



## ASX Announcement

30 April 2008

## QUARTERLY ACTIVITIES REPORT

FOR THE PERIOD ENDING 31 MARCH 2008

### OVERVIEW

- Following a detailed appraisal of the Company's tenements, Panaegis has chosen to rationalise its current tenement footprint of over 1600 sq km and to focus future exploration on a 500 sq km area currently under licence (around 70% reduction).
- The strategic relinquishments and amalgamations have resulted in a major reduction in Government minimum tenement expenditure commitments (estimated around \$0.7 million per year) and reporting commitments but with no significant loss of prospectivity.
- Three new Exploration Group Areas based on geological relationships have been developed to bring about a more focused exploration effort.
- Within the Group Areas, 48 "Prospects" have been identified as initial gold exploration targets and these have been graded for follow up investigation. Three of these prospects are currently being prepared for early drilling activity.
- Administration overheads have been reduced by over \$0.5 million per year as a result of reorganisation undertaken by the new management. Together with the reduction in Government minimum tenement expenditure commitments of an estimated \$0.7 million per year, the Company is significantly better placed given total cash held at the end of the quarter of \$1.3 million.

### OBJECTIVES

Panaegis' principal objective for 2008 is to build a substantial but focused prospect inventory within its present areas for target drilling and to look for further exploration opportunities.

#### ABOUT PANAEGIS

*Panaegis Gold Mines Limited (ASX Code: PAU) listed on the ASX in 2006 and is an Australian gold company whose principal focus is on the evaluation and development of disseminated gold deposits in Victoria.*

*The company holds some 500 sq km of exploration tenements in Central Victoria encompassing several historic goldfields.*

*The company is utilising historical studies, field investigations and geological modelling to enable the development of new structural interpretation and mineralisation concepts to highlight areas for early drilling programs within its exploration areas.*

#### SHARES ON ISSUE

Quoted: 89,758,400  
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Issued: 94,993,400

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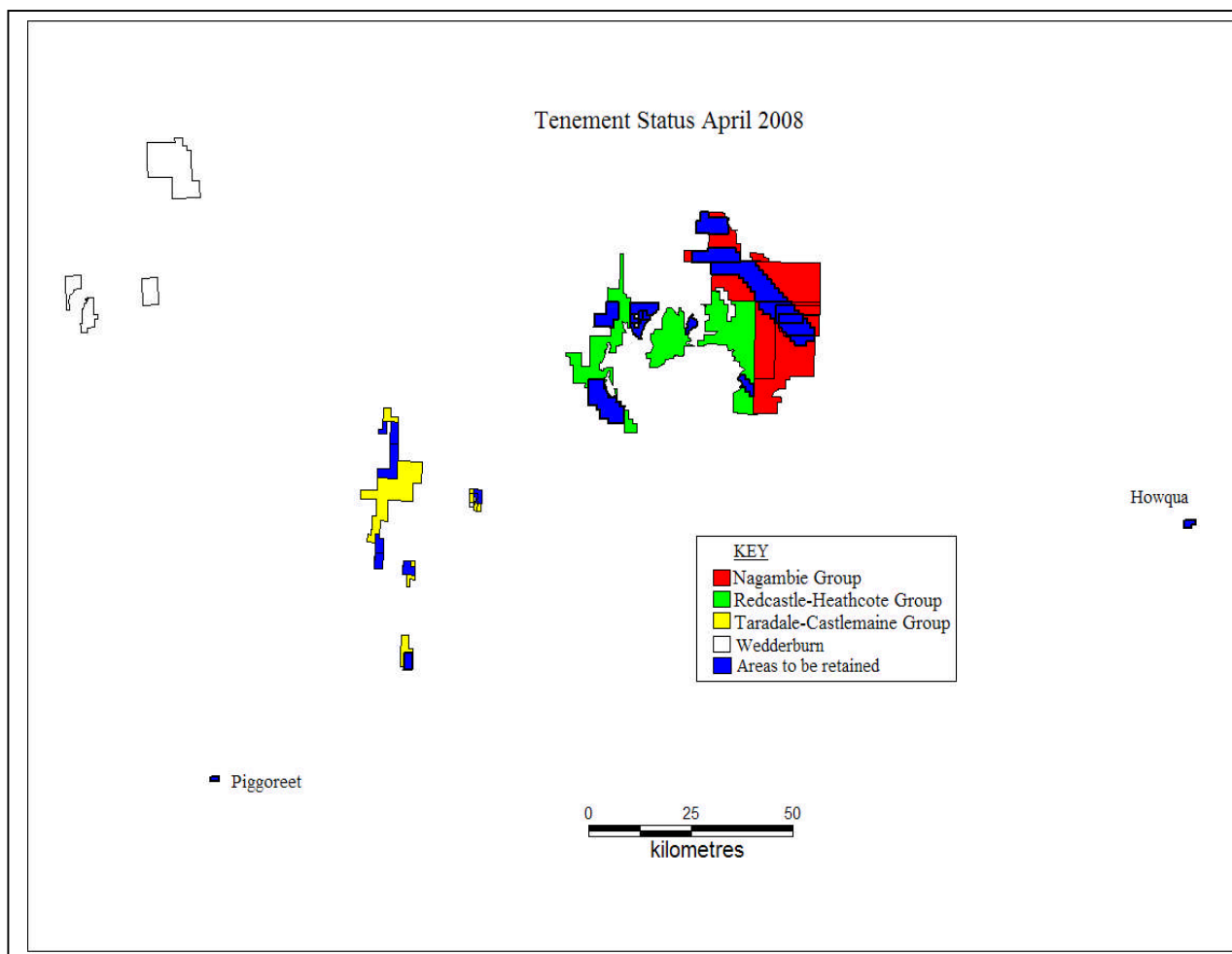
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**EXPLORATION**

