



# PACMAG METALS LIMITED

ABN 73 066 353 231

10 May 2010

Company Announcements Office  
Australian Stock Exchange  
4<sup>th</sup> Floor, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

Please find attached for release to the market a copy of a presentation to be delivered by the Company's Managing Director, Michael Clifford, to investors and brokers in Australia for the week commencing Monday, 10 May 2010, in conjunction with Mr Greg Crowe, President and CEO of Entrée Gold Inc, relating to the proposed merger of the companies.

Yours faithfully

**Bruce Acutt**  
**Company Secretary**

*Attach.*



# PACMAG METALS LIMITED ENTRÉE GOLD INC – PROPOSED MERGER PRESENTATION - MAY 2010



(ASX-PMH)



Investors should take independent advice from their stockbroker, accountant or other professional advisers before making an investment in PacMag Metals Limited or making a decision to transact shares in the company.

# FORWARD-LOOKING STATEMENTS



Some statements in this presentation regarding estimates or future events are forward-looking statements. They involve risk and uncertainties that could cause actual results to differ from estimated results. Forward-looking statements include estimates of future production, reserve and mineralised material estimates, capital costs, and other estimates or prediction of future activities. They include statements preceded by words such as "believe", "estimate", "expect", "intend", "will" and similar expressions. Actual results could differ materially depending on such things as political events, labour relations, currency fluctuations and other general economic conditions, market prices for PacMag Metals Limited products, timing of permits and other government approvals and requirements, change in operating conditions, lower than expected ore grades, unexpected ground and mining conditions, availability and cost of materials and equipment, and risks generally inherent in the ownership and operation of mining properties and investment in foreign countries.

## **Technical Detail**

The presentation also provides a high-level brief summary of various technical aspects of the Company's projects. For more details on the underlying technical parameters the reader is referred to the ASX Reports on the PacMag Metals Limited's website; [www.pacmag.com.au](http://www.pacmag.com.au).

## **Scheme of Arrangement**

**The presentation aims to provide a high-level summary and overview of the proposed Entrée Gold Inc – PacMag Metals Limited Scheme of Arrangement. For more details please refer to the Scheme Booklet and Notices of Meetings released to the ASX on the 27 April 2010 which details the proposed merger of the two Companies. The Scheme Booklet also includes an Independent Experts Report, Independent Technical Experts Report and Independent Accountants Report that provide details of the respective Companies assets and liabilities.**



## PacMag Metals Limited

- Exchange: ASX:PMH
- Capital
  - Ordinary Shares 144,667,639
  - Unlisted Options 8,774,921
- Market Capitalisation\* ~\$40M
- Cash ~\$1.5M\*\*
- Equities ~\$1.55M\*\* (PEN, ZNC)
- Major Shareholders:
  - Giralia Resources NL - 10.4%
  - Yandal Investments - 5.37%



## Entrée Gold Inc

Entrée Gold Inc.

- Exchanges: TSX:ETG, NYSE Amex:EGI
- Capital
  - Shares Issued and Outstanding 97,436,346
  - Options Outstanding 10,530,800
- Market Capitalisation\* ~\$234M
- Cash ~\$39M\*\*
- Equities - nil
- Major Shareholders
  - Rio Tinto Ltd - 15.3%
  - Ivanhoe Mines Ltd. - 14.2%

# ONE YEAR - SHARE PERFORMANCE



## PacMag Metals Limited



## Entrée Gold Inc



Source: Bloomberg

# MERGED GROUP - PROJECTS IN FIVE COUNTRIES



## Canada

Crystal (Mo-Cu)

## USA

Sentinel (U)

Ann Mason (Cu-Au)

Blue Hills (Cu-Au)

Yerington (Cu-Au)

Rainbow Canyon (Au-Ag)

Bisbee (Cu-Au)

Meadow Valley (Cu)

Lordsburg (Cu-Au)

## Mongolia

Hugo North Extension (Cu-Au)

Heruga (Cu-Au-Mo)

