.Ş. for the damages caused by the defendants. The hearing is scheduled for 10 July 2025 at 10:20 AM, and the deadline for submitting a statement of defense has not yet expired.

2. ADANA 3rd COMMERCIAL COURT OF FIRST INSTANCE 2025/158 E.

Subject : Compensation lawsuit based on the liability of board members.

A lawsuit has been filed for the collection of 50,000 USD (reserving the right to claim the remainder), corresponding to the amount exceeding 130,000,000 TRY which is subject to three enforcement proceedings, due to the damages caused by the defendants in their capacity as board members of Horzum A.Ş. In their statement of defense dated 07.04.2025, the defendants argued that: The receivable from Akmetal DT amounts to 130,000,000 TRY, as substantiated by the company's ledgers, balance sheets, all accounting records, and expert reports submitted in the related lawsuits for annulment of objection. All shareholders unanimously decided to initiate three enforcement proceedings to collect the debt, entered into an agreement with an attorney, and signed a legal fee agreement with them. The right of election for the receivable was exercised in Turkish Lira. All board members were discharged in previous general assemblies and therefore cannot be held liable. Even if the case was filed based on board responsibility, the six-month forfeiture period following discharge has lapsed. The statutory limitation periods of 2 to 5 years have also expired as of the date of the final mediation report. Since the claim for 130,000,000 TRY is already the subject of three separate enforcement proceedings, the principle of "Lis pendens" applies. As the claim amount is determinable, a "lawsuit for an unquantified receivable" cannot be filed. They also raised all objections related to interest rate and accrual date. As of now, the exchange of pleadings is still ongoing, and a hearing date has not yet been scheduled.

3. ADANA 3rd COMMERCIAL COURT OF FIRST INSTANCE 2024/284 E.

Subject : Request for appointment of a trustee to the management of Horzum A.Ş.

A lawsuit was filed with a request for interim relief, seeking the appointment of a trustee ("management kayyım") to Horzum A.Ş., of which Pasinex holds a 50% share, with authority limited to making due and necessary payments for Horzum AS's ongoing operations, setting the agenda for the General Assembly, convening the General Assembly meeting, and exercising all executive powers through sole signature to ensure the company's continued functioning during this process. By decision dated 13.11.2024, numbered 2024/284 E. - 2024/711 K., the court accepted the claim and ordered the appointment of a trustee to Horzum A.Ş. This decision has been appealed by the defendant Akmetal

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

Madencilik San. ve Tic. A.Ş. The appointed trustees are Prof. Dr. Ömer Korkut, Ahmet Ferit Savaşçı, and Ahmet Yüksel. The court ruled that: The company shall be represented by the joint signatures of at least two board members in all transactions. All binding or disposal acts by the company's registered operating managers (as of 09.10.2023) shall require approval by at least two board members to be valid. The trustee board's management and representation authority shall end either when the company appoints new board members via general assembly, or on 31.12.2025, whichever comes first. Regardless of the termination conditions, Ahmet Ferit Savaşçı and Ahmet Yüksel are authorized individually to register the start and end of the trustee board's mandate with the trade registry. Until the judgment becomes final, the court ruled that the trustee board appointed by the interim decision dated 02.05.2024 shall continue to hold management and representation powers. The case is currently under appellate review by the 9th Civil Chamber of the Adana Regional Court of Justice, file no 2025/308 E.

In addition, Pasinex has submitted requests for auxiliary intervention in three pending lawsuits, as follows:

**1. ADANA 1st COMMERCIAL COURT OF FIRST INSTANCE 2023/162 E.**

Subject : Lawsuit for annulment of objection regarding enforcement file no. 2021/31558 E.

In relation to Horzum A.Ş.'s receivable from Akmetal Dış Ticaret ("Akmetal DT"), an enforcement proceeding was initiated for the amount of TRY 20,000,000, pertaining to the enforcement file numbered 2021/31558 E. of the Adana General Enforcement Office, with the reservation of rights to claim the remaining amount. Following the objection raised by the debtor, a lawsuit for the annulment of the objection was filed. As a result of the proceedings, a decision was rendered on 03.04.2024, and the court ruled in favor of the plaintiff by annulling the defendant's objection to the enforcement file numbered 2021/31558 E. of the Adana General Enforcement Office, allowing the continuation of the enforcement proceedings, applying variable advance interest rates on the principal amount as of the date of enforcement, and awarding compensation of TRY 4,000,000, which corresponds to 20% of the principal claim, to be paid by the defendant to the plaintiff. This decision has been appealed by the defendant debtor, and the appeal is currently pending before the 9th Civil Chamber of the Adana Regional Court of Appeal under file number 2024/1349 E. With respect to this lawsuit for the annulment of the objection, we submitted a petition for auxiliary intervention on 28.05.2024, stating that the receivable is not in Turkish Lira, that the invoices were issued in foreign currency, that the enforced amount represents only a portion of the actual receivable, and that the total claim amounts to approximately USD 32 million. The case is still under appellate review.

