

**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

---

## **Introduction**

The following interim Management Discussion & Analysis ("Interim MD&A") of Pasinex Resources Limited (the "Company" or "Pasinex") for the three and nine months ended September 30, 2016 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2015. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since date of the Annual MD&A.

This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2015 and 2014, together with the notes thereto, and unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2016, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim consolidated financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of November 25, 2016, unless otherwise indicated.

For the purposes of preparing this Interim 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.sedar.com](http://www.sedar.com).

## **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

**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

---

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) the supply and demand for, deliveries of, and the level and volatility of prices of zinc and gold and other precious metals; (iii) the timing of the receipt of any outstanding regulatory and governmental approvals for the Company's projects; (iv) the ability to meet social and environmental standards and expectations; (v) the availability of financing for the Company's development of its properties on reasonable terms; (vi) the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; (vii) the ability to attract and retain skilled staff; (viii) exploration and development timetables; and (ix) capital expenditure and operating cost estimates.

These forward-looking statements involve risks and uncertainties relating to, among other things, exploration and development risks, changes in commodity and, particularly the zinc and gold prices, 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 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 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 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'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".

## **Operational Highlights**

### **Corporate**

On February 11, 2016, the Company issued 1,000,000 common shares to Eurasian Minerals Inc., valued at \$60,000, in accordance with the Golcuk Property agreement. The Company also issued 100,000 common shares to Zimtu Capital Corp., valued at \$6,000, for finder's fees in accordance with the Golcuk Property agreement.

On May 25, 2016, the Company also announced the appointment of John Barry, EurGeol & P.Geo as the Qualified Person (QP) effective immediately.

On June 3, 2016, the Company completed a non-brokered private placement (the "Private Placement") of 12,000,000 units (the "Units") at a subscription price of \$0.05 per Unit for gross proceeds of \$600,000. Each Unit consists of one common share and one share purchase warrant (the "Warrant"). Each whole Warrant is exercisable into one additional common share (the "Warrant Share") of the Company at \$0.07 per Warrant Share for a period of one year from the closing.

On October 18, 2016, the Company granted 2,200,000 stock options to officers and directors of the Company. These options are exercisable at a price of \$0.19 per share for a period of two years from the date of issuance.

Subsequent to September 30, 2016, 3,263,658 warrants were exercised for gross proceeds of \$326,366.

### **Operations**

The major activity for Pasinex is the Horzum AS Joint Venture ("Horzum AS JV") with Akmetal AS. The key focus within this Horzum AS JV is the Pinargozu zinc mine and exploration in Adana province, southern Turkey. At the Pinargozu mine there is mine activity and exploration / drilling activity on-going throughout the third quarter of 2016 and to the date of reporting (November 24, 2016).

In the third quarter of 2016, the Pinargozu mine produced approximately 7,700 tonnes (wet weight) of direct shipping mineralization at an average mining rate in the quarter of 86 tonnes / day. In the first half of 2016, the Horzum AS JV has sold approximately 9,300 tonnes (wet weight) of direct shipping mineralization at about an average grade of 35.1% Zn. In total, approximately 6.6 million pounds of zinc sold in the first half of 2016. In the third quarter of 2016, 7747 tonnes (wet weight) of direct shipping material was sold at an average grade of about 33.3% Zn. This represents a total of 5.3 million pounds of zinc sold in the quarter. So overall, for the period ended 2016, a total of approximately 17,000 tonnes of direct shipping (DSO) material was sold at an average grade of about 34.5% Zn with a contained zinc content of nearly 12 million pounds of zinc. The product was sold to zinc commodity traders and zinc metal producers.

**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

Details of 2016 lot sales of product from Pinargozu mine are given below:

