PACMAG METALS LIMITED

ABN 73 066 353 231

Consolidated Interim Financial Report for the Half-year Ended 31 December 2009

CONTENTS

CORPORATE INFORMATION

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

Joint Company Secretaries
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Melinda Jane Nelmes

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227 Carlisle Street
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Bank of Western Australia Ltd
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Sydney NSW 1235

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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 2009.

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:

- **Announced a proposed merger transaction -**

  On 30th November 2009, PacMag Metals Limited ("PacMag") and TSX listed Entrée Gold Inc ("Entrée") announced a proposed merger transaction whereby Entrée will acquire all of the issued shares and options of PacMag by a scheme of arrangement.

  The offer is approximately one Entrée share for each 9.83 PacMag shares and CAD$0.0415 (Australian 4.4 cents as at 31st December 2009) for each PacMag share held on the record date. The offer may also be expressed as 0.1018 Entrée shares and CAD$0.0415 cash for each PacMag share.

  The following formula can be used to calculate the offer price in Australian dollars: (0.1018 ETG shares x ETG share price[1] x foreign exchange Rate[2] + (CAD$0.0415 x foreign exchange rate) for each PMH share.

  The offer, based on prices and exchange rates as at the 31st December 2009, values PacMag at approximately A$46.4 million, or A$0.32 per share.

  (0.1018 x CAD$2.55 x 1.0644) + (CAD$0.0415 x 1.0644) = AUD$0.32 per PMH share.

  The proposal offers PacMag security holders:

  - a material premium to historical and market prices of PacMag;
  - potential for significant value uplift from North American market exposure for PacMag's assets, including the Ann Mason copper deposit in Nevada, USA via Entree's TSX and NYSE Amex listing;
  - exposure to Entrée's projects, including portions of the world class Oyu Tolgoi copper-gold project in Mongolia that is under development by Rio Tinto Ltd and Ivanhoe Mines Ltd, as well as Entrée's Yerington Project that immediately adjoins the western boundary of PacMag's Ann Mason copper project in Nevada USA;
  - a combined resource base of the merged group that will include 11.6 billion pounds of copper and five million ounces of gold (refer to resource estimates below);
  - a copper – gold focused exploration portfolio spanning five countries, offering a pipeline of opportunities with a range of risk profiles;
  - access to Entrée's strong balance sheet (including ~CAD$40 million cash) and supportive shareholder base including Rio Tinto Ltd (15%) and Ivanhoe Mines Ltd

(14%);

- an experienced evaluation and development team in the Entrée Board of Directors and Senior Management capable of rapidly progressing the combined assets of the two groups; and
- financial strength, with the merged group having a pro forma market capitalisation in excess of A$300 million.

The merger will proceed by way of a Share Scheme and Option Scheme (in respect of options other than those issued under the term of PacMag's Employee Share Option Plan ("ESOP")) and PacMag and Entrée have entered into a conditional scheme implementation agreement ("SIA") to implement the proposed merger. Entrée will also offer holders of ESOP options consideration to cancel their options. The Share Scheme and Option Scheme are conditional on the cancellation or exercise of all options issued under PacMag's ESOP.

The merger will apply to all PacMag shares and PacMag options on issue.

A summary of the key terms of the SIA were provided in the annexure to the announcement regarding the transaction released to the Australian Securities Exchange ("ASX") on 30th November 2009.

The Directors have considered the advantages and disadvantages of the offer from Entrée and, in the absence of a superior proposal and subject to an independent expert concluding that the merger is in the best interests of PacMag shareholders and optionholders, intend to recommend that PacMag shareholders and optionholders vote in favour of the merger.

The SIA contains a number of other customary conditions, including receipt of required approval from regulators and Australian court approval. The merger is also conditional on the cancellation or exercise of all existing options issued under PacMag's ESOP.

The SIA contains customary terms typical for a transaction of this nature including no shop and no talk exclusivity provisions and a break fee payable in certain circumstances (although not linked to the outcome of the PacMag shareholder or optionholder vote in relation to the transaction).

An indicative timetable for the merger was included in ASX announcements released by the Company on 30th November 2009 and 29th January 2010.

[1]Available at the website finance.yahoo,com use Entrée code ETG.TO.

[2]Based on the nominal noon rate as published by the Bank of Canada on their website.

Note that Entrée will pay the $CAD entitlement in Australian currency, by determining the Australian currency equivalent with reference to the nominal noon rate as published by the Bank of Canada on the date at which the Schemes become effective.

