

Drilling Update - Golden Terrace South

Redcliffe Project – Leonora WA

Announcements Office

Australian Securities Exchange Limited

Sydney

3 August 2010

Abundant High Grade Gold Assays from Diamond Drilling - Intercepts Include 69m @ 6.80g/t and 17m @ 5.86g/t Gold

HIGHLIGHTS

- Diamond drilling has been used to gain geotechnical information for open pit design metallurgical samples and tested a mineralised zone beyond previous RC holes.
- Intercepts from single metre assays shows the hole has intersected a broad zone of gold mineralisation of **69 metres averaging 6.80g/t** from 61m to 130m down hole.
- The broad zone includes intercepts of **13m @ 13.2g/t** from 61m to 74m, **10m @ 9.55g/t** from 80m to 90m, and **36m @ 5.38g/t** gold from 94m to 130 metres.
- An intercept nearer the surface, from 32m to 49m down hole, consisted of **17 metres averaging 5.86g/t** gold.
- These results, being from diamond drill core, have substantially increased the confidence in a vitally important gold zone of the Golden Terrace South deposit and will be included in the Resource estimate review being conducted prior to open pit design.
- Deeper diamond drilling to test down plunge extensions of the high grade gold zone at Golden Terrace South is planned to commence in the near future.
- Ongoing RC drilling at Kelly has yielded many mineralised intercepts based on 5m composite sampling (85m @ 0.63g/t, 120m @ 0.52g/t) with significant intercepts of plus 1g/t material including 30m @ 1.19g/t, 30m @ 1.24g/t, 5m @ 20.1g/t, 5m @ 6.00g/t gold. Over 1600 single metre split samples have been collected and submitted for assay with results to be reported when available.

Golden Terrace South

The gold resource estimations of the Golden Terrace South deposit currently stands at 68,000 ounces that includes an Indicated Resource of 735,000 tonnes @ 2.50g/t gold.

An HQ3 diamond drill core programme consisting of 8 holes has recently been undertaken. Geotechnical drill core holes were planned to investigate ground conditions to aid the design of an open pit to exploit oxide and supergene gold mineralisation as required for the preparation of the Mining Proposal. The holes have been logged by geotechnical consultants, Dempers Seymour.

A sample of drill core upon which to conduct metallurgical test work was also required. Hole GTDD7 was drilled to provide approximately 30kg of representative mineralised material to undergo testing procedures to determine expected treatment characteristics and parameters.

This hole was also aimed at testing an interpreted mineralised zone beyond the penetration of several previous RC holes that were abandoned due to drilling difficulties. Located at GDA 94 Zone51 coordinate 6838280N and 357533E, GTDD7 was drilled to 140 metres depth at -60 degrees toward 270 degrees (west). It has been geologically logged, photographed, cut using a core saw, ¼ sampled metre by metre and the samples fire assayed for gold.

Assaying of the single metre quartered core composite samples returned intercepts of **17m @ 5.86g/t gold** from 32m to 49m down hole (true width approx. 10m) and a broad zone of **69m @ 6.80g/t gold** from 61m to 130m down hole (true width approx. 40m). This intercept includes several assays less than 0.5g/t, with a maximum of 4m continuous internal waste. Full assays for the intervals are listed in this report.

When calculated with no more than one consecutive metre of waste, the broad zone consists of intercepts of **13m @13.2g/t** from 61m to 74m, **10m @ 9.55g/t** from 80m to 90m, and **36m @ 5.38g/t gold** from 94m to 130 metres.

These results provide Pacrim's technical crew and the Board with a great deal of confidence in the robust nature, grade and width, of this zone of the Golden Terrace South deposit. Information from diamond drilling, along with recent RC drilling, will be incorporated into the resource estimate review that is in progress. Structural information from drill core has also provided guides for following down plunge continuations of this high grade zone of gold mineralisation. The funds retained by the Company through paying corporate fees by the issue of securities will be applied towards the deeper drilling at Golden Terrace South.

Continuity of the Golden Terrace South mineralisation is indicated by drilling to the north accompanied by strong Induced Polarisation (IP) survey responses. Further RC drilling is being undertaken to test the oxide and supergene potential of the GTS Next zone which appears to be a +200 metre strike continuation of potential gold mineralisation which would increase the strike length of the Golden Terrace South gold zone to over 600 metres.

