

PASINEX RESOURCES LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2017
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Pasinex Resources Limited (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Pasinex Resources Limited

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at March 31, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash	\$ 386,513	\$ 311,958
Goods and services tax receivable	139,816	117,566
Other receivables	1,724	1,798
Prepaid expenses and deposits	44,036	55,637
Marketable securities (note 4)	10,878	11,342
Total current assets	582,967	498,301
Non-current assets		
Equipment (note 5)	14,948	16,363
Investment in joint venture (note 6)	3,017,568	1,901,589
Exploration and evaluation assets (note 7)	1,660,280	1,649,536
Total non-current assets	4,692,796	3,567,488
Total assets	\$ 5,275,763	\$ 4,065,789
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 192,083	\$ 222,566
Due to related parties (note 12)	32,875	60,252
Total liabilities	224,958	282,818
Capital and reserves		
Share capital (note 9)	10,728,796	10,219,119
Reserves	1,254,717	1,274,334
Accumulated deficit	(6,175,976)	(7,039,006)
Accumulated other comprehensive loss	(756,732)	(671,476)
Total shareholders' equity	5,050,805	3,782,971
Total liabilities and shareholders' equity	\$ 5,275,763	\$ 4,065,789

Going Concern (note 2)
Subsequent Event (note 14)

Approved on behalf of the Board:

"Steven Williams" Director

"Victor Wells" Director

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited

Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Expenses		
Advertising and promotion	\$ 23,747	\$ 24,889
Depreciation (note 5)	1,178	3,027
Consulting and management fees (note 12)	157,370	60,817
Investor relations	12,527	6,951
Office and general	16,381	13,728
Professional fees	31,956	17,054
Supplies and equipment	139	555
Transfer agent and regulatory authorities fees	10,116	8,843
Travel and meals	61,465	15,632
	(314,879)	(151,496)
Other income		
Interest income	-	44
Equity gain from joint venture (note 6)	1,168,289	16,244
Other income	1,374	3,544
Foreign exchange gain	8,246	7,346
	1,177,909	27,178
Net income (loss) for the period	863,030	(124,318)
Other comprehensive loss		
Item that will be reclassified subsequently to profit and loss:		
Currency translation adjustment	(85,256)	(60,429)
Total comprehensive income (loss) for the period	\$ 777,774	\$ (184,747)
Net income (loss) per share - basic (note 11)	\$ 0.01	\$ (0.00)
Net income (loss) per share - diluted (note 11)	\$ 0.01	\$ (0.00)
Weighted average number of shares outstanding - basic (note 11)	123,948,213	101,379,122
Weighted average number of shares outstanding - diluted (note 11)	132,719,690	101,379,122

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Operating activities		
Net income (loss) for the period	\$ 863,030	\$ (124,318)
Adjustments for items not involving cash:		
Depreciation	1,178	3,027
Equity gain from joint venture	(1,168,289)	(16,244)
Changes in non-cash working capital items:		
Goods and services tax receivable	(26,326)	(6,769)
Prepaid expenses and deposits	10,887	(1,282)
Accounts payable and accrued liabilities	(27,004)	(11,001)
Due from related parties	-	82,520
Due to related parties	(27,377)	(7,193)
Net cash used in operating activities	(373,901)	(81,260)
Investing activities		
Exploration and evaluation assets	(41,191)	(34,123)
Net cash used in investing activities	(41,191)	(34,123)
Financing activities		
Issuance of shares for the exercise of warrants	490,060	-
Share subscriptions received	-	92,500
Net cash provided by financing activities	490,060	92,500
Net change in cash	74,968	(22,883)
Effect of foreign currencies on cash	(413)	(273)
Cash, beginning of period	311,958	25,749
Cash, end of period	\$ 386,513	\$ 2,593
Supplemental Disclosure		
Shares issued for property	\$ -	\$ 66,000

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

Unaudited

	Number of Shares	Share Capital	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2015	100,792,309	\$ 8,781,434	\$ 1,208,833	\$(7,868,912)	\$ (134,393)	\$ 1,986,962
Share issued for property acquisition (note 9(b)(i))	1,100,000	66,000	-	-	-	66,000
Currency translation adjustment	-	-	-	-	(60,429)	(60,429)
Net loss for the period	-	-	-	(124,318)	-	(124,318)
Balance, March 31, 2016	101,892,309	\$ 8,847,434	\$ 1,208,833	\$(7,993,230)	\$ (194,822)	\$ 1,868,215
Balance, December 31, 2016	121,262,250	\$10,219,119	\$ 1,274,334	\$(7,039,006)	\$ (671,476)	\$ 3,782,971
Exercise of warrants (note 9(c)(d))	4,875,502	509,677	(19,617)	-	-	490,060
Currency translation adjustment	-	-	-	-	(85,256)	(85,256)
Net income for the period	-	-	-	863,030	-	863,030
Balance, March 31, 2017	126,137,752	\$10,728,796	\$ 1,254,717	\$(6,175,976)	\$ (756,732)	\$ 5,050,805

