



# Activities Report

For the Quarter Ending 31 December 2008

**The Company has maintained steady progress on the Redcliffe Project with continued exploration, particularly at the Golden Terrace South Gold resource area and the Nambi Nickel prospect.**

## Highlights

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### Golden Terrace South Gold Resource

- Further RC drilling has been carried out with better intercepts including 19 metres @ 5.57g/t, 8m @ 3.54, 6m @ 4.57 and 3m @ 12.67g/t gold.
- A re-interpretation of previous resource estimate shell outlines has been initiated,
- Metallurgical test work shows excellent leaching characteristics, with gold recoveries ranging from 90 to 100% from composite samples above the transition zone,
- Detailed geological mapping and extension of ground magnetic survey have been carried out in December.

### Nambi Nickel Prospect

- RC drilling has confirmed the existence of a substantial zone of nickel mineralisation with a true width of approximately 75 metres.
- Significant intercepts include 98m @ 0.40% Ni (including 7m @ 1.05% Nickel)

**INTRODUCTION**

Pacrim's operating focus is to identify gold resources on the 100% owned Redcliffe Project. In conjunction with this, the Company is investigating alternatives to accelerate development of the Golden Terrace South gold resource. Additional RC drilling and metallurgical leach tests have been carried out to advance scoping studies. Exploration in the vicinity is aimed at extending the known mineralisation and at locating additional zones.

**Golden Terrace South – Gold Resource**

The current resource estimate for Golden Terrace South (as announced in July 2008) is 416,000 tonnes @ 3.3g/t gold, for 44,000 ounces (Indicated & Inferred). Subsequent drilling (detailed in the June 2008 Quarterly report) has demonstrated that the mineralised zone continues significantly at depth and to the south and remains open in those directions. The upper zones of the Golden Terrace South resource are relatively near surface, highly weathered, supergene in nature, and potentially amenable to open pit mining.

Additional geological and geochemical information has been reviewed and suggests the possibility of a substantial supergene zone being present, along with a southern continuation of gold mineralisation, that have the potential to considerably expand upon the current resource estimate.

**RC drilling**

Pacrim Energy Ltd completed an RC programme of 12 holes, for 767 metres during November 2008. The drilling was aimed at further investigating near surface gold mineralisation and checking resource modelling. The most significant intercepts include **19 metres @ 5.57g/t, 8m @ 3.54, 6m @ 4.57 and 3m @ 12.67g/t gold.**

**Golden Terrace South RC Drilling – 1m splits - Significant intercepts**

HOLE	EAST	NORTH	AZ/DIP	FROM	TO	INTERCEPT G/T GOLD
GTRC136	357521	6838460	270/-60	44	45	<b>1m@ 21.30</b>
GTRC138	357516	6838440	270/-60	45	53	<b>8m@ 3.54</b>
GTRC140	357513	6838400	270/-60	30	36	<b>6m@ 4.57</b>
GTRC141	357512	6838380	270/-60	14	15	1m@ 3.06
GTRC142	357519	6838360	270/-60	42	61	<b>19m@5.57</b>
GTRC144	357500	6838300	270/-60	41	44	<b>3m@12.67</b>
GTRC144				41	42	<b>inc 1m@ 29.50</b>
GTRC145	357540	6838240	270/-60	62	65	3m@ 6.52

Coordinates GDA 94 Zone 51 by GPS. Assays by KalAssay Laboratories by conventional fire assay. Intervals were calculated using a 1g/t lower cut off, no upper cut, and a maximum of 1m internal waste. +20g.m in bold.

The reinterpretation of the resource model is to also seek to separately identify higher grade gold zones to be considered for priority treatment, with the lower grade material to be considered for low cost, onsite treatment (such as heap leach).

**Metallurgical Test Work**

During the December quarter, samples of selected mineralised intervals were submitted to an umpire laboratory. Analyses showed reasonable grade correlation with original fire assay results. Leaching tests on pulverised samples from above the transition zone gave recoveries ranging from 90 to 100 per cent.



**Ground Magnetic Survey**

Pacrim has extended coverage of detailed ground magnetic surveying in December, to include the Golden Terrace South resource and surrounding areas.

**Detailed Geological Mapping**

Though the main Golden Terrace South resource delineated to date is concealed by alluvium, the immediately surrounding area has subdued outcrop and may offer clues to help in the understanding of controls of the mineralisation. Detailed geological mapping was undertaken in December 2008 to aid in the interpretation of drill-hole cross sections to seek extensions and possible repeat zones of gold mineralisation. A number of targets have been generated and refined for further exploration.