**SUMMARY**

As indicated in the December 2007 quarterly report, the new management team (from 20 December 2007) has been reviewing all previous exploration strategies and data in order to focus on those prospects with the most potential to host economic mineralisation. The first stage of that review has now been completed and the company has surrendered three of its 21 licences and strategically reduced and amalgamated the remaining 18 licences and applications (refer **Figure 1**, Tenement Status Map below).



**Figure 1** **Tenement Status Map**

This has brought about a reduction in area under licence from over 1600 sq km to around 500 sq km (around 70% reduction) and resulted in a major reduction in the minimum Government expenditure required (around \$0.7 million reduction per year). However, because of the review of potential there has been no significant reduction in prospective areas for gold exploration.

The company has also refreshed its exploration strategy and this has resulted in the formation of Exploration Group areas which are based on geological (structure & lithology) signatures and which take into account old goldfield areas that have in the main been subject to less intense exploration than the major well known Victorian Goldfields such as Bendigo, Stawell, Ballarat and Woods Point/Walhalla but never the less exhibited good gold recoveries. Prospects located along structural trends have been targeted for further intensive exploration.



The initial three areas are shown on the tenement map above and in **Table 1** below. Three of the company's licences (at Howqua and Piggoreet) do not fit into a group at this time.

**Table 1 Exploration Group Areas**

Exploration Group Area	Historic Goldfield	Historic Reef Production (tonnes)	Reported Grade* (g/t Au)	Project	Prospects
<b>Redcastle/Heathcote</b>	Redcastle	11,489	29.8	Redcastle	14
	Heathcote	1,497,267	1.9	Heathcote	9
	Graytown	3,992	9.9	Graytown	4
				Mitchelstown	1
<b>Nagambie</b>	Rushworth	73,664	20.0	Nagambie	6
	Whroo	92,747	26.2	Rushworth	6
	White Hills	3,139	29.1		
<b>Taradale/ Castlemaine</b>	Taradale	139,475	19.3	Taradale	4
				Castlemaine	4

*Note: Historical Reef Production and reported grade taken from Department of Primary Industry records*

Within the three groups, a total of 48 "Prospects" have been identified and graded as to exploration potential.

## EXPLORATION GROUP AREAS

### 1. REDCASTLE – HEATHCOTE GROUP

Redcastle Central	EL 4594
Redcastle E & W	EL 3316
Heathcote	EL 4941
Graytown (app)	ELA 5020
Mitchellstown (app)	ELA 5049

Mineralisation is predominantly Epizonal and associated with quartz reefs in steeply west dipping faults often associated with anticlines and shear fissures. Disseminated mineralisation occurs where mineralizing vein systems have intersected favourable reactive host rocks such as carbonaceous sandstone-siltstone packages or intrusives.

#### 1.1 REDCASTLE PROJECT ELs 4594 and 3316 (Panaegis 100%)

No reduction in area with 14 prospects identified in five reef lines: **MITCHELL, WELCOME, NEW BRECCIA, NATIVE GULLY AND REDCASTLE**. (Refer **Figure 2**). Historically the majority of the Redcastle Goldfield was worked to less than 50 m (water table) with a recorded field grade of 29.8 g/t (Table 1) with one reef (Welcome Reef) recording 33 g/t.

Recent scout drilling by Panaegis and others recorded encouraging results from nearly every hole drilled on the reef lines. Significant intercepts from those drilling programmes are presented in the Appendix as **Table 2**. Further geological analysis is continuing and a costeaning program is currently being planned ahead of drilling.

