

**PASINEX RESOURCES LIMITED
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
THREE AND SIX MONTHS ENDED
JUNE 30, 2016
(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 June 30, 2016	As at December 31, 2015
ASSETS		
Current assets		
Cash	\$ 197,564	\$ 25,749
GST/HST/VAT receivable	16,593	4,035
Other receivables	2,127	2,238
Prepaid expenses and deposits	78,156	43,894
Share subscription receivable	-	92,500
Marketable securities (note 4)	16,315	17,160
Total current assets	310,755	185,576
Non-current assets		
Due from related parties (note 10)	394,648	547,828
Investment in joint venture (note 6)	559,577	377,794
Equipment (note 5)	24,020	31,439
Exploration and evaluation assets (note 7)	1,313,381	1,226,226
Total non-current assets	2,291,626	2,183,287
Total assets	\$ 2,602,381	\$ 2,368,863
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 196,978	\$ 289,595
Due to related parties (note 10)	66,043	92,306
Total liabilities	263,021	381,901
Capital and reserves		
Share capital (note 8)	9,074,136	8,781,434
Reserves	1,556,833	1,208,833
Accumulated deficit	(8,070,903)	(7,868,912)
Accumulated other comprehensive loss	(220,706)	(134,393)
Total shareholders' equity	2,339,360	1,986,962
Total liabilities and shareholders' equity	\$ 2,602,381	\$ 2,368,863

Going Concern (note 2)

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 Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

Unaudited

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Expenses				
Administrative fees	\$ -	\$ 37,500	\$ -	\$ 75,000
Advertising and promotion	32,613	17,700	57,502	47,131
Amortization	2,941	3,335	5,968	7,630
Consulting and management fees (note 10)	102,336	133,843	163,153	250,347
Investor relations	8,675	-	15,626	21,878
Office and general	16,838	9,064	30,566	15,167
Professional fees	71,660	43,563	88,714	46,816
Project investigation costs	-	18,126	-	33,091
Share-based payments	-	15,068	-	15,068
Supplies and equipment	1,324	-	1,879	3,359
Transfer agent and regulatory authorities fees	6,935	7,262	15,778	13,066
Travel and meals	36,351	14,212	51,983	65,764
	(279,673)	(299,673)	(431,169)	(594,317)
Other income (expenses)				
Interest income	18	727	62	773
Equity gain from joint venture (note 6)	185,978	370,934	202,222	368,716
Other income (expense)	14,435	(13,218)	17,979	(19,563)
Foreign exchange gain (loss)	1,569	(79,483)	8,915	(124,256)
Impairment of mineral properties	-	(464)	-	(910)
	202,000	278,496	229,178	224,760
Net loss for the period	(77,673)	(21,177)	(201,991)	(369,557)
Other comprehensive loss				
Currency translation adjustment	(25,884)	-	(86,313)	-
Total comprehensive loss for the period	\$ (103,557)	\$ (21,177)	\$ (288,304)	\$ (369,557)
Net loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of shares outstanding - basic and diluted	105,452,749	82,694,309	103,415,935	78,941,140

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

	Six months ended June 30, 2016	Six months ended June 30, 2015
Operating activities		
Net loss for the period	\$ (201,991)	\$ (369,557)
Adjustments for items not involving cash:		
Amortization	5,968	7,630
Impairment of mineral properties	-	910
Interest income	-	(685)
Share-based payments	-	15,068
Equity gain from joint venture	(202,222)	(368,716)
Changes in non-cash working capital items:		
GST/HST/VAT receivable	(12,558)	265
Other receivables	-	28,081
Prepaid expenses and other current assets	(34,644)	16,783
Accounts payable and accrued liabilities	(82,261)	285,202
Due from related parties	131,335	(173,687)
Due to related parties	(37,519)	97,000
Net cash used in operating activities	(433,892)	(461,706)
Investing activities		
Exploration and evaluation assets	(61,614)	(60,432)
Equipment acquisition	-	(1,220)
Net cash used in investing activities	(61,614)	(61,652)
Financing activities		
Issuance of shares for cash, net of share issue costs	574,702	100,100
Share subscriptions received	92,500	162,641
Net cash provided by financing activities	667,202	262,741
Net change in cash	171,696	(260,617)
Effect of foreign currencies on cash	119	115,029
Cash, beginning of period	25,749	151,045
Cash, end of period	\$ 197,564	\$ 5,457
Supplemental Disclosure		
Shares issued for property	\$ 66,000	\$ 132,000