GTDD007 Diamond drill core assays

HOLE	FROM	TO	Au g/t
GTDD007	32	33	1.07
GTDD007	33	34	1.03
GTDD007	34	35	12.33
GTDD007	35	36	11.61
GTDD007	36	37	4.68
GTDD007	37	38	3.75
GTDD007	38	39	3.26
GTDD007	39	40	13.11
GTDD007	40	41	0.34
GTDD007	41	42	1.09
GTDD007	42	43	2.26
GTDD007	43	44	1.63
GTDD007	44	45	27.41
GTDD007	45	46	7.13
GTDD007	46	47	3.75
GTDD007	47	48	2.90
GTDD007	48	49	2.21



17m @ 5.86g/t

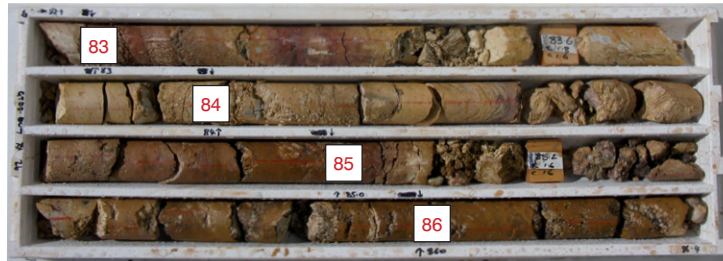
HOLE	FROM	TO	Au g/t
GTD007	61	62	19.45
GTD007	62	63	16.66
GTD007	63	64	52.49
GTD007	64	65	25.64
GTD007	65	66	14.72
GTD007	66	67	20.30
GTD007	67	68	12.44
GTD007	68	69	3.45
GTD007	69	70	1.78
GTD007	70	71	0.37
GTD007	71	72	2.10
GTD007	72	73	0.52
GTD007	73	74	2.08
GTD007	74	75	0.11
GTD007	75	76	0.33
GTD007	76	77	1.70
GTD007	77	78	5.65
GTD007	78	79	0.10
GTD007	79	80	0.04
GTD007	80	81	1.24
GTD007	81	82	0.12
GTD007	82	83	1.75
GTD007	83	84	36.77
GTD007	84	85	7.53
GTD007	85	86	3.95
GTD007	86	87	39.13
GTD007	87	88	0.44
GTD007	88	89	2.94
GTD007	89	90	1.67
GTD007	90	91	0.09
GTD007	91	92	0.33
GTD007	92	93	0.17
GTD007	93	94	0.11
GTD007	94	95	39.01
GTD007	95	96	7.34
GTD007	96	97	5.61
GTD007	97	98	7.25
GTD007	98	99	16.63
GTD007	99	100	18.69
GTD007	100	101	0.12
GTD007	101	102	-0.01
GTD007	102	103	10.56
GTD007	103	104	4.93
GTD007	104	105	2.34
GTD007	105	106	3.55
GTD007	106	107	6.96
GTD007	107	108	8.89
GTD007	108	109	7.09
GTD007	109	110	1.11
GTD007	110	111	0.48
GTD007	111	112	4.04
GTD007	112	113	5.33
GTD007	113	114	9.19
GTD007	114	115	2.79
GTD007	115	116	0.65
GTD007	116	117	4.80
GTD007	117	118	0.44
GTD007	118	119	1.05
GTD007	119	120	0.35
GTD007	120	121	1.77
GTD007	121	122	1.90
GTD007	122	123	0.84
GTD007	123	124	1.68
GTD007	124	125	1.11
GTD007	125	126	2.27
GTD007	126	127	5.99
GTD007	127	128	1.66
GTD007	128	129	4.86
GTD007	129	130	2.36



