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ABN 63 010 856 014

21 May 2009

Dear Shareholder

Share Purchase Plan

The Board of Pacrim Energy Limited is pleased to offer all shareholders an opportunity to acquire additional shares in the Company through the 2009 Pacrim Energy Limited Share Purchase Plan (SPP). The additional equity raised will be utilised to advance the Redcliffe Gold Project to expand gold resources with the objective of achieving gold production.

Details of the SPP are set out in the accompanying materials and you should read these in their entirety before deciding whether to participate. Key points of the SPP are as follows:

- Under the SPP you are able to acquire up to \$4,980 worth of shares in parcels of up to the value of either; \$1,200, \$2,400, \$3,600 or \$4,980 as set out in the attached Application Form.
- No brokerage, commissions, stamp duty or other transaction costs will be payable by you for their application for, or allotment of, shares under this SPP.
- Should you elect to participate in the SPP, all shares will be issued at \$0.006 (0.6 cents per share) which has been set at no greater than a 20% discount to the volume weighted average price of all Pacrim Energy Limited shares as traded on the ASX for the five days immediately prior to, and including, the date of announcement of the SPP which was Friday, 15 May 2009.
- Shares allotted under the SPP will rank equally with existing fully paid ordinary shares.

To participate in the SPP you must fill out your personalised Application Form and attach a cheque or bank draft and mail it in the reply paid envelope so that it is received by our share registry, before 4.00pm AEST on 17 June 2009.

Alternatively you can subscribe to the SPP by paying through BPAY®. Your Application Form includes the details of the Biller Code and your Customer Reference Number unique to your holding and this SPP. If you pay by BPAY your payment must be made through your bank or financial institution so as to be received by the Company no later than 4.00pm AEST on 17 June 2009. If you use BPAY you are not required to return your Application Form, however you will still be bound by the SPP Terms and Conditions.

Transaction Confirmation Statements are expected to be despatched on 23 June 2009 to Issuer Sponsored and CHESS participants for shares allotted under the SPP.

Thank you for your continuing support as a shareholder of Pacrim as we progress the Redcliffe Gold Project.

Yours faithfully,

Sir Barry Holloway
Chairman



Terms and Conditions

The following are the Terms and Conditions applicable to the Share Purchase Plan (SPP) approved by the Directors of Pacrim Energy Limited (ABN 63 010 856 014) (Company or Pacrim). By accepting the offer to acquire shares under this SPP, you agree to be bound by these Terms and Conditions and the Constitution of the Company.

Eligibility

Each shareholder who is entered in the Company register of members as at 7.00pm AEST on 15 May 2009 (Record Date) and who has a registered address in Australia or New Zealand (a Participant) is eligible to participate in the SPP. Each offer to all Participants is made on the same terms and conditions.

Participation optional

Participation in the SPP is optional and you should seek independent advice from a licensed adviser if you are unsure whether you should participate in the SPP.

Number of shares that can be purchased

The Application Form specifies parcels of a particular number or value of shares for which applications can be made. You may not apply for any other number or value of shares.

ASIC Class Order 02/831 requires that each shareholder may only purchase up to A\$4,980 worth of shares under the SPP. This value is the same for all shareholders, irrespective of how many shares you hold on the Record Date. This limit also applies to you even if you receive more than one offer from the Company (for example, if you are both a sole and joint eligible shareholder, or if you are a shareholder with more than one holding under a separate account, you can only apply for shares under the SPP up to the maximum value of A\$4,980).

Trustees and Nominees

A trustee or nominee who is expressly noted on the Company share register as holding shares on account of a beneficiary may apply, on behalf of each such beneficiary, for shares up to the maximum amount.

To the extent that a trustee or nominee holds shares on account of a beneficiary resident outside Australia or New Zealand, it is the responsibility of the registered holder to ensure that any acceptance complies with all applicable foreign laws.

Withdrawing your contribution

Contributions may not be withdrawn, in whole or part, during the offer period. Any acceptance to participate in this SPP is irrevocable.

Offer is non-renounceable

The offer of shares under the SPP is non-renounceable which means that Participants cannot transfer their entitlement to purchase shares under the SPP to another person.

No transactions costs

No brokerage or other transaction costs are payable by Participants.