During the half-year reporting period the Company also:

- Received final results including; 33.6m @ 1.72% copper from a depth of 15.2m, 22.4m @ 1.08% copper from a depth of 68m and 19.3m @ 1.03% copper from a depth of 91m, from a 12 hole RC program completed at the Shamrock project, 5km from the Company's Ann Mason copper deposit, Nevada USA.
- Reported an initial in-situ Inferred Resource for the Church Deposit of 2.35Mt @ 0.0165% U_3O_8 and 0.022% M_oO_3 at the first deposit drilled by the Company within the Sentinel Project, North Dakota USA. Full resource details were disclosed to the ASX in a release on 12th August 2009.
- Secured two new projects; a porphyry copper project (Meadow Valley Project) in southern Arizona USA and a gold project in Nevada USA (Rainbow Canyon). Geophysical surveys have subsequently been completed at both of these projects to assist in future drill

targeting.

- o Announced that the Northling Copper Project in central Western Australia, is to be advanced via joint venture agreement with Dominion Mining Limited (Dominion), whereby Dominion may earn an initial 70% equity in Northling by paying PacMag $100,000 cash and by spending $750,000 on exploration within five years. Once Dominion has met the earn-in, PacMag can contribute its respective interest or elect to convert to a 20% free carry to the end of a pre-feasibility study.

- o Announced that the Mystique Gold Project in the Tropicana belt, Western Australia, is to be advanced via joint venture with Black Fire Energy Limited (Black Fire). Black Fire may earn an initial 60% equity in Mystique by spending $1 million on exploration within three years, and 75% interest through total expenditure of $2.5 million in five years, with a minimum expenditure commitment of $250,000 before withdrawal.

- o Submitted the final revised Environmental Assessment for expanded exploration activities at Ann Mason to the United States Bureau of Land Administration.

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

	Half year ended	
	December 2009 $	**December 2008 $**
Total non-operating revenue	211,775	187,826
Profit/(Loss) after tax	(26,659)	(1,643,389)
Interim dividend (cents per share)	-	-

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5 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, 16th March 2010

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of PacMag Metals Limited for the half year ended 31 December 2009, 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

PKF
Chartered Accountants

Chris Nicoloff

Chris Nicoloff
Partner

Dated at Perth, Western Australia on this 16th day of March 2010.

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Consolidated	
	Half-year ended 31 December 2009 $	Half-year ended 31 December 2008 $
Revenue		
Revenue	211,775	187,826
	211,775	187,826
Expenses		
Administration expenses	(267,736)	(133,844)
Impairment loss on available for sale assets	-	(719,789)
Employee benefit expenses	(79,351)	(54,743)
Exploration expenditure incurred	1,143	(7,027)
Impairment on exploration expenditure	-	(946,836)
Other expenses	(11,466)	(1,823)
Total expenses	(357,410)	(1,864,062)
Profit/(Loss) before income tax expense	(145,635)	(1,676,236)
Income tax benefit	118,976	32,847
Profit/(Loss) for the half year	(26,659)	(1,643,389)
Other comprehensive income		
Changes in the fair value of available-for-sale financial assets, net of tax	277,609	(31,629)
Other comprehensive income for the half year, net to tax	277,609	(31,629)
Total comprehensive income for the half-year	250,950	(1,675,018)
Earning/(Loss) per share:	**Cents**	**Cents**
Basic (cents per share)	(0.018)	(1.136)
Diluted (cents per share)	(0.018)	(1.136)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Consolidated	
	Half-year ended 31 December 2009 $	Year ended 30 June 2009 $
Current assets		
Cash and cash equivalents	1,699,635	2,461,902
Trade and other receivables	316,169	268,096
Total current assets	2,015,804	2,729,998
Non-current assets		
Available for sale assets	1,550,844	1,225,644
Property, plant and equipment	2,273	1,042
Exploration and evaluation expenditure	9,875,510	9,087,935
Deferred tax asset	-	600,066
Total non-current assets	11,428,627	10,914,687
Total assets	13,444,431	13,644,685
Current liabilities		
Trade and other payables	318,441	169,881
Total current liabilities	318,441	169,881
Non-current liabilities		
Provisions	2,652	2,350
Deferred tax liabilities	-	600,066
Total non-current liabilities	2,652	602,416
Total liabilities	321,093	772,297
Net assets	13,123,338	12,872,388
Equity		
Issued capital	14,793,654	14,793,654
Reserves	2,187,899	1,910,290
Accumulated losses	(3,858,215)	(3,831,556)
Total equity	13,123,338	12,872,388