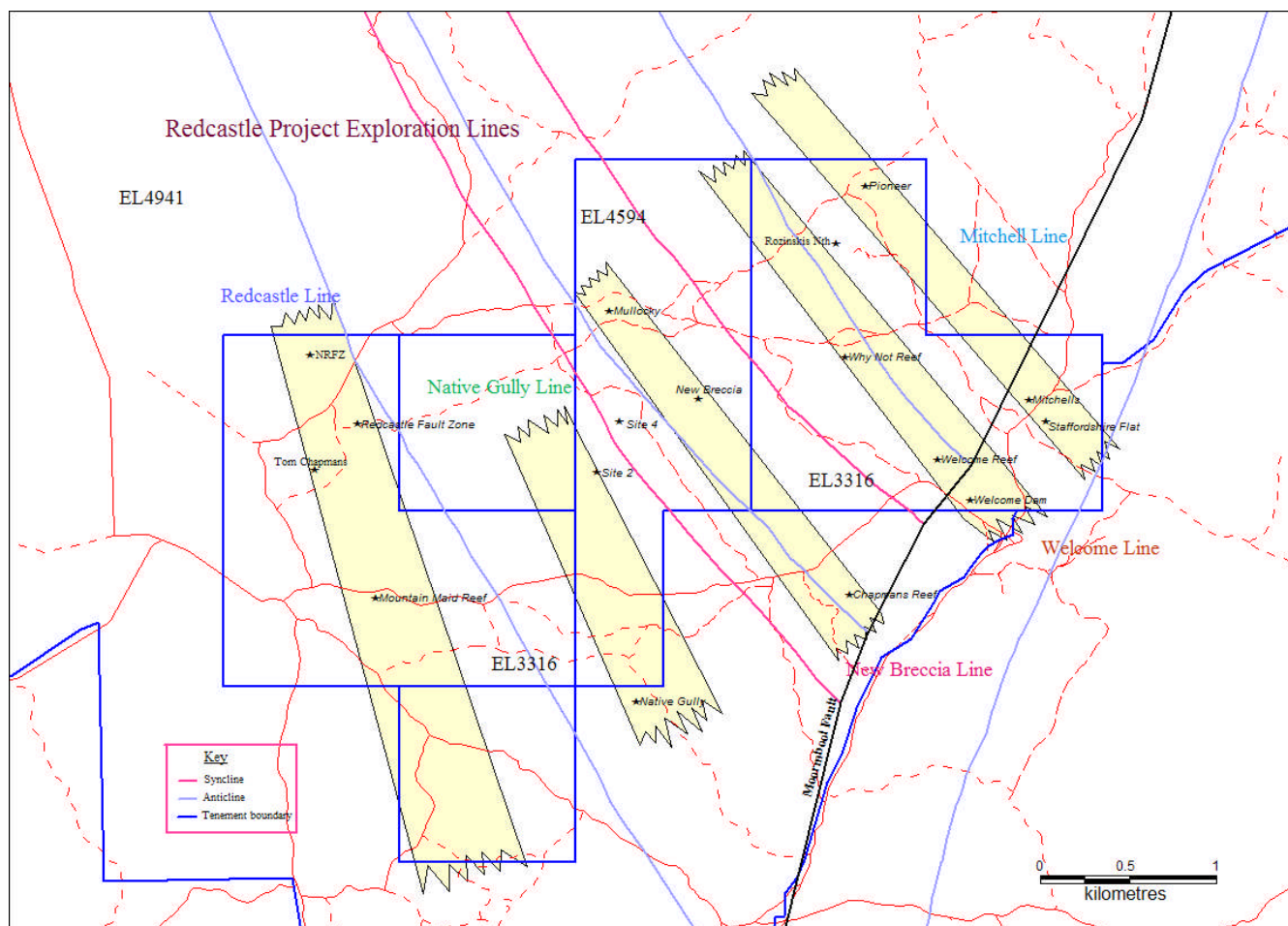


Figure 2

Redcastle Reef Lines

**1.2 HEATHCOTE EL 4941 (Panaegis 100%)**

Reduced in size and amalgamated with ELs 3316 and 4594. Nine prospects identified at present, situated in three reef lines: **ARGYLE, BUTLER’S & NORRIS**. (refer Figure 3).

Historically the Heathcote Goldfield was also worked predominantly to less than 50m (water table) with a recorded field grade of 1.9 g/t (Table 1). However, this grade is skewed from the 1990’s low grade Hird’s Open Cut production and if this is taken out the estimated average grade from the historical reefs is 27.5 g/t with several reefs (Butlers, Alabama and Argyle Reefs) recording above 30g/t.

Further geological analysis is continuing and a soil sampling and costeaning program is currently being planned.

**1.3 GRAYTOWN ELA 5020 (Panaegis 100%)**

Current application awaiting grant.

**1.4 MITCHELLSTOWN ELA 5049 (Panaegis 100%)**

Current application awaiting grant.

