

PacMag Metals Limited

ASX ANNOUNCEMENT

NEW EPITHERMAL GOLD PROJECT SECURED IN NEVADA - USA

SUMMARY

12th October 2009

- New 100% owned epithermal gold-silver project (Rainbow Canyon Project) identified and secured in Nevada, USA.
- High-grade gold rock chip samples taken from quartz veins at surface associated with historic prospecting pits over an area of ~4 sqkm, returned results including; 20.8 g/t, 13.8 g/t, 11.3 g/t and 10.9 g/t gold (22 samples returning results greater than 0.5g/t gold from a total of 44 samples collected).
- Silver results are variable but range up to 289 g/t silver.
- The Rainbow Canyon gold vein host rocks, are an equivalent age and type as host rocks to the Comstock Mine located 40 km south west with published production and resources totalling 8.4 million ounces of gold and 192 million ounces of silver.
- No evidence of previous drill testing of the gold vein system.
- The Company plans to undertake programs of geological mapping and ground based detailed magnetic surveying to guide the design of an initial drill program. Geophysical surveying is anticipated to commence before the end of the month.

The Directors of PacMag Metals Limited ("PacMag") are pleased to report that the Company has staked claims covering a new epithermal gold-silver project in Nevada, USA (Figure 1). The Rainbow Canyon project comprising 80 unpatented lode mining claims is situated within the Walker Lane structural belt, host to major gold and silver deposits including the (bonanza gold vein-type deposits) of the Comstock Mine (13 million ounce gold equivalent production), Aurora Mine and Tonopah Goldfield, as well as the large bulk-mineable gold-silver deposits such as the Rawhide Mine (1.5Moz Au), Paradise Peak and Borealis gold mines.

Managing Director Mick Clifford commented *"The Rainbow Canyon epithermal gold-silver project represents another low cost, low risk exploration opportunity identified by our technical team providing the Company with additional exposure to gold."*

The gold-rich quartz veins and their alteration halos are magnetite destructive which will potentially allow us to identify mineralised zones using cheap ground magnetic surveying, particularly in areas of soil cover, providing a quick and easy screening technique to rapidly bring the project to drill status".

ASX:PMH

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RAINBOW CANYON GOLD PROJECT

Nevada is one of the largest sources of gold in the world producing greater than 80% of all the gold mined in the United States, with production of over six million ounces in 2007.

