



PANAEGIS

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ASX CODE: PAU

About Panaegis

Panaegis listed on ASX on 23 June 2006 and is focussed on the evaluation and development of finely disseminated, sediment hosted gold deposits in Victoria.

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Shares on Issue

Quoted: 51,577,500

Restricted: 18,485,000

Issued: 70,062,500

Directors

John W Cornelius
(Non-Executive Chairman)

Ian D Buckingham
(Managing Director &
Chief Executive Officer)

Andrew R Ristrom
(Non-Executive Director)

Peter I Rudd
(Non-Executive Director)

Michael W Trumbull
(Director - Mining)

Alfonso M G Grillo
(Company Secretary)

Exploration Manager

Dr John W Cottle

Share Registry:

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Yarra Falls
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30 April 2007

March 2007 Quarterly Report

HIGHLIGHTS

- **Nagambie joint venture (Panaegis 51%, Perseverance 49%) earn-in requirements achieved ahead of schedule.**
- **Nagambie drilling confirms and extends the Nagambie mine mineralised structural fault system at depth, along strike and identifies a second mineralised regional structural system.**
- **Regionally significant mineralisation-related structures in the Nagambie mine area enhance understanding of mineralisation controls and targets both in the mine area and further afield. A second north-west trending structural system is confirmed.**
- **Preliminary Nagambie heap leach pad surface sampling indicated a potentially significant, viable resource that is to be evaluated in conjunction with known oxide gold between the existing pits.**

EXPLORATION

NAGAMBIE JOINT VENTURE AREA – 261 km² (Panaegis 51%)

Panaegis has completed the 'Earn-In' requirements for its 51% interest in the Nagambie joint venture three months ahead of schedule. This reflects the company's commitment to efficient, effective, and timely attention to its exploration activities.

Nagambie Gold Mine – MIN5412

By March 2007 Panaegis had completed 24 holes of combined reverse circulation (RC) pre-collars and diamond cored tails, this with a further 2 holes completed since the end of the quarter with locations for all holes shown in Figure 1.

