

31 January 2019

Quarterly Activities Reports – December 2018

CORPORATE DIRECTORY

Managing Director

Simon Noon

Directors

Richard Monti (Chairman)

Peter Harold (Non-exec.)

Andrew Parker (Non-exec.)

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ASX Code PMY

ABN 43 107 159 713

Pacifico Minerals Limited (“Pacifico” or “Company”) is pleased to provide the following activities reports for the December 2018 quarter.

Highlights

SORBY HILLS JOINT VENTURE PROJECT (Lead/Zinc/Silver)

- Acquisition of 75% interest in Sorby Hills completed on 5 October 2018.
- Phase 1 of 12,000m resource definition and expansion drill program completed.
- Visual logging confirms visible lead mineralisation in many of the holes with initial assay results imminent.
- Phase 1 drilling focused on B, CD link, D, F and I deposits of the current 16.5Mt lead-silver-zinc resource, aiming to increase the proportion classified as Indicated Resources.
- Updated Mineral Resource estimate to be prepared during February 2019 and will incorporate results from Phase 1 infill and expansional drilling.
- Highly positive discussions with 25% contributing JV partner Henan Yuguang Gold & Lead Co. (“Henan Yuguang”) on progressing Sorby Hills towards development.
- Pre-Feasibility Study activities underway and due for completion June 2019

CORPORATE

- Non-Renounceable entitlement and shortfall offer completed, raising **\$2,657,041** under Prospectus.
- The company held its annual general meeting with all resolutions set out in the Notice of Meeting passed on a show of hands.
- Pacifico elected not to exercise its option to acquire the Violin Project in Mexico with the Company, strategically refocusing on its flagship Sorby Hills Lead-Silver-Zinc Project in 2019.

Sorby Hills Joint Venture Project, Western Australia (Lead/Zinc/Silver)

On 5 October 2018, Pacifico completed the acquisition of its 75% interest in the Sorby Hills Joint Venture Project with Henan Yuguang owning the remaining 25%. Pacifico and Henan Yuguang contribute proportionately to expenditure of development costs on the Project. The Sorby Hills Project is located 50km northeast of Kununurra in Western Australia (Figure 1).

Since the acquisition of the Sorby Hills Project Pacifico has worked closely with Henan Yuguang to update previous technical studies to increase the confidence in the resource estimate, undertake confirmatory metallurgical testing

to optimise the design of the process plant to complete a pre-feasibility study which envisages mining, processing and exporting base metal concentrate from the Port of Wyndham, a road distance of approximately 140km from the Project area.

Phase 1 of a 12,000m drill campaign was completed during the quarter and focused on B, C, CD link, D, F and I deposits (Figure 2), with an aim to increase the proportion of Indicated Resources within the global 16.5Mt @ 4.7% Pb, 0.7% Zn and 54 g/t Ag¹ Resource.

A total of 3,906m of RC and 1,466m of diamond drilling was completed during the quarter. Logging completed to date indicates strong visible 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 planned for April 2019.

As well as expected galena (lead sulphide) intersections (Figure 3), significant amounts of sphalerite (zinc sulphide) have been observed in the drill core (Figure 4).

An updated Mineral Resource estimate will be prepared during February 2019 and will incorporate results from the Phase 1 infill and expansional drilling.