52.49g/t
 25.64g/t
 14.72g/t
 20.30g/t

13m @ 13.20g/t

10m @ 9.55g/t

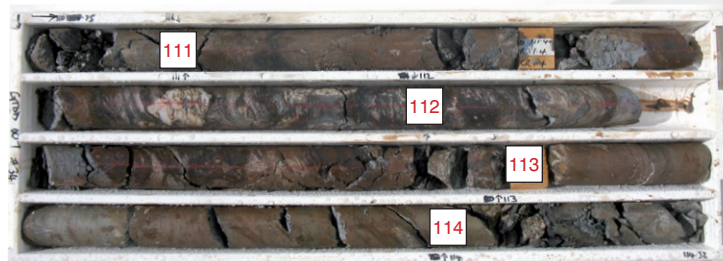


36.77g/t
 7.53g/t
 3.95g/t
 39.13g/t

69m @ 6.80g/t



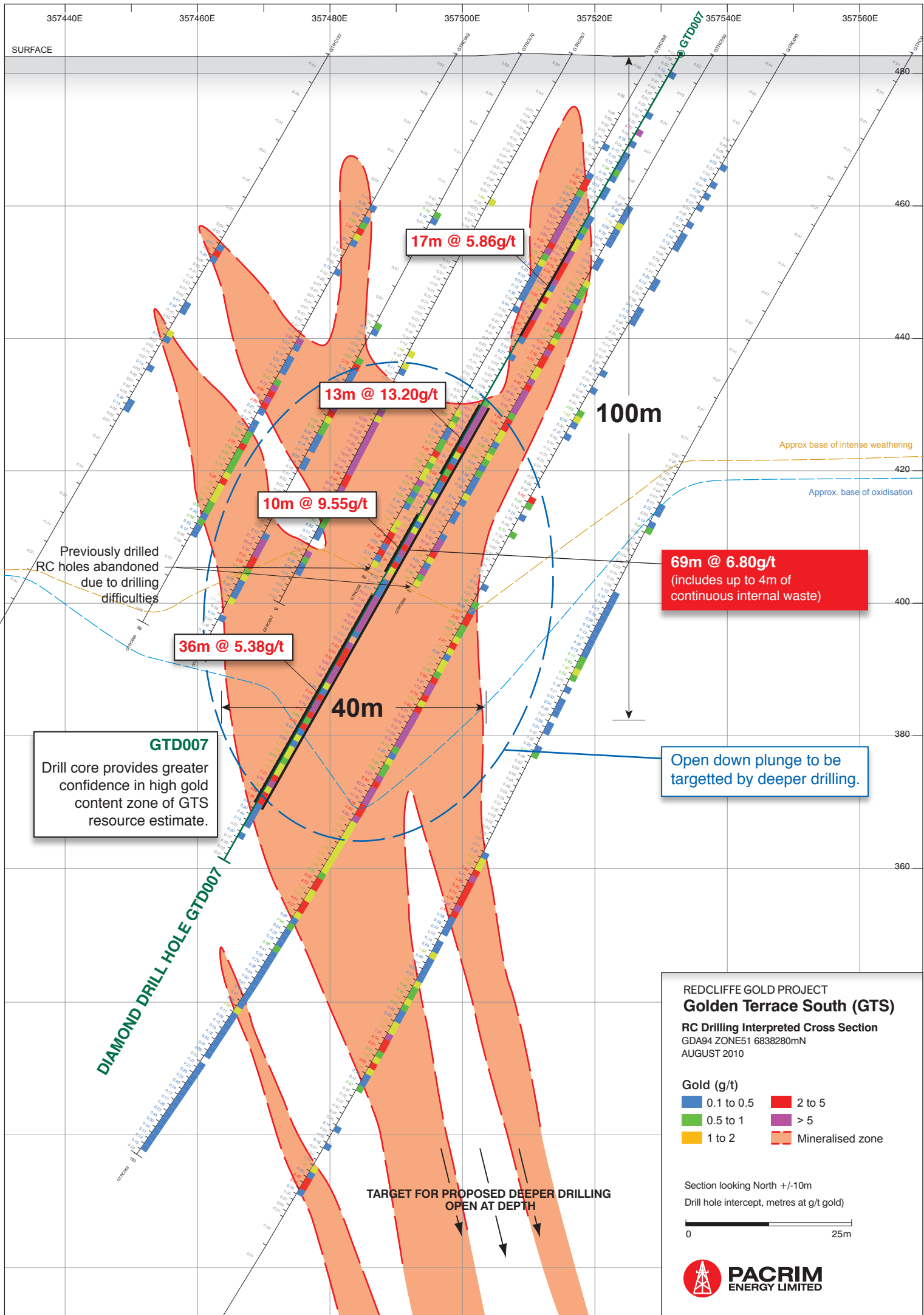
7.25g/t
 16.63g/t
 18.69g/t
 0.12g/t



4.04g/t
 5.33g/t
 9.19g/t
 2.79g/t

36m @ 5.38g/t

Gold Analyses by Kalassay using Fire Assay.
 Calculated with no upper cut at +1g/t Au, max 2m continuous internal waste except for 69m intercept max 4m continuous internal waste. (Down hole widths)



17m @ 5.86g/t

13m @ 13.20g/t

10m @ 9.55g/t

36m @ 5.38g/t

69m @ 6.80g/t
(includes up to 4m of continuous internal waste)

GTD007
Drill core provides greater confidence in high gold content zone of GTS resource estimate.

Open down plunge to be targetted by deeper drilling.