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	Share Subscription Received	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2014	80,684,309	\$ 7,645,473	\$ 19,800	\$ 1,193,566	\$(7,188,103)	\$ (73,863)	\$ 1,596,873
Share issued for property acquisition	1,100,000	132,000	-	-	-	-	132,000
Share issued for cash	910,000	100,100	(19,800)	-	-	-	80,300
Share subscriptions received	-	-	182,441	-	-	-	182,441
Share-based payments	-	-	-	15,068	-	-	15,068
Net loss for the period	-	-	-	-	(369,557)	-	(369,557)
Balance, June 30, 2015	82,694,309	\$ 7,877,573	\$ 182,441	\$ 1,208,634	\$(7,557,660)	\$ (73,863)	\$ 1,637,125
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	1,100,000	66,000	-	-	-	-	66,000
Shares issued for cash	12,000,000	600,000	-	-	-	-	600,000
Share issue costs - cash	-	(25,298)	-	-	-	-	(25,298)
Share issue costs - warrants	-	(348,000)	-	348,000	-	-	-
Net loss for the period	-	-	-	-	(201,991)	(86,313)	(288,304)
Balance, June 30, 2016	113,892,309	\$ 9,074,136	\$ -	\$ 1,556,833	\$(8,070,903)	\$ (220,706)	\$ 2,339,360

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 and Six Months Ended June 30, 2016

(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. 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 Suite 1000, 36 Toronto Street, Toronto, Ontario, Canada, M5C 2C5.

These unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2016, were authorized for issue by the Audit Committee and Board of Directors on August 25, 2016.

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 substantial doubt on the validity of this assumption. The Company is in the exploration stage and, accordingly, has not yet commenced revenue-producing operations. The Company's 50% owned Joint Venture has started to generate revenue in 2015 and, as a result, the Company has recognized an equity gain from the Joint Venture for the year ended December 31, 2015 and for the six months ended June 30, 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 has incurred losses since inception and has an accumulated deficit as at June 30, 2016 of \$8,070,903 (December 31, 2015 - \$7,868,912). At June 30, 2016 the Company had a working capital of \$47,734 (December 31, 2015 - working capital deficiency of \$196,325). 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 attainment 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 not expected to be profitable during the ensuing twelve months and therefore must rely on securing additional funds from either equity financing or loan from shareholders or directors for cash consideration. Though the Company has been successful at raising funds, there is no assurance that it will continue to generate sufficient funds for future operations.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2016

(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 August 25, 2016, 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, 2015. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2016 could result in restatement of these consolidated interim condensed financial statements.

(b) Future Accounting Pronouncements

The accounting pronouncement detailed in this note has been issued but is not yet effective. The Company has not early adopted this standard and is currently evaluating the impact, if any, that this standard might have on its unaudited condensed interim 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

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 and Six Months Ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

3. Basis of Presentation (Continued)

(c) 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

	June 30, 2016		December 31, 2015	
	Cost	Fair Market Value	Cost	Fair Market Value
Mutual funds	\$ 16,053	\$ 16,315	\$ 16,053	\$ 17,160
Total	\$ 16,053	\$ 16,315	\$ 16,053	\$ 17,160

5. Property and Equipment

Cost	Vehicles	Fixtures and Equipment	Mining Equipment	Total
Balance - December 31, 2014	\$ 25,175	\$ 29,838	\$ 48,595	\$ 103,608
Additions	-	1,189	-	1,189
Currency translation differences	(1,288)	(1,515)	-	(2,803)
Balance - December 31, 2015	23,887	29,512	48,595	101,994
Currency translation differences	(1,177)	(1,454)	-	(2,631)
Balance - June 30, 2016	\$ 22,710	\$ 28,058	\$ 48,595	\$ 99,363

