



**PACMAG METALS LIMITED**

ABN 73 066 353 231

**Consolidated Interim Financial Report  
for the Half-year Ended  
31 December 2008**

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**CORPORATE INFORMATION**

**Directors**

Rodney Michael Joyce (Chairman)  
Michael Joseph Clifford (Managing Director)  
Emmanuel Althaus (Non-Executive Director)

**Joint Company Secretaries**

Bruce Richard Acutt  
Melinda Jane Nelmes

**Registered Office and Principal Office**

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West Perth Western Australia 6005  
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**Auditors**

PKF  
Chartered Accountants  
Level 7, 28 The Esplanade  
Perth WA 6000

**Bankers**

ANZ Banking Group Limited  
227 Carlisle Street  
Balaclava VIC 3183

Bank of Western Australia Ltd  
108 St Georges Terrace  
Perth WA 6000

**Share Registry**

Link Market Services Ltd  
GPO Box 1500  
Sydney New South Wales 1234  
Telephone: +61-2 8280 7454  
Facsimile: +61-2 9287 0303

**Solicitors**

Pullinger Readhead Lucas  
Level 2, Fortescue House  
50 Kings Park Road  
West Perth WA 6005

**Securities Exchange Listing**

Australian Securities Exchange  
Home Exchange: Perth, Western Australia  
ASX Code: PMH

## **DIRECTORS' REPORT**

The Directors of PacMag Metals Limited ("the Company") and its controlled entities submit herewith the financial report for the half-year ended 31 December 2008.

### **Directors**

The names of the Directors of the Company during or since the end of the half-year are:

Rodney Michael Joyce – Chairman  
Appointed to the Board of Directors 18 November 2005

Michael Joseph Clifford – Managing Director (CEO)  
Appointed to the Board of Directors 18 November 2005

Emmanuel Althaus – Non-executive Director  
Appointed to the Board of Directors 5 October 1994

### **Review and Results of Operations**

During the half-year reporting period the Company:

- Secured the Shamrock high-grade copper project, located only 5km south east of the Company's 100% owned Ann Mason porphyry copper-molybdenum deposit. Drill intercepts grading 1 – 3% copper over 5 – 20 metre wide zones from limited previous exploration conducted in 1971, have never been followed up and will be a key target for PacMag to test.
- Based on new field observations from old mine workings and soil assays (up to 0.13% copper), the Company expanded the Blue Hills – Nevada oxide copper target zone to an area 1.5km by 350 metres (from 155,000 m<sup>2</sup> to 560,000m<sup>2</sup> respectively). The target lies approximately 2km west of the Ann Mason deposit.
- Submitted an Environmental Assessment to the Nevada Department of Environmental Protection for expanded exploration activities at Ann Mason.
- Completed drilling of 419 holes (including an additional 55 resource extension holes) at the Church Deposit (Sentinel Project, North Dakota) with results now received for 384 holes highlighting; strong uranium and molybdenum and very high widespread germanium, with the latter occurring in multiple stacked lignite horizons.
- Commenced Sentinel resource modelling.
- Received positive metallurgical testwork that demonstrated the Sentinel uranium mineralisation is amenable to beneficiation (upgrading prior to processing) as well as having high ash leach recoveries (92% U<sub>3</sub>O<sub>8</sub>) with corresponding modest acid consumption. Metallurgical testwork is continuing and is now focusing on molybdenum and germanium.
- The company has incurred costs totalling \$946,836 in relation to the Ludwig-Casing-Douglas Hill tenement held by MIM Inc (USA), of which \$17,756 was incurred during the six months ended 31 December 2008. The Directors have decided to impair costs to the Condensed Income Statement for the half year ended 31 December 2008, as work performed in the Ludwig-Casing-Douglas-Hill area to date has not resulted in the definition of a Mineral Resource.

A summary of the condensed revenues and results is set out below:

	Half year ended	
	December 2008	December 2007
Total non-operating revenue	\$ 187,826	\$ 458,388
Profit/(Loss) after tax	(1,643,389)	506,386
Interim dividend (cents per share)	-	-

**Auditor's Independence Declaration**

The auditor's independence declaration is included on page 4 of the half-year financial report.