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

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED CHANGES IN EQUITY AS AT 31 DECEMBER 2009

	Half-year ended 31 December 2009				
Consolidated	**Issued capital $**	**Accumulated losses $**	**Option reserve $**	**Available for sale investment revaluation reserves $**	**Total Equity $**
Total equity at the beginning of 1 July 2009	14,793,654	(3,831,556)	1,453,039	457,251	12,872,388
Profit/(Loss) for the year	-	(26,659)	-	-	(26,659)
Available for sale investments revaluation reserve, net of tax	-	-	-	277,609	277,609
Total comprehensive income for the half year	-	(26,659)	-	277,609	250,950
Transactions with equity holders in their capacity as equity holders:					
Issued shares	-	-	-	-	-
Total equity at the end of 31 December 2009	14,793,654	(3,858,215)	1,453,039	734,860	13,123,338

	Half-year ended 31 December 2008				
Consolidated	**Issued capital $**	**Accumulated losses $**	**Option reserve $**	**Available for sale investment revaluation reserves $**	**Total Equity $**
Total equity at the beginning of 1 July 2008	14,793,654	(2,210,961)	1,453,039	39,997	14,075,729
Profit/(Loss) for the year	-	(1,643,389)	-	-	(1,643,389)
Available for sale investments revaluation reserve, net of tax	-	-	-	(31,629)	(31,629)
Total comprehensive income for the half year	-	(1,643,389)	-	(31,629)	(1,675,018)
Transactions with equity holders in their capacity as equity holders:					
Issued shares	-	-	-	-	-
Total equity at the end of 31 December 2008	14,793,654	(3,854,350)	1,453,039	8,368	12,400,711

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2009

	Consolidated	
	Half-year ended 31 December 2009 $	**Half-year ended 31 December 2008 $**
Cash flows from operating activities		
Payments to suppliers, exploration and evaluation expenditure	(440,890)	(1,211,537)
Interest received	41,464	129,984
Net cash (used in) operating activities	(399,426)	(1,081,553)
Cash flows from investing activities		
Deposits refunded in relation to tenements	-	311,475
Deposits paid in relation to tenements	-	(12,149)
Payments for purchase of property, plant & equipment	(499)	-
Proceeds on sale of available-for-sale financial assets	242,283	-
Exploration costs capitalised	(604,625)	(818,451)
Net cash (used in)/provided by investing activities	(362,841)	(519,125)
Cash flows for financing activities		
Proceeds from issues of equity securities	-	-
Net cash (used in)/provided by financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(762,267)	(1,600,979)
Cash and cash equivalents at the beginning of the half-year	2,461,902	4,562,345
Cash and cash equivalents at the end of the half-year	1,699,635	2,961,366

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

1. Corporate Information

The financial report of PacMag Metals Limited (the Company) for the half-year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors for release on 16th March 2010. 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 2009.

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 2009 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 in 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 2009, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2009, 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 became operative for the annual reporting period commencing 1 July 2009.

- Principles of consolidation – revised AASB 127 *Consolidated and Separate Financial Statements* and changes made by ASSB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate;*
- Business combinations – revised AASB *3 Business Combinations;*
- Segments – new AASB 8 *Operating Segments*

There has been no impact on the current period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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.

Half-year 2009	Australia $	USA $	Total $
Revenue	211,253	522	211,775
Expenses	(314,824)	(42,586)	(357,410)
Profit/(Loss) before income tax for period	(103,571)	(42,064)	(145,635)
Segment assets	4,636,382	8,808,049	13,444,431
Liabilities	(321,093)	-	(321,093)
Net assets	4,315,289	8,808,049	13,123,338

Half-year 2008	Australia $	USA $	Total $
Revenue	59,452	128,374	187,826
Expenses	(909,354)	(954,709)	(1,864,062)
Profit/(Loss) before income tax 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

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 2009

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 2009 $	Half-year 2008 $
Not later than one year	194,311	297,182
Later than one year and not more than five years	165,175	172,570
	359,486	469,752

6. Related Parties

Arrangements with related parties continue to be in place. For details of these arrangements, refer to the 30 June 2009 annual financial report.