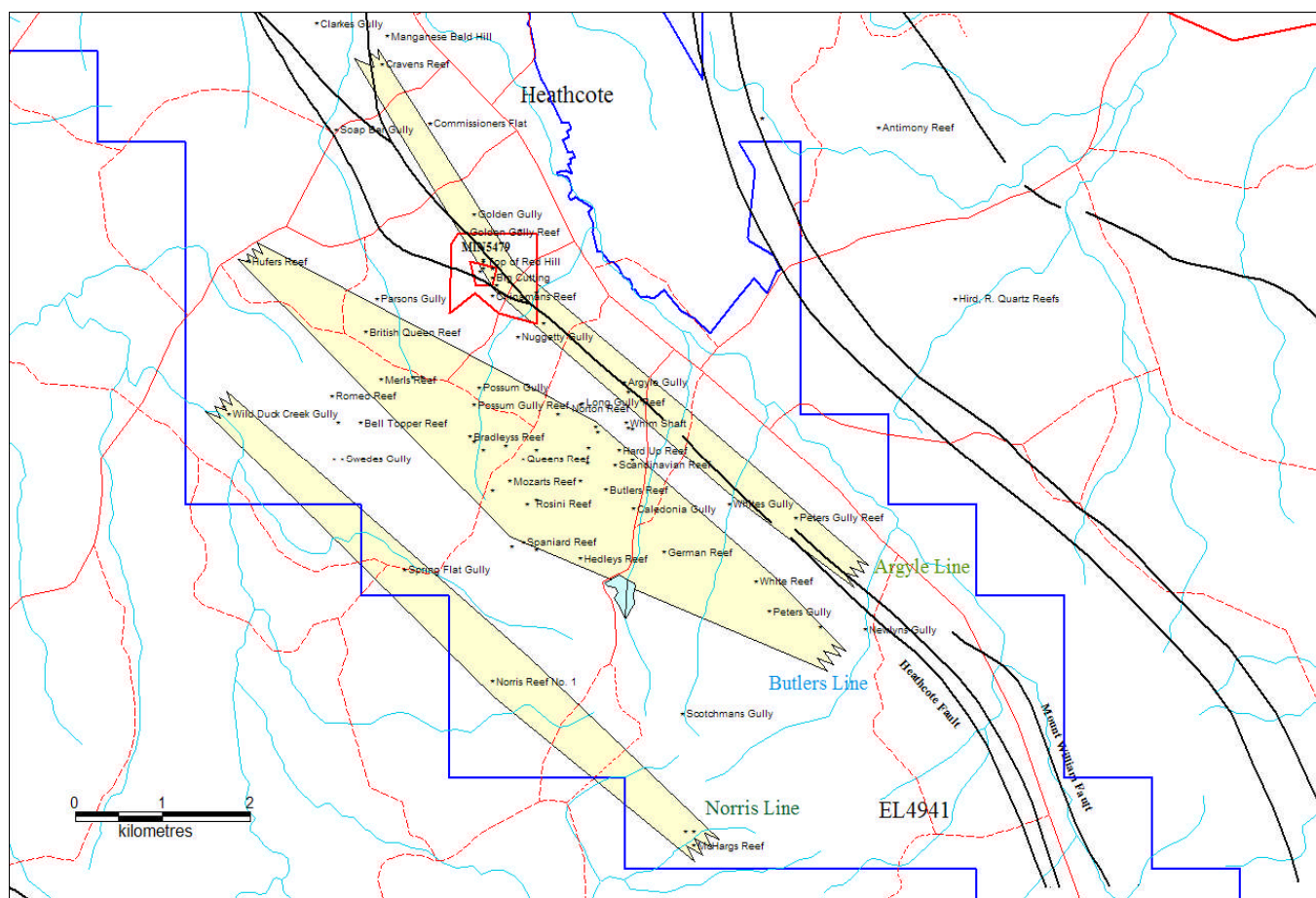


Figure 3

Heathcote Reef Lines

**2. NAGAMBIE GROUP**

Nagambie North	EL 5080
Nagambie West	EL5027
Nagambie	EL 5023
Avenel	EL 4887
Nagambie South	EL 4718
Nagambie	MIN 5412
Rushworth	EL 4723

Mineralisation control is difficult to ascertain in this group area due to paucity of rock exposures but is most certainly Epizonal and appears to be associated with quartz reefs close to the hinges of east–west trending anticlines cut by a series of predominantly north–south trending fault and shear fissures.

Disseminated mineralisation occurs in quartz stock works resulting in the potential for discovery of low grade gold-bearing oxide “Nagambie Style” pods which could aggregate into a significant gold target.

