Pacifico Minerals Ltd

ABN 43 107 159 713

INTERIM FINANCIAL REPORT

For the Half Year Ended
31 December 2018

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Pacifico Minerals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Contents

CORPORATE DIRECTORY

Board of Directors
Richard Monti (Non-Executive Chairman)
Simon Noon (Managing Director)
Peter Harold (Non-Executive Director)
Andrew Parker (Non-Executive Director)

Company Secretary
Jerry Monzu

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ASX Code: PMY

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Level 19, Alluvion
58 Mounts Bay Road
PERTH WA 6000

Bankers
Australian and New Zealand Banking Group Limited
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WEST PERTH WA 6005

Auditors
Stantons International
Level 2, 1 Walker Avenue
WEST PERTH WA 6005

Pacifico
Minerals Ltd

DIRECTORS' REPORT

Your directors submit their report on Pacifico Minerals Limited ("Pacifico" or the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2018.

DIRECTORS & COMPANY SECRETARY

The names of the Company's directors and secretary in office during the half year and until the date of this report are set out below.

Richard Monti (Non-Executive Chairman)
Simon Noon (Managing Director)
Peter Harold (Non-Executive Director)
Andrew Parker (Non-Executive Director)
Jerry Monzu (Company Secretary)

REVIEW OF OPERATIONS

During the half year, Pacifico announced that it had completed its due diligence and subsequently completed the Sorby Hills acquisition. On 5 October Pacifico had taken control of KBL Sorby Hills Pty Ltd (now renamed "Sorby Hills Pty Ltd") and Sorby Management Pty Ltd. Sorby Hills Pty Ltd owns 75% of the Sorby Hills Project with Henan Yuguang Gold & Lead Co. Ltd (HYG) owning the remaining 25%. Pacifico acquired its 75% interest in the Sorby Hills project to refocus the Company towards the development of a base metal project in a Tier 1 jurisdiction.

Post acquisition Pacifico moved quickly to undertake a drill campaign as it recognised significant opportunities to extend the existing Mineral Resource Estimate of 16.5Mt @ 4.7% Pb, 0.7% Zn and 54 g/t Ag (MRE). The existing resource extends over two of the five granted mining leases. The majority of the resource lies within one mining lease, ML80/197 granted in 1988.

The latest drilling results have confirmed the geological continuity and increased the resource confidence of the deposit with material changes in the confidence of the global MRE expected. The drilling campaign has clearly delineated between ore and waste, and highlights the course grained nature of the galena which is favourable for pre-concentration prior to grinding and floatation. A review of preliminary Dense Media Separation (DMS) test work has identified exceptional results indicating ore grades may be upgraded by two to three times prior to processing.

Planned Sorby Hills Activities 1H 2019

- Further assay results from Stage 1 infill and expansion drilling;
- Updated Mineral Resource Estimate;
- Review and update of previous Pre-Feasibility Study;
- Phase 2 infill and expansion drilling.

Non-Core Assets

During the half, Pacifico announced that it had elected not to exercise its option to acquire a 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 existing exploration portfolio to realise value for its shareholders.

Financial Review

During the half year the Group expended $1,227,833 (31 December 2017: $336,087) on exploration expenditure. The Group expended the majority of this exploration expenditure on its share of the Sorby Hills Project $881k, and a further $267k was expended on the Violin Project of which $164k was for the write off of carry forward acquisition expenditure. The Group registered a net loss for the half year to 31 December 2018 of $1,728,752 (31 December 2017: $668,979). The Group had cash assets of $2,293,231 as at 31 December 2018 (30 June 2018: $791,267).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes have occurred in the state of affairs of the Group during the half year.

MATTERS SUBSEQUENT TO END OF THE HALF YEAR

There have been no matters that would require disclosure subsequent to the end of the half year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6. This report is made in accordance with a resolution of the directors.

Richard Monti
Chairman

Competent Persons Statement

The information in this report relating to Sorby Hills exploration results is based on information compiled by Mr David Pascoe, who is a Member of the Australian Institute of Geoscientists. Mr Pascoe is contracted exclusively to Pacifico Minerals Limited. Mr Pascoe has sufficient experience which is relevant to the style of mineralisation and type 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.