7. Subsequent Events

Subsequent to 31 December 2009, the following transaction or event of a material and/or unusual nature likely, is likely to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years:

- PacMag Metals Limited (“PacMag”) and TSX listed Entrée Gold Inc (“Entrée”) announced to the ASX on 30th November 2009 a proposed merger transaction whereby Entrée will acquire all of the issued shares and options of PacMag by a scheme of arrangement.

The offer is approximately one Entrée share for each 9.83 PacMag shares and CAD$0.0415 (Australian 4.4 cents) for each PacMag share held on the record date. The offer may also be expressed as 0.1018 Entrée share and CAD$0.0415 cash for each PacMag share.

The following formula can be used to calculate the offer price in Australian dollars: (0.1018 ETG shares x ETG share price[1] x foreign exchange Rate[2] + (CAD$0.0415 x foreign exchange rate) for each PMH share.

The offer, based on prices and exchange rates as at the 31st December 2009, values PacMag at approximately A$46.4 million, or A$0.32 per share.

(0.1018 x CAD$2.55 x 1.0644) + (CAD$0.0415 x 1.0644) = AUD$0.32 per PMH share.

The merger will proceed by way of a Share Scheme and Option Scheme (in respect of options other than those issued under the term of PacMag’s Employee Share Option Plan (“ESOP”) and PacMag and Entrée have entered into a conditional scheme implementation agreement (“SIA”) to implement the proposed merger. Entrée will also offer holders of ESOP options consideration to cancel their options. The Share Scheme and Option Scheme are conditional on the cancellation or exercise of all options issued under PacMag’s ESOP. The merger will apply to all PacMag Shares and PacMag options on issue.

A summary of the key terms of the SIA were provided in the annexure to the announcement regarding the transaction released to the ASX on 30th November 2009.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

7. Subsequent Events (cont'd)

The Directors have considered the advantages and disadvantages of the offer from Entrée and, in the absence of a superior proposal, and subject to an independent expert concluding that the merger is in the best interests of PacMag shareholders and optionholders, intend to recommend that PacMag shareholders and optionholders vote in favour of the merger.

The SIA contains a number of other customary conditions, including receipt of required approval from regulators and Australian court approval. The merger is also conditional on the cancellation or exercise of all existing options issued under PacMag's ESOP.

The SIA contains customary terms typical for a transaction of this nature including no shop and no talk exclusively provisions and a break fee payable in certain circumstances (although not linked to the outcome of the PacMag shareholder or optionholder vote in relation to the transaction).

An indicative timetable for the merger is included in the ASX announcement on 30th November 2009 and 27th January 2010.

- On 22nd January 2010 PacMag received $100,000 cash from Dominion Mining Limited (Dominion) following the ASX announcement on 30 September 2009 that the Northling Copper Project in central Western Australia is to be advanced via joint venture agreement with Dominion, whereby Dominion may earn an initial 70% equity in Northling by paying PacMag $100,000 cash and by spending $750,000 on exploration within five years. Once Dominion has met the earn-in, PacMag can contribute its respective interest or elect to convert to a 20% free carry to the end of a pre-feasibility study.

- On the 4th of February, 2010 PacMag received $106,590 from private group Wasco Mining Pty Ltd (Wasco) following the ASX announcement on 3rd February 2009 in relation to the execution of a Mineral Development Agreement (MDA) between the Blue Rose Joint Venture (JV) partners (51% PacMag Metals Limited, 49% Giralia Resources NL) and Wasco. Under the MDA, WASCO will acquire 100% of a 12km^2 area covering the Blue Rose deposit and the rights to mine and process all mineralisation extracted. The MDA includes a staged refund (subject to standard industry terms and conditions) of historical exploration costs to the Blue Rose joint venture by Wasco totalling $1.95 million and a 1.5% gross revenue royalty payable to the Blue Rose JV partners on the production of metals mined from the deposit.

- During February 2010, a reclamation bond of $97,431 (US$84,132) in relation to surface management regulations, was paid to the United States Department of the Interior Bureau of Land Management in relation to the Ann Mason Exploration Project.

- Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and/or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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 2009, 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 16th day of March 2010

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 statement of financial position as at 31 December 2009, condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the six-month period ended on that date, and a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2009 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 2009 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.

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Chartered Accountants
& Business Advisers

Independence

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

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 2009 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

PKF
Chartered Accountants

Chris Nicoloff

Chris Nicoloff
Partner

Dated at Perth, Western Australia this 16th day of March 2010.