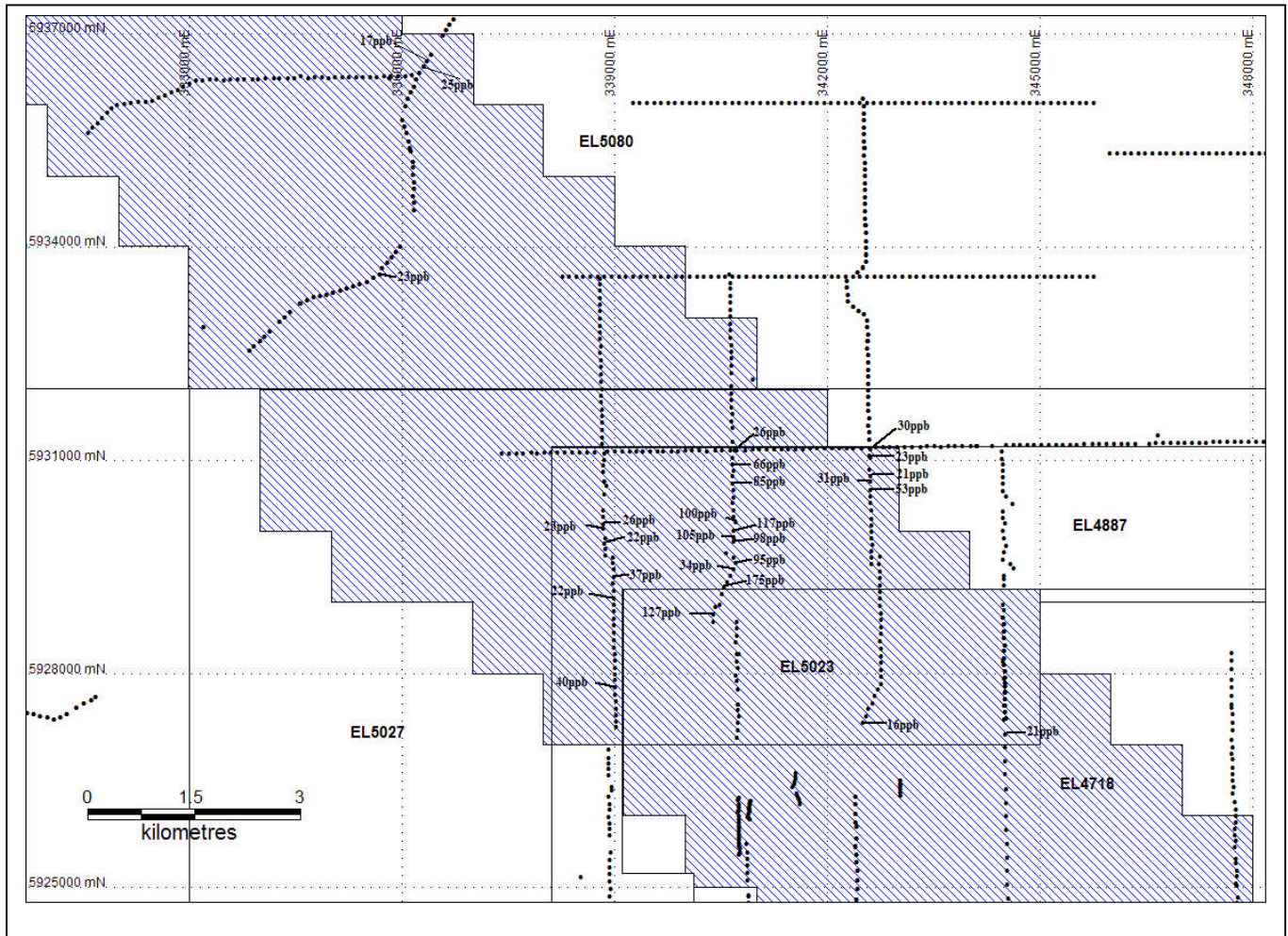
**2.1 NAGAMBIE JOINT VENTURE (NJV) MIN 5412, ELs 4718 and 4887 (Panaegis 51%)**

A new interpretive study of geology and mineralisation of all three licences was undertaken during the quarter which resulted in a reduction in the area of EL 4887. Detailed ongoing reappraisal of the potential of these areas will guide future exploration.



*Soil Sampling*

All the results are now in from the roadside soil sampling in the NJV and surrounding areas and anomalous results are shown on **Figure 4** below. Additional soil sampling was undertaken north and west of the Nagambie Mine pits targeting the extension of oxide mineralisation under cover to the north–west along structure (refer **Figure 5**). Results of this work are awaited.



**Figure 4** **Nagambie Regional Soils**

**2.2 NAGAMBIE PROJECT ELs 5080, 5027, 5023 (Panaegis 100%)**

The results from the roadside soil sampling in these areas are now in and are shown on the map above. The soil sampling assisted the Company in selecting areas (shaded on map) for retention, covering the most prospective trends within the existing tenements based on new geological interpretations. Further soil geochemical work will be undertaken in the next quarter.

*NAGAMBIE EL 5023*

No reduction in area. Area is retained for extension of “Nagambie Style” mineralisation.

*NAGAMBIE NORTH EL 5080*

Reduced in size and amalgamated with EL 5027. Area retained is prospective for extension of “Nagambie Style” mineralisation.



*NAGAMBIE WEST EL 5027*

Reduced in size and amalgamated with EL 5080. Area retained is prospective for extension of “Nagambie Style” mineralisation with one prospect identified at present.