**2. ADANA 3rd COMMERCIAL COURT OF FIRST INSTANCE 2023/778 E.**

Subject : Lawsuit for annulment of objection regarding enforcement file no. 2022/23044 E.

Regarding Horzum A.Ş.'s receivable from Akmetal DT, an enforcement proceeding was initiated before the Adana General Enforcement Office, under file no 2022/23044 E., for 50,000,000 TRY, with the note that rights to claim the remaining receivables are reserved. Following the defendant's objection, an action for annulment of objection was filed. In this lawsuit, it was asserted that: the actual receivable is not in TRY, but in foreign currency, the invoices were issued in foreign currency, the amount subject to enforcement represents only a portion of the receivable, the actual total debt is approximately 32 million USD. On 21 May 2024, our client submitted a petition for third-party intervention in support of the plaintiff. Following the trial, a judgment was issued on 26 February 2025, whereby: the court accepted the claim, the defendant's objection in enforcement file no 2022/23044 was overruled, the enforcement proceedings were allowed to continue, The defendant was ordered to pay 10,000,000 TRY as bad faith compensation (icra inkar tazminatı) to the plaintiff. The reasoned judgment has been electronically served on the parties, but the appeal period has not yet expired.

**3. ADANA 1st COMMERCIAL COURT OF FIRST INSTANCE 2023/538 E.**

Subject : Lawsuit for annulment of objection regarding enforcement file no. 2021/53239 E.

Regarding Horzum A.Ş.'s receivable from Akmetal DT, an enforcement proceeding was initiated before the Adana General Enforcement Office, under file no 2021/53239 E., for 60,000,000 TRY, with the note that rights to claim the remaining receivables are reserved. Following the defendant's objection, an action for annulment of objection was filed. In this lawsuit, it was asserted that the receivable is not in TRY, that the invoices were issued in foreign currency, that the amount subject to enforcement represents only a portion of the receivable, and that the actual total debt is approximately 32 million USD. On 28 May 2024, our client submitted a petition for third-party intervention in support of the plaintiff. Following the trial, a judgment was issued on 26 February 2025, whereby the court accepted the claim,

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

overruled the defendant's objection in enforcement file no 2021/53239 E., and allowed the enforcement proceedings to continue. The court also ruled that 12,000,000 TRY, corresponding to 20% of the adjudicated amount, be paid by the defendant to the plaintiff as compensation. The reasoned judgment has been electronically served on the parties, but the appeal period has not yet expired.

### **Risks and Uncertainties**

The Company's business contains significant risk due to the nature of mining, exploration and development activities. In addition to the usual risks associated with an investment in a junior resource company, management and the directors of the Company believe that, in particular, the following risk factors should be considered by prospective investors. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors below that have affected, and which in the future are reasonably expected to affect the Company and its financial position.

#### **Risks to Profitability**

The Company is a junior resource company focused primarily on the acquisition, exploration and development of mineral properties located in the United States and Türkiye. The Company's properties have no established mineral reserves and there is no assurance that any of the Company's projects can be mined profitably. Accordingly, it is not assured that the Company will realize any profits in the short to medium term, if at all. Any profitability from the business of the Company will be dependent upon developing and commercially mining an economic deposit of minerals, which in itself is subject to numerous risk factors.

The profitability of the Company's current operations will be directly related to the performance of the Pinargozu zinc mine located in Türkiye, which operates without a technical report or established mineral reserves. The development of a mining operation typically involves large capital expenditures and a high degree of risk and uncertainty. Mining operations put into production without first establishing mineral reserves supported by a NI 43-101 technical report and completed feasibility study are subject to much higher risk of economic or technical failure. As the Pinargozu mine (held by Horzum AS) was put into production without a feasibility study or mineral reserves demonstrating economic and technical viability, there is increased uncertainty. The economic and technical risk of failure at the Pinargozu mine is increased by operating without a technical report, and the ore grade, estimated mineral resources, profitability of the mine, the life of the mine, the difficulty in mining zinc ore, the cost in maintaining the mine and any other economic or technical projection may differ materially from the Company's estimates, which would have a material and adverse effect on the Company's results.

Moreover, the ability of the Pinargozu mine to generate positive cash flow for the Company has been impacted by the ability of Horzum AS to collect receivables from Akmetal, the Company's distribution partner. To date, the loan receivables owing to the Company from Akmetal were unrecoverable, and as a result the Company's business, results of operations and financial condition have experienced a material adverse impact.