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

1. Nature of Operations and Continuance of Operations

Pasinex Resources Limited ("Pasinex" or the "Company") is a publicly listed company incorporated in British Columbia on February 21, 2006, and on August 4, 2006, it continued out of British Columbia and into the British Virgin Islands. On 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 in Turkey and invested in a joint venture in Turkey with an operating mine. 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.

2. Going Concern

These unaudited condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for at least the next twelve months and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company itself is in the exploration stage and, accordingly, has not yet commenced revenue-producing operations. The Company's 50% owned Joint Venture, however, has generated revenue in 2016 and 2015 and, as a result, the Company has recognized an equity gain from the Joint Venture for the three months ended March 31, 2017 and the year ended December 31, 2016 (note 6). However, the receipt of future proceeds from the Joint Venture as a result of the profitable mining operation is uncertain and indeterminable at this time. The Company had an accumulated deficit as at March 31, 2017 of \$6,175,976 (December 31, 2016 -\$7,039,006). At March 31, 2017, the Company had working capital of \$358,009 (December 31, 2016 – \$215,483). The ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing required to maintain its operations, and to ultimately attain future profitable operations. Management expects the Company to continue as a going concern and plans to meet any financing requirements through equity financing and seeking other business opportunities to expand the Company's operations. The outcome of these matters cannot be predicted at this time and there are no assurances that the Company will be successful in achieving its goals. The unaudited condensed interim consolidated financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

The application of the going concern concept is dependent upon the Company's ability to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its mineral property interests in Turkey, the continuance of profitable mining operations through its Joint Venture or the receipt of proceeds from the disposition of its mineral property interests. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There is, primarily as a result of the conditions described above, significant doubt as to the appropriateness of the use of the going concern assumption.

The Company is expected to be profitable during the ensuing twelve months through its equity pick-up from the Joint Venture. However, the Company must rely on securing funding from either equity financing or loan from shareholders or directors until the Joint Venture is in a position to distribute profits. Though the Company has been successful at raising funds, there is no assurance that it will continue to generate sufficient funds for future operations. Subsequent to March 31, 2017, the Company raised approximately \$616,000 from the exercise of warrants (see note 14).

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Basis of Presentation

(a) Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). These unaudited consolidated interim condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these unaudited consolidated interim condensed financial statements are based on IFRS issued and outstanding as of May 25, 2017, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these consolidated interim condensed financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2016. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2017 could result in restatement of these consolidated interim condensed financial statements.

(b) Future Accounting Pronouncements

The accounting pronouncements detailed in this note have been issued but is not yet effective. The Company has not early adopted these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 9 Financial Instruments ("IFRS 9")

In November 2009, the IASB issued IFRS 9 as the first step in its project to replace IAS 39, Financial Instruments: Recognition and Measurement. On July 24, 2014 the IASB issued the complete IFRS 9. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flows of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7, Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 with early adoption permitted, and must be applied retrospectively with some exemptions permitted. The Company does not expect the adoption of IFRS 9 to have a material effect on its consolidated financial statements.

IFRS 15 Revenue from contracts with customers ("IFRS 15")

The standards on revenue from contracts with customers was issued on May 28, 2014 and is effectively for annual reporting periods beginning on or after January 1, 2018 for public entities with early adoption permitted. Entities have the option of using either full retrospective or modified retrospective approach to adopt the guidance. The Company is currently assessing the impact of this standard on its consolidated financial statements.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Basis of Presentation (Continued)

(b) Future Accounting Pronouncements (continued)

IFRS 16, Leases ("IFRS 16")

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is evaluating the impact of adopting this standard on its consolidated financial statements.

