

Agreement Update

Manus Island

Announcements Office

Australian Securities Exchange Limited
Sydney
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Proposed Joint Venture Farm-In by Newcrest Mining Limited on Manus Island tenements in Papua New Guinea

Highlights:

- **Newcrest to farm into Manus Island tenements in Papua New Guinea (PNG) by spending \$6m over 5 years.**
- **Conceptual exploration target is a Porphyry copper/gold, and epithermal gold system**
- **Pacrim interest is to continue Free Carried at 10% to Decision to Mine**

Pacrim is pleased to announce that following the signing of a non-binding Heads of Agreement between Triple Plate Junction (TPJ) and Newcrest Mining Limited ("Newcrest") in respect of funding exploration on the Manus Island, tenements, the parties are currently negotiating definitive agreements, subject to required approvals by PNG authorities.

TPJ, through its wholly owned PNG subsidiary Terenure Limited, currently holds a 75.98% participating interest in the tenements in joint venture with Pacrim Energy Limited ("PRE", 13.43%) and Golden Success Limited ("GSL", 10.59%).

Under the proposed definitive agreements Newcrest may earn 80% of TPJ's participating interest (leaving TPJ with an interest of 15.20%) by funding A\$6 million of project expenditure within five years of completion of the agreements, including a commitment to fund at least A\$1 million of project expenditure within the first two years. Pacrim intends to dilute to a 10% interest, free-carried to decision to mine as per its entitlement under the existing terms. Newcrest would be Manager of the project.

The Pacrim Board consider that Newcrest, with its experience, technical expertise and funding capacity, is an ideal company to explore the potential of gold and copper mineralisation on Manus Island.

Newcrest is the world's fourth largest gold producer with a current market capitalisation approaching A\$30 billion. It has a long history of major gold and gold-copper resource discovery through exploration, and development of ore bodies.

The Manus Island project comprises Exploration Licences 1326 and 1473 covering an area of approximately 674 square kilometres. Through TPJ's work, (as previously reported to ASX) a number of mineralised centres have been recognised over a 30 kilometre long NW-SE corridor. Examples of geological prospectivity within the corridor include:

- Mt Kren, where re-interpretation of induced polarization (IP) geophysics suggests the top of a significant anomaly occurs at 175 metres depth with an East-West dimension of around 500 metres lying on the eastern edge of known mineralization;
- An extensive silica-alunite alteration cap at the Njekel prospect remains untested for any underlying mineralisation;
- Exploration on the Kisi epithermal gold occurrence has outlined a gold-in-soil anomaly of +0.5ppm extending some 2km by one kilometre. Surface trench sampling of the intermittently exposed Kisi vein has returned high gold values including **16m @ 40g/t gold**; and
- Limited scout diamond drilling at Kisi has intersected a series of gold-bearing veins with a best intersection of **5.8m @ 4.98g/t gold** from 116.4 metres down hole.

Pacrim looks forward to completion of agreements and commencement of a new phase of exploration.



Rodney Foster (BSc Geology)
Managing Director Pacrim Energy Limited

The information in this report, as it relates to Exploration Results and Resource Estimates, is based on information compiled and/or reviewed by Rodney Foster who is a 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.