#### **Reliability of Mineral Resource Estimates**

As the Company has not established mineral reserves supported by a NI 43-101 technical report, there is no assurance that the Company's resource or production estimates can be relied upon. The Company currently relies on internal mineral resource estimates for the basis of its projections and forward-looking information. Mineral resources are estimates based on sampling of the mineralized material in a deposit and such estimates may not be found to be accurate. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimation of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

The Company's mineral resource estimates are imprecise and depend upon geological interpretation and statistical inferences drawn from drilling and sampling analysis, all of which may prove to be unreliable. Furthermore, there are risks related to the reliability of analytical results and unforeseen possible variations in grade or other considerations.

#### **Exploration Risk**

The exploration and development of mineral deposits involves a high degree of financial risk over a significant period of time that even a combination of management's careful evaluation, experience and knowledge may not eliminate. While discovery of ore-bearing structures may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish reserves by drilling and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current mining, exploration and development programs of the Company will result in profitable commercial mining operations.

#### **Commodity Markets**

The price of the Company's securities, its financial results, and its access to the capital required to finance its production and exploration activities may in the future be adversely affected by declines in the price of zinc. Zinc prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of zinc by various dealers, financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals, environmental protection, and international political and economic trends, conditions and events. If these or other factors adversely affect the price of zinc that are the subject of the Company's production and exploration efforts, the market price of the Company's securities may decline.

#### **Market Fluctuation and Commercial Quantities**

The market for minerals is influenced by many factors beyond the Company's control, including without limitation, the supply and demand for minerals. In addition, the metals industry in general is intensely competitive and there is no assurance that, even if apparently commercial quantities and qualities of metals are discovered, a market will exist for their profitable sale. Commercial viability of zinc and other mineral deposits may be affected by other factors that are beyond the Company's control, including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure, the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, and environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability such that any adverse combination of such factors may result in the Company not receiving an adequate return on invested capital or having its mineral projects be rendered uneconomic. These risks are accentuated because of the lack of a NI 43-101 technical report on mineral reserves at the Pinargozu mine. Without a NI 43-101 technical report, economic and technical viability of the Pinargozu mine cannot be assured.

#### **Option and Joint Venture Agreements**

The Company has and may continue to enter into option agreements and/or joint ventures as a means of acquiring property interests. Any failure of any partner to meet its obligations to the Company or other third parties, or any disputes with respect to third parties' respective rights and obligations could have a material adverse effect on the Company's rights under such agreements. Furthermore, the Company may be unable to exert direct influence over strategic decisions made in respect of properties that are subject to the terms of these agreements, and the result may be a materially adverse impact on the strategic value of the underlying mineral claims.

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# **Pasinex Resources Limited**

## **Management's Discussion & Analysis**

### **For the Years Ended December 31, 2024, and 2023**

#### **Property Titles**

The principal property interests that the Company owns, controls or has the right to acquire by option or agreement come variously under the *3213 Turkish Mining Law* (Türkiye), the *Federal Land Policy and Management Act* (United States), and the *General Mining Law of 1872* (United States), each of which has its own registration and management systems. Although the Company has either obtained title opinions or reviewed title for the material properties that it owns, controls or has the right to acquire by option or agreement, there is no guarantee that title to such mineral property interests will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers, and title may be affected by undetected defects. The Company may also experience challenges in effecting the transfer of title to certain of its mineral properties. There may be valid challenges to the title of the mineral property interests which, if successful, could impair development and/or operations.

#### **Financing Risks**

Although the Company currently generates operating cash flow from the Pinargozu mine, the Company's distribution partner, Akmetal, has been slow to pay Horzum AS. The Company has no other source of operating cash flow and there is no assurance additional funding will be available for further exploration, development and maintenance of its projects. Further exploration and development of the Company's properties may be dependent upon its ability to obtain financing through equity or debt, and although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of the Company's projects, the loss of right to the Company's properties, or the ability to finance the continued operation of the Pinargozu mine.

#### **Mining Risks and Insurance**

The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, catastrophic equipment failures, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with a mining company's operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

#### **Risks Related to Operations in a Foreign Jurisdiction**

The Company's business operates in a foreign jurisdiction where there are added risks and uncertainties due to the different economic, cultural and political environments. The Corporation's mineral exploration and mining activities may be adversely affected by political instability and changes to government regulation and policy relating to the mining industry. Other risks of foreign operations include political unrest, labour disputes and unrest, invalidation of governmental orders and permits, corruption, war, civil disturbances and terrorist actions, arbitrary changes in law or policies of particular countries (including nationalization of mines), foreign taxation, price controls, delays in obtaining or renewing or the inability to obtain or renew necessary permits, opposition to mining from environmental or other non-



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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on mineral exports and increased financing costs. Local economic conditions can also adversely affect the security of the Company's operations and the availability of supplies. In addition, risks of operations in Türkiye include fluctuations in currency exchange rates, inflation, and significant changes in laws and regulations including but not limited to tax regulations, permitting and expropriation. These risks may limit or disrupt the Company's projects, reduce financial viability of local operations, restrict the movement of funds or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation. There can be no assurance that changes in the government or laws or changes in the regulatory environment for mining companies or for non-domiciled companies will not be made that would adversely affect the Company's business, financial condition, results of operation and prospects.