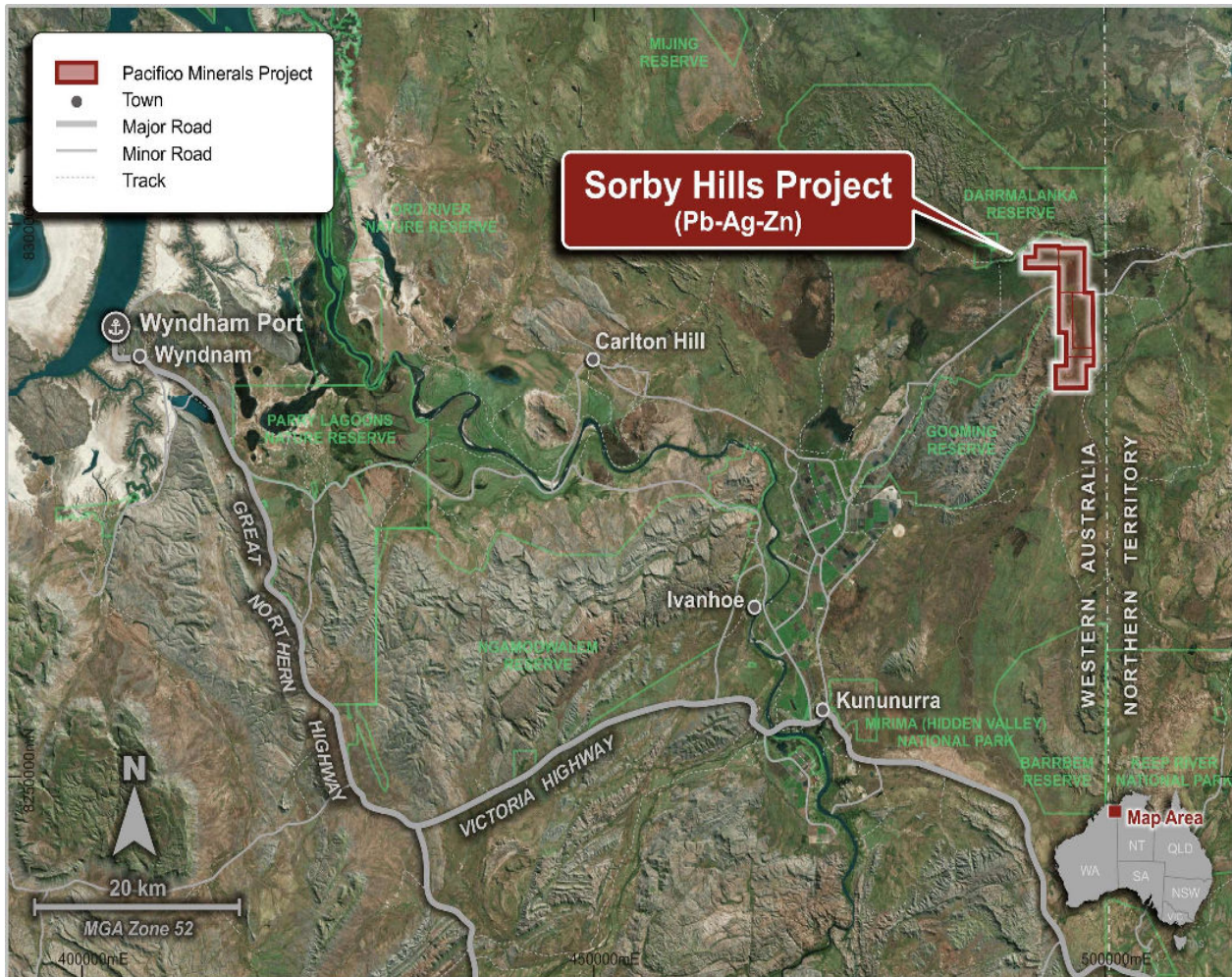


Figure 1. Location of the Sorby Hills Project Approximately 50km North-East of Kununurra, Western Australia

¹ASX Announcement 24 August 2018

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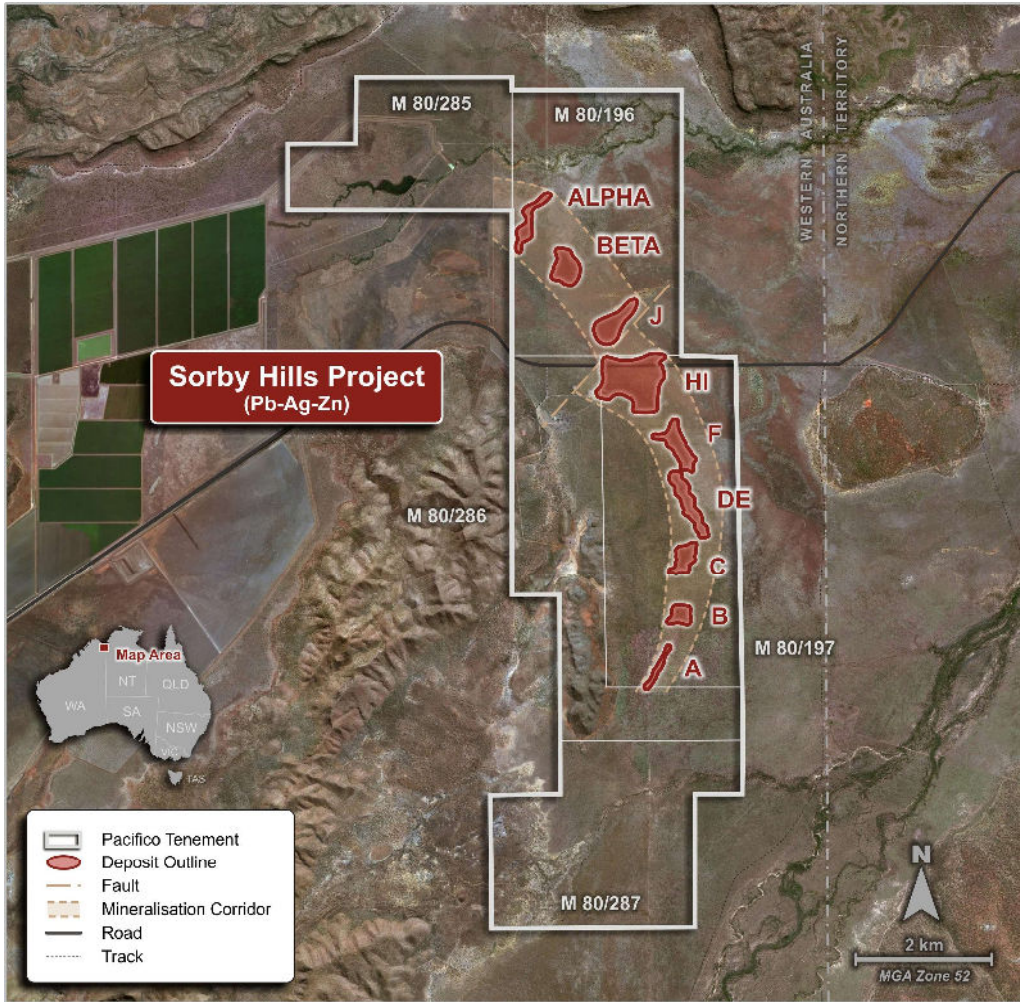