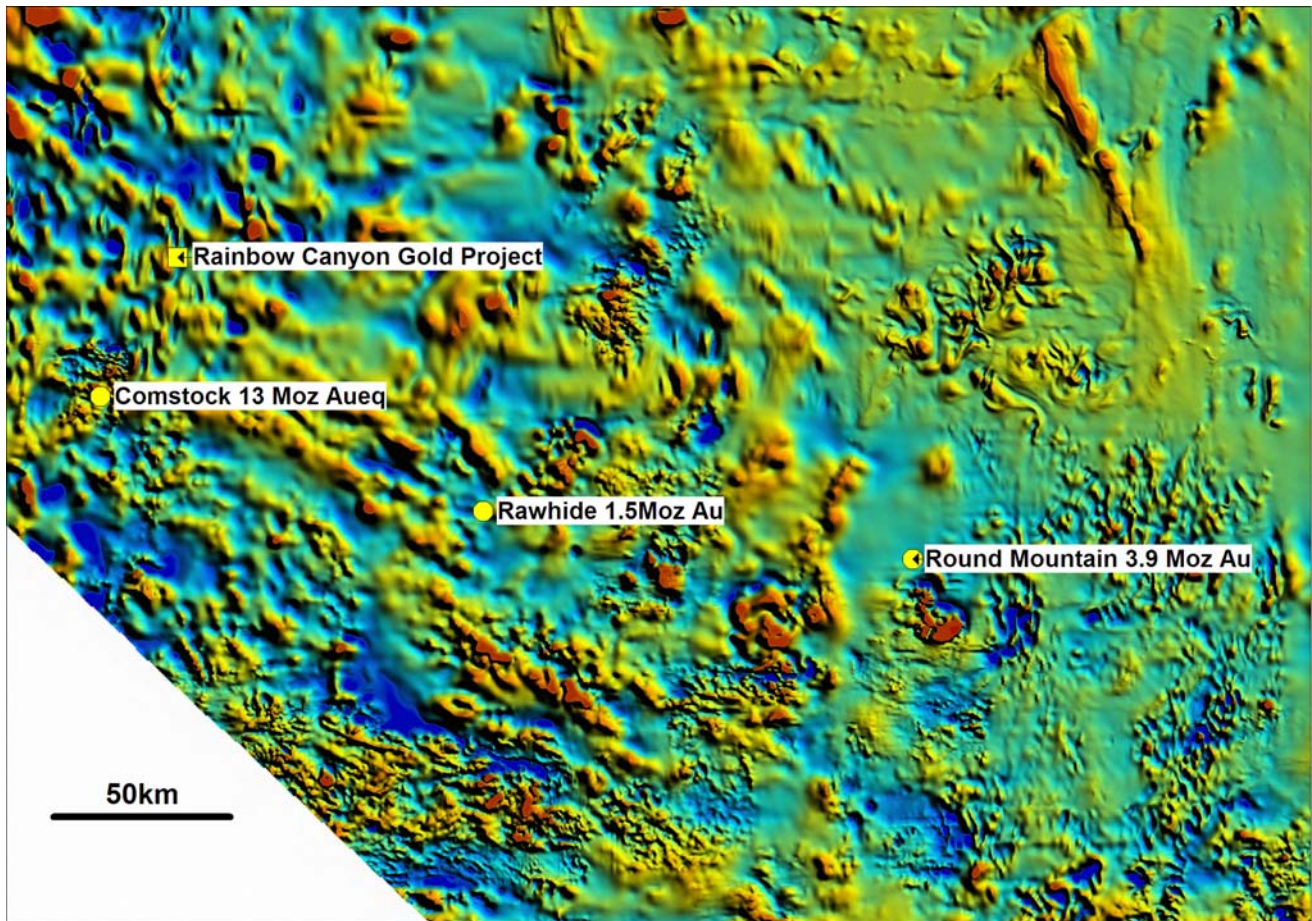


Figure 1: Rainbow Canyon Gold Project Location and Major Western Nevada Gold Deposits on Image of Magnetics

Reconnaissance mapping and rock chip sampling by PacMag geologists has identified high-grade gold rock chip samples in epithermal quartz veins associated with historic prospecting pits over an area of ~4 square kilometres. The sampling returned results including; 20.8 g/t, 13.8 g/t, 11.3 g/t and 10.9 g/t gold with 22 samples returning results greater than 0.5g/t gold from a total of 44 samples collected (Figure 2). The quartz veins exposed at surface range in width from fine mineralised fractures to individual quartz veins up to 1.2 metres (average 6 cm), with strike lengths up to 100 metres. Although the mapped veins are not continuous over large areas at surface they are characterized by chalcedonic to opaline quartz and have the trace element geochemical signature indicating that the present level of exposure of the epithermal gold mineralisation is in the upper portion of the system. Analogies with similar epithermal deposits suggest the Rainbow Canyon veins have the potential to increase in width, grade, and continuity with depth. A large area of potential exists in the soil covered flats adjacent to the outcropping quartz veins where alluvium (Qal shown on Figure 2) and scree from the adjacent hills mask the prospective host rock sequence.