<b>Horzum AS - Pinargozu mine Production Sale summary</b>							
<b>Lot number 2016</b>	<b>Date of sale</b>	<b>Type Oxide or Sulphide</b>	<b>Wet weight</b>	<b>Moisture %</b>	<b>Dry Weight</b>	<b>Initial Assay % Zn</b>	<b>Final Assay % Zn</b>
<b>First Half 2016</b>							
1	28-Jan-16	Oxide	1,556.560	6.82690	1,450.295		37.23
2	2-Mar-16	Oxide	1,842.500	7.81266	1,698.551		35.06
3	30-Mar-16	Sulphide	716.200	1.64000	704.454	49.90	49.90
4	7-Apr-16	Oxide	1,685.620	7.67590	1,556.234	32.00	32.90
5	12-May-16	Oxide	1,264.080	7.74900	1,166.126	33.27	33.80
6	9-Jun-16	Oxide	1,238.040	7.50930	1,145.071	31.50	30.75
7	08 to 17-Jun- 2016	Oxide	995.780	7.50000	921.096	31.12	31.15
<b>Subtotal</b>			<b>9,298.780</b>	<b>7.06%</b>	<b>8,641.827</b>		<b>35.1%</b>
<b>Q3 2016</b>							
8	1-Jul-16	Oxide	1,298.520	6.92850	1,208.550	31.19	31.96
9	21-Jul-16	Oxide	1,095.000	7.50000	1,012.880	31.00	31.11
10	27-Jul-16	Oxide	100.360	6.83000	93.510	25.33	26.09
11	28-Jul-16	Oxide	201.600	6.83000	187.831	25.33	26.09
12	2-Aug-16	Oxide	185.580	6.83000	172.905	25.33	26.09
13	4-Aug-16	Oxide	100.100	6.83000	93.260	25.33	26.09
14	17-Aug-16	Oxide	1,000.000	7.50000	925.000	36.37	(*)
15	26-Aug-16	Oxide	2,000.000	7.50000	1,850.000	34.99	(*)
16	2-Sep-16	Oxide	284.000	6.00000	266.960	28.27	(*)
17	8-Sep-16	Oxide	416.125	6.00000	391.158	29.38	(*)
18	20-Sep-16	Oxide	66.18	6.00000	62.209	29.38	(*)
19	29-Sep-16	Oxide	1,000.000	7.50000	925.000	38.80	(*)
<b>Subtotal Q3</b>			<b>7,747.465</b>	<b>7.20%</b>	<b>7,189.262</b>	<b>33.3%</b>	
<b>Total 2016 YTD</b>			<b>17,046.245</b>	<b>7.13%</b>	<b>15,831.089</b>	<b>34.3%</b>	

(\*) – still awaiting final assay results

**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

---

Drilling has continued at Pinargozu throughout the third quarter of 2016. For most of the period two drills were operating. One drill operated from an underground drill site, looking for deeper sulphide mineralization associated with the oxide mineralization currently being mined. A second drill operated from a couple of drill sites near Pinargozu mine, looking for step out manifestations of the mineralization. In total, in this third quarter of 2016, about 2430 meters of drilling were conducted.

Throughout the summer of 2016 Pasinex Resources reported many drill results from 2015 and 2016. These results were reported in press releases on June 23<sup>rd</sup>, July 7<sup>th</sup>, August 9<sup>th</sup> and September 7<sup>th</sup> 2016. All these news releases are available on the Pasinex Resources website [www.pasinex.com](http://www.pasinex.com). Highlights included the announcement of drill intercepts of extremely high grade zinc sulphide (sphalerite) mineralization, reported on September 7<sup>th</sup> 2016. The recognition of this deeper sulphide mineralization was crucial to the decision taken by Horzum AS to drive a third adit into the Pinargozu mineralization. Work began on this third adit in the second quarter and was largely completed by late August 2016. This was then announced to the market on September 20<sup>th</sup>, 2016. This third adit enabled Horzum AS to double the daily production from Pinargozu mine, from around 60 tonnes per day to around 120 tonnes per day because the third adit is bigger than the earlier two adits, permitting bigger equipment underground. This higher rate of production represents an annualized production rate approaching 30 million pounds per year of zinc. The impact of the third adit is immediately notable in third quarter average production reaching around 86 tonnes per day despite the adit only coming on line by September 2016.

The Horzum AS JV recorded gross sales of \$6,931,254 for the first nine months of 2016 with a net income of \$1,591,785 and a profit margin of 23.1%. The third quarter gross sales were \$3,413,571 with a net income of \$1,187,340 (34.8%). This profit margin is up significantly from only 11.5% in the first half and reflected the immediate impact of the new third adit in quarter three leading to higher production rate, together with an increased value of product sold due to a strengthening zinc price. Exploration drilling and mine development work have been expensed and included in all third quarter operating costs.

The Horzum AS JV balance sheets show total assets of \$7,540,158, share capital of \$237,400 and a surplus of \$2,299,617. The current assets of \$6,452,643 include inventory of \$674,822 which is direct shipping mineralization stock held at the Adana, Turkey warehouse of Horzum AS. This inventory is recorded at the cost of production.

The Company views the first nine months of 2016 as a very positive period for the Horzum AS JV. Mine production at Pinargozu was increased to approximately 86 tonnes / day of direct shipping ore for the third quarter versus approximately 58 tonnes per day for the first half of 2016. This increased production resulted in a positive profit margin of over 23% for the year and nearly 35% for the third quarter 2016. Management continues to believe that the exploration opportunity for further zinc resource at Pinargozu is very good.

There was no exploration or mining activity on the Golcuk copper property, Sivas province, Turkey during the third quarter of 2016. The company is preparing for a small drilling campaign at Golcuk in November 2016.

## **Trends**

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. During the quarter, equity markets in Canada showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the discussion below on zinc prices, 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. See "Risks and Uncertainties" below.