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr David Williams, a Competent Person, who is an employee of CSA Global Pty Ltd and a Member of the Australian Institute of Geoscientists (#4176). Mr. Williams has enough experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code). Mr. Williams consents to the disclosure of information in this report in the form and context in which it appears.

Forward Looking Statements

Certain statements in this report 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.

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/.

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14 March 2019

The Directors
Pacifico Minerals Limited
Level 10
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Perth, WA 6000

Dear Sirs

RE: PACIFICO MINERALS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Pacifico Minerals Limited.

As Audit Director for the review of the financial statements of Pacifico Minerals Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

Pacifico Minerals Ltd

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Consolidated	
	31 December 2018 $	31 December 2017 $
REVENUE FROM CONTINUING OPERATIONS	35,899	78,822
Administration expenses	(21,745)	(25,366)
Corporate expenses	(63,995)	(15,220)
Depreciation expense	(3,120)	(7,645)
Exploration expenses	(1,227,833)	(336,087)
Occupancy expenses	(19,934)	(23,687)
Other expenses	(185,516)	(63,750)
Salaries and employee benefits expenses	(212,508)	(176,646)
Share based payments	(30,000)	(99,400)
LOSS BEFORE INCOME TAX	(1,728,752)	(668,979)
Income tax	-	-
TOTAL LOSS FOR THE PERIOD	(1,728,752)	(668,979)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising from foreign exchange translation	(7,222)	5,102
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(1,735,974)	(663,877)
Loss attributed to the Members	(1,735,974)	(663,877)
TOTAL COMPREHENSIVE LOSS ATTRIBUTED TO THE MEMBERS	(1,735,974)	(663,877)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the company (cents per share)	(0.14)	(0.09)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Consolidated 31 December 2018 $	30 June 2018 $
CURRENT ASSETS			
Cash and cash equivalents		2,293,231	791,267
Trade and other receivables		121,631	30,837
TOTAL CURRENT ASSETS		2,414,862	822,104
NON-CURRENT ASSETS			
Exploration and evaluation assets	3	5,117,960	1,238,412
Other assets		24,531	24,637
Plant and equipment		5,319	8,843
TOTAL NON-CURRENT ASSSETS		5,147,810	1,271,892
TOTAL ASSETS		7,562,672	2,093,996
CURRENT LIABILITIES			
Trade and other payables		574,821	69,445
Provisions		38,403	22,431
Other Liabilities	11	2,500,000	-
TOTAL CURRENT LIABILITIES		3,113,225	91,876
NON-CURRENT LIABILITIES			
Deferred tax liability		221,008	221,008
TOTAL NON-CURRENT LIABILITIES		221,008	221,008
TOTAL LIABILITIES		3,334,232	312,884
NET ASSETS		4,228,440	1,781,112
EQUITY			
Contributed equity	4	24,998,947	20,856,645
Reserves		1,449,920	1,416,142
Accumulated losses		(22,220,427)	(20,491,675)
TOTAL EQUITY		4,228,440	1,781,112

