

PacMag Metals Limited

ASX ANNOUNCEMENT BLUE ROSE COPPER DEPOSIT DEVELOPMENT AGREEMENT

ASX:PMH

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SUMMARY

3rd February 2010

The Directors of PacMag are pleased to advise of the execution of a Mineral Development Agreement (MDA) between the Blue Rose JV partners (51% PacMag Metals Limited, 49% Giralia Resources NL) and private group Wasco Mining Pty Ltd (Wasco). The agreement is the culmination of several months of negotiations (that have been foreshadowed in the Company's quarterly reports) with the aim of extracting value for shareholders from the relatively small but rich zone of near surface copper mineralisation discovered by Giralia in 2002 and expanded by PacMag in subsequent drilling campaigns within the Blue Rose joint venture tenure in South Australia.

Under the MDA Wasco will acquire 100% of a 12 km² 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.

The development area encompasses the Blue Rose copper deposit where previous drilling includes intersections such as 46 metres @ 2.2% copper and 0.8 g/t gold from 11 metres depth. Beneath the oxide zones previous drilling has also intersected copper-gold-molybdenum sulphide mineralisation, which is open to extension along strike.

PacMag and Giralia intend to continue to evaluate the surrounding prospective Blue Rose and Olary leases (approximately 900 km²).

Wasco's principals have extensive experience in small to medium scale copper production in Australia as well as direct access to the Chinese copper consumption market.

The Blue Rose joint venture partners are currently considering their options in regards to the iron ore potential on the joint venture leases and have been approached by several interested parties.

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.