Open and Close of offer

The offer will open on 21 May 2009 and close at 4.00pm AEST on 17 June 2009 (subject to the Company's right to vary the closing date).

Application Form

Unless payment is made using BPAY®, applications to participate in the SPP must be made using the enclosed Application Form and must be received by the Company's Share Registrar (Link Market Services Limited) with the correct payment no later than 4:00pm AEST on 17 June 2009. By returning the Application Form you agree to be bound by these Terms and Conditions.

Payments by BPAY

If payment is made using BPAY there is no requirement for the Application Form to be returned. Payment must be received no later than 4:00pm AEST on 17 June 2009. Applicants using the BPAY facility will be deemed to be bound by these Terms and Conditions and certify that the aggregate of the application price for the shares, the subject of the application, together with any other application under the SPP, or any similar arrangement in the 12 months prior to the date of issue, does not exceed A\$4,980.

Issue price

The issue price for each share under the SPP is set out in the enclosed Application Form. That price has been set at no greater than a 20% discount to the volume weighted average on the five trading days prior to and including the date of announcement of the SPP (15 May 2009).

The market price of the Company shares may change after the shares are offered under the SPP. However this will not affect the price at which the Participant will receive Company shares under the SPP. This means that the issue price for shares under the SPP may be higher or lower than the market price of Company shares at the date of allotment.

If a Participant subscribes for more shares than provided for in the Application Form, the excess amount paid will be refunded to the Participant without interest.

Shares to be offered

Shares allotted under the SPP will rank equally in all respects with existing fully paid ordinary shares.

Promptly after allotment, application will be made by the Company for shares allotted under the SPP to be listed for quotation on the official list of Australian Securities Exchange. This is expected to occur on or about 23 June 2009. Transaction Confirmation Statements will be despatched to Issuer Sponsored and CHES participants for shares allotted under the SPP.

No brokerage, commissions, stamp duty or other transaction costs will be payable by Participant for their application for, or allotment of, shares under the SPP.

Terms and Conditions (continued)

Change of Offer

The Company may change, suspend or terminate the SPP or these Terms and Conditions at any time whether because of a change of law, ASIC requirements or policy of the Australian Securities & Investments Commission (ASIC) or any other circumstance relevant to the SPP or the Company. If the Company does this, it will make the requisite disclosures to the market. Failure to notify shareholders of changes to, suspension or termination of the SPP or these Terms and Conditions will not invalidate the change, suspension or termination.

The Company reserves the right to issue no shares under the SPP or fewer shares than an eligible shareholder applies for under the SPP if the Company believes the issue of those SPP shares would contravene ASIC requirements or policy, any law or any ASX Listing Rule. No interest will be paid on money refunded. The Company's rights to change, suspend or terminate the SPP may be exercised by the Board of the Company (Board) or any delegate of the Board.

Scaleback

- a. If the total value of applications for shares under the SPP is more than A\$1,500,000, Pacrim will process applications based on a first in time basis in the event that Pacrim receives applications under the SPP for more than 250,000,000 shares. Equally timed applications will be scaled back at the absolute discretion of the directors.
- b. If there is a Scaleback you may receive less than the parcel of shares for which you have applied. If a Scaleback produces a fractional number of shares when applied to your parcel, the number of Shares you will be allocated will be rounded down to the nearest whole number of shares.
- c. In the event of a Scaleback the difference between the application monies received, and the number of shares allocated to you multiplied by the Issue Price, will be refunded to you (without interest) by direct credit (to your nominated account as recorded on the Pacrim share register) or cheque, as soon as practicable following allotment.

Variations, waivers and resolution of disputes

The Company reserves the right to:

- (a) vary the closing date and share issue date for the SPP;
- (b) waive compliance with any of these Terms and Conditions;
- (c) refuse to allot shares where it believes there has been a breach of these Terms and Conditions; and
- (d) settle in any manner it thinks fit any disputes or anomalies which may arise in connection with the SPP.

Dispute Resolution

The Company may settle any dispute in relation to the SPP or the Terms and Conditions of the SPP in any manner it thinks fit, whether generally or in relation to any shareholder, applications or shares. The Company's decision will be conclusive and binding.

Applications and notices

Applications and notices given to the Company for the SPP must be in writing and in such form as the Company may from time to time require. Such applications and notices will be effective on receipt by the Company subject to:

- a. these Terms and Conditions; and
- b. in the case of applications, acceptance by the Company before the closing date for cash payments.