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Pacifico Minerals Ltd

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Share Option Reserve	Translation Reserve	Accumulated Losses	Total
2018	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2018	20,856,645	1,459,717	(43,575)	(20,491,675)	1,781,112
Loss for the period	-	-	-	(1,728,752)	(1,728,752)
Other comprehensive loss for the period	-	-	(7,222)	-	(7,222)
Total comprehensive loss for the period	-	-	(7,222)	(1,728,752)	(1,735,974)
Issue of share capital	3,907,042	-	-	-	3,907,042
Transaction costs	(294,740)	-	-	-	(294,740)
Share based payments	530,000	41,000	-	-	571,000
Balance at 31 December 2018	**24,998,947**	**1,500,717**	**(50,797)**	**(22,220,427)**	**4,228,440**
2017					
Balance at 1 July 2017	19,852,657	1,400,317	(62,622)	(18,901,296)	2,289,056
Loss for the period	-	-	-	(668,979)	(668,979)
Other comprehensive gain for the period	-	-	5,102	-	5,102
Total comprehensive loss for the period	-	-	5,102	(668,979)	(663,877)
Issue of share capital	-	-	-	-	-
Transaction costs	(2,022)	-	-	-	(2,022)
Share based payments	40,000	59,400	-	-	99,400
Balance at 31 December 2017	**19,890,635**	**1,459,717**	**(57,520)**	**(19,570,275)**	**1,722,557**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Consolidated	
	31 December 2018	31 December 2017
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(701,095)	(674,386)
Payments to suppliers and employees	(639,767)	(343,912)
Interest received	8,388	7,891
Receipts from NT Government	-	69,522
Receipts from JV partner	-	211,853
Net cash used in operating activities	(1,332,474)	(729,032)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of subsidiaries	(950,000)	-
Cash acquired on acquisition of subsidiaries	91,671	-
Net cash used in investing activities	(858,329)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	3,907,042	-
Payments for issue of shares	(226,442)	-
Net cash inflow from financing activities	3,680,600	-
Net increase/(decrease) in cash and cash equivalents	1,489,797	(729,032)
Cash and cash equivalents at the beginning of the half year	791,267	1,568,577
Exchange rate items	12,167	1,324
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF YEAR	2,293,231	840,869

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Pacifico Minerals Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are the exploration of mineral tenements in Australia and Colombia. The annual financial report of the Group as at year ended 30 June 2018 is available upon request from the Company's registered office at Level 10, 105 St Georges Terrace, Perth WA 6000 or at www.pacificominerals.com.au.

The half year financial report includes the financial statements for Pacifico Minerals Limited ("Pacifico", "Parent Entity" or "Company") and its controlled entities (together referred to as the "Group") for the half year ended 31 December 2018. The principal accounting policies adopted in the preparation of the consolidated interim financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The half year financial report of the Group for the half year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Board of Directors of Pacifico on 14 March 2019.

In the half year ended 31 December 2018, management has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to accounting policies.

(a) Basis of preparation

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'.

(i) Compliance with IFRS

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

(ii) Historical cost convention

The consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss where applicable.

(iii) Going concern basis

The half year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Group is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to monitor the ongoing funding requirements of the Group.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) Going concern basis (continued)

The Directors are confident that sufficient funding can be secured to enable the Group to continue as a going concern and as such the directors have undertaken the following initiatives:

- Entered into discussions to secure additional equity funding from current or new shareholders;
- Undertaken a programme to continue to monitor the Group's ongoing working capital requirements and minimum expenditure commitments for all exploration activities; and
- Continued their focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

The Directors remain confident that they will be able to complete a capital raising that will provide the Group with sufficient funding to meet its commitments to fund its acquisition of the Sorby Hills Project, maintain minimum expenditure commitments on exploration activities and support its planned level of overhead expenditures, and therefore it is appropriate to prepare the financial statements on the going concern basis.

(iv) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2018. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, the Group has adopted all the mandatory standards for the current reporting period as these standards apply for the first time to this set of financial statements. Any other new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group has considered the implications of these new and amended Accounting Standards and have determined that their application and changes to the Group's accounting policies arising from these standards are summarised below:

AASB 15 *Revenue from Contracts with Customers*

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. Based on its assessment, the Group does not believe that application of the new standard will have any material impact on its accounting for revenue as the Group does not have contracts with customers where the satisfaction of performance obligations is achieved in a subsequent reporting period.

AASB 9 Financial Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Measurement of Financial Assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories: financial assets at amortised cost; financial assets at fair value through profit or loss (FVTPL); debt instruments at fair value through other comprehensive income (FVTOCI); and equity instruments at FVTOCI. All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial Assets at Amortised Cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments as well as bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of Financial Assets

AASB 9 new forward-looking impairment model applies to Group's investments at amortised cost and debt instruments at FVTOCI. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

Reconciliation of Financial Instruments on Adoption of AASB 9

Based on its assessment, the Group does not believe that the new classification requirements will have any material impact on its accounting for financial instruments.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(d)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Investment in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group has significant voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is defined as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Interests in joint ventures are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. An impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(iii) Investments in joint operations

A joint arrangement occurs whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a group entity undertakes its activities under a joint arrangement, the Group as operator, recognises in relation to its interest in a joint arrangement:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Pacifico's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(e) Exploration and evaluation costs

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned, or the Directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 2: SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of performance is based on exploration in the two principal locations of its projects – Australia and Colombia. Information regarding these segments is presented below.

