

ASX ANNOUNCEMENT

31 January 2012

DECEMBER 2011 QUARTERLY REPORT

The Directors of Pacific Ore Limited (“**Pacific**” or “**Company**”) are pleased to present its quarterly report for the period ended 31 December 2011.

Highlights:

- **Completed mapping and sampling programs at the Company’s Perinvale North Project (“Project”) located in Western Australia, following the identification of five preliminary target areas that have the potential to host iron mineralization.**
- **Recent mapping completed at the Project has located prospective banded iron formations (“BIF”) and an additional exploration target has been located in the southern part of the Project.**
- **Surface rock-chip channel samples have been collected from both the northern and southern target areas of the Project. Assay results are pending.**
- **Applications for a number of exploration licenses targeting bulk commodity opportunities continue to be progressed.**

Work planned for the coming months includes:

- Further review of mapping and interpretation of assay results from the Perinvale North Project area to enable improved definition of anomalies and modeling for planning a maiden drilling program.
- Continued focus on creating value from the Company’s existing resource assets as well as pursuing new opportunities in the resources sector, including its current exploration license applications targeting bulk commodities, to complement the Company’s current projects.

For all enquiries, please contact:

Nathan Ainsworth | Business Development Manager

Tel: +61 8 9322 6322

CENTRAL IRON ORE LIMITED JOINT VENTURE (*Pacific earning up to 51%*)

Pacific has a joint venture with CIO in relation to the Project which is currently 100% owned by CIO. Pacific can earn an interest in the Project as follows:

- Earn 51% by spending \$1.5 million within 2 years;
- Earn an additional 19% by spending a further \$3.5 million within 3.5 years; and
- Earn an additional 20% by spending a further \$10 million within 5 years.

CIO may elect to maintain its interest at each stage of the farmin once Pacific has earned a 51% interest.

Perinvale North Project

The Project consists of Exploration Licence E57/818 covering an area of 120km² and is located approximately 550km North East of Perth, Western Australia in the Southern Cross Domain of the Yilgarn Craton.

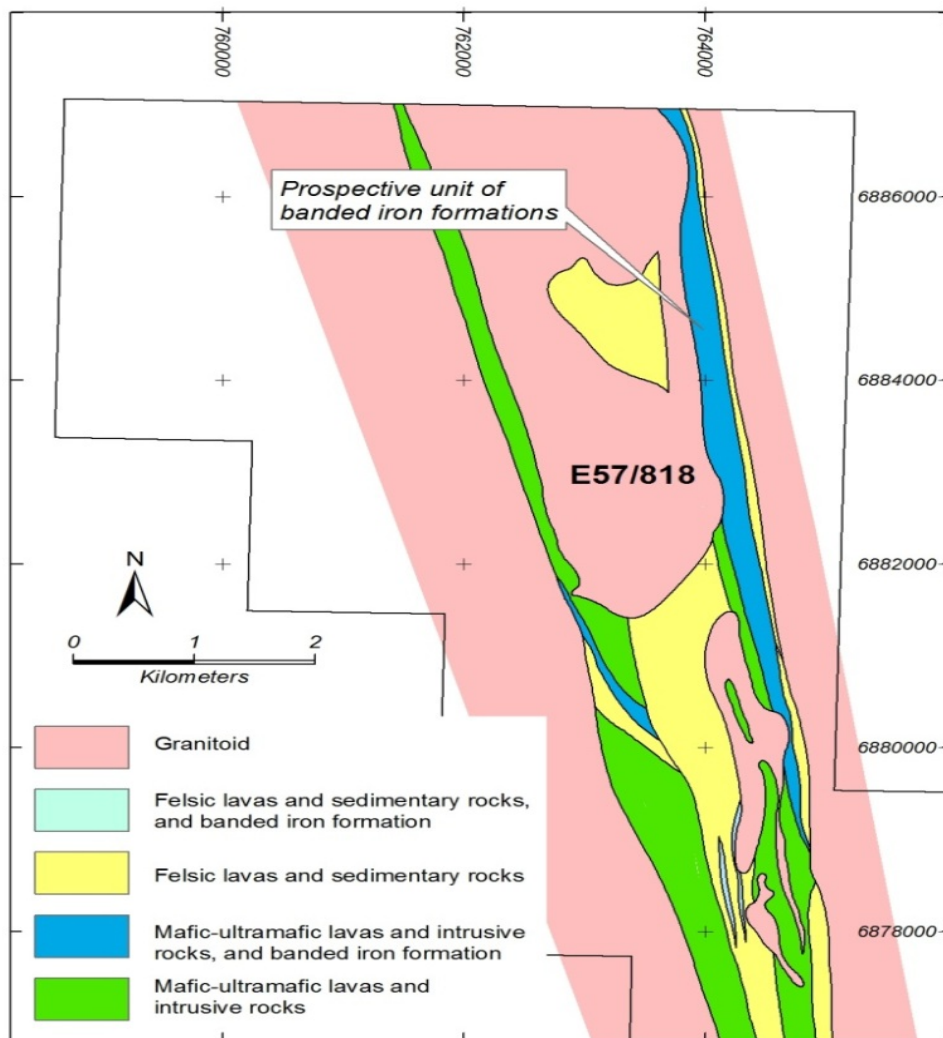


Figure 1: E57/818 Geological Map

The Project is considered prospective for iron and other minerals including gold and covers part of the Maynard Hills Greenstone Belt which is comprised of amphibolite facies equivalent of the komatiitic basalts, sediments volcanics, banded iron formations, quartzites and cherts, and a narrow unit of ultramafics.