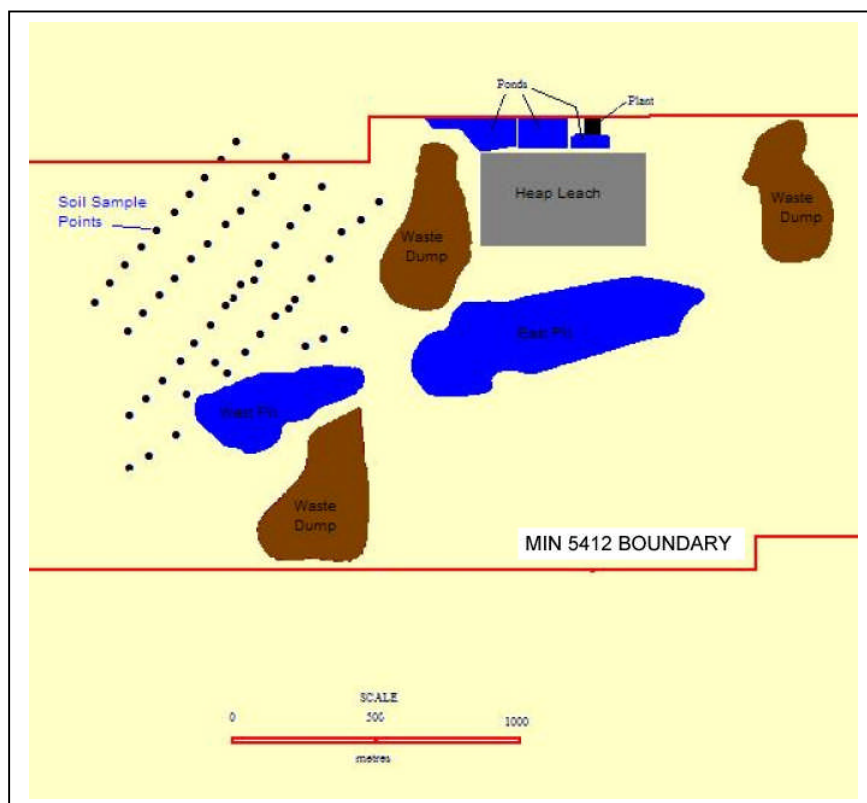


Figure 5

MIN 5412 Soil Sampling

**2.3 RUSHWORTH PROJECT EL 4723 (Panaegis 100%)**

Reduced in size. Six prospects identified at present situated within the historic Rushworth and Whroo Goldfields where work in most of the goldfields stopped at the water table. One of the prospective areas, the **Nuggetty Reef** line in the Rushworth goldfield, had old mines with historical reported grades ranging from 20–40g/t Au. Further geological analysis is continuing and a soil sampling and costeaning program is currently being planned.

**3. TARADALE GROUP**

Taradale Central	EL 4527
Taradale East	EL 4895
Castlemaine	EL 4722

Mineralisation is Mesozonal and closely related to the development of fault reefs and saddle structures. In some areas, remobilization and re-concentration of metals has occurred in conjunction with Late Devonian granitoid emplacement.

**3.1 TARADALE PROJECT EL 4527 & EL 4895 (Panaegis 100%)**

Both areas have been reduced in size and are under application for amalgamation. Four prospects have been identified from previous EM (ground electromagnetic) work as reported in the last quarter and more recent geological reinterpretation and mine history research. Further reinterpretation is required prior to the selection of drilling targets.

**3.2 CASTLEMAINE PROJECT EL 4722 (Panaegis 100%)**

This area has been reduced considerably and four prospects have been identified at present. Further geophysical work and geochemical work is to be undertaken following a continuing review of recently acquired geological and historical mine data.

**4. OTHER TENEMENTS****4.1 PIGGOREET EL 4994 (Panaegis 100%)**

No reduction in area and no significant work was conducted in this licence during the quarter. Previous drilling requires re-logging and reinterpretation to guide further work.

**4.2 HOWQUA EL 3424 (Panaegis 100%)**

No reduction in area. Three prospects have been identified, one of which was the subject of a work plan variation requesting permission to carry out two scout drill holes. Because this area is in a Historic Reserve, once the work plan is approved permission to drill under Section 44 of the Mineral Resources (Sustainable Development) Act 1990 (Vic) will be lodged which requires Ministerial approval.

**4.3 HOWQUA MIN 5420 (Panaegis 100%)**

One prospect has been identified in this licence and during the quarter a work plan variation was lodged to carry out underground mining work and exploratory drilling at the old Great Rand Mine. Because this area is in a Historic Reserve, once the work plan is approved permission to drill under Section 44 of the Mineral Resources (Sustainable Development) Act 1990 (Vic) will be lodged which requires Ministerial approval.

**5. RELINQUISHED TENEMENTS**

After careful review, the Company has chosen to surrender the following tenements:

<i>BAILIESTON</i>	<i>EL 4719</i>
<i>WEDDERBURN</i>	<i>EL 4721</i>
<i>TARADALE SW</i>	<i>EL 4894</i>

**CORPORATE****CASH POSITION**

At 31 March 2008, total cash held by the company was \$1.3 million.

**BOARD AND MANAGEMENT CHANGES**

Following the close of the quarter, Mr Colin Glazebrook was appointed as Chief Executive Officer and Exploration Manager after acting in that role since 20 December 2007.

**EXPENDITURE ON EXPLORATION AND ADMINISTRATION**

Expenditure on exploration and administration for the March 2008 quarter totalled \$0.25 million.