The following is an analysis of the Group's revenue and results by reportable operating segment for the half-years under review:

	Revenue Half year ended		Operating (Losses) Half year ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	$	$	$	$
Australia	35,135	77,818	(1,692,286)	(606,677)
Colombia	764	1,004	(36,466)	(62,302)
	35,899	78,822	(1,728,752)	(668,979)

The following is an analysis of the Group's assets and liabilities by reportable operating segment:

	Assets		Liabilities		Net Assets	
	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18
	$	$	$	$	$	$
Australia	7,491,466	1,981,271	(3,105,759)	(86,580)	4,385,708	1,894,691
Colombia	115,459	156,976	(7,466)	(5,296)	107,993	151,680
Unallocated	(44,253)	(44,251)	(221,007)	(221,008)	(265,261)	(265,259)
	7,562,672	2,093,996	**(3,334,232)**	(312,884)	**4,228,440**	1,781,112

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 3: EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2018 $	30 June 2018 $
Balance at beginning of period	1,238,412	1,024,673
Additions (i)	4,043,333	213,739
Write-Down (ii)	(163,785)	-
Balance at end of period	**5,117,960**	**1,238,412**

(i) Capitalisation of acquisition costs in relation to the Sorby Hills Project, excluding the initial due diligence fee of $50,000 paid in the prior year.
(ii) Write down of acquisition costs in relation to the Mexican Violin Project (option not exercised).

NOTE 4: CONTRIBUTED EQUITY

Share capital

	31 December 2018 No. shares	30 June 2018 No. shares	31 December 2018 $	30 June 2018 $
Balance at beginning of period/year	893,063,749	741,365,653	20,856,645	19,852,657
Capital raisings	651,173,566	125,000,000	3,907,042	750,000
Consideration shares paid for the Sorby Hills Project	97,200,622	-	500,000	-
Shares issued for services rendered	5,000,000	16,698,096	30,000	165,000
Project fee	-	10,000,000	-	100,000
Transaction costs arising on share issues	-	-	(294,740)	(11,012)
Balance at end of period/year	**1,646,437,937**	**893,063,749**	**24,998,947**	**20,856,645**

NOTE 5: SHARE OPTION RESERVE

Options

	31 December 2018 No. options	30 June 2018 No. options	31 December 2018 $	30 June 2018 $
Balance at beginning of period/year	91,000,000	-	1,459,717	1,400,317
Options issued during period[i]	328,086,762	92,000,000	-	59,400
Consideration options issued during the period	10,000,000	-	41,000	-
Expired, cancelled or lapsed during the period	-	(1,000,000)	-	-
Balance at end of period/year	**429,086,762**	**91,000,000**	**1,500,717**	**1,459,717**

[i] These options are free attaching options that do not fall within the scope of AASB2 Share Based Payments, and therefore have not been assigned a fair value.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 6: CONTINGENCIES

As part of the consideration for the acquisition of the Sorby Hills Project, the company agreed to grant a 1% Net Smelter Royalty payable by Sorby Hills Pty Ltd to Quintana MH Holding Company LLC (note 11).

NOTE 7: COMMITMENTS

The Group has expenditure obligations with respect to tenement lease rentals and the minimum expenditure requirements with respect to mineral tenements. If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 8: SUBSEQUENT EVENTS

There were no material subsequent events to report.

NOTE 9: INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(a):

Name	Principal place of business/Country of incorporation	Ownership Interest 31 December 2018	Ownership Interest 30 June 2018
Sorby Hills Pty Ltd	Australia	100%	0%
Sorby Management Pty Ltd	Australia	100%	0%
West Rock Resources Pty Ltd	Australia	100%	100%
West Rock Resources Panama Corp.	Panama	100%	100%
Pacifico Minerals Sucursal Colombia (Branch)	Colombia	100%	100%
Pacifico Holdings SAS	Colombia	100%	100%
Golden Pacifico Exploration SAS	Colombia	100%	100%

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 10: INFORMATION ABOUT PRINCIPAL JOINT OPERATIONS

The Company holds a 75% direct interest in the Sorby Hills Joint Operation through the aquisition of two 100% owned subsidiaries being Sorby Hills Pty Ltd and Sorby Management Pty Ltd. The Sorby Hills Joint Operation ("SHJO") is managed in Perth, Western Australia and the Company manages the SHJO for and on behalf of its 25% JV partner, Henan Yuguang Gold and Lead Co.