**Nambi Nickel Prospect**

RAB drilling completed by Pacrim earlier in 2008 at the Nambi Nickel Prospect indicated significant nickel potential, yielding results that included 12m @ 0.86% nickel. A subsequent geochemical sampling programme identified a 20ppm nickel-in-soil anomaly over a strike of two kilometres that coincides with a north-south trending magnetic high. Compilation of regional nickel data from previous drilling and interpretation of aerial magnetics shows a major regional trend of prospective ultramafic rocks with over 20 kilometres strike in Pacrim’s Redcliffe tenements.

**RC Drilling**

Pacrim Energy completed 3 RC holes, designed to test fresh rock for nickel sulphides under the previous RAB anomalism. All three holes showed significant nickel anomalism which correlates with the RAB results. The impressive down-hole intercept of **98 metres @ 0.40% Ni (including 7m @ 1.05% Nickel)** was returned from hole NBRC093.

The RC drilling has confirmed the existence of a substantial zone of nickel mineralisation with a true width of approximately 75 metres delineated by concentrations of nickel in excess 1000ppm. Within this zone, two higher grade zones of +2500pm nickel occur.

The highest grade intercept was from a thin unit of dark khaki clay with 7m @ 1.05% Ni, 0.83% Cr and 777ppm Co from hole NBRC093. The maximum nickel grade was from this zone, with 1.26% Ni, 0.94% Cr and 1368ppm Co.

**Nambi Nickel RC Drilling -1m splits - Significant intercepts (+0.1% Ni)**

HOLE	EAST	NORTH	AZ/DIP	FROM	TO	INTERCEPT
NBRC092	359860	6850170	270/-60	45	50	14m@0.17% Ni, 0.05% Cr, 259ppm Co
NBRC092				59	100	41m@0.22% Ni, 0.22% Cr, 113ppm Co
NBRC093	359820	6850170	270/-60	6	104	98m@0.40% Ni, 0.49% Cr, 198ppm Co
NBRC093				33	40	<b>inc 7m@1.05% Ni, 0.83% Cr, 777ppm Co</b>
NBRC094	359780	6850170	270/-60	4	31	27m@0.30% Ni, 0.60% Cr, 177ppm Co

Coordinates GDA 94 Zone 51 from GPS. Nickel values were determined by KalAssay Laboratories using a 4 acid digest followed by ICP. Intervals were calculated using a 1000ppm lower cut off, no upper cut, and a maximum of 1m internal waste.

Lithologies identified include ultramafic cumulate (dunite), a fine grained mafic and a weakly sheared felsic volcanic. Petrographic work on drill chips is underway to assist in geological interpretation of the nickel mineralisation.



This single traverse of RC drilling confirms the existence of ultramafic rocks hosting nickel mineralisation. The 20 kilometres of interpreted strike continuation is considered to represent a major nickel source for possible nickel sulphides. Pacrim's exploration in the region will seek to locate concentrations of massive and disseminated nickel sulphides utilising geological and geophysical techniques to generate and prioritise targets for drill testing.

### **Background**

Pacrim's 100% owned Redcliffe Project is located in the north eastern Goldfields of Western Australia, 10-90km from Leonora. The Project covers approximately 65 kilometres of strike length of the Mertondale Shear Zone along with parallel and associated structures. An estimated 400,000 ounces of gold has been produced from the Mertondale Shear Zone 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 from within the Pacrim project tenements.

The Company's Redcliffe Gold Project exploration led to the initial resource estimate of 151,000 ounces of gold, (consisting of an Indicated Resource of 385,000 tonnes @ 3.42g/t and an Inferred Resource of 1,678,000 tonnes @ 2.0g/t), with the Board confident of increasing the figure through further exploration.

The resources are headed by the Golden Terrace South deposit, which totals 44,000 ounces of gold (consisting of an Indicated Resource of 113,000 tonnes @ 3.7g/t and an Inferred Resource of 302,000 tonnes @ 3.2g/t) which is based entirely on Pacrim drilling since discovery where no past mining has been carried out.

### **Grants Creek & Angelo Gold Projects (East Kimberley, WA farm-out to 30%)**

The Grants Creek gold project is located in the East Kimberley region of Western Australia, approximately 60 kilometres north of Halls Creek.