Airborne Geophysics

The Company commissioned Core Geophysics Pty Ltd to compile, merge and process the open file aeromagnetic data available from the Department of Minerals and Petroleum (“DMP”) over the Project. The available survey data comprised of 200m to 1,600m line spaced data with the majority of the tenement covered by 200m line spaced data.

The Project was assessed for its potential to host iron mineralisation as the Project area contains known BIF outcrops as shown in the GSWA 1:100,000 geological map sheets (available from DMP).

Results from the preliminary review have identified 25km of magnetic strike with some portions considered prospective for iron mineralisation. A total of five magnetic anomalies have been identified for follow up work. These have been selected based on their potential for primary BIF and enriched hematite.

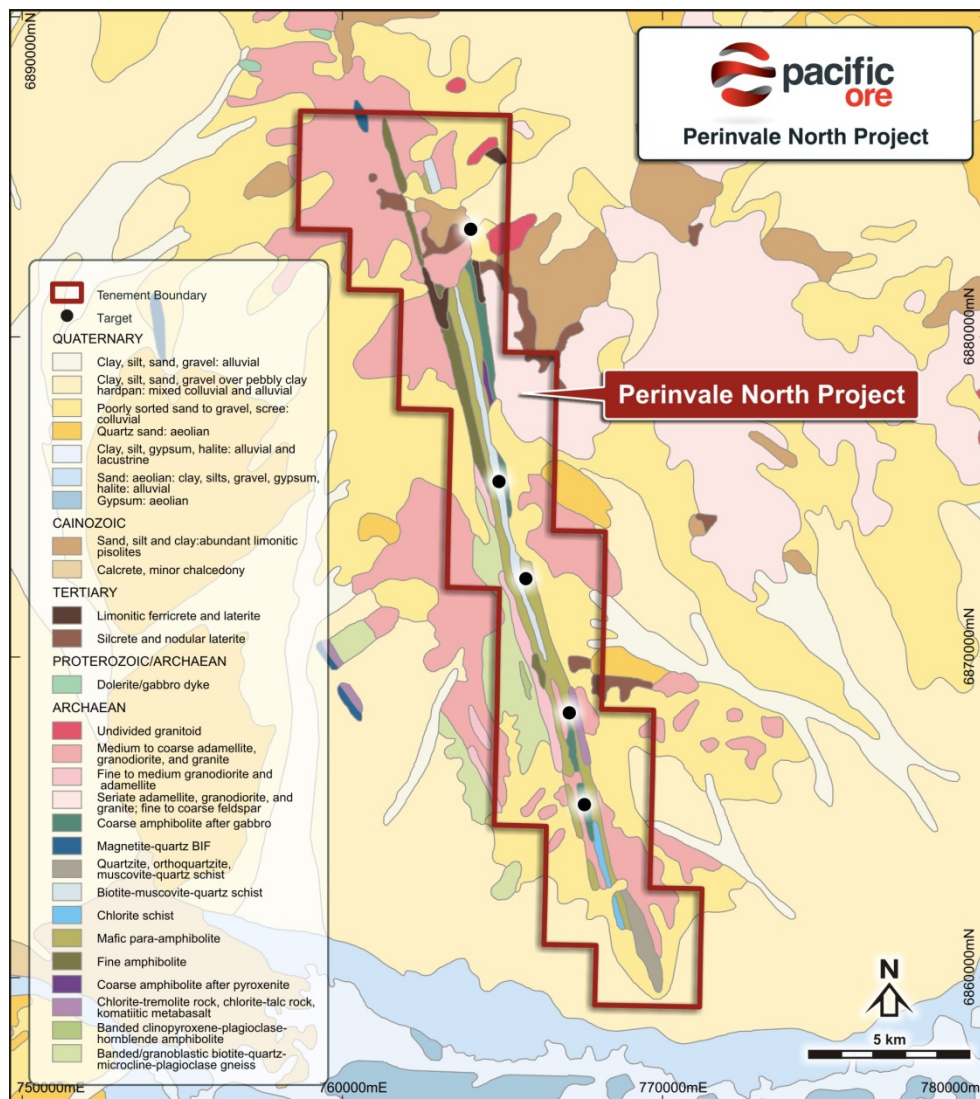


Figure 2: Perinvale North Project Geology

MAGNETIC RESOURCES NL JOINT VENTURE *(Pacific earning up to 51%)*

Pacific Ore has a joint venture with Magnetic Resources NL (ASX:MAU) (“**Magnetic**”) in relation to three granted exploration licenses held by Magnetic in the Merredin and Lake Grace areas of Western Australia.