4. Marketable securities

	March 31, 2017		December 31, 2016	
	Cost	Fair Market Value	Cost	Fair Market Value
Mutual funds	\$ 12,978	\$ 10,878	\$ 12,978	\$ 11,342
Total	\$ 12,978	\$ 10,878	\$ 12,978	\$ 11,342

5. Equipment

Cost	Vehicles	Fixtures and Equipment	Mining Equipment	Total
Balance - December 31, 2015	\$ 23,887	\$ 29,512	\$ 48,595	\$ 101,994
Currency translation differences	(4,694)	(5,799)	-	(10,493)
Balance - December 31, 2016	19,193	23,713	48,595	91,501
Currency translation differences	(785)	(969)	-	(1,754)
Balance - March 31, 2017	\$ 18,408	\$ 22,744	\$ 48,595	\$ 89,747

Accumulated Depreciation

Balance - December 31, 2015	\$ 19,166	\$ 18,146	\$ 33,243	\$ 70,555
Depreciation for the year	3,658	3,419	4,606	11,683
Currency translation differences	(3,631)	(3,469)	-	(7,100)
Balance - December 31, 2016	19,193	18,096	37,849	75,138
Depreciation for the period	-	369	809	1,178
Currency translation differences	(785)	(732)	-	(1,517)
Balance - March 31, 2017	\$ 18,408	\$ 17,733	\$ 38,658	\$ 74,799

Carrying Amount

Balance - March 31, 2017	\$ -	\$ 5,011	\$ 9,937	\$ 14,948
Balance - December 31, 2016	\$ -	\$ 5,617	\$ 10,746	\$ 16,363

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

6. Joint Venture with Akmetal

On June 28, 2012, the Company, through its wholly-owned Turkish subsidiary, Pasinex Arama, signed a non-binding Letter of Intent (“LOI”) with an arm’s length Turkey based miner, Akmetal to form a 50 / 50 joint venture to explore for zinc and other associated commodities in the region between and around Horzum and Tufanbeyli, Adana Province, Turkey. Under the terms of the LOI it was proposed that a joint venture company would be formed and held 50 / 50 by the two parties and would be controlled by a board consisting of equal representatives of both Pasinex and Akmetal. Both partners would equally fund exploration and other general costs associated to the joint venture’s course of business.

On October 29, 2012, the new joint venture company, Horzum Arama ve Isletme AS (“Joint Venture”), was formed while a Joint Venture Agreement had not been substantiated. On January 17, 2013, Pasinex Arama and Akmetal signed a Joint Venture Agreement effective the same day. During the year ended December 31, 2013, the Joint Venture acquired, through staking, one property in Turkey: Pinargozu. The property is located within the Turkish Provinces of Adana, and was acquired for the potential to host base and precious metals.

The initial capital of the Joint Venture company was determined to be a total of TRY 500,000 and Pasinex Arama was obligated for 50% of the total, being TRY 250,000. As at December 31, 2016, Pasinex Arama has paid TRY 250,000 in cash toward the total required capital. The investment in the joint venture is accounted for using the equity method.

	TRY	CAD
Balance - December 31, 2015	795,692	\$ 377,794
Additional investment in joint venture	88,950	33,934
Gain from joint venture	4,099,865	1,802,710
Foreign exchange difference	-	(312,849)
Balance - December 31, 2016	4,984,507	1,901,589
Gain from joint venture	3,262,467	1,168,289
Foreign exchange difference	-	(52,310)
Balance - March 31, 2017	8,246,974	\$ 3,017,568

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

6. Joint Venture with Akmetal (Continued)

The following is a summary of the financial statements of the Joint Venture:

Balance Sheet at March 31, 2017

	TRY	CAD
Current assets		
Cash and prepaid expenses	93,945	\$ 34,375
Trade receivables ⁽¹⁾	14,811,462	5,419,514
Other receivables	833,557	304,999
Amounts due from JV partners and related parties ⁽²⁾	26,609,582	9,736,446
Inventory	1,860,400	680,720
Non-current assets		
Plant and equipment	808,703	295,904
Other non-current assets	832,435	304,588
Total assets	45,850,084	\$ 16,776,546
Current liabilities		
Accounts payable and other current liabilities	13,723,678	\$ 5,021,494
Amounts due to JV partners and related parties ⁽²⁾	15,368,044	5,623,167
Equity		
Share capital	500,000	237,400
Surplus	16,258,362	6,649,832
Foreign exchange difference	-	(755,347)
Total liabilities and equity	45,850,084	\$ 16,776,546

(1) Included in trade receivables was \$5,141,780 (TRY 14,052,418) receivable from a company related to Akmetal.

(2) JV Partners and related parties include Pasinex Arama, Akmetal and two companies related to Akmetal.