Historic shallow drilling indicated that mineralisation may at depth. Pacrim recommenced exploration activity in 2003 that identified a main target horizon over a 3 kilometre strike and 250 metre width, outlined by anomalous gold and arsenic soil geochemistry.

In the process of farming in, Metminco has reviewed past exploration data and commenced further rock chip and soil sampling accompanied by geological mapping. This work, in conjunction with additional geophysical interpretation, delineated new targets proposed for drill testing. Metminco is investigating the potential for an increase in the size of the identified mineralised zones and for the discovery of further, concealed gold mineralisation in favourable settings.

Better rock chip results previously reported by Metminco from their sampling programme include; **271.7 g/t, 104.7 g/t** (Moody's Prospect) & **56.7 g/t gold** (Perseverance Prospect).

Reverse Circulation drilling on the project began in September 2008, with 15 holes at the Perseverance prospect and 6 exploration holes on targets along the main structural trends. Fourteen of the holes returned gold mineralised intercepts of greater than 1 g/t gold in the composite samples.

Many high grade gold assays were subsequently returned from single metre splits of zones where composite samples had previously indicated the presence of gold mineralisation. The better intercepts of **15m @ 4.2 g/t, 5m @ 5.87 g/t, 6m @ 6.13 g/t and 3m @ 7.88 g/t gold**, included peak one metre split assays of **17.8 g/t, 20.7 g/t, 12.8 g/t and 15.25 g/t gold** respectively.

These single metre results indicate the presence of a main mineralised structure with adjacent lower grade stringer zones. The existence of multiple mineralised zones enhances the project by increasing the overall width.



**Perseverance Prospect – RC drilling results - single metre assay >1.0g/t gold**

HOLE ID	EASTING	NORTHING	AZIMUTH/DIP	FROM	TO	INTERCEPT – G/T GOLD
GRC-001	385001	8028095	328/-75	6	9	3m@5.96
				7	8	incl. 1m@15.40
				23	28	5m@1.61
GRC-002	385004	8028079	328/-60	30	34	4m@1.61
GRC-003	384982	8028076	328/-60	33	41	8m@2.14
GRC-004	384988	8028066	328/-60	39	42	3m@1.86
				51	66	<b>15m@4.2</b>
				58	59	incl. 1m@17.80
GRC-006	384952	8028076	328/-60	19	23	4m@2.83
GRC-007	384956	8028067	328/-60	31	36	<b>5m@5.87</b>
				31	32	incl. 1m@20.7
GRC-008	384963	8028055	328/-60	57	63	6m@2.08
GRC-009	384924	8028071	331/-60	13	19	<b>6m@6.13</b>
				16	17	incl. 1m@12.8
GRC-010	384929	8028059	328/-60	26	29	<b>3m@7.88</b>
				27	28	incl. 1m@15.25
GRC-012	384900	8028064	328/-60	11	15	4m@2.41
GRC-014	384965	8028103	148/-60	8	29	<b>21m@2.74</b>

Coordinates GDA 94 Zone 52 from GPS. Gold assays by On-site Laboratories by conventional fire assay. Intervals were calculated using a 1g/t lower cut off, no upper cut, and a maximum of 1m internal waste. +20g.m in bold.

The Perseverance prospect is the first of the targets to be drill tested on the Grants Creek project where exploration has revealed a mineralised horizon three kilometres in strike length. More strongly mineralised zones are interpreted to occur where cross faults intersect this horizon. Further drilling on the Perseverance and Moody’s prospects is planned for early 2009.

The Angelo gold project is located in the East Kimberley region of Western Australia, approximately 40 kilometres southwest of Halls Creek.

Recent field work has confirmed previous exploration that identified a substantial area of elevated gold in soil in a zone over six kilometres long and up to a kilometre wide. The north eastern portion of this zone is known as the Leonardo Prospect, while a second zone of elevated gold is also present in the southern part of the licence, the Figaro Prospect.