Figure 2. Sorby Hills Mineralised Corridor Showing Lead-Silver Deposits with a Global Mineral Resource Estimate of 16.5Mt @ 4.7% Pb, 0.7% Zn and 54 g/t Ag (ASX Announcement 24 August 2018).



Figure 3. Massive Sulphides – Typical Galena (Grey-Blue) With Pyrite (Bronze), Diamond Core from AF005, 82.1m. Strong Lead Mineralisation is Intersected Over 9.4m Length in This Particular Hole



Figure 4. Diamond Core from AF013, 124.0m. Example of Abundant Sphalerite (Pale Brown) in Matrix of Dolomite Breccia Occurs Over 4 Metres

2019 Pre-feasibility Study (PFS)

Pacifico acquired the Sorby Hills Project to refocus the Company towards the development of near-mine ready projects in Tier 1 jurisdictions.

Sorby Hills was discovered in the East Kimberley in 1971 (Figure 1) and several Companies undertook extensive work on the Project. In the late 1970s and through the 1980s, major mining companies considered the development of Sorby Hills which was hindered by a lack of infrastructure, a regulatory regime.

Over recent years, infrastructure in the East Kimberley has improved greatly with a sealed road now in place to the Project, hydro-power from the Argyle Dam available to within 30km of the Project and the Wyndham Port capable of shipping mineral concentrate to the seaborne market. Native Title over the Project mining leases has been extinguished and a State Agreement legislates for the development of the Sorby Hills project alongside the development of Ord Stage II.

Sorby Hills has undergone a Public Environmental Review and received environmental approval for development. Lead prices have also increased significantly. Pacifico and Henan Yuguang believe that the macro-economic factors, technical studies completed in the region and the higher lead price help to enhance future economic development of the Project.

Results from the Phase 1 drilling campaign completed in December 2018 and the planned Phase 2 drilling planned for April 2019 will be integrated with the existing JORC 2012 compliant MRE. Detailed technical studies will assess the ability for improvements in infrastructure and modern mineral processing technology to reduce capital and operating costs. Pacifico has begun the technical work to rapidly integrate the mineral resource estimate into a development plan to mine, process and create a high-grade mineral concentrate. This work will form part of the PFS expected to be completed by the end of June 2019.

Sorby Hills Activities 2019

1H 2019

- Assay results from Stage 1 infill and expansion drilling,
- Updated Resource estimate,
- Stage 2 infill and expansion drilling, and
- 2019 Pre-Feasibility Study.

2H 2019

- Updated Mineral reserve estimate, and
- Bankable Feasibility Study, and a move to project financing.

Discussions with JV Partner Henan Yuguang

During the Quarter Managing Director, Mr Simon Noon, conducted a successful trip to China, having been invited to visit the head office of 25% Joint Venture (“JV”) partner 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 Pacifico 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.

Non-Core Assets

Pacifico to focus on the development of its flagship Sorby Hills Lead-Silver-Zinc project in 2019.

During the quarter, it was announced that Pacifico had elected not to exercise its option to acquire 100% interest in the Violin Project in Mexico. Despite encouraging exploration results to date, the Board has prioritised the development of Sorby Hills over further exploration in Mexico. Pacifico is not subject to further obligations under the Option Agreement.

No further exploration activity occurred on any of the company's non-core projects. Pacifico is continuing to seek buyers and JV partners for its exciting exploration portfolio to realise value for its shareholders.

Corporate

Entitlement offer

On 1 October the Company announced that it had completed the entitlement offer ("**Entitlement Offer**") as detailed in the Company's Prospectus dated 6 September 2018. Under the Entitlement Offer eligible shareholders were offered ordinary shares on a 3 for 7 basis with 1 free attaching option for every 2 shares subscribed for. The options are exercisable at **\$0.015** each on or before 21 November 2020 and have been quoted on the ASX.