Lookout Hill West (Cu-Au-Mo, Coal)

## China

Huaixi (Cu)

## Australia

Northling (Cu)

Corktree (Cu)

Arrino (Cu)

Mystique (Au)

Blue Rose (Cu-Au)



LEGEND

Development Projects

Resources

Advanced Exploration Projects

Grassroots Exploration Projects



# MERGED GROUP - RESOURCES



Category	PacMag Metals Limited^	Entrée Gold Inc*	Proforma Merged Group**
Indicated	nil	Hugo North Extension Mongolia 117 Mt @ 1.8%Cu, 0.61g/tAu,	0.92 billion pounds copper 0.46 million ounces gold
Inferred	Ann Mason Nevada USA 810 Mt @ 0.4%Cu, 0.004%Mo	Hugo North Extension Mongolia 95.5 Mt @ 1.15%Cu, 0.31g/tAu	9.18 billion pounds copper 2.86 million ounces gold
		Heruga Deposit Mongolia 760 Mt @ 0.48%Cu, 0.55g/tAu, 142ppmMo	
<b>TOTAL Proforma Merged Group</b>			<b>10.10 billion pounds copper 3.32 million ounces gold</b>

^ Reported under JORC Code

\* Reported under CIM Code, Entrée resources reported on 100% JV basis, Entrée own 20%, In the Scheme Booklet the Independent Technical Expert stated that these resources would not materially change if reported under the JORC Code.