Metminco undertook a reverse circulation drilling program of 25 holes at the Leonardo prospect in June/July 2008, which highlighted a number of zones of sulphidic quartz. This drilling indicated greater structural complexity to controls on mineralisation, than indicated by previous surface exploration. Elevated assays, including 3m @ 1.97 g/t gold and 2m @ 4.31 g/t gold (including a peak result of 8.03 g/t gold), as well as a bordering stockwork zone of 17m @ 0.24 g/t gold, builds upon earlier RAB drilling and confirms the presence of a promising mineralised system that is only lightly explored. Initial interpretation suggests that nuggetty gold is present in a south easterly dipping quartz veins with a peripheral lower grade stockwork system. Further RAB drilling on this project is planned for next season, following additional geochemical sampling and prospect scale mapping to further focus on priority targets.



**Fosterville Regional Joint Venture**

**(Victoria, Gold Fields Australasia Pty Ltd 75% Pacrim 25% and diluting)**

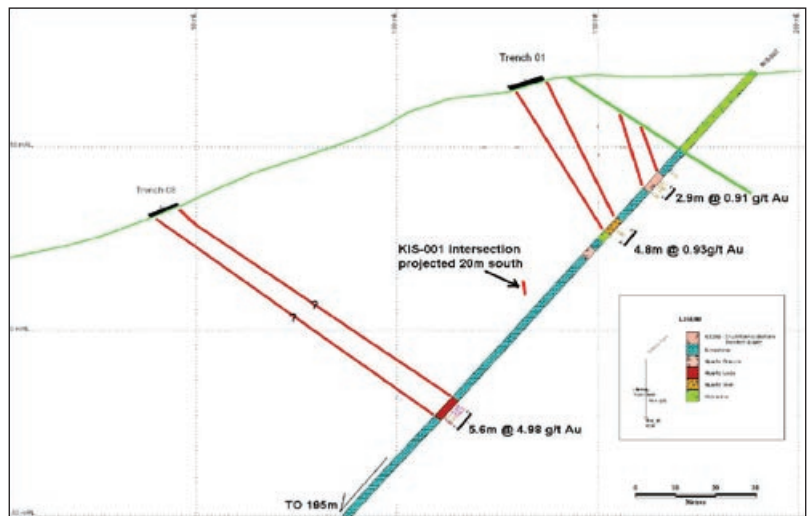
Operators, Gold Fields Australasia Pty Ltd, prepared an Information Memorandum in which it is stated they have discovered a new gold camp within the Central Victorian Project which includes the Fosterville Regional JV licences. Activities for the December Quarter consisted of statutory annual report compilation.

Gold Fields Australasia have previously reported that mineralised zones are interpreted to be associated with localised shallow east dipping faults, which in turn appear to be related to steep west dipping reverse faults in a steeply west dipping turbidite package. Further targeted diamond drilling is required to understand the structural architecture and possible mineralised shoot controls.

**Manus Copper Gold Project**

**(Manus Island, PNG – Pacrim 20%) (Operated by Triple Plate Junction plc)**

As reported in the September Quarter, further diamond drilling, KIS-002 at the Kisi prospect was continued. Previous hole KIS-001 intersected 1.57m at 8.08 g/t gold from 72.33metres, including 0.55m @ 15.55g/t gold. The hole was designed to verify a previous drillhole result of Highlands Gold that intersected 5.6m @ 2.49g/t gold and was then terminated prematurely at 15.6m due to inability to drill further. The rig moved onto KIS-002 and encountered epithermal mineralisation at 36.4m. Preliminary results including 5.6m @ 4.98g/t gold have been received. A third hole was completed in the December 2008 Quarter though nothing has yet been submitted for assay.



**Northern Sacramento Basin Gas Project**

**(California, USA – Pacrim 12.5% via Pacrim US Energy Corp.)**

Pacrim Energy retains a 12.5% free carried interest through exploration in the plus 60,000 acre Northern Sacramento Basin project in California with the Nahabedian Exploration Group (NEG) and others.

Considerable expense and effort was directed at the Worthington 2-8 Well and although Pacrim has a minority carried interest, the Company was encouraged by the detection of gas and confirmation of the presence of sandstone as a favourable reservoir.

Although the Operators were not able to establish a commercial flow of hydrocarbons, these findings are believed to confirm the potential of the Behemoth prospect as a prospective regional gas play over which a large lease holding has been secured. Operators, NEG, are continuing to seek parties to fund exploration.

The current economic environment has not been conducive to securing further funding and a rationalisation of leasing to retain key areas is under consideration.



**OTHER**

As at the end of December 2008, the Company had on hand cash of approximately \$929,000 including the final payment received for the non-US oil and gas asset divestment.

Rodney Foster (BSc Geology)

**Managing Director**

*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.*