**CORPORATE OVERHEADS**

Administration overheads have been reduced by over \$0.5 million per year as a result of the reorganisation undertaken by the new management. Together with the estimated reduction in Government minimum tenement expenditure commitments of around \$0.7 million per year, the Company is significantly better placed given total cash held at the end of the quarter of \$1.3 million.





### WEBSITE

The Panaegis website is still temporarily unavailable. The Company further apologises to shareholders for this delay and will make an announcement as soon as the website is again available.

### ASX ANNOUNCEMENTS

During the quarter the following ASX announcements were released regarding the Company's activities and projects:

14/03/2008	Half Year Accounts
06/03/2008	Change of Director's Interest Notice
31/01/2008	Quarterly Cash flow Report
30/01/2008	Quarterly Activities Report
08/01/2008	Website Temporarily Unavailable
07/01/2008	Relocation of Head Office

### COMPANY INFORMATION

#### DIRECTORS

Michael W Trumbull (Non-Executive Chairman)  
Colin Glazebrook (Executive Director)  
Geoff Turner (Non-Executive Director)

#### CHIEF EXECUTIVE OFFICER AND EXPLORATION MANAGER

Colin Glazebrook

#### COMPANY SECRETARY

Alfonso M G Grillo

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**COMPETENT PERSONS STATEMENT**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Colin Glazebrook, who is a Fellow of the Australian Institute of Mining and Metallurgy.

Mr Glazebrook is a Director of Panaegis Gold Mines Limited and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Colin Glazebrook 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'.



**APPENDIX**

**Table 2 Redcastle Project: Significant Drill intersections from Past Exploration**

**REDCASTLE PROJECT (EL 3316 & EL 4594)**

**WELCOME LINE**

Prospect	Hole No	Significant Intercept	Including	GDAE	GDAN	Depth (m)	Azimuth	Dip	Vert (m)	RL
Why Not	WN04	4m @2.4g/t	1m @6.7g/t	305721	5928129	51	55	-60	25.5	218
Why Not	WN08	51m @0.3g/t	1m @1.1g/t	305671	5928169	51	51	-60	25.5	210
			6m @0.6g/t							
Why Not	RRC12	16m @0.4g/t	1m @1.3g/t from 13-14m	305748	5928091	39	236	-60	19.5	222
Rozinski's Nth	RRC14	12m @0.5g/t	1m @1.0g/t from 3-4m	305675	5928779	32	26	-60	16	212
			2m @1.2g/t from 9-11m							
Welcome Dam	WD03	6m @1.9g/t	2m @4.8g/t from 18-20	301222	5924686	51	79	-60	25.5	214
Welcome Reef	WR06	6m @2.4g/t	1m @10.8g/t from 51-52m	306192	5927403	69	366	-60	34.5	212
Welcome Reef	WR11	13m @1.2g/t	1m @12.7g/t from 38-39m	306430	5927305	75	251	-60	37.5	221
Welcome Reef	WR15	4m @1.1g/t	1m @3.8g/t from 22-23m	306463	5927256	51	252	-60	25.5	221
		4m @0.5g/t								
		3m @0.5g/t								

**NEW BRECCIA LINE**

Prospect	Hole No	Significant Intercept	Including	GDAE	GDAN	Depth	Azimuth	Dip	Vert (m)	RL
New Breccia	RRC15	6m @0.5g/t	1m @1.2g/t from 23-24m	304820	5927808	32	246	-60	16	225
		3m @0.6g/t	1m @0.9g/t from 6-7m							
Mullocky	RRC08	10m @1.6g/t	7m @2.0g/t from 16-23	304312	5928327	36	51	-60	18	201
Mullocky	RRC09	6m @0.5g/t	1m @1.0g/t from 13-14m	304348	5928297	32	61	-60	16	202
Mullocky	RRC24	24m @0.7g/t	3m @2.4g/t from 27-30m	304321	5928301	40	47	-60	20	203
Mullocky	RRC25	7m @0.6g/t	1m @1.8g/t from 14-15m	304357	5928280	40	50	-60	20	205
Mullocky	RRC26	40m @1.4g/t	11m @2.4g/t from 21-32m	304293	5928345	40	51	-60	20	198
Mullocky	RRC28	5m @1.3g/t	1m @5.5g/t from 36-37m	304338	5928289	60	52	-60	30	205
Mullocky	RRC37	8m @0.6g/t	1m @1.4g/t from 29-30m	304272	5928369	40	51	-60	20	195