#### **Government Regulations, Permitting and Taxation**

The Company's production and exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its activities, its various licences and permits must be obtained and kept current. There is no guarantee that the Company's licences and permits will be granted, or that once granted will be extended. In addition, the terms and conditions of such licences or permits could be changed and there can be no assurances that any application to renew any existing licences will be approved. There can be no assurance that all permits that the Company requires will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development or maintenance of its properties. The Company will also have to obtain and comply with permits and licences that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions. Future taxation of mining operators cannot be predicted with certainty so planning must be undertaken using present conditions and best estimates of any potential future changes.

#### **Health, Safety and Community Relations**

The Company's operations are subject to various health and safety laws and regulations that impose various duties on the Company's operations relating to, among other things, worker safety and obligations in respect of surrounding communities. These laws and regulations also grant the relevant authorities broad powers to, among other things, close unsafe operations and order corrective action relating to health and safety matters. The costs associated with the compliance with such health and safety laws and regulations may be substantial and any amendments to such laws and regulations, or more stringent implementation thereof, could cause additional expenditure or impose restrictions on, or suspensions of, the Company's operations. The Company has made, and expects to make in the future, expenditures to comply with the extensive laws and regulations governing the protection of the environment, waste disposal, worker safety, mine development and protection of endangered and other special status species, and, to the extent reasonably practicable, to create social and economic benefit in the surrounding communities near the Company's mineral properties.

#### **Environmental Protection**

The mining and mineral processing industries are subject to extensive governmental regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds. There is also a risk that environmental and other laws and regulations may become more onerous, making it more costly for the Company to remain in compliance with such laws and regulations.

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

#### **Reliance on Key Personnel**

The Company's development to date has largely depended and in the future will continue to depend on the efforts of key management and other key personnel. Loss of any of these people, particularly to competitors, could have a material adverse effect on the Company's business. Further, with respect to future development of the Company's projects, it may become necessary to attract both international and local personnel for such development. The marketplace for key skilled personnel is becoming more competitive, which means the cost of hiring, training and retaining such personnel may increase. Factors outside the Company's control, including competition for human capital and the high level of technical expertise and experience required to execute this development, will affect the Company's ability to employ the specific personnel required. The failure to retain or attract a sufficient number of key skilled personnel could have a material adverse effect on the Company's business, results of operations and financial condition. The Company has not taken out and does not intend to take out 'key person' insurance in respect of any directors, officers or other employees.

#### **Competitive Industry Environment**

The mining industry is highly competitive, both domestically and internationally. The Company's ability to acquire properties and develop mineral reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for mineral exploration, of which there is a limited supply. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter competition from other mining companies in its efforts to hire experienced mining professionals. Competition could adversely affect the Company's ability to attract necessary funding or acquire suitable producing properties or prospects for mineral exploration in the future. Competition for services and equipment could result in delays if such services or equipment cannot be obtained in a timely manner due to inadequate availability, and could also cause scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project development, exploration or construction costs and result in project delays.

#### **Global Financial Conditions**

Recent global financial conditions have been characterized by increased volatility and access to public financing, particularly for junior mining companies. These conditions may affect the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company or at all. If such conditions continue, the Company's operations could be negatively impacted. See discussion related to the ongoing Ukraine conflict in the Cautionary Note Regarding Forward-Looking Statements.

#### **Infrastructure**

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

#### **Use of Accounting Judgments and Estimates**

Refer to Note 4 of the Company's Consolidated Financial Statements.

#### **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue

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## **Pasinex Resources Limited**

### **Management's Discussion & Analysis**

#### **For the Years Ended December 31, 2024, and 2023**

statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements; and (ii) the consolidated financial statements fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of unaudited condensed interim consolidated financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Management's Responsibility for Financial Information**

The Company's financial statements are the responsibility of the Company's management and have been approved by the board of directors. The consolidated financial statements were prepared by the Company's management in accordance with IFRS Accounting Standards. The consolidated financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner in order to ensure the financial statements are presented fairly in all material respects.

### **Qualified Person**

Jonathan Challis, a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer, is the qualified person ("QP") as defined by NI 43-101 for all information in this MD&A. Mr. Challis is a director of the Company and Chair of the Pasinex Arama.

### **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).

June 25, 2025

"Larry Seeley"  
Larry Seeley  
Executive Chairman

"Ian Atacan"  
Ian D. Atacan  
Director and Chief Financial Officer