Signed in accordance with a resolution of Directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors



**R M Joyce**  
**Chairman**

Perth, 12<sup>th</sup> March 2009

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of PacMag Metals Limited for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of PacMag Metals Limited and the entities it controlled during the half year.



**PKF**  
Chartered Accountants



**Chris Nicoloff**  
Partner

Dated at Perth, Western Australia this 12<sup>th</sup> day of March 2009.

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**CONDENSED INTERIM INCOME STATEMENT FOR THE  
HALF-YEAR ENDED 31 DECEMBER 2008**

	<b>Consolidated</b>		
	<b>Note</b>	<b>Half-year ended 31 December 2008 \$</b>	<b>Half-year ended 31 December 2007 \$</b>
Revenue		187,826	458,388
Administration expenses		(133,844)	(154,506)
Impairment loss on available for sale assets		(719,789)	-
Employee benefit expenses		(54,743)	(49,102)
Exploration expenditure incurred		(7,027)	(55,592)
Impairment on exploration expenditure	6	(946,836)	-
Other expenses		(1,823)	(1,867)
<b>Total expenses</b>		<b>(1,864,062)</b>	<b>(261,067)</b>
<b>Profit/(Loss) before income tax expense</b>		<b>(1,676,236)</b>	<b>197,321</b>
Income tax benefit		32,847	309,065
<b>Profit/(Loss) attributable to equity holders</b>		<b>(1,643,389)</b>	<b>506,386</b>
<b>Earning/(Loss) per share:</b>		<b>Cents</b>	<b>Cents</b>
Basic (cents per share)		(1.136)	0.374
Diluted (cents per share)		(1.136)	0.270

The above Condensed Interim Income Statement should be read in conjunction with the accompanying notes

**CONDENSED INTERIM BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	Consolidated	
		31 December 2008	30 June 2008
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		2,961,666	4,562,345
Trade and other receivables		356,011	518,176
Other financial assets		-	-
<b>Total current assets</b>		<b>3,317,677</b>	<b>5,080,521</b>
<b>Non-current assets</b>			
Available for sale assets		722,444	1,487,416
Property, plant and equipment		1,311	2,022
Intangibles		416	1,525
Exploration and evaluation expenditure	6	8,615,598	8,151,511
Deferred tax asset		452,935	623,021
<b>Total non-current assets</b>		<b>9,792,704</b>	<b>10,265,495</b>
<b>Total assets</b>		<b>13,110,381</b>	<b>15,346,016</b>
<b>Current liabilities</b>			
Trade and other payables		211,948	553,071
Provisions		44,787	47,584
<b>Total current liabilities</b>		<b>256,735</b>	<b>600,655</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		452,935	669,632
<b>Total non-current liabilities</b>		<b>452,935</b>	<b>669,632</b>
<b>Total liabilities</b>		<b>709,670</b>	<b>1,270,287</b>
<b>Net assets</b>		<b>12,400,711</b>	<b>14,075,729</b>
<b>Equity</b>			
Issued capital		14,793,654	14,793,654
Reserves		1,461,407	1,493,036
Accumulated losses		(3,854,350)	(2,210,961)
<b>Total equity</b>		<b>12,400,711</b>	<b>14,075,729</b>

The above Condensed Interim Balance Sheet should be read in conjunction with the accompanying notes



**CONDENSED INTERIM STATEMENT OF RECOGNISED CHANGES IN EQUITY  
AS AT 31 DECEMBER 2008**

	Consolidated	
	Half-year ended 31 December 2008 \$	Half-year ended 31 December 2007 \$
Total equity at the beginning of half-year	14,075,729	14,621,338
Profit /(Loss) for the year	(1,643,389)	506,386
<b>Total recognised income and expense for the year</b>	<b>(1,643,389)</b>	<b>506,386</b>
Transactions with equity holders in their capacity as equity holders:		
Issued shares	-	40,928
Available for sale investments revaluation reserve	(31,629)	(1,646,993)
<b>Total equity at the end of half-year</b>	<b>12,400,711</b>	<b>13,521,659</b>

The above Condensed Interim Balance Sheet should be read in conjunction with the accompanying notes