Accumulated Depreciation	Vehicles	Fixtures and Equipment	Mining Equipment	Total
Balance - December 31, 2014	\$ 15,362	\$ 13,511	\$ 26,663	\$ 55,536
Additions	4,549	5,274	6,580	16,403
Currency translation differences	(745)	(639)	-	(1,384)
Balance - December 31, 2015	19,166	18,146	33,243	70,555
Additions	2,243	2,120	2,303	6,666
Currency translation differences	(924)	(954)	-	(1,878)
Balance - June 30, 2016	\$ 20,485	\$ 19,312	\$ 35,546	\$ 75,343

Carrying Amount	Vehicles	Fixtures and Equipment	Mining Equipment	Total
Balance - June 30, 2016	\$ 2,225	\$ 8,746	\$ 13,049	\$ 24,020
Balance - December 31, 2015	\$ 4,721	\$ 11,366	\$ 15,352	\$ 31,439

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2016

(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 Madencilik Sanayi ve Ticaret A.S. ("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 is proposed that a joint venture company will be formed and held 50 / 50 by the two parties and will be controlled by a board consisting of equal representatives of both Pasinex and Akmetal. Both partners will 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 the Joint Venture Agreement had not been substantiated. On January 17, 2013, Pasinex Arama and Akmetal signed the 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 is obligated for 50% of the total, being TRY 250,000. As at December 31, 2015, Pasinex Arama has paid TRY 161,050 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, 2014	123,849	\$ 61,974
Gain from joint venture	886,757	417,042
Elimination of intercompany profits (a)	(214,914)	(101,074)
Foreign exchange difference	-	(148)
Balance - December 31, 2015	795,692	377,794
Gain from joint venture	443,957	202,222
Foreign exchange difference	-	(20,439)
Balance - June 30, 2016	1,239,649	\$ 559,577

(a) For the year ended December 31, 2015, the Company charged \$580,448 (TRY 1,234,208) to the Joint Venture for the exploration costs spent on Pinargozu and one of the Horzum JV Properties, plus a 5% management fee. A portion of the costs were written off in a prior year. As a result, 50% of the gain amounted to \$101,074 was recognized as other income on the consolidated statements of operations for the year ended December 31, 2015. The gain was reduced by other expense of \$29,952.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2016

(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 June 30, 2016

	TRY	CAD
Current assets		
Cash and prepaid expenses	950,028	\$ 428,843
Accounts receivable	415,881	187,729
Inventory	1,071,502	483,676
Due from JV partners	3,789,674	1,710,659
Non-current assets		
Plant and equipment	371,996	167,919
Property costs	1,695,668	765,425
Other non-current assets	20,087	9,067
Total assets	8,314,836	\$ 3,753,318
Current liabilities	5,405,710	\$ 2,440,139
Share capital	500,000	237,400
Surplus	2,409,126	1,112,277
Foreign exchange difference	-	(36,498)
Total liabilities and equity	8,314,836	\$ 3,753,318

Statement of Operations for the six months ended June 30, 2016

	TRY	CAD
Gross sales	7,722,684	\$ 3,517,683
Cost of sales	(6,196,473)	(2,822,494)
General and administrative expenses	(638,297)	(290,744)
Net income	887,914	\$ 404,445

As at June 30, 2016, the property costs for the Joint Venture includes the following expenditures:

Pinargozu Property cost details	TRY	CAD
Deposits and guarantees	100,278	\$ 45,265
Preparation and development	1,595,390	720,160
Total	1,695,668	\$ 765,425

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 and Six Months Ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