Statement of Operations for the three months ended March 31, 2017

	TRY	CAD
Gross sales	16,327,728	\$ 5,846,959
Cost of sales	(7,426,295)	(2,659,356)
General and administrative expenses	(742,677)	(265,953)
Income tax expense	(1,633,823)	(585,072)
Net income	6,524,933	\$ 2,336,578

Statement of Operations for the three months ended March 31, 2016

	TRY	CAD
Gross sales	2,614,781	\$ 1,219,011
Cost of sales	(2,414,318)	(1,125,555)
General and administrative expenses	(130,776)	(60,968)
Net income	69,687	\$ 32,488

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

6. Joint Venture with Akmetal (Continued)

Balance Sheet at December 31, 2016

	TRY	CAD
Current assets		
Cash and prepaid expenses	183,445	\$ 69,984
Trade receivables ⁽¹⁾	8,990,939	3,430,043
Other receivables	144,445	55,106
Amounts due from JV partners and related parties ⁽²⁾	19,312,035	7,367,541
Inventory	3,184,974	1,215,068
Non-current assets		
Plant and equipment	884,449	337,417
Other non-current assets	394,313	150,430
Total assets	33,094,600	\$ 12,625,589
Current liabilities		
Accounts payable and other current liabilities	1,187,014	\$ 452,846
Amounts due to JV partners and related parties ⁽²⁾	21,481,570	8,195,218
Non-current liabilities		
Employee benefits and other liabilities	192,585	73,471
Equity		
Share capital	500,000	237,400
Surplus	9,733,431	4,313,253
Foreign exchange difference	-	(646,599)
Total liabilities and equity	33,094,600	\$ 12,625,589

Statement of Operations for the year ended December 31, 2016

	TRY	CAD
Gross sales	26,514,352	\$ 11,658,361
Cost of sales	(15,445,447)	(6,791,363)
General and administrative expenses	(814,118)	(357,969)
Income tax expense	(2,055,058)	(903,609)
Net income	8,199,729	\$ 3,605,420

(1) Included in trade receivables was \$2,420,054 (TRY 6,343,522) receivable from a company related to Akmetal.

(2) JV Partners and related parties include Pasinex Arama, Akmetal and two companies related to Akmetal.

It should be noted that the Pinargozu license is held by the Joint Venture company. As such, the Pinargozu property exploration expenditures are reported on the balance sheet of the Joint Venture company Horzum AS. Any expenditures incurred by the Company on the Pinargozu license are recorded as due from the Joint Venture.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. Exploration and Evaluation Assets

	Horzum JV Properties	Golcuk Property	Total
Balance, December 31, 2015	\$ 300,446	\$ 925,780	\$ 1,226,226
Additions during the year:			
Acquisition costs - cash	(24,154)	46,322	22,168
Acquisition costs - shares issued	-	145,738	145,738
Property exploration costs:			
Consulting fees	337,147	-	337,147
Geological and field personnel	(1,818)	7,211	5,393
Miscellaneous expenses	(1,149)	16,603	15,454
Travel and accommodation	-	11,145	11,145
VAT receivable - mining activities	-	47,115	47,115
Total additions during the year	310,026	274,134	584,160
Foreign exchange adjustment	(34,733)	(126,117)	(160,850)
Balance, December 31, 2016	575,739	1,073,797	1,649,536
Additions during the period:			
Acquisition costs - cash	31,297	25,533	56,830
Property exploration costs:			
Miscellaneous expenses	239	4,025	4,264
Total additions during the period	31,536	29,558	61,094
Foreign exchange adjustment	(7,622)	(42,728)	(50,350)
Balance, March 31, 2017	\$ 599,653	\$ 1,060,627	\$ 1,660,280

Properties Held in Turkey

Horzum JV Properties

The Company, through Pasinex Arama had originally acquired six properties in the vicinity of Horzum, Adana province, Turkey as part of the initial exploration there. These properties were acquired to be included in the 50 / 50 joint venture with Akmetal. During the three months ended March 31, 2017, \$239 in exploration costs and \$31,297 in license costs have been spent on the Horzum JV. As at March 31, 2017, the Company had only the Akkaya Property with its exploration license in good standing. The process to transfer the license of the Akkaya Property to the Joint Venture is still ongoing, therefore the Company is capitalizing all costs spent on the property until the transfer takes place. See also Note 6.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. Exploration and Evaluation Assets (Continued)

Golcuk Property

On July 19, 2012, the Company signed an option agreement (the "Agreement") with Eurasian Minerals Inc. ("Eurasian") and its wholly owned Turkish subsidiary, Eurasia Madencilik Ltd. STI, whereby Pasinex, through its wholly owned Turkish subsidiary, Pasinex Arama, can acquire a 100% interest in the Golcuk Property ("Golcuk") located in northeast Turkey. Under the Agreement, Golcuk will be forthwith transferred to Pasinex Arama.

