

21 December 2018

Company Activities Update

CORPORATE DIRECTORY

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Simon Noon

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Highlights

- Phase 1 infill and expansion drilling campaign completed with processing of RC chips and diamond core ongoing, assay results to flow through to Pacifico in December and January. Visual logging has indicated very strong mineralisation in many of the holes.
- Phase 1 drill program is focussed on B, CD link, D, F and I deposits and is expected to increase the inventory of Indicated Resources.
- Results from this drill campaign will be included in an updated resource estimation in Q1 2019 which is expected to enhance the economics and confidence of a Pre-Feasibility Study scheduled for Q2 2019.
- Very positive ongoing discussions with 25% JV partner Henan Yuguang have led to a decision to update the Sorby Hills Joint Venture agreement to reflect the progression of the project from exploration to development.
- Pacifico has elected not to exercise its option to purchase the Violin Project in Mexico as the Company continues to focus on its Australian operations.

Pacifico Minerals Limited (“**Pacifico**” or the “**Company**”) is pleased to provide an update on drilling activities and broader activities as the Company completes its initial phase 1 drill campaign at its 75% owned Sorby Hills Pb-Ag-Zn Project (“**Sorby Hills**”) located 50km northeast of Kununurra in Western Australia¹.

Sorby Hills Phase 1 Drilling Completed

The Phase 1 drill campaign was focused on B, C, CD link, D, F and I deposits (see Figure 1) and was designed to increase the confidence for the forthcoming Resource update, which will be utilised to support an updated Pre-Feasibility Study (“**PFS**”), scheduled to be completed in 1H 2019. Pacifico is confident of increasing the inventory of Indicated Resources and enhancing the economics and confidence in the project.

A total of 3906m of RC and 1466m of diamond drilling was completed. Visual logging completed to date indicates strong lead mineralisation in many of the holes. A revision of the geological model based on an evaluation of Pacifico’s drill data indicates possible significant extensions to mineralisation that can be tested in the Phase 2 drilling campaign in 2019.

An updated Resource estimate is on schedule for Q1 2019 and will incorporate results from the Phase 1 infill and expansional drilling.

Strategic Discussions with JV Partner Henan Yuguang

Managing Director, Mr Simon Noon, has recently returned from a very successful trip to China, having been invited to visit the head office of 25% Joint Venture (“JV”) partner Henan Yuguang Gold & Lead Co. (“**Henan Yuguang**”). Henan Yuguang are the largest lead smelting enterprise and largest silver producer in China.

Key discussions were centred around:

- Henan Yuguang’s focus on securing supply of mineral concentrate and assisting Pacifco in advancing Sorby Hills to production.
- Offtake and payability discussions to begin immediately with the aim of strengthening the economics of the feasibility study.
- Sorby Hills Joint Venture agreement will be updated to suit a development project, with Sorby Hills now having progressed beyond exploration.

Reflecting on 2018

In what has been a very challenging year for global markets and commodities, 2018 has seen Pacifco advance from an early stage exploration company to an advanced exploration and development company through the acquisition of the Sorby Hills Lead-Silver-Zinc deposit in Western Australia. The acquisition has also led to Quintana Minerals Corporation, whose main focus is to provide flexible capital to producing or near-term producing mines, becoming one of Pacifco’s largest shareholders.

Having successfully raised approximately \$4.0m (before costs) and closing the acquisition in October, Pacifco is now 75% owner of the Sorby Hills project with the remaining 25% owned by one of the world’s largest lead smelter and silver producers, Henan Yuguang, who have reaffirmed their commitment to support the development of the project. Pacifco also welcomed three additional new substantial shareholders, with the Top 4 shareholders now accounting for ownership of around 24% of the shares on issue. The Top 20 shareholders currently account for 45% of Pacifco’s register and includes large holdings by Pacifco’s board and management team.