Management believes that Pasinex is strongly leveraged to the zinc price and so management continuously monitors the global zinc market. The zinc price has moved up approximately 75% in 2016 from a low of around 65 c US / lb to a current price of 115 c US / lb. Pasinex believes that the major driver in this price increase has been an on going medium term mine supply side shortage of zinc stock. This has been due to a number of large zinc mine closures over the last two years. As the Horzum AS JV is now producing and selling zinc product there is a direct benefit being received for the higher zinc prices this year.

## **Financial Highlights**

### **Financial Performance**

The Company's net income totaled \$417,898 for the three months ended September 30, 2016, with basic and diluted income per share of \$0.00. This compares with a net loss of \$241,912 with basic and diluted loss per share of \$0.00 for the three months ended September 30, 2015. The increase in net income of \$659,810 resulted mainly from:

- An increase in the equity gain from joint venture to \$593,671 from \$82,249 in the comparative period is due to the joint venture's company profit increasing from the increase in the sales of zinc material together with an increased zinc price.
- A decrease in administrative fees of \$37,500 from the comparative period due to the cessation of a management services contract in Vancouver, BC, Canada. The Company relocated their corporate business to Toronto, Ontario and so no longer required this Vancouver based service contract.
- A decrease in consulting and management fees to \$68,014 from \$84,767 in the comparative period due to less consultants being used during the period and the implementation of cost saving initiatives.
- A decrease in professional fees to \$18,757 from \$23,789 resulted from a decrease in the need for legal and accounting support during the current period.
- A decrease in property investigation costs to \$nil from \$6,428 in the comparative period as the Company did not explore new property opportunities during the current period.
- An increase in travel and meals to \$40,828 from \$16,684 in the comparative period due to increased travel to Turkey in the current period.



**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

---

- An increase in the foreign exchange gain to \$4,226 from a loss of \$76,795 in the comparative period due to the fluctuation in the foreign exchange rate of the Turkish Lira in the current period.

The Company's total assets at September 30, 2016 were \$3,033,477 (December 31, 2015 - \$2,368,863) and total liabilities were \$339,202 (December 31, 2015 - \$381,901). The increase in total assets of \$664,614 resulted mainly from the cash proceeds from the Private Placement and the equity gain from the joint venture offset by cash spent on operating costs. The Company does not have sufficient cash to pay its existing liabilities of \$339,202 at September 30, 2016.

Overall, in this period, the Company made some cost reductions. Expenses were reduced from \$237,325 in the third quarter of 2015 to \$187,163 in this third quarter of 2016. This reduction of approximately \$50,000 reflected efforts to reduce costs and in particular, the relocation of the corporate office from Vancouver, British Columbia to Toronto, Ontario, necessitating a number of changes to management support contracts.

### **Cash Flows**

At September 30, 2016, the Company had cash of \$29,888 compared to \$25,749 at December 31, 2015. The increase in cash of \$4,139 resulted from cash outflow in operating activities and investing activities of \$634,924 and \$29,489, respectively offset by cash inflow from financing activities of \$667,202.

Operating activities were affected by non-cash items of amortization of \$8,894, gain on sale of marketable securities of \$1,092 and equity gain from joint venture of \$795,893. The net change in non-cash working capital balances of \$62,740 reflects an increase in GST/HST/VAT receivable of \$6,315, a decrease in prepaid expenses and deposits of \$205, a change in due from related parties of \$16,656, a decrease in accounts payable and accrued liabilities of \$18,187 and a decrease in due to related parties of \$21,787.

Cash outflow for investing activities of \$29,489 was \$33,744 for expenditure on exploration and evaluation assets and \$4,255 from proceeds of sale of marketable securities.

Financing activities generated cash inflow of \$667,202 consisted of \$574,702 from cash proceeds from the issuance of shares and share subscription received of \$92,500.

### **Liquidity and Financial Position**

The Company is actively investigating financing alternatives in order to continue as a going concern. The Company has reduced expenses wherever possible and will continue to do so moving forward. Most of the funding has been raised through the issuance of shares. Funds have been received by the Joint Venture project in Turkey, and it is expected that these funds will increase during fiscal 2016 as more product is sold. The availability of financing, as and when needed, to fund the Company's activities cannot be assured. See "Risks and Uncertainties" below.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body.

**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

---

The Company's cash at September 30, 2016 is not anticipated to be sufficient to fund its current liabilities of \$339,202 and the estimated remaining operating expenses of \$125,000 for the remainder of the fiscal 2016. The Company will need to raise equity capital in amounts sufficient to fund working capital requirements. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or under terms favourable to the Company. See "Risks and Uncertainties" below and "Caution Note Regarding Forward-Looking Statements" above.

Additional measures may be undertaken or are under consideration to further reduce corporate overhead.