TARGET FOR PROPOSED DEEPER DRILLING OPEN AT DEPTH

**REDCLIFFE GOLD PROJECT
Golden Terrace South (GTS)**

RC Drilling Interpreted Cross Section
GDA94 ZONE1 6838280mN
AUGUST 2010

- Gold (g/t)**
- 0.1 to 0.5
 - 0.5 to 1
 - 1 to 2
 - 2 to 5
 - > 5
 - Mineralised zone

Section looking North +/-10m
Drill hole intercept, metres at g/t (gold)



REDCLIFFE PROJECT

**Golden Terrace
M37/1276**

GDA 94 Zone 51
AUGUST 2010

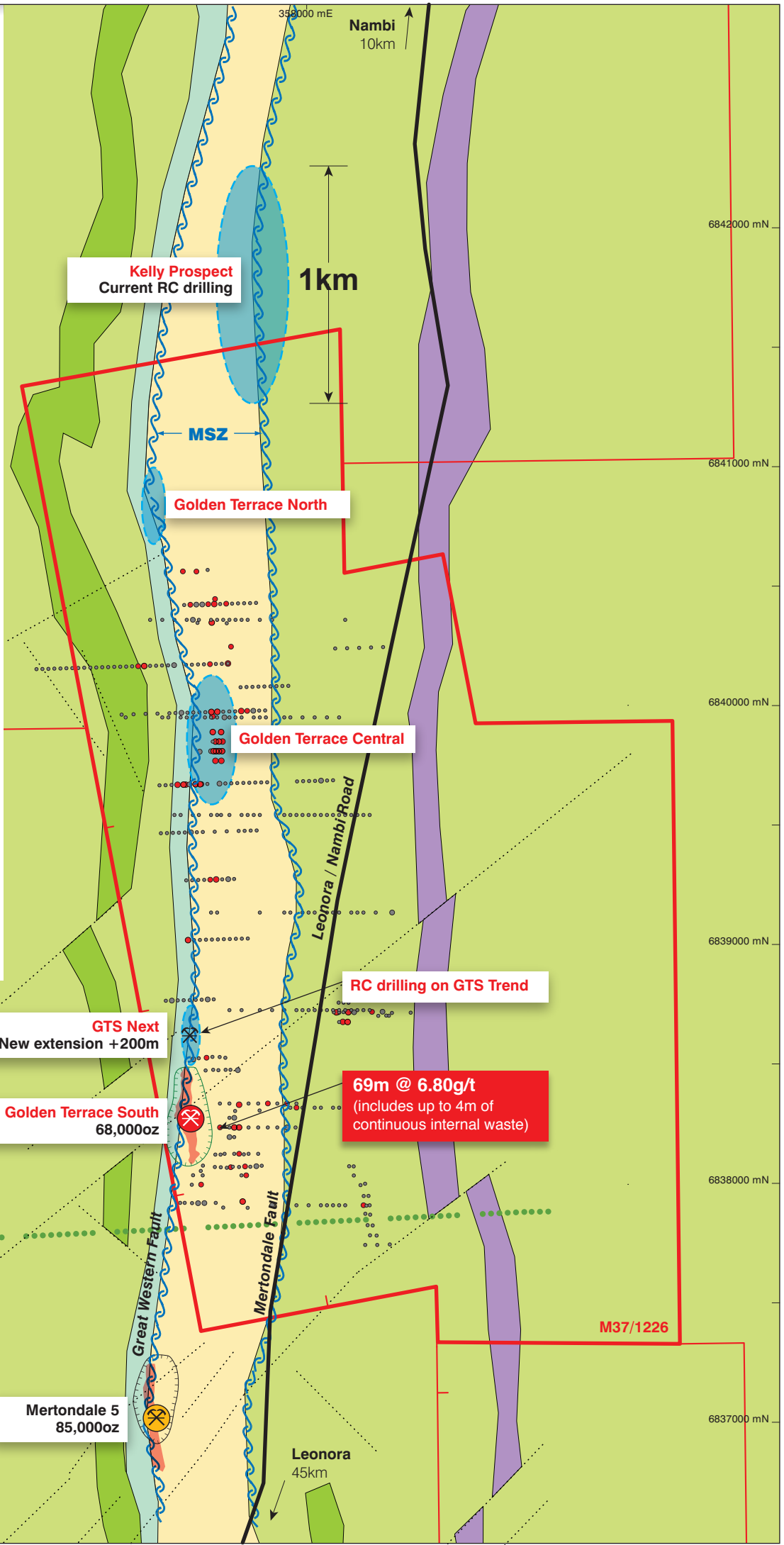
Best Au down hole (for hole +20m)