During the quarter the Company received approximately **\$1 million** from shareholders subscribing for a total of 158,506,899 ordinary shares under the Entitlement offer. The shortfall from the Entitlement offer was offered to new investors raising a further **\$1.6 million** whereby 284,333,333 shares and 142,166,667 listed options were issued to new investors on the same terms and conditions as the securities offered under the Entitlement offer.

Sorby Hills Joint Venture

Pacifico acquired its interest in the Sorby Hills project by acquiring all the shares in KBL Sorby Hills Pty Ltd (now Sorby Hills Pty Ltd) and Sorby Management Pty Ltd, giving the Company a 75% interest in the Sorby Hills Joint Venture. On completion and in accordance with the Binding Terms Sheet (refer ASX Announcements 26 June 2018 and 30 July 2018 for full terms and conditions of the acquisition) the Company paid \$900,000 and issued 97,200,622 ordinary shares (equivalent value of \$500,000) and 10,000,000 unlisted options (exercisable at 2 cents each on or before 16 October 2021).

Annual General Meeting

On 30 November the Company held its Annual General Meeting and announced that all resolutions were passed on a show of hands.

The consolidated cash balance as at 31 December 2018 was approximately **\$2.3 million**.

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 in Australia 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., 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 29.61% 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 China manufacturing enterprises for the last five consecutive years. The main signature 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 predominantly modern; HYG continue to develop industrial technology that is 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 pod) and Mr David Williams (in respect of the A, B, C, F, H, I, Alpha and Beta pods) 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.

The information in this announcement that relates current exploration results within the Sorby Hills project is based on information compiled by Mr David Pascoe, who is a Member of the Australian Institute of Geoscientists. Mr Pascoe is contracted to Pacifco Minerals Limited. Mr Pascoe has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Pascoe consents to the inclusion in this announcement of the matters based on information in the form and context in which it appears.

Forward Looking Statements

Certain statements in this document are, or may be, “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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Appendix 1 – Interests in Tenements

Farm-In Agreements/Projects/Tenements	Location	Held at End of Quarter	Acquired During the Quarter	Disposed During the Quarter
<i>Berrio Project</i> 6822 IDI-16112X IDI-16113X HINN-02 JG1-09552 T1935005 IHF-08012 T1928005	Colombia	100% 8.6% 8.6% 8.6% 8.6% 8.6% 7.5% 5.7%		
<i>Urrao Project</i> 2791	Colombia	100%		
<i>Borrooloola West Project</i> EL31354 EL26938 EL26939 EL28508 EL28657 EL28658 EL28659 EL30157 EL30305 MLN624	NT, Australia	100% 51% 51% 51% 0% 51% 0% 51% 51% 51%		51% 51%
<i>South Australian Project</i> EL6168 EL6169	SA, Australia	100% 100%	100% 100%	
Farm-Out Agreements/Tenements	Location	Held at End of Quarter	Acquired During the Quarter	Disposed During the Quarter
<i>Mount Jukes Project (Pacífico diluting to Corona Minerals Ltd):</i> EL51/2008 EL12/2009	Tasmania, Australia	13.74% 13.74%		

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Pacifico Minerals Ltd

ABN

43 107 159 713

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(512)	(701)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(98)	(178)
	(e) administration and corporate costs	(303)	(460)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	7
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other		
	(a) receipts from JV partner (Sandfire)	-	-
	(b) NT government grant	-	-
1.9	Net cash from / (used in) operating activities	(908)	(1,332)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(2)
	(b) tenements (Sorby deposit)	(900)	(950)
	(c) investments	-	-
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material) (JV Cash Gained on Sorby Acquisition)	92	92
2.6	Net cash from / (used in) investing activities	(808)	(860)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,512	3,792
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(110)	(111)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,402	3,681

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,598	791
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(908)	(1,332)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(808)	(860)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,402	3,681
4.5	Effect of movement in exchange rates on cash held	7	11
4.6	Cash and cash equivalents at end of period	2,291	2,291

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,271	1,578
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,291	1,598

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	61
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Directors' fees, salaries		

7. Payments to related entities of the entity and their associates		Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
n/a		

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
n/a		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	680*
9.2 Development	
9.3 Production	
9.4 Staff costs	90
9.5 Administration and corporate costs	200
9.6 Other (Sorby Hills acquisition payments)	
9.7 Total estimated cash outflows	970

* Note: Henan Yuguang, as joint venture partner, reimburses PMY 25% of all spend on the SHJV.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL28658 NT	Exploration licence (REDUCED)	51%	51%
	EL28657 NT	Exploration license	51%	0%
	EL28659 NT	Exploration license	51%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
Jerry Monzu (Company Secretary)

Date: 31 January 2019

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

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