### **Transactions with Related Parties**

#### **Related Party Balances and Transactions**

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with key management personnel, which include 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 period. 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>Three months ended September 30, 2016 (\$)</b>	<b>Three months ended September 30, 2015 (\$)</b>
<b>Management and consulting fees</b>		
Steven Williams <sup>(4)</sup>	22,080	24,000
Marrelli Support Services Inc. <sup>(5)</sup>	7,500	nil
DSA Corporate Services <sup>(6)</sup>	5,682	nil
Irus Consulting Ltd. <sup>(7)</sup>	18,023	13,441
Clinton Smyth <sup>(1)</sup>	nil	nil
Jody Bellefleur <sup>(3)</sup>	nil	4,000
<b>Total</b>	<b>53,285</b>	<b>41,441</b>



**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

	<b>Nine months ended September 30, 2016 (\$)</b>	<b>Nine months ended September 30, 2015 (\$)</b>
<b>Management and consulting fees</b>		
Steven Williams	72,000	72,000
Marrelli Support Services Inc.	25,000	nil
DSA Corporate Services	17,593	nil
Irus Consulting Ltd.	29,952	35,441
Clinton Smyth	nil	36,300
Jody Bellefleur	nil	15,000
<b>Total</b>	<b>144,545</b>	<b>158,741</b>

	<b>Three months ended September 30, 2016 (\$)</b>	<b>Three months ended September 30, 2015 (\$)</b>
<b>Share-based payments</b>		
Jody Bellefleur	nil	nil
Frances Petryshen <sup>(8)</sup>	nil	nil
<b>Total</b>	<b>nil</b>	<b>nil</b>

	<b>Nine months ended September 30, 2016 (\$)</b>	<b>Nine months ended September 30, 2015 (\$)</b>
<b>Share-based payments</b>		
Jody Bellefleur	nil	5,948
Frances Petryshen	nil	5,948
<b>Total</b>	<b>nil</b>	<b>11,896</b>

	<b>September 30, 2016 (\$)</b>	<b>December 31, 2015 (\$)</b>
<b>Amounts payable</b>		
Clinton Smyth	5,530	50,890
Larry Seeley <sup>(2)</sup>	25,000	2,872
Jody Bellefleur	nil	12,600
Steven Williams	18,080	25,944
Marrelli Support Services Inc.	2,363	nil
DSA Corporate Services	3,774	nil
Irus Consulting Ltd.	15,772	nil
<b>Total</b>	<b>70,519</b>	<b>92,306</b>

- (1) Clinton Smyth is a former VP of Exploration of the Company.  
(2) Larry Seeley is a director of the Company.  
(3) Jody Bellefleur is the former Chief Financial Officer ("CFO") of the Company.  
(4) Steven Williams is Chief Executive Office of the Company.  
(5) Mrs. Cindy Davis, the CFO of the Company, is also a senior employee of Marrelli Support Services Inc. ("Marrelli Support"). Marrelli Support also provides accounting services to the Company.  
(6) DSA Corporate Services ("DSA") is affiliated with Marrelli Support through a common officer. DSA provides corporate and secretarial services for the Company.  
(7) Irus Consulting Ltd. is controlled by John Barry, a director of the Company.  
(8) Frances Petryshen is the former Corporate Secretary.

**Pasinex Resources Limited**  
**Interim Management's Discussion & Analysis – Quarterly Highlights**  
**For the Three and Nine Months Ended September 30, 2016**  
**Discussion dated: November 25, 2016**

---

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.

Pasinex Arama provides project management and technical management services to Akmetal for Akmetal's 100%-owned license, numbered IR-1179, located in the Adana area. The balance of receivable from Akmetal is \$118,059 as of September 30, 2016 (December 31, 2015 - \$128,007). This property may be transferred to the Joint Venture pending approval from the Turkish government.

Pasinex Arama provides project management and technical management services to the Joint Venture for Pinargozu property and Horzum JV Properties which may be transferred to the Joint Venture. The balance of receivable from the Joint Venture is \$413,675 as of September 30, 2016 (December 31, 2015 - \$419,821).

To the knowledge of the directors and officers of the Company, as at September 30, 2016, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the common shares of the Company other than set out below:

	<b>Number of Common Shares</b>	<b>Percentage of Outstanding Common Shares</b>
<b>Larry Seeley</b>	<b>25,964,533</b>	<b>22.80%</b>

### **Risks and Uncertainties**

The Company is in the project exploration and development stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry as well as global economic and base mineral price volatility. There is no assurance that the Company's funding initiatives will continue to be successful to fund its planned projects, which are now focused on the joint venture in Turkey.

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 that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended December 31, 2015, available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **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 unaudited condensed interim consolidated financial statements do not contain any untrue 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 unaudited condensed interim 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.

### **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).