As consideration, upon granting of the mining obligation extension, Pasinex issued common shares to Eurasian as follows:

- 500,000 common shares within five (5) days after the granting of the extension (issued);
- 500,000 common shares on the one year anniversary of the Initial Issuance Date (issued);
- 1,000,000 common shares on the two year anniversary of the Initial Issuance Date (issued); and
- 1,000,000 common shares on the three year anniversary of the Initial Issuance Date (issued)(note 9).

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

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

- \$200,000 before the one year anniversary of the date of the transfer of Golcuk to Pasinex Arama (the "Completion Date");
- \$250,000 before the two year anniversary of the Completion Date; and
- \$250,000 before the end of the four year anniversary of the Completion Date.

Golcuk is classified as an operational license under the Turkish government mining regulations. As such, the property requires, at a minimum, a small-scale mining operation to be carried out each year in order to satisfy its operational license, and each year, the project must process approximately 900 tonnes of ore. On the completion and acceptance of the Agreement, Pasinex was to file a request for a one-year extension in regard to the Company's small-scale mining obligation to the Turkish government. However, Pasinex applied for and obtained an Open Pit Application and management has determined that the granting of the Open Pit Application would replace the one-year extension requirement of the original option Agreement. The Company entered into an Amended Agreement with Eurasian to waive certain government requirements and the right to terminate the agreement. The Golcuk property was transferred to Pasinex Arama in September 2012.

On November 30, 2016, the Company entered into a Second Amendment to the Agreement with Eurasian for the Golcuk Property. This amendment included:

- (a) Advance Royalty Payment of 50 troy ounces of gold or its equivalent in shares of the Company (664,483 common shares issued);
- (b) Definition of the Completion Date in the Agreement to be changed to September 18, 2012; and
- (c) Work Program Provisions of the Agreement are in part amended so that the third portion of Expenditures (as this term is defined in the Agreement) to be undertaken by Pasinex Arama, being the additional \$250,000 shall be completed on or before June 30, 2017, instead of June 16, 2016, provided that Pasinex Arama agrees to commence a program of exploration drilling on the properties prior to June 30, 2017 and also provided that the failure to commence drilling by that date shall constitute a material breach giving Eurasian the right to terminate the Agreement, should Pasinex Arama fail to cure such default within 30 days of being delivered a default notice.

During the three months ended March 31, 2017, \$4,025 in exploration costs and \$25,533 in acquisition costs have been incurred on the Golcuk Property.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. Accounts Payable and Accrued Liabilities

	As at March 31, 2017	As at December 31, 2016
Falling due within the period		
Trade payables	\$ 151,298	\$ 222,566
Accrued liabilities	40,785	-
Total	\$ 192,083	\$ 222,566

9. Share Capital

(a) Authorized: Unlimited common shares with no par value.

(b) Issued:

At March 31, 2017, the 126,137,752 issued common shares amounted to \$10,728,796 (December 31, 2016 - 121,262,250 common shares amounting to \$10,219,119).

During the period ended March 31, 2016

(i) On February 11, 2016, the Company issued 1,000,000 common shares to Eurasian, valued at \$60,000, in accordance with the Golcuk Property agreement (see Note 7). 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.

(c) Warrants

The following table reflects the continuity of warrants for the periods presented:

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2015 and March 31, 2016	15,129,729	\$ 0.14
Balance, December 31, 2016	18,758,571	\$ 0.10
Exercised	(4,848,302)	0.10
Expired	(455,000)	0.18
Balance, March 31, 2017	13,455,269	\$ 0.10

The Company had the following warrants outstanding at March 31, 2017:

Expiry Date	Exercise Price	Number of Warrants
April 7, 2017	\$0.12	250,001
April 22, 2017	\$0.12	500,000
June 6, 2017	\$0.07	10,100,000
August 18, 2017	\$0.20	2,605,268
		13,455,269

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

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9. Share Capital (Continued)

(d) Agent Warrants

The following table reflects the continuity of agent warrants for the periods presented:

	Number of Agent Warrants	Weighted Average Exercise Price
Balance, December 31, 2015 and March 31, 2016	217,200	\$ 0.18
Balance, December 31, 2016	168,400	\$ 0.19
Exercised	(27,200)	0.12
Balance, March 31, 2017	141,200	\$ 0.20

The Company had the following agent warrants outstanding at March 31, 2017:

Expiry Date	Exercise Price	Number of Agent Warrants
August 18, 2017	\$0.20	141,200

10. Stock Options

The Company has a Stock Option Plan (the "Plan") in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors but shall not be less than the discounted market price as defined by the CSE. The expiry date for each option should be for a maximum term of five years. The Plan was most recently approved at the Company's 2015 Annual General Meeting.

