

PacMag Metals Limited

ASX ANNOUNCEMENT

EXTENSION TO MAJOR IRON ORE PROJECT IDENTIFIED ON BLUE ROSE JV SOUTH AUSTRALIA

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SUMMARY

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- **Blue Rose joint venture project (51% PacMag Metals Limited and 49% Giralia Resources NL) contains strike continuation of Braemar Iron Formation host sequence to the recently announced major magnetite iron ore target of Royal Resources Limited (ASX:ROY).**
- **Recent rock chip sampling within the Blue Rose project has identified high-grade magnetite samples up to 50.8% Fe taken from iron formations that are extensions from Royal's Razorback Ridge project.**
- **32km of magnetic anomalies, interpreted to represent prospective iron formation sequence identified on Blue Rose JV tenement.**

The Directors of PacMag Metals Limited ("PacMag") wish to bring to the attention of shareholders recent announcements made to the ASX by Royal Resources Limited regarding the Razorback Ridge magnetite iron project in South Australia, located 20km west of the Blue Rose JV project (51% PacMag Metals Limited, 49% Giralia Resources NL).

Royal announced to the ASX on the 16th September 2009 an exploration target of 500 million tonne to 1,000 million tonne @ 28% to 65% Fe at its newly optioned Razorback iron project, located west of the Blue Rose JV tenements. Royal subsequently announced on the 8th October 2009 the signing of a conditional memorandum of understanding with Sin-Tang Development Pte Ltd to form a joint venture to explore and develop the Razorback Iron Project, whereby subject to various conditions Sin-Tang may earn up to a 50% interest in Razorback via the contribution of \$A50 million.

Reconnaissance mapping and rock chip sampling by PacMag geologists has identified high-grade iron associated with magnetite rich units of the Braemar Iron Formation (host to the Razorback Ridge Project) within the Blue Rose JV area, along strike of the Razorback Ridge target recently optioned by Royal. The northern magnetite rich units exposed at surface show variable but locally very high-iron content, up to 50.8% Fe (Figure 1), with two additional discrete, southern iron formation units interpreted to occur beneath alluvium based on the presence of strong aeromagnetic anomalies.

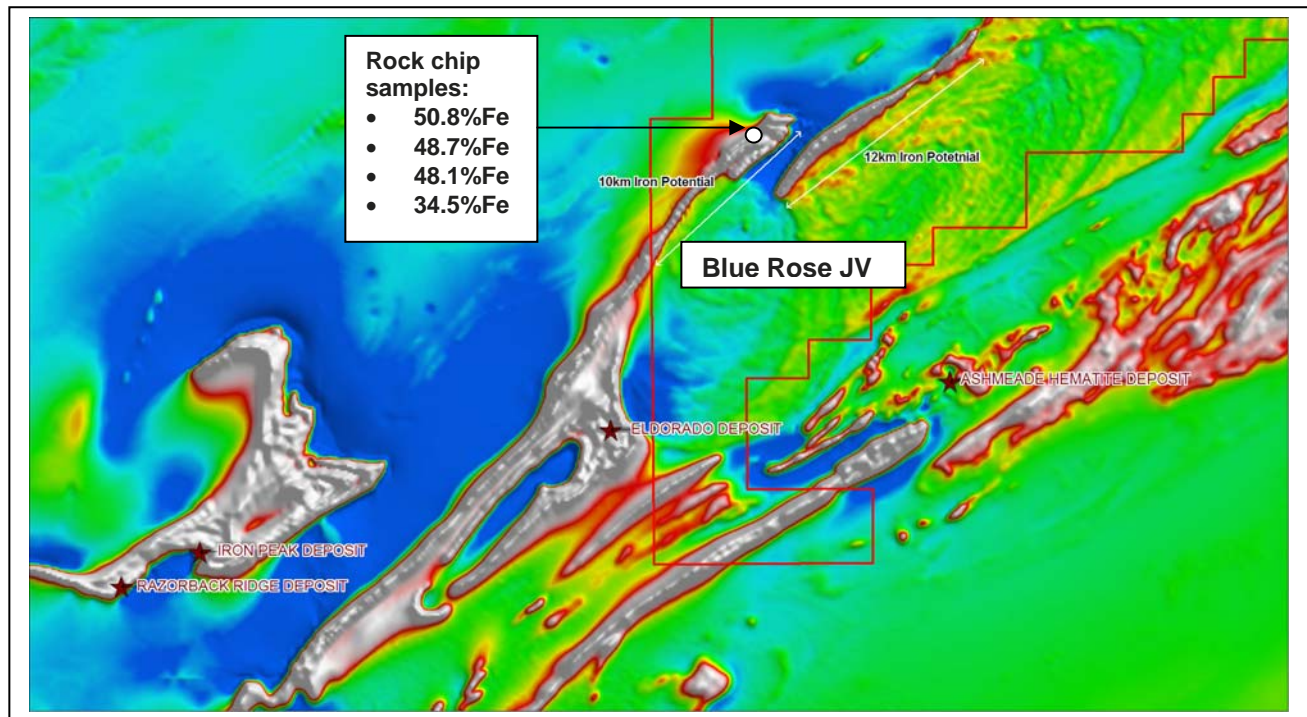


Figure 1: Blue Rose JV Project – Aeromagnetic Image with Location of Recent Iron Samples

Mapping indicates that there are at least two discrete magnetite units in the western portion of the Blue Rose project that dip gently north and have locally tight folding, with shallow west plunging fold noses giving zones of major iron unit thickening. The magnetite is medium grained and occurs as discrete units with high-magnetite content inter-bedded with units of siltstone and tillite. The south-western magnetic anomalies identified on detailed aeromagnetic data have broader magnetic signatures potentially indicative of thicker iron formation units concealed beneath the surface cover.

The Blue Rose joint venture partners are currently considering their options in regards to the iron ore potential on the joint venture leases.

Background to Royal's Razorback Ridge Transaction

In addition to the Razorback Ridge transaction whereby, subject to various conditions, Sin-Tang may earn up to a 50% interest in the Razorback project from Royal via the contribution of \$A50 million, Royal also announced the execution of an exclusive option agreement with Goldus Pty Ltd for the right to explore and acquire two exploration licences surrounding the Razorback Ridge iron project. Under the terms of that option agreement, Royal has the right to purchase the exploration licenses within a ten year period for \$10 million.

Key infrastructure supporting the potential development of an iron project at Razorback Ridge includes:

- The project is situated only 40km from the Broken Hill – Pt Pirie section of the Indian-Pacific railway line,
- The railway line can deliver directly to Port Pirie, which has an existing railcar tippler and stockyard space,
- Both the rail and port are understood to be under-utilised and uncongested.

The information in this ASX Release that relates to Exploration Results, Minerals Resources or Ore Reserves, as those terms are defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve", is based on information compiled by Mr Michael Clifford, who is a full time employee of the Company and a Member of the Australian Institute of Geoscientists. Mr Michael Clifford has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Reserve". Mr Michael Clifford consents to the inclusion in this ASX Release of the matters based on his information in the form and context in which it appears.

Michael Clifford
Director

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ABOUT PACMAG (ASX:PMH)

PacMag is an Australian-based exploration company focused on its advanced copper-molybdenum-gold assets at Ann Mason in the USA as well as its advanced Sentinel uranium-germanium-molybdenum project located in North Dakota, USA. Ann Mason contains an inferred mineral resource of 810 million tonnes @ 0.4% copper, 0.004% molybdenum (7.1 billion pounds of contained copper metal). PacMag also holds interests in other less advanced copper projects in Australia.