7. Exploration and Evaluation Assets

	Horzum JV Properties	Golcuk Property	Total
Balance, December 31, 2014	\$ 280,785	\$ 770,462	\$ 1,051,247
Additions during the year			
Acquisition costs - cash	18,191	41,332	59,523
Acquisition costs - shares issued	-	132,000	132,000
Property exploration costs			
Assays	1,500	3,256	4,756
Field supplies and rentals	-	30	30
Geological and field personnel	12,224	3,099	15,323
Miscellaneous expenses	-	1,728	1,728
Travel and accommodation	-	915	915
VAT receivable - mining activities	404	415	819
Total additions during the year	32,319	182,775	215,094
Foreign exchange adjustment	(12,658)	(27,457)	(40,115)
Balance, December 31, 2015	\$ 300,446	\$ 925,780	\$ 1,226,226
Additions during the period			
Acquisition costs - cash	(48,290)	51,941	3,651
Acquisition costs - shares issued	-	66,000	66,000
Property exploration costs			
Geological and field personnel	46,391	903	47,294
Miscellaneous expenses	(1,400)	11,790	10,390
Total additions during the period	(3,299)	130,634	127,335
Foreign exchange adjustment	(12,054)	(28,126)	(40,180)
Balance, June 30, 2016	\$ 285,093	\$ 1,028,288	\$ 1,313,381

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 included in the 50 / 50 joint venture with Akmetal. During the six months ended June 30, 2016, \$44,991 (six months ended June 30, 2015 – \$11,905) in exploration costs and recovery of \$(48,290) (six months ended June 30, 2015 - \$18,120) in license costs have been spent on the Horzum JV. As at June 30, 2016, the Company has only the Akkaya Property with its exploration license in good standing. The process to transfer of 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 and Six Months Ended June 30, 2016

(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 Turkey.

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

- 500,000 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 8).

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 Turkey (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 Amending Agreement with Eurasian to waive certain government requirement and the right to terminate the agreement. The Golcuk property was transferred to Pasinex Arama in September 2012.

During the six months ended June 30, 2016, \$12,693 (six months ended June 30, 2015 - \$7,073) in exploration costs and \$117,941 (six months ended June 30, 2015 - \$154,470) in acquisition costs have been incurred on the Golcuk Property.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. Share Capital

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

(b) Issued:

At June 30, 2016, the 113,892,309 issued common shares amounted to \$9,074,136.

During the period ended June 30, 2015

(i) On February 6, 2015, the Company closed a non-brokered private placement of 910,000 units (the "Units") at a price of \$0.11 per Unit for gross proceeds of \$100,100. Each Unit consists of one common share and one half of a share purchase warrant (the "Warrant"). Each whole Warrant will be exercisable into one additional common share (the "Warrant Share") of the Company at \$0.18 per Warrant Share for a period of two years from closing.

(ii) On February 12, 2015, the Company issued 1,000,000 common shares to Eurasian, valued at \$120,000, in accordance with the Golcuk Property agreement (see Note 9). The Company also issued 100,000 common shares to Zimtu Capital Corp., valued at \$12,000, for finder's fees in accordance with the Golcuk Property agreement.

During the period ended June 30, 2016

(iii) 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.

(iv) On June 3, 2016, the Company closed a non-brokered 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.

The fair value of the Warrants at the date of issue of \$348,000 was estimated using the Black Scholes valuation model with the following assumptions: a 1 year expected term; a 108% expected volatility based on historical trends; risk free interest rate of 0.51%; share price at the date of grant of \$0.07; and an expected dividend yield of 0%.

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. Share Capital (Continued)

(c) Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2014	11,484,821	\$ 0.15
Issued	455,000	0.18
Balance, June 30, 2015	11,939,821	\$ 0.15
Balance, December 31, 2015	15,129,729	\$ 0.14
Issued (note 8(b)(iv))	12,000,000	0.07
Balance, June 30, 2016	27,129,729	\$ 0.11

The Company had the following warrants outstanding at June 30, 2016:

Expiry Date	Exercise Price	Number of Warrants
December 11, 2016	\$0.10	1,550,000
December 19, 2016	\$0.18	1,682,500
December 31, 2016	\$0.10	5,138,658
February 6, 2017	\$0.18	455,000
April 7, 2017	\$0.12	2,973,572
April 22, 2017	\$0.12	724,731
June 6, 2017	\$0.07	12,000,000
August 18, 2017	\$0.20	2,605,268
		27,129,729

(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, 2014 and June 30, 2015	258,800	\$ 0.18
Balance, December 31, 2015 and June 30, 2016	217,200	\$ 0.18

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars, unless otherwise indicated)

Unaudited

8. Share Capital (Continued)

(d) Agent Warrants (continued)

The Company had the following agent warrants outstanding at June 30, 2016:

Expiry Date	Exercise Price	Number of Agent Warrants
December 19, 2016	\$0.18	32,000
December 31, 2016	\$0.10	16,800
April 7, 2017	\$0.12	27,200
August 18, 2017	\$0.20	141,200
		217,200

9. 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, 2014	3,100,000	\$ 0.12
Granted (i)	190,000	0.14
Balance, June 30, 2015	3,290,000	\$ 0.12
Balance, December 31, 2015	3,290,000	\$ 0.12
Expired / forfeited	(1,250,000)	0.11
Balance, June 30, 2016	2,040,000	\$ 0.13

(i) On May 8, 2015, 190,000 stock options were granted to officers and a consultant of the Company at a price of \$0.14, expiring May 8, 2020. The stock options vested immediately. The fair value of the stock options at the date of grant of \$15,068 was estimated using the Black Scholes valuation model with the following assumptions: a 5 years expected term; a 132% expected volatility based on historical trends; risk free interest rate of 1.02%; share price at the date of grant of \$0.09; and an expected dividend yield of 0%.

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Unaudited

9. Stock Options (continued)

The Company had the following stock options outstanding as of June 30, 2016:

Expiry Date	Number of Options		Exercise Price	Weighted Average Remaining Contractual Life (years)
	Outstanding	Exercisable		
March 14, 2019	600,000	600,000	\$ 0.10	2.70
December 19, 2019	1,400,000	1,400,000	\$ 0.14	3.47
May 8, 2020	40,000	40,000	\$ 0.14	3.86
	2,040,000	2,040,000		3.25

10. 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 transacted with the Company during the year. 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:

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Management and consulting fees	\$ 53,037	\$ 49,000	\$ 91,260	\$ 117,300
Share-based payments	-	11,896	-	11,896
	\$ 53,037	\$ 60,896	\$ 91,260	\$ 129,196

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

Three and Six Months Ended June 30, 2016

(Expressed in Canadian Dollars, unless otherwise indicated)

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10. Related Party Balances and Transactions (Continued)

Amounts payable were as follows:

	As at June 30, 2016	As at December 31, 2015
Clinton Smyth ⁽¹⁾	\$ 20,530	\$ 50,890
Larry Seeley ⁽²⁾	-	2,872
Jody Bellefleur ⁽³⁾	-	12,600
Steven Williams ⁽⁴⁾	35,432	25,944
Marrelli Support Services Inc. ⁽⁵⁾	2,560	-
DSA Corporate Services ⁽⁶⁾	3,592	-
Irus Consulting Ltd. ⁽⁷⁾	3,929	-
	\$ 66,043	\$ 92,306

(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.

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 \$121,699 as of June 30, 2016 (December 31, 2015 - \$128,007). This property will 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 will be transferred to the Joint Venture. The balance of receivable from the Joint Venture is \$272,949 as of June 30, 2016 (December 31, 2015 - \$419,821).

To the knowledge of the directors and officers of the Company, as at June 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:

	Number of Common Shares	Percentage of Outstanding Common Shares
Larry Seeley	25,964,533	22.80 %

Pasinex Resources Limited

Notes to Condensed Interim Consolidated Financial Statements

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Unaudited

11. 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 June 30, 2016	As at December 31, 2015
Non-current assets by geographic segment		
Canada	\$ -	\$ -
Turkey	2,291,626	2,183,287
	\$ 2,291,626	\$ 2,183,287