Sorby Hills is 50km’s north of the town of Kununurra, with sealed roads leading to the project. The deposit lies under shallow cover and is very large, only slightly dipping, and open at depth and along strike. Pacifco has updated the resource estimate to JORC 2012 code with a Global Resource of 16.5Mt at 4.7% Pb, 53g/ Ag, 0.7% Zn (see ASX announcement 24 August 2018). Once in production, a high-grade concentrate could be transported to Wyndham Port, about 150km by road, with no additional transport infrastructure required. Environmental Protection Authority approvals and Mining titles have already been obtained. All of these factors indicate to Pacifco management that Sorby Hills has the potential to be fast tracked to production.

Pacifco's Managing Director, Simon Noon, commented:

"Just 6 weeks ago we closed the acquisition of Sorby Hills and already we’ve completed a highly successful drilling campaign, results from which we are confident will materially upgrade the resource estimate (JORC) and enhance the Pre-Feasibility study which is already underway and will be completed in the first half of 2019. Sorby Hills has all the signs of being a company maker for Pacifco, with 2019 being a pivotal year as we focus on progressing quickly towards a definitive feasibility study scheduled for 2H 2019."

Sorby Hills Activities 2019

1H 2019

- Assay results from Stage 1 infill and expansion drilling.
- Updated Resource estimate.
- Updated Pre-Feasibility Study.
- Stage 2 infill and expansion drilling.

2H 2019

- Assay results from Stage 2 infill drilling.
- Updated Resource estimate.
- Definitive Feasibility Study, and a move to project financing.