The following table reflects the continuity of stock options for the periods presented:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2015	3,290,000	\$ 0.12
Expired / forfeited	(275,000)	0.10
Balance, March 31, 2016	3,015,000	0.12
Balance, December 31, 2016	4,190,000	\$ 0.16
Expired / forfeited	(40,000)	0.14
Balance, March 31, 2017	4,150,000	\$ 0.16

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10. Stock Options (Continued)

The Company had the following stock options outstanding as of March 31, 2017:

Expiry Date	Number of Options		Exercise Price	Weighted Average Remaining Contractual Life (years)
	Outstanding	Exercisable		
March 14, 2019	550,000	550,000	\$ 0.10	1.95
December 19, 2019	1,400,000	1,400,000	\$ 0.14	2.72
October 18, 2018	2,200,000	2,200,000	\$ 0.19	1.55
	4,150,000	4,150,000		2.00

11. Net Income (Loss) per Common Share

Basic and diluted income (loss) per share are as follows for the periods presented:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Numerator:		
Net income (loss)	\$ 863,030	\$ (124,318)
Denominator		
Weighted average number of common shares - basic	123,948,213	101,379,122
Effect of dilutive securities	8,771,477	-
Weighted average number of common shares - diluted	132,719,690	101,379,122
Net income (loss) per share - basic	\$ 0.01	\$ (0.00)
Net income (loss) per share - diluted	\$ 0.01	\$ (0.00)

12. 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 includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A number of these entities had transactions 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.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2017

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Unaudited

12. Related Party Balances and Transactions (Continued)

A summary of the related party transactions and balances is as follows:

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Management and consulting fees	\$ 64,787	\$ 38,223

Amounts payable to related parties were as follows:

	As at March 31, 2017	As at December 31, 2016
Steven Williams ⁽¹⁾	\$ 11,945	\$ 50,522
Marrelli Support Services Inc. ⁽²⁾	2,410	2,222
DSA Corporate Services ⁽³⁾	1,465	2,549
Sven Olsson. ⁽⁴⁾	5,390	4,959
Irus Consulting Ltd. ⁽⁵⁾	8,665	-
Victor Wells ⁽⁶⁾	3,000	-
	\$ 32,875	\$ 60,252

(1) Steven Williams is Chief Executive Office of the Company.

(2) Mrs. Cindy Davis, the Chief Financial Officer ("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.

(3) DSA Corporate Services ("DSA") is affiliated with Marrelli Support through a common officer. DSA provides corporate and secretarial services for the Company.

(4) Sven Olsson is a director of the Company.

(5) Irus Consulting Ltd. is a company controlled by John Barry, a director of the Company.

(6) Victor Wells is a director and the Chairman of the Company.

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

To the knowledge of the directors and officers of the Company, as at March 31, 2017, 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:

	Number of Common Shares	Percentage of Outstanding Common Shares
Larry Seeley	28,728,191	22.78 %

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Three Months Ended March 31, 2017

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Unaudited

13. Segmented Information

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

	As at March 31, 2017	As at December 31, 2016
Non-current assets by geographic segment		
Turkey	\$ 4,692,796	\$ 3,567,488
Canada	-	-
	\$ 4,692,796	\$ 3,567,488

	As at March 31, 2017	As at December 31, 2016
Assets by geographic segment		
Turkey	\$ 4,935,240	\$ 3,750,211
Canada	340,523	315,578
	\$ 5,275,763	\$ 4,065,789

Three Months Ended March 31, 2017	Canada	Turkey	Total
Equity gain from joint venture	\$ -	\$ 1,168,289	\$ 1,168,289
Net income (loss)	\$ (231,552)	\$ 1,094,582	\$ 863,030
Three Months Ended March 31, 2016			
Equity gain from joint venture	\$ -	\$ 16,244	\$ 16,244
Net loss	\$ (112,119)	\$ (12,199)	\$ (124,318)

14. Subsequent Event

Subsequent to March 31, 2017, 8,265,000 warrants were exercised for gross proceeds of \$616,050.