Under the terms of the joint venture, Pacific Ore must spend a minimum of A\$150,000 on the tenements before having the right of withdrawal. Pacific has met this minimum expenditure milestone. Pacific Ore can earn a 51% interest in the tenement package by spending A\$550,000 within the three year term of the agreement.

Lake Grace tenement (E70/3498)

The Lake Grace tenement covers a 12km strike length of an interpreted shear zone where geochemical sampling has identified several gold-anomalous areas and where limited historical drilling reported a best intersection of 1m @ 34g/t Au from 94m.

Previous soil sampling results over the northern extension of the shear zone defined coherent responses up to 15ppbAu which appear to be associated with a discrete magnetic unit evident on regional aeromagnetic data.

Greenshield Soak (E70/3605) & Holland Rocks tenement (E70/3533)

Previous soil sampling program results over the Holland Rocks project area returned a maximum gold value of 12.7ppb Au. When considered in conjunction with the multi-element response the gold appears to define two potentially mineralised trends within the structural zone identified in the regional magnetic data.

OTHER PROJECTS

The Company continues to progress its applications for a number of exploration licences in South East Asia targeting bulk commodity opportunities. No licenses have yet been granted and the Directors are not able to assess the likelihood or timing of a successful outcome of the applications.

CORPORATE

During the quarter the Company appointed Mr Nathan Ainsworth as Business Development Manager following the resignation of Mr Matthew Swedzecki. Mr Ainsworth has over 10 years of experience in investment banking, investment advisory and accounting. He is a Charterholder of the CFA Institute, a Chartered Accountant and holds a Bachelor of Commerce degree from the University of Western Australia.

COMPETENT PERSONS STATEMENTS

The information in this announcement that relates to Geophysical Exploration Results is based on information compiled by Mr Mathew Cooper who is a member of The Australian Institute of Geoscientists. Mr Cooper is Principal Geophysicist of Core Geophysics Pty Ltd who are consultants to Pacific Ore Limited. Mr Cooper has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cooper consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, other than Geophysical Exploration Results, is based on information compiled by Mr Phil Welten, who is a member of the Australian Institute of Mining and Metallurgy. Mr Welten is a full-time consultant of Pacific Ore Limited. Mr Welten 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Welten consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

PACIFIC ORE LIMITED

ABN

68 123 867 765

Quarter ended ("current quarter")

31 DECEMBER 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(91)	(198)
(b) development	-	-
(c) production	-	-
(d) administration	(235)	(400)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	29	84
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material):		
(a) business development	(109)	(591)
Net Operating Cash Flows	(406)	(1,105)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(5)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(4)	(5)
1.13 Total operating and investing cash flows (carried forward)	(410)	(1,110)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(410)	(1,110)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material):		
	(a) capital raising costs	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(410)	(1,110)
1.20	Cash at beginning of quarter/year to date	2,616	3,316
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,206	2,206

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	41
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments include consulting fees, directors' fees, superannuation, company secretarial services and provision of a fully serviced office.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	534	355
5.2 Deposits at call	1,672	2,261
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,206	2,616

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference ⁺securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 ⁺Ordinary securities	248,244,996	248,244,996	Not applicable	Not applicable
7.4 Changes during quarter				
(a) Increases through issues	775,000	775,000	\$0.05	\$0.05
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 ⁺Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	70,654,952	70,654,952	<i>Exercise price</i> \$0.05	<i>Expiry Date</i> 30 Sep 2012
	2,000,000	-	\$0.05	30 Jun 2012
	4,100,000	-	\$0.075	31 Dec 2012
	3,000,000	-	\$0.10	30 Jun 2013
	500,000	-	\$0.12	30 Jun 2013
	500,000	-	\$0.10	31 Dec 2013
	500,000	-	\$0.12	30 Jun 2014
	1,000,000	-	\$0.15	31 Dec 2014
7.8 Issued during quarter			<i>Exercise price</i>	<i>Expiry Date</i>
	500,000	-	\$0.10	31 Dec 2013
	500,000	-	\$0.12	30 Jun 2014
	1,000,000	-	\$0.15	31 Dec 2014
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter			<i>Exercise price</i>	<i>Exercise price</i>
	(700,000)	-	\$0.12	30 Jun 2013
	(800,000)	-	\$0.15	30 Jun 2014
	(1,500,000)	-	\$0.20	30 Jun 2015
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: 31 January 2012
(~~Director~~/Company secretary)

Print name: GREGORY SWAN

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.