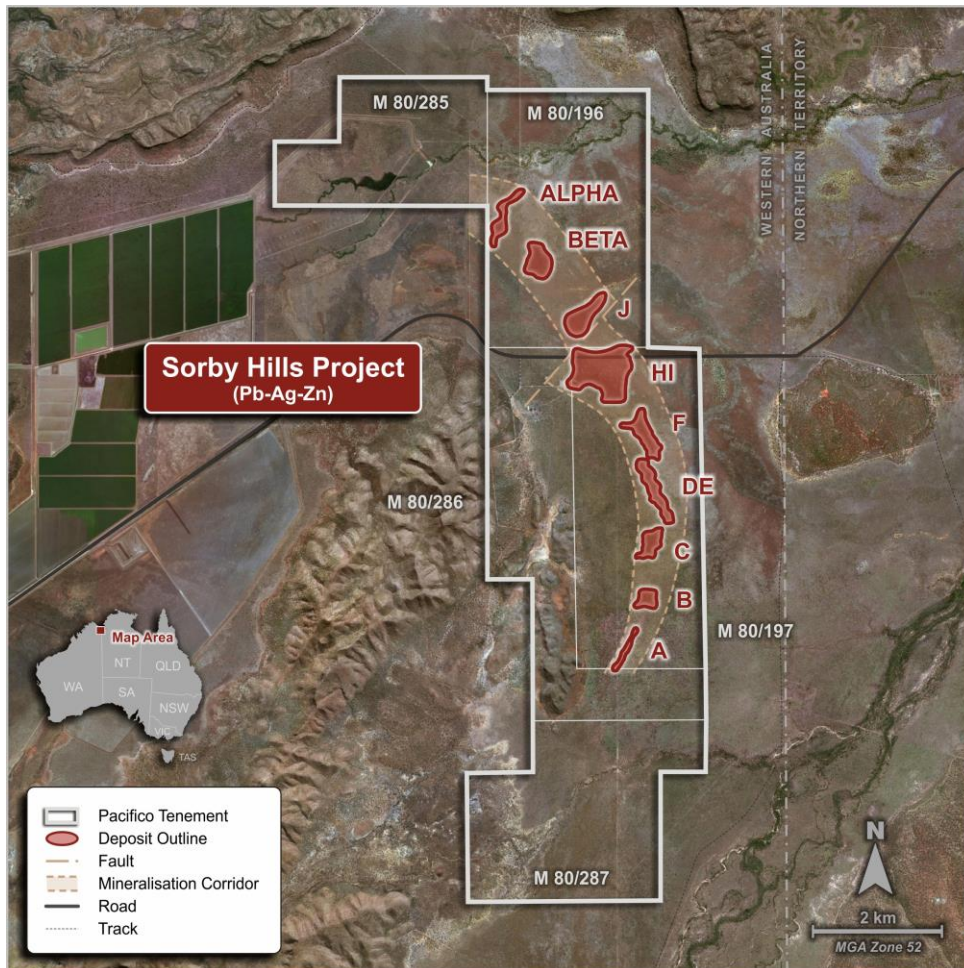


Figure 1. Sorby Hills mineralised corridor showing lead-silver deposits with a Global Mineral Resource Estimate totalling 16.5Mt @ 4.7% Pb, 0.7% Zn and 54 g/t Ag (see ASX announcement 24 August 2018).

Violin Project - Mexico

Pacifco has elected not to exercise its option to acquire the Violin Project in the Guerrero Belt, Mexico. Notwithstanding the very encouraging results of exploration to date, the Board of Pacifco have prioritised the importance of developing Sorby Hills over further exploration in Mexico. The Violin project option pre-dated the acquisition of Sorby Hills and current market conditions are not sufficiently rewarding for early stage exploration projects.

The Company has fulfilled all its obligations under the Option Agreement and the Company has no further obligations under the Option Agreement.

We look forward to a prosperous 2019 and wish all our shareholders a safe and enjoyable festive season.

For further information or to be added to our electronic mailing list please contact:

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About Pacifco Minerals Ltd

Pacifco Minerals Ltd ("**Pacifco**") (ASX: PMY) is a Western Australian based exploration company with interests Australia, Mexico and Colombia. In Australia, the company is currently focused on advancing the Sorby Hills Lead-Silver-Zinc Joint venture project in WA. Pacifco owns a 75% interest in the joint venture with the remaining 25% (contributing) interest held by Henan Yuguang Gold & Lead Co. Ltd.

About Henan Yuguang Gold and Lead Co Ltd

Henan Yuguang Gold and Lead Co "HYG", Ltd was established in 1957 by the government of Jiyuan City which is in Henan Province in North China. In July 2002, HYG (exchange code: 600531) was listed on the Shanghai Stock Exchange (SSX). Current ownership is approximately 34.61% by Jiyuan City. HYG is the largest lead smelting company and silver producer in China and has been among the Top 500 Chinese enterprises and Top 500 Chinese manufacturing enterprises for the last five consecutive years. The main products produced by HYG are electrolytic lead, gold, silver and copper which are all registered at LME and LBMA respectively. In 2017, HYG produced 415,100 tonnes of electrolytic lead, 110,000 tonnes of copper, 958 tonnes of silver, 7,383 kg of gold and achieved sales of about US\$2,684 million. HYG's plants are largely modern, focussed on development of industrial technology and are environmentally-friendly. Its recently-refurbished lead smelting plant has achieved full automation. More information can be found on the HYG website; <http://www.yggf.com.cn/en/>.

Competent Person Statement and JORC Information

The information in this announcement that relates to Mineral Resources is extracted from the announcement entitled "Sorby Hills Resource Update to JORC 2012" dated 24 August 2018 which is available to be viewed on the Company's website (www.pacificominerals.com.au) and which is based on information compiled by Mr Geoff Reed (in respect of the DE deposit) and Mr David Williams (in respect of the A, B, C, F, H, I, Alpha and Beta deposits) as Competent Persons. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not materially changed.

Forward Looking Statements

Certain statements in this document are or maybe “forward-looking statements” and represent Pacifico’s intentions, projections, expectations or beliefs concerning among other things, future exploration activities. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Pacifico, and which may cause Pacifico’s actual performance in future periods to differ materially from any express or implied estimates or projections. Nothing in this document is a promise or representation as to the future. Statements or assumptions in this document as to future matters may prove to be incorrect and differences may be material. Pacifico does not make any representation or warranty as to the accuracy of such statements or assumptions.

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