**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
AS AT 31 DECEMBER 2008**

	Consolidated	
	Half-year ended 31 December 2008 \$	Half-year ended 31 December 2007 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers, exploration and evaluation expenditure	(1,211,537)	(250,733)
Interest received	129,984	252,766
Net cash (used in) operating activities	(1,081,553)	2,033
<b>Cash flows from investing activities</b>		
Deposits refunded in relation to tenements	311,475	-
Deposits paid in relation to tenements	(12,149)	-
Payments for available-for-sale financial assets	-	(240,593)
Exploration costs capitalised	(818,451)	(2,749,968)
Net cash (used in)/provided by investing activities	(519,126)	(2,990,561)
<b>Cash flows for financing activities</b>		
Proceeds from issues of equity securities	-	43,189
Net cash (used in)/provided by financing activities	-	43,189
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,600,979)	(2,945,339)
<b>Cash and cash equivalents at the beginning of the half-year</b>	4,562,345	8,857,047
<b>Cash and cash equivalents at the end of the half-year</b>	2,961,666	5,911,708

The above Condensed Interim Statement of Cash Flows should be read in conjunction with the accompanying notes

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**1. Corporate Information**

The financial report of PacMag Metals Limited (the Company) for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 12<sup>th</sup> March 2009. PacMag Metals Limited is company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

**2. Summary of Significant Accounting Practices**

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of PacMag Metals Limited as at 30 June 2008.

It is also recommended that the half-year financial report be considered together with any public announcements made by PacMag Metals Limited and its controlled entities during the half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

**(a) Basis of preparation**

The half-year condensed financial report is a general purpose financial report, which has been prepared on accordance with the requirement of the Corporation Act 2001, applicable Accounting Standards, including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

**(b) Significant accounting policies**

The half-year condensed financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2008, as described in Note 2(c).

**(c) New Standards and Interpretations Not Yet Adopted**

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption for financial reporting periods beginning 1 January 2009 but have not been applied in preparing the financial report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

<b>New or revised requirement</b>	<b>Effective for annual reporting periods beginning/ending on or after</b>	<b>More information</b>	<b>Impact on Group</b>
<p>AASB101 Presentation of Financial Statements (revised), AASB 2008-8 Amendments to Australian Accounting Standards and Interpretations.</p> <p>Affects the presentation of the changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards however, it is important to note that the AASB has decided that Australian issuers shall make use in financial reports of the descriptions – Statement of Financial Performance and Position and use the term “financial report” and not “financial statement.” The Amending Standard updates references in various other pronouncements.</p>	<p>Beginning 1 January 2009</p>	<p>Optional for half-year ending 31 December 2008.</p>	<p>The effect of this amendment will be a changing of the title of the Group’s financial reports.</p>
<p>AASB 123 Borrowing Costs (Revised), AASB 2008-6 Amendments to Australian Accounting Standards</p> <p>Eliminates the option of expensing borrowing costs relating to qualifying assets, instead requiring capitalisation. Transitional provisions require prospective application to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after application date. An entity may however, designate any date before the application date and apply the Standard to borrowing costs relating to all qualifying assets for which the commencement date for capitalisation is on or after that date. The Amending Standard eliminates reference to the expensing option in various other pronouncements.</p>	<p>Beginning 1 January 2009</p>	<p>Optional for half-year ending 31 December 2008</p>	<p>Unless the Group becomes involved in a qualifying asset in future periods; amendments are not expected to have any impact on the financial report.</p>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