- + 0.2 g/t
- < 0.2g/t

- Mineralised Envelope
- Proposed GTS Pit outline
- Pacrim Tenement Area
- Pacrim Gold Deposit & Endowment
- Gold Deposit & Endowment
- Mine / Prospect
- Mertondale Shear Zone
- Fault/Lineament
- Dyke
- Leonora / Nambi Road
- Black Shale & seds } Associated with MSZ
- Quartz-mica schist } Associated with MSZ
- Fine-coarse grained seds & Felsic volcanic/tuffs
- Felsic - intermediate volcanics, tuff
- Basalt, minor felsic volcanic ('Mixed Sequence')
- Dolerite
- Ultramafic
- Grantoid (Internal)
- Granite-Granite Gneiss



Note: Endowment includes past production & current resources



RC drilling on GTS Trend

GTS Next
New extension +200m

Golden Terrace South
68,000oz

69m @ 6.80g/t
(includes up to 4m of continuous internal waste)

Mertondale 5
85,000oz

M37/1226

Leonora
45km

Kelly Prospect

Historic RAB and RC drilling over 1km of strike has returned numerous gold intercepts, generally associated with geophysical (IP) anomalies. The mineralisation at Kelly is open in all directions and is considered by the Company to be highly prospective for further shallow oxide gold mineralisation.

Pacrim's RC drilling at Kelly on 100 metre line spacing has commenced. Initial 5m composite assays, as released to market on 15 July, provided indications of the existence of a large gold mineralised system consistently showing very broad down hole intervals (inc. 85m @ 0.63g/t, 120m @ 0.34g/t, 120m @ 0.52g/t, and 120m @ 0.42g/t) and also containing significant intercepts of plus 1g/t material including 30m @ 1.19g/t, **30m @ 1.24g/t, 5m @ 20.1g/t, 5m @ 6.00g/t gold.**

The widespread mineralisation has necessitated the collection of over 1600 single metre split samples being collected for individual assay. Results will be reported when available and further phase of RC drilling is to follow this month.

REDCLIFFE PROJECT BACKGROUND

Pacrim's 100% owned Redcliffe Project tenements are located in the north eastern Goldfields of Western Australia, 10-90km NE of Leonora. They cover in excess of 50 kilometres of strike length of the Mertondale Shear Zone (MSZ) along with parallel and associated structures. An estimated 400,000 ounces of gold has been produced along the MSZ from historic mines and pits that operated in the 1980s and 1990s. These include the shallow Nambi and Redcliffe pits that produced in excess of 90,000 ounces within the Pacrim's tenements.

Pacrim's exploration on the Redcliffe Gold Project has to date resulted in a resource estimate of 175,000 ounces of gold (consisting of an Indicated Resource of 1,007,000 tonnes @ 2.72g/t and an Inferred Resource of 1,565,500 tonnes @ 1.73g/t). The resources are headed by the Golden Terrace South deposit, where an estimated resource of 68,000 ounces of gold (consisting of an Indicated Resource of 735,000 tonnes @ 2.50g/t and an Inferred Resource of 189,500 tonnes @ 1.68g/t for a total of 925,000 tonnes @ 2.3g/t gold).

The Golden Terrace South resource estimate was compiled utilising a lower cut-off of 0.5g/t, an upper cut in supergene mineralisation of 20g/t and an upper cut in primary mineralisation of 40g/t gold.

Funding Programme

As previously announced, the Company has completed a \$3.26 million dollar funding programme consisting of a placement and a Rights Issue, the latter underwritten by Cygnet Capital Pty Ltd who also act as manager of the issues.

The share placement of 150 million shares at 0.7 cents each to raise \$1.05 million was followed by a fully underwritten, non-renounceable Rights Issue to shareholders on a 1 for 4 basis of approximately 316 million shares to raise approximately \$2.21 million.

Both offers included an entitlement to one option for every 2 shares issued. The entitlement options have an exercise price of 1.5 cents and an expiry date of 31 December 2011.

Cygnet Capital has notified Pacrim of completion of placement of the shortfall with applications and funds to be received in the first week of August and of their desire to take payment of corporate fees in the form of securities in Pacrim.

Funds raised under the issues are being applied to the Company's exploration and development activities, in particular exploration drilling associated with pursuing the high priority gold targets identified under a comprehensive geological review of the Redcliffe Project. The objective is to significantly add to the current gold resource base within the Redcliffe Project area as the Company finalises feasibility work and a Mining Proposal on the Golden Terrace South deposit.



Rodney Foster (BSc Geology)

Managing Director Pacrim Energy Limited

Member of The Australasian Institute of Mining and Metallurgy. Rodney Foster is the Managing Director of the Company. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 Reserves". Rodney Foster consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.