\*\*Reported on ownership basis; Entrée 20% equity and PacMag100% equity

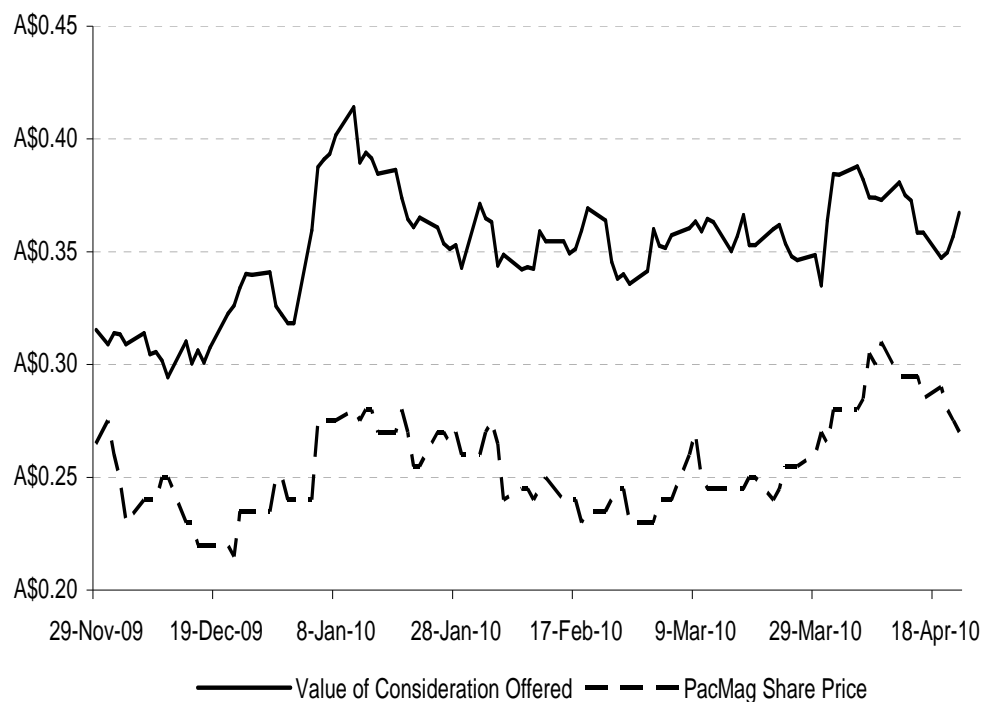


# SCHEME OFFER

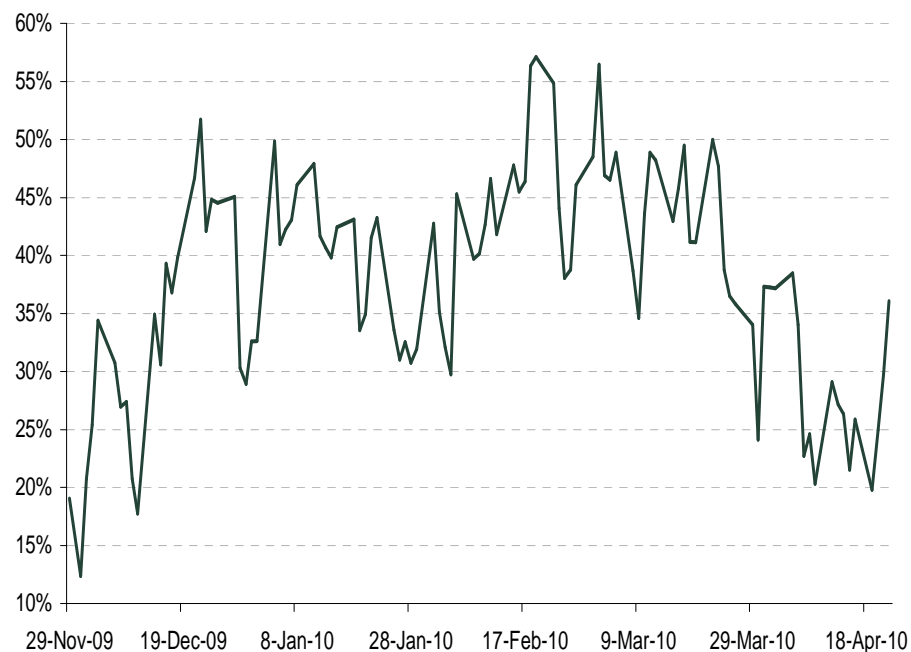


**Value of Consideration = \$A0.31 as at 7<sup>th</sup> May 2010**

### Value of Consideration



### Premium to PMH share price



#### Assumptions:

Graphs as at 27 April 2010 – The date of The Schemes Booklet

•0.1018 ETG shares and C\$0.0415 for every PMH share.

•Converted into A\$ at closing exchange rate on day (Source: Bloomberg).



# KEY REASONS WHY THE SCHEMES ARE IN THE BEST INTERESTS OF PACMAG SECURITYHOLDERS



- **Potential for significant uplift from North American market exposure.**
- **Exposure to both PacMag's and Entrée's assets.**
- **Opportunity to realise the potential value of PacMag's assets.**
- **Opportunity to gain support from Entrée's institutional and corporate investors.**
- **Greater trading liquidity and financing capabilities.**
- **Exposure to Entrée's intensive exploration program.**
- **No bona fide alternative offers.**

Refer to details in the Scheme booklet of:

(a) advantages and disadvantages of the Schemes; and

(b) alternatives, including the position of PacMag Securityholders if the Schemes do not proceed.

# SCHEME TIMETABLE



Event	Date
Shareholder and Optionholder scheme meetings held	June 4, 2010
Second Court Hearing Dates to obtain Final Court Approvals	June 11, 2010
Lodge Court orders with ASIC (Effective Date)	June 16, 2010
Record Date (5pm on the date which is the Second Court Hearing Date plus 5 Business Days or such other date agreed)	June 23, 2010
Implementation Date (Record Date plus 5 Business Days)	June 30, 2010

# Competent Person Statements



The information in this ASX Release that relates to Exploration Results, Minerals Resources or Ore Reserves, of the Ann Mason Resource as those terms are as 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.

Information regarding the Entrée Mineral Resources contained within this ASX Release are reported under CIM Code (Canadian Institute of Mining and Metallurgy Standards on Mineral Resources and Reserves – Definitions and Guidelines, ), In the Scheme Booklet Released to the ASX on the 27 April 2010 the Independent Technical Expert stated that these resources would not materially change if reported under the JORC Code.