The primary purpose of the SHJO is the exploration, mining and future production and sale of copper, lead and zinc ore on behalf of the joint participants to the SHJO.

The Company accounts for its share of all assets, liabilities, revenues and expenses attributable to participating in the SHJO in the appropriate line items in the consolidated financial statements in accordance with its 75% ownership interest. The Group's share of the net assets employed in the SHJO that appear in these consolidated financial statements as at the reporting date are as follows:

	31 December 2018 $	31 December 2017 $
CURRENT ASSETS		
Cash and cash equivalents	11,536	-
Receivables - GST	63,650	-
TOTAL CURRENT ASSETS	75,186	-
NON-CURRENT ASSETS		
Exploration and evaluation assets	4,093,334	-
TOTAL NON-CURRENT ASSETS	4,093,334	-
TOTAL ASSETS	**4,168,520**	-
CURRENT LIABILITIES		
Trade and other payables	390,788	-
TOTAL CURRENT LIABILITIES	390,788	-
TOTAL LIABILITIES	**390,788**	-
NET INTEREST IN THE SORBY HILLS JOINT OPERATION	**3,777,732**	-

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 11: ACQUISITION OF EXPLORATION ASSETS

Acquisition of KBL Sorby Hills Pty Ltd and Sorby Management Pty Ltd
On 5 October 2018, the company completed all conditions precedent to its binding terms sheet signed with Quintana MH Holding Company LLC to obtain all the share capital in KBL Sorby Hills Pty Ltd (subsequently renamed Sorby Hills Pty Ltd) and Sorby Management Pty Ltd. Through this acquisition, the Company purchased a 75% direct interest in the Sorby Hills Joint Operation with Henan Yuguang Gold and lead Co. Ltd owning the remaining 25%.

The consideration for the acquisition was satisfied by the issue of cash, shares and options (the shares and consideration options were issued post shareholder approval obtained at the General Meeting of the Company held on 8 October 2018). Further, the Company agreed to grant a 1% Net Smelter Royalty payable by Sorby Hills Pty Ltd to Quintana MH Holding Company LLC.

Consideration transferred

	Fair value $
Cash paid	1,000,000
Cash - deferred settlement (i)	2,500,000
Non-Cash (fully paid Ordinary Shares) (ii)	500,000
Non-Cash (unlisted options) (iii)	41,000
	4,041,000

(i) Cash settlement payable by the Company six months post completion.
(ii) Represents the issue of 97,200,622 ordinary shares at a deemed value of $0.005144.
(iii) Represents the issue of 10,000,000 free attaching unlisted options exercisable at 2 cents and expiring on or before 16 October 2021.

Assets acquired and liabilities assumed at the date of acquisition (5 October 2018)

	KBL Sorby Hills Pty Ltd & Sorby Management Pty Ltd $
Current assets	
Cash and cash equivalents	91,671
Trade and other receivables	1,838
Current liabilities	
Trade and other payables	(99,394)
Net assets/(liabilities)	**(5,885)**

The fair values of assets acquired, and liabilities assumed approximate their carrying value.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 11: Acquisition of exploration assets KBL Sorby Hills Pty Ltd and Sorby Management Pty Ltd (continued)

Excess arising on acquisition

	$
Consideration transferred	4,041,000
Capitalised legal and corporate expenditure	46,448
Add: fair value of identifiable net liabilities assumed	5,885
Excess allocated to exploration and evaluation expenditure (i)	**4,093,333**

(i) As at date of acquisition (effective 5 October 2018), the excess consideration over fair value of net liabilities acquired of $4,093,333 was capitalised to exploration and evaluation expenditure (note 3).

