



PANAEGIS

PANAEGIS GOLD MINES LIMITED ABN 42 111 587 163 ACN 111 587 163
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**CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING
30 SEPTEMBER 2005**

Panaegis Gold has evolved over the past three years from addressing three questions :

- Why has gold production in Victoria slowed to a trickle since the early 1900's despite Victoria having seen production of some 2% or 80 million ounces of the World's historical production?

two

- Why does conventional wisdom and teaching of Victorian geology focus almost solely on fault, reef and vein style mineralization?

and three ...

- Is the technology now available to economically treat gold-in-sulphide deposits in Victoria?

In addressing these questions we instigated a disciplined process of evaluation of over 50 prospective tenement areas of Victoria and as we did so, the answers to these three questions emerged.

Whilst from the late 1890's drought, war and depression, plus major discoveries in Western Australia led to the virtual abandonment of exploration for gold in Victoria, the State also continued to remain poorly regarded as a result of a perceived adverse legislative environment. Additionally, the belief that Victoria had only fault, reef and vein mineralisation styles present with their accompanying bonanza grades, but low tonnages also limited the interest of potential explorers. Finally, I believe that this subdued geological interest was also a result of the industry's lack of knowledge of economically viable extraction technologies applicable to gold in sulphides deposits.

In our evaluation, Ian Buckingham applied a depth of understanding of resources and gold enterprises generated over many years, more particularly from his seven years of leading the international consulting group, Anderson and Schwab. A&S clients included major international gold and resources Companies.

As a result of his exposure to these international gold companies' operations, Ian recognized the opportunity for other mineralization styles in Victoria. As part of his review of Victorian geology, he

found evidence in historical records from the 1870's and 1880's that lent support to his theory regarding the development of gold in sulphide deposits of the Carlin-type as found in Nevada.

Perseverance Corporation, a long established central Victorian oxide gold miner, was about this time examining gold refractory ores at their Fosterville operation and was also developing a better understanding of the disseminated gold in sulphides that they had encountered under the oxide deposits. The increasing presence in Victoria of international gold companies such as Barrack and Gold Fields, who were targeting their exploration efforts towards sediment hosted disseminated gold in sulphides did so as they realised that the geology of Central Victoria and the mineral assemblages identified from geochemical sampling bore striking similarities to those found associated with the Carlin type deposits of Nevada, USA. These gold refractory ores had previously been recognised, but until some ten years ago, had not been exploited as, until then, no satisfactory extraction processes were available. Since this time new technologies have been developed to treat these ores and they have been found to be technically, environmentally and economically sustainable.

We now come to the next stage

Having developed its conceptual model, Panaegis identified the most prospective areas within Victoria for this style of mineralization to occur. Accordingly, the Company acquired the rights to tenements covering eight prospect areas.

To build an effective Company, we needed to build an effective Board ... members with relevant industry knowledge, independent thinkers, drivers not passengers, people with technical, environmental and business awareness. We have been particularly pleased that **Peter Rudd** agreed to assist with initial guidance at the foundation of Panaegis in October 2004. Peter's sound geological and gold industry knowledge is invaluable and we have also been very fortunate in attracting Directors of the calibre of **Peter Cameron**, a geophysicist and resource financial analyst, and **Michael Trumbull** with practical engineering and mining experience, not to mention his highly regarded tenacity to succeed in the interests of shareholders.

Victoria now provides a stable political environment in which to explore for deposits and develop them with a clear workable legal system and processes. Available infrastructure, the attractiveness of living in Victoria and absence of the costs of remote fly-in and camp workplaces attract skilled operators. These quality assets are now available and awaiting funding.

Negotiations with several prominent broking houses have been instigated to attract the level of support necessary to achieve successful ASX listing and IPO. We are looking to those negotiations evolving to commitment over the next few weeks.

An extensive technical evaluation of our tenements has been undertaken by independent geologists.

This examination has taken much longer than originally anticipated - not because of difficulties with the evaluation - but mainly as a result of the immense volume of historical data, dating back to the early days of gold mining in the State, that needed to be reviewed to ensure that the independent geologists were able to provide a report including conclusions that the exploration program put forward by the Company is valid and provides a high opportunity of success.

The time invested in this level of validation represents an absolute asset to give the Board every confidence to move forward with the portfolio and a high opportunity of success.

The material compiled and the detailed analysis of this information now provides a valuable asset to our reference library and the Company. While this has resulted in a delay to our IPO schedule, its benefit has been that we now have an excellent due diligence database with which we can confidently proceed towards listing.

The Board and the Company's Due Diligence Committee have this morning examined an advance draft of the IPO Prospectus and I am very pleased to report that production of the Prospectus will commence in the next week and a timetable to IPO has been adopted. That timetable would see, subject to sign off by Underwriters, lodgement of the Prospectus with ASIC by mid October 2005 and with a projected listing in late November 2005.

JOHN W CORNELIUS
Chairman

30 September 2005