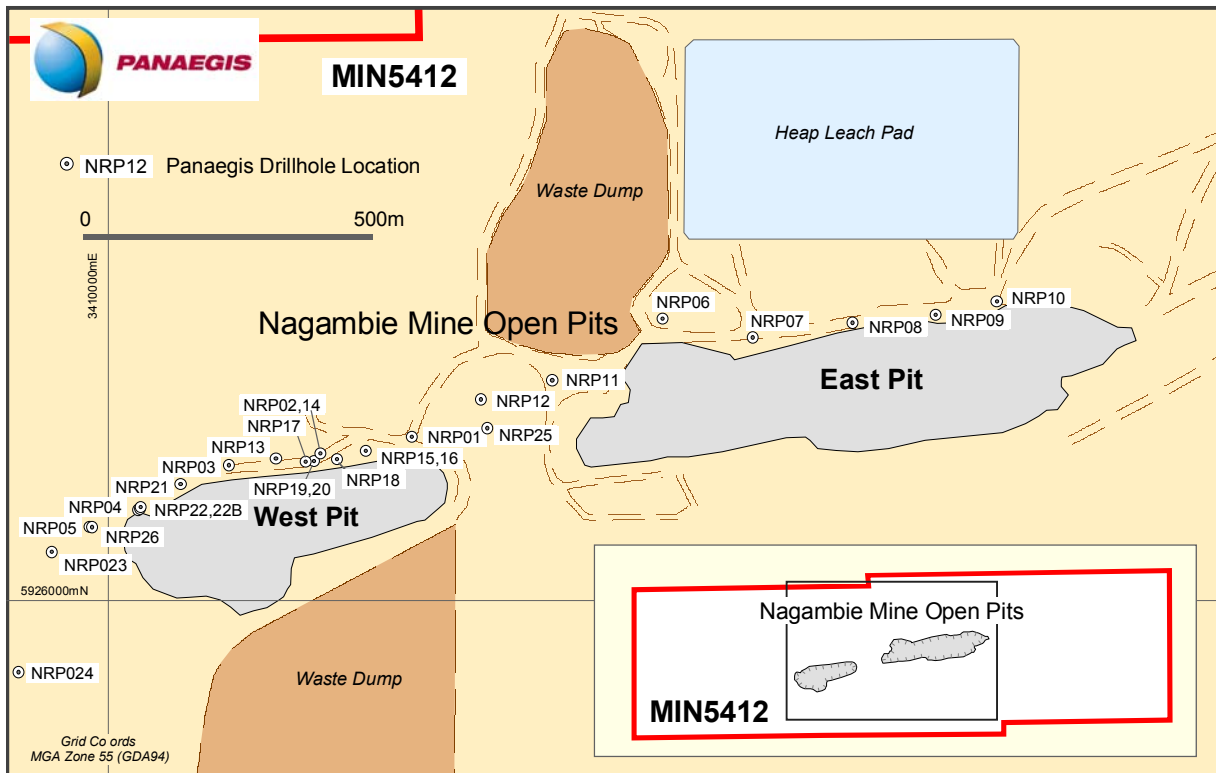


Figure 1: Drill Hole Plan – Nagambie Gold Mine

All holes were completed in basement sedimentary rocks and continue to encounter finely disseminated gold mineralisation of varying grades and widths within pyrite and arsenopyrite. In several holes there was mineralisation within stibnite veins. The gold and stibnite is associated with a major structural fault system now delineated over a continuous distance of 1,700 metres. Panaegis has also identified a further major north-west oriented system that intersects the main north-east structural fault system. This second main trend holds significant implications for enhanced definition and delineation of mineralisation at the Nagambie Mine, its extensions at depth and along strike, and for repeat mineralised bodies regionally in the vicinity of Nagambie.

The receipt of much of the previously back-logged base metal assays, eg: Antimony (Sb) shows a number of higher grade zones in excess of 3g/t gold (in NRP 02, NRP 18, NRP 19, and NRP 22), while the number of intercepts greater than 1g/t gold demonstrates the existence of a wide and consistent mineralisation system with downhole intercept lengths often ranging from 10 to 15 metres and beyond. Within these intercepts, non-contiguous 1 metre intervals yield assays exceeding 5g/t gold. The 24m interval yielding 1 g/t Au shown for NRP 26 is in the oxide zone and also confirms the continuation of the oxide mineralisation to the west of the West Pit. We detail these results in Table 1.

Table 1. Nagambie Drill Program NRP - Selected Assay Results

Hole ID	From (m)	To (m)	Length (m)	Au g/t	Sb ppm
Previously Reported					
NRP 01	113.0	118.0	5.0	2.2	97
NRP 02	98.0	104.0	6.0	1.2	0.2 %
	110.0	136.7	26.7	5.0	8.8 %
Including					
	110.0	117.0	7.0	7.7	13.8 %
	122.1	132.8	10.7	6.1	10.6 %
	134.0	136.7	2.7	0.7	2.5 %
NRP 03	152.8	159.0	6.2	1.8	4
NRP 11	78.0	96.0	18.0	1.8	18
Dec 2006 Quarter					
NRP 14	156.0	160.0	4.0	2.5	32
	169.6	182.5	12.9	1.7	16
NRP 16	125.0	133.0	8.0	1.6	30
NRP 17	104.0	119.0	15.0	1.8	24
	125.0	135.0	10.0	2.2	11
NRP 18	110.0	134.0	24.0	2.4	DTF
Including					
	110.0	122.0	12.0	3.6	DTF
	131.0	134.0	3.0	2.4	DTF
NRP 19	48.0	56.2	8.2	3.6	140
	128.0	132.0	4.0	3.1	DTF
	146.0	157.0	11.0	1.7	DTF
NRP 20	107.0	116.0	9.0	1.6	1591
	133.0	140.4	7.4	1.7	35
NRP 21	141.5	147.5	6.0	1.3	347
	153.0	163.0	10.0	1.6	872
	187.0	190.0	3.0	1.5	52
	201.0	211.0	10.0	1.3	935
	225.0	234.0	9.0	1.0	309
	236.0	240.0	4.0	1.2	42
Mar 2007 Quarter					
NRP 22	112.5	117.0	4.5	1.8	455
	135.0	149.0	14.0	1.4	27
Including					
	135.0	137.0	2.0	3.3	124
	141.0	146.0	5.0	1.7	DTF
NRP 22B	112.0	122.0	10.0	1.1	61
Including					
	116.0	119.0	3.0	1.6	52
NRP 22B	130.0	138.0	8.0	1.0	136
	141.0	144.0	3.0	1.7	47
NRP 25	112.0	115.0	3.0	2.4	DTF
	132.0	139.0	7.0	2.6	DTF
NRP 26	62.0	86.0	24.0	1.0	DTF
Including					
	74.0	80.0	6.0	2.2	DTF

DTF - Data to Follow

* Assays received 27 April 2007.

Plans for further along strike drilling, beyond the overall 1,700 metre length of the two existing pits, are being developed, along with targeting still deeper segments of the mineralised fault system in the vicinity of the mine pits. These plans are being developed in conjunction with, and based on, a full re-interpretation of the Nagambie Mine based on all the data generated previously and assay returns received to date.

Nagambie Regional Exploration

The major regional north-west structural system identified as contributing significantly to mineralisation tenor and volume in the Nagambie mine is also interpreted as the focus of the soil anomalies identified in regional exploration around the mine. These north-west structures at the coincidence of anomalous corridors and gentle regional highs provide significant further encouragement for repetitions of the Nagambie Mine system below the alluvial cover of the region.

To protect the company's land position in the area an application has been made for a large exploration tenement (EL5049) adjoining the joint venture acreage to the west. We detail this in Fig 2. along with interpreted structural corridors.