Applications must be received by 4:00pm AEST on 17 June 2009.

Applications received after that time may not be accepted.

Questions

If you have any questions about the SPP or your entitlement, please contact the Company the Company's Share Registry, Link Market Services, on (02) 8280 7454 or registrars@linkmarketservices.com.au.



Your questions answered

Am I eligible to participate in the SPP?

You are eligible to participate in the SPP only if you were a holder of fully paid ordinary shares in Pacrim Energy Limited at 7:00pm AEST on 15 May 2009 (Record Date) with a registered address in either New Zealand or Australia. The Company will not accept applications from holders registered at a later date.

Can I buy less or more shares than is included in the specified share parcels in the Application Form?

No. You can only purchase one of the share parcels set out in the Application Form.

If you pay for more shares than as provided in the Application Form, the excess amount paid will be refunded to you.

No interest is payable on any moneys returned.

If I decide not to participate in the SPP but my spouse (who is also a shareholder) wants to buy \$4,980 worth can I transfer my right to purchase shares to him/her?

No. The offer is non-renounceable. This means that you cannot transfer your right to purchase shares under the offer to anyone else.

I own some shares in my name and some with my spouse. Does this mean I can buy 2 lots of \$4,980 worth of shares?

No. You may only purchase up to A\$4,980 worth of shares under the SPP or a similar SPP with the Company in any 12 month period.

The total of your application must not exceed A\$4,980 – whether applied for with one or several application forms.

Will the shares I buy be the same as the other shares I currently own?

Yes. The shares purchased through the SPP will rank equally with existing fully paid ordinary securities in the Company and will carry the same voting rights, distribution rights and other entitlements.

Do I have to participate in the offer?

No. Participation in the SPP is entirely at your election.

Should I get financial advice as to whether or not to participate in the SPP?

Yes - if you are unsure as to whether you should participate in the SPP, you should.

How much will it cost me?

You will only pay for the shares that you agree to purchase by participating in the SPP. You will not be charged brokerage or other transaction fees.

When does the offer close?

The offer closes at 4:00pm AEST on 17 June 2009.

What happens if my Application Form arrives after 4:00pm on the closing date?

If your Application Form is received after the offer closes your application may be rejected and you may not be able to participate in the SPP.

Is the offer underwritten?

No, the offer is not underwritten.

How do I apply?

Unless you are paying using BPAY®, applications to participate in the SPP must be made using the enclosed Application Form and must be received by the Company's Share Registry (Link Market Services Limited) with the correct payment no later than 4:00pm AEST of 17 June 2009.

If payment is made using BPAY there is no requirement for the Application Form to be returned. Payment must be received no later than 4:00pm AEST on 17 June 2009. Applicants using the BPAY facility will be deemed to be bound by these Terms and Conditions and certify that the aggregate of the application price for the shares, the subject of the application, together with any other application under the SPP, or any similar arrangement in the 12 months prior to the date of issue, does not exceed A\$5,000.

What if I have lost my Application Form and want to participate?

If you have lost your Application Form and would like to participate you should contact the Company's Share Registry by telephone on (02) 8280 7454 or by email: registrars@linkmarketservices.com.au

Examples of Permitted Applications

Registered Name recorded in Share Register	Who can apply for new shares?	Maximum dollar value of new shares
Jane Citizen	Jane Citizen	\$4,980
Michael Citizen <Mary Citizen A/C>	Michael Citizen as trustee for Mary Citizen.	\$4,980
ABC Pty Ltd <Citizen Super A/C>	ABC Pty Ltd as trustee for Citizen Super Fund.	\$4,980
ABC Pty Ltd <Jane Citizen A/C>	ABC Pty Ltd may not apply for shares if Jane Citizen has already applied for new shares.	\$4,980 (assuming Jane has not already applied for shares)
XYZ Nominees Ltd <Client Account>	XYZ Nominees Ltd (Client Account)	\$4,980
XYZ Nominees Ltd <XYZ Investment Fund A/C>	XYZ Nominees Ltd as trustee for XYZ Investment Fund	\$4,980
XYZ Nominees Ltd	XYZ Nominees Ltd may not apply if it has applied for its Client Account holding (see above).	Nil