NOTE 12: SHARE BASED PAYMENTS

(a) Ordinary shares

During the current period, a total of 5,000,000 shares were issued to consultants in relation to fees for assistance with marketing campaigns. The total share-based payments booked during the period amounted to $30,000 and is reported under consulting expenses in the Statement of Profit or Loss and Other Comprehensive Income (note 4).

The consultants also received 2,500,000 free attaching listed options, which were part of the 133,833,333 options granted on 22 November 2018.

On 16 October 2018 the Company issued 97,200,622 consideration ordinary shares, at a value of $500,000 to Quintana MH Holding Company LLC as part consideration of the Sorby Hills Joint Operations acquisition (note 5).

(b) Options over ordinary shares

The following table illustrates options granted and issued during the year. There are no vesting conditions. All options are exercisable at the end of the reporting period.

Details	Number Granted	Exercise Price $	Grant Date	Expiry Date
Free-attaching Rights Issue Options (listed)	79,253,429	0.015	3 Oct 2018	21 Nov 2020
Consideration Options(i) (unlisted)	10,000,000	0.020	16 Oct 2018	16 Oct 2021
Free-attaching Placement Options (listed)	106,666,667	0.015	25 Oct 2018	21 Nov 2020
Free-attaching Rights Issue Shortfall Options (listed)	133,833,333	0.015	22 Nov 2018	21 Nov 2020
Free-attaching Rights Issue Shortfall Options (listed)	8,333,333	0.015	18 Dec 2018	21 Nov 2020
Total	**338,086,762**			

(i) In October 2018, the Company issued 10,000,000 unlisted options to Quintana MH Holding Company LLC as part consideration for the Sorby acquisition. The options were valued at $41,000 using the Black Scholes valuation method.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2018

NOTE 12: SHARE BASED PAYMENTS (continued)

For options granted to Quintana MH Holding Company LLC as part settlement for the Sorby Hills Joint Operations acquisition during the period, the Company used the Black-Scholes valuation model, with the following inputs used to determine the fair value at grant date:

Grant date	No of options	Expiry Date	Share price at grant date	Exercise Price	Expected Volatility	Risk-free interest rate	Fair Value at grant date
8 Oct 2018	10,000,000	16 Oct 2021	$0.0055	$0.02	165%	2.1%	$41,000

Options on issue at the end of the period had the following exercise prices and expiry dates:

Expiry Date	Status	Exercise Price $	Number
6 May 2020	Unlisted	0.015	62,500,000
23 April 2020	Unlisted	0.020	2,000,000
21 November 2020	Unlisted	0.015	26,500,000
21 November 2020	Listed	0.015	328,086,762
16 October 2021	Unlisted	0.020	10,000,000

DIRECTORS' DECLARATION

In the Directors' opinion:

1. the Financial Statements and Notes set out on pages 7 to 23 are in accordance with the *Corporations Act 2001*, including:
   (a) complying with Accounting Standards including AASB 134: "Interim Financial Reporting", the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half year ended on that date.
2. there are reasonable grounds to believe that Pacifico Minerals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a Resolution of the Directors.

Richard Monti
Chairman
Perth, 14 March 2019

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
PACIFICO MINERALS LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pacifico Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Pacifico Minerals Limited (the consolidated entity). The consolidated entity comprises both Pacifico Minerals Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Pacifico Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pacifico Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Stantons International

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Pacifico Minerals Limited on 14 March 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pacifico Minerals Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Related to Going Concern

Without modification to the review conclusion expressed above, attention is drawn to the following matter.

As referred to in note 1 to the financial report, the financial report has been prepared on a going concern basis. At 31 December 2018, the Group had net assets of $4,228,440, cash and cash equivalents of $2,293,231 and a net working capital deficiency of $698,363. The Group had incurred a loss for the half-year ended 31 December 2018 of $1,728,752.

The ability of the Group to continue as a going concern and meet its exploration and administration commitments is dependent upon the Group raising further working capital and/or commencing profitable operations and/or reducing or deferring ongoing commitments. In the event the Group is unable to raise further working capital and/or commence profitable operations and/or reduce or defer ongoing commitments, the Group may not be able to meet its liabilities as they fall due, or realise its assets at their stated values.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
14 March 2019