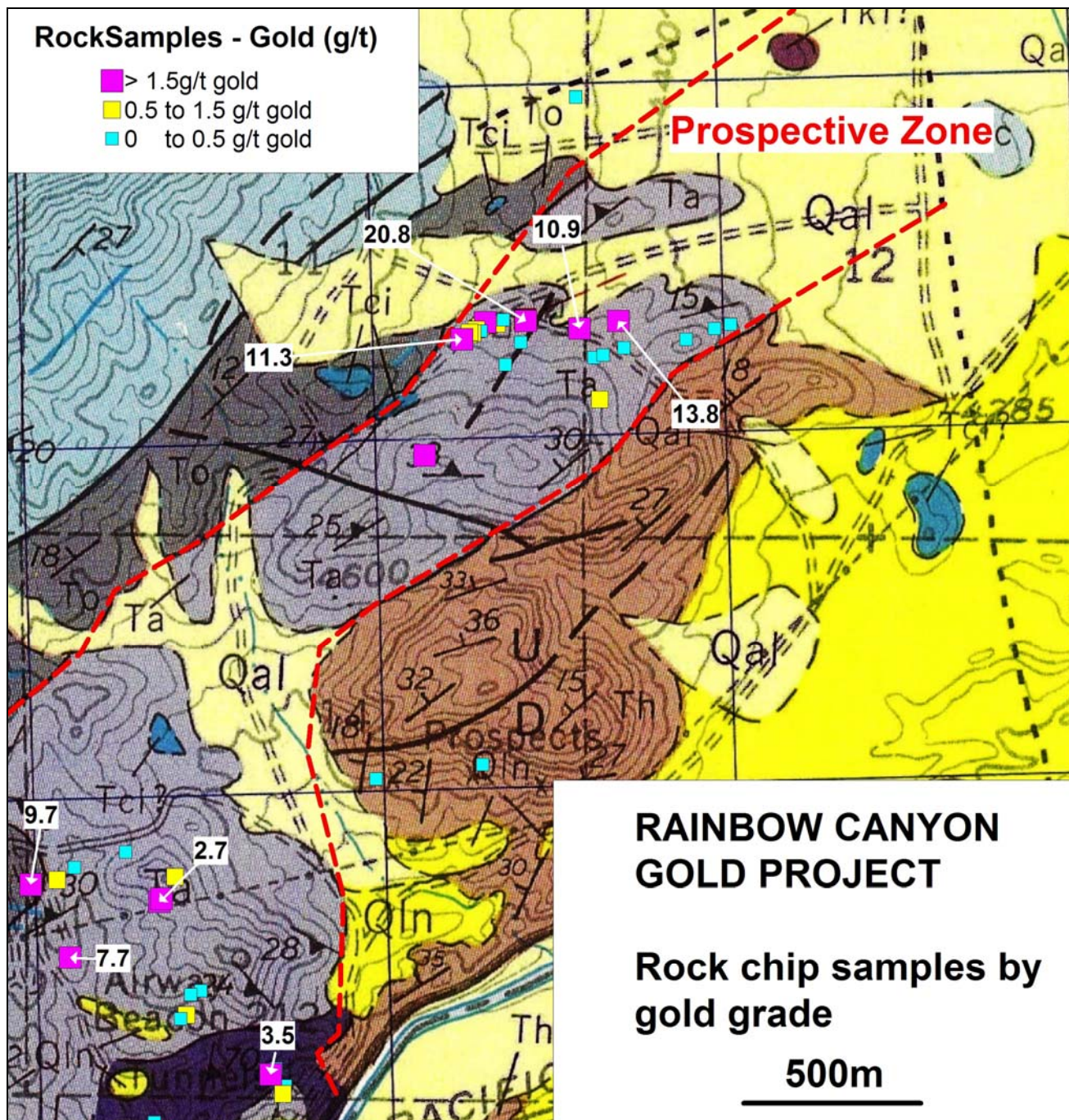


Figure 2: Rainbow Canyon Gold Project – Gold Sample Results

Rainbow Canyon Gold Project – Geology and Proposed Program

The geology at Rainbow Canyon comprises gently north-north west dipping Tertiary volcanic sequences with a basal unit, Hartford Hill Rhyolite, overlain by the Alta Formation (unit Ta – Figure 2) basalt, andesite flows, breccias, and pyroclastic rocks.

The Company’s geologists consider that both the Hartford Hill Rhyolite and the Alta Formation are potential gold ore host rocks. The Alta Formation is the host rock for the gold-silver deposits of the Comstock mine, other examples of Nevada epithermal gold vein systems in intermediate

to mafic rocks include the nearby Olinghouse mine, parts of the Aurora gold mine, the Mule Canyon mine, Fire Creek gold mine and Buckhorn deposits along the Northern Nevada Rift. Epithermal gold hosted by felsic rocks (rocks such as the Hartford Hill Rhyolite) in Nevada include prominent examples such as Ken Snyder (Midas) Gold Mine (2.3 million ounces gold and 18.5 million ounces silver, production plus resources) and Sleeper Gold Mine (2.5 million ounces produced, Ivanhoe-Hollister gold mine, Buckskin-National gold mine, Bullfrog mine, as well as the Oatman gold deposit in the adjacent state of Arizona.

The Rainbow Canyon gold project represents an exciting exploration target that can be easily explored with modern geophysical techniques as a prelude to drill testing.

The Company plans to undertake programs of geological mapping and ground based detailed magnetic surveying which are anticipated to commence before the end of the month.

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.