<b>New or revised requirement</b>	<b>Effective for annual reporting periods beginning/ending on or after</b>	<b>More information</b>	<b>Impact on Group</b>
<p>AASB 8 Operating Segments, AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 8</p> <p>AASB 8 replaces AASB 114 Segment Reporting and introduces new 'management approach' to segment reporting to align IFRS and US GAAP. Unlike AASB 114, AASB 8 only applies to entities which have on issue debt or equity securities that are traded in a public market (or which are in the process of issuing any class of instruments in a public market). Therefore, reporting entities that are out of scope of AASB 8 may wish to early adopt this Standard to avoid segment reporting in their financial reports.</p>	Beginning 1 January 2009	Optional for half-year ending 31 December 2008	AASB 8 is a disclosure standard, so will have no direct impact on amounts in the financial report. However amendments will result in changes in disclosures.
<p>Interpretation 12 Service Concession Arrangements, Interpretation 4 Determining whether an Arrangement contains a lease (revised), Interpretation 129 Service Concession Arrangements; Disclosure (Revised), AASB 2008-2 Amendments to Australian Standards arising from AASB interpretation 12.</p> <p>Addresses the appropriate accounting for the service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services, such as transport, water and energy.</p>	Beginning 1 July 2008	Optional for half-year ending 31 December 2008	The Group is not involved in the development, financing, operation and maintenance of infrastructure for the provision of public services; amendments are not expected to have any impact on the financial report.
<p>Interpretation 13 Customer Loyalty Programmes</p> <p>Concludes that an entity shall account for award credits as a separately identifiable component of the sales transaction(s) in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect to the initial sale shall be allocated between the award credits and the other components of the sale.</p>	Beginning 1 July 2008	Optional for half-year ending 31 December 2008	The Group does not have any customer loyalty programmes; amendments are not expected to have any impact on the financial report.
<p>Interpretation 14 AASB 119 –The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.</p> <p>Concludes that an entity shall determine the Availability of a refund or a reduction in the future contributions in accordance with the terms and conditions of the plan and any statutory requirements in the jurisdiction of the plan.</p>	Beginning 1 July 2008	Optional for half-year ending 31 December 2008	The Group does not have a defined benefit plan; amendments are not expected to have any impact on the financial report.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008****3. Segment Reporting**

The consolidated entity operates in Australia and the USA, and is one business segment, mineral mining and exploration and all of the consolidated entity's resources are employed for this purpose.

<b>Half-year 2008</b>	<b>Australia \$</b>	<b>USA \$</b>	<b>Total \$</b>
Revenue	59,452	128,374	187,826
Expenses	(909,354)	(954,709)	(1,864,062)
Profit/(Loss) for period	(849,901)	(826,335)	(1,676,236)
Segment assets	5,299,619	7,810,762	13,110,381
Liabilities	(709,670)	-	(709,670)
Net assets	4,589,949	7,810,762	12,400,711
<b>Half-year 2007</b>	<b>Australia \$</b>	<b>USA \$</b>	<b>Total \$</b>
Revenue	458,384	4	458,388
Expenses	(260,954)	(113)	(261,067)
Profit/(Loss) for period	197,430	(109)	(261,067)
Segment assets	10,154,384	4,794,990	14,949,374
Liabilities	(1,427,715)	-	(1,427,715)
Net assets	8,726,669	4,794,990	13,521,659

**4. Dividends**

During the half year, no dividends were paid or provided for.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

**5. Commitments**

Should the Consolidated Entity wish to preserve its interest in its current tenements and joint ventures, the amount which may be required to be expected is as follows:

	Half-year 2008	Half-year 2007
	\$	\$
Not later than one year	297,182	188,217
Later than one year and not more than five years	172,570	-
	<u>469,752</u>	<u>188,217</u>

**6. Exploration, Evaluation and Development Expenditure**

The company has incurred costs totalling \$946,836 in relation to the Ludwig-Casing-Douglas Hill tenement held by MIM Inc (USA), of which \$17,756 was incurred during the six months ended 31 December 2008. The Directors have decided to impair costs to the Condensed Income Statement for the half year ended 31 December 2008, as work performed in the Ludwig-Casing-Douglas-Hill area to date has not resulted in the definition of a Mineral Resource.

**7. Related Parties**

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2008 annual financial report.

**8. Subsequent Events**

No matters or circumstance have arisen since the end of the half year period which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

**DIRECTORS' DECLARATION**

1. In the opinion of the directors of PacMag Metals Limited ("the Company"):
  - (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2008, and of its performance for the half-year ended on that date; and
    - (ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company 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.

Dated at Perth this 12<sup>th</sup> day of March 2009

Signed in accordance with a resolution of the directors:



.....  
**R M Joyce**  
**Chairman**





Chartered Accountants  
& Business Advisers

## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PACMAG METALS LIMITED**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of PacMag Metals Limited, which comprises the condensed balance sheet as at 31 December 2008 and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2008 or from time to time during the half year ended on that date.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2008 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 PacMag Metals 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.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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*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 PacMag Metals 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 2008 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.



**PKF**  
Chartered Accountants



**Chris Nicoloff**  
Partner

Dated at Perth, Western Australia this 12<sup>th</sup> day of March 2009