**MITCHELL LINE**

Prospect	Hole No	Significant Intercept	Including	GDAE	GDAN	Depth	Azimuth	Dip	Vert (m)	RL
Pioneer	PR09	2m @4.6g/t	1m @7.8g/t from 2-3m	305693	5929087	51	195	-60	25.5	216
Pioneer	PR10	4m @3.0g/t	1m @8.7g/t from 21-22m	305699	5929105	51	200	-60	25.5	214
Pioneer	PR11		1m @3.6g/t from 1-2m	305711	5929122	51	207	-60	25.5	212
Pioneer	PR15	3m @0.9g/t	1m @1.7g/t from 9-10m	305758	5929076	51	191	-60	25.5	212
Pioneer	PR16	2m @6.3g/t	1m @11.5g/t from 27-28m	305765	5929096	51	193	-60	25.5	211
Pioneer	PR21	4m @0.8gT	1m @1.6g/t from 7-8m	305836	5929062	51	198	-60	25.5	211
Mitchells	RRC30	28m @0.7g/t	1m @1.6g/t from 10-11m	306602	5927719	40	236	-60	20	205
			1m @2.3g/t from 15-16m							
			1m @1.5g/t from 16-17m							
			1m @3.2g/t from 24-25m							
			3m @1.1g/t from 26-29m							
Mitchells	RRC13	6m @1.1g/t	2m @1.5g/t from 28-30m	306617	5927722	30	221	-60	15	205
Mitchells	RRC31	6m @0.4g/t	1m @0.8g/t from 31-32m	306583	5927738	40	236	-60	20	205
Staffordshire Flat	SF04	10m @1.0g/t	1m @4.0g/t from 32-33m	306671	5927666	51	228	-60	25.5	203
Staffordshire Flat	SF06	41m @0.4g/t	1m @1.1g/t from 10-11m	306706	5927107	51	107	-60	25.5	205
			1m @1.5g/t from 14-15m							
			1m @2.3g/t from 46-47m							
Staffordshire Flat	SF07	18m @0.7g/t	5m @2.0g/t from 37-42m	306687	5927113	51	107	-60	25.5	205
			2m @4.6g/t from 38-40m							
Staffordshire Flat	SF14	18m @0.3g/t	1m @1.5g/t from 44-45m	306628	5927145	51	99	-60	25.5	205
Staffordshire Flat	SF18	12m @0.6g/t	1m @1.2g/t from 4-5m	306659	5927655	51	220	-60	25.5	202
			1m @1.5g/t from 8-9m							
			1m @1.6g/t from 11-12m							



## Quarterly Activities Report - March 2008

### NATIVE GULLY LINE

Prospect	Hole No	Significant Intercept	Including	GDAE	GDAN	Depth	Azimuth	Dip	Vert (m)	RL
Site 4	RRC17	16m @1.1g/t	1m @7.1g/t from 12-13m 3m @3.3g/t from 12-15m	304391	5927762	40	196	-60	20	202
Site 4	RRC38	4m @1.5g/t	1m @3.5g/t from 18-19m	304461	5927743	38	201	-60	19	198
Site 4	RRC39	6m @0.8g/t	2m @1.2g/t from 11-13m	304432	5927746	28	201	-60	14	201
Site 2	RRC19	18m @0.3g/t	1m @1.0g/t from 35-36m	304455	5927313	40	286	-60	20	210
Native Gully	RRC20	15m @0.8g/t	1m @5.3g/t from 24-25m 3m @2.5g/t from 23-26m 1m @1.1g/t from 12-13m 2m @1.0g/t from 12-14m	304334	5926318	41	251	-60	20.5	205

### REDCASTLE LINE

Prospect	Hole No	Significant Intercept	Including	GDAE	GDAN	Depth	Azimuth	Dip	Vert (m)	RL
Tom Chapmans	RRC04		1m @1.5g/t from 28-29m 1m @1.1g/t from 33-34m	302608	5927374	35	81	-60		197
NRFZ	RRC06	14m @0.4g/t	2m @1.5g/t from 10-12m	302621	5928046	40	86	-60	20	199
NRFZ	RRC41	3m @7.36g/t	1m @16.7g/t from 39-40m	302612	5928086	47	91	-60		197
Redcastle Fault Zone RF01			1m @1.7g/t from 25-26m	303653	5926641	51	39	-60	25.5	230
Redcastle Fault Zone RF05		5m @0.7g/t	1m @1.8g/t from 36-37m	303599	5926578	51	45	-60	25.5	230
Redcastle Fault Zone RF17		3m @1.0g/t	1m @1.7g/t from 25-26m	303675	5926659	51	29	-60	25.5	228
Redcastle Fault Zone RF21		51m @0.4g/t	1m @4.2g/t from 9-10m 1m @2.8g/t from 12-13m 5m @0.4g/t from 17-22m 1m @1.4g/t from 34-35m 1m @1.2g/t from 41-42m	303438	5926793	51	50	-60	25.5	227
Redcastle Fault Zone RF35		35m @0.6g/t	3m @1.0g/t from 1-4m 1m @4.8g/t from 33-34m	302651	5927313	39	64	-60	19.5	200
Redcastle Fault Zone RF36		2m @3.6g/t	1m @6.9g/t from 9-10m	302634	5927304	39	64	-60	19.5	200
Redcastle Fault Zone RF44		5m @2.4g/t	1m @9.0g/t from 35-36m	302905	5927695	39	78	-60	19.5	200
Mountain Maid	RRC43	3m @2.0g/t	1m @5.3g/t from 20-21m	302995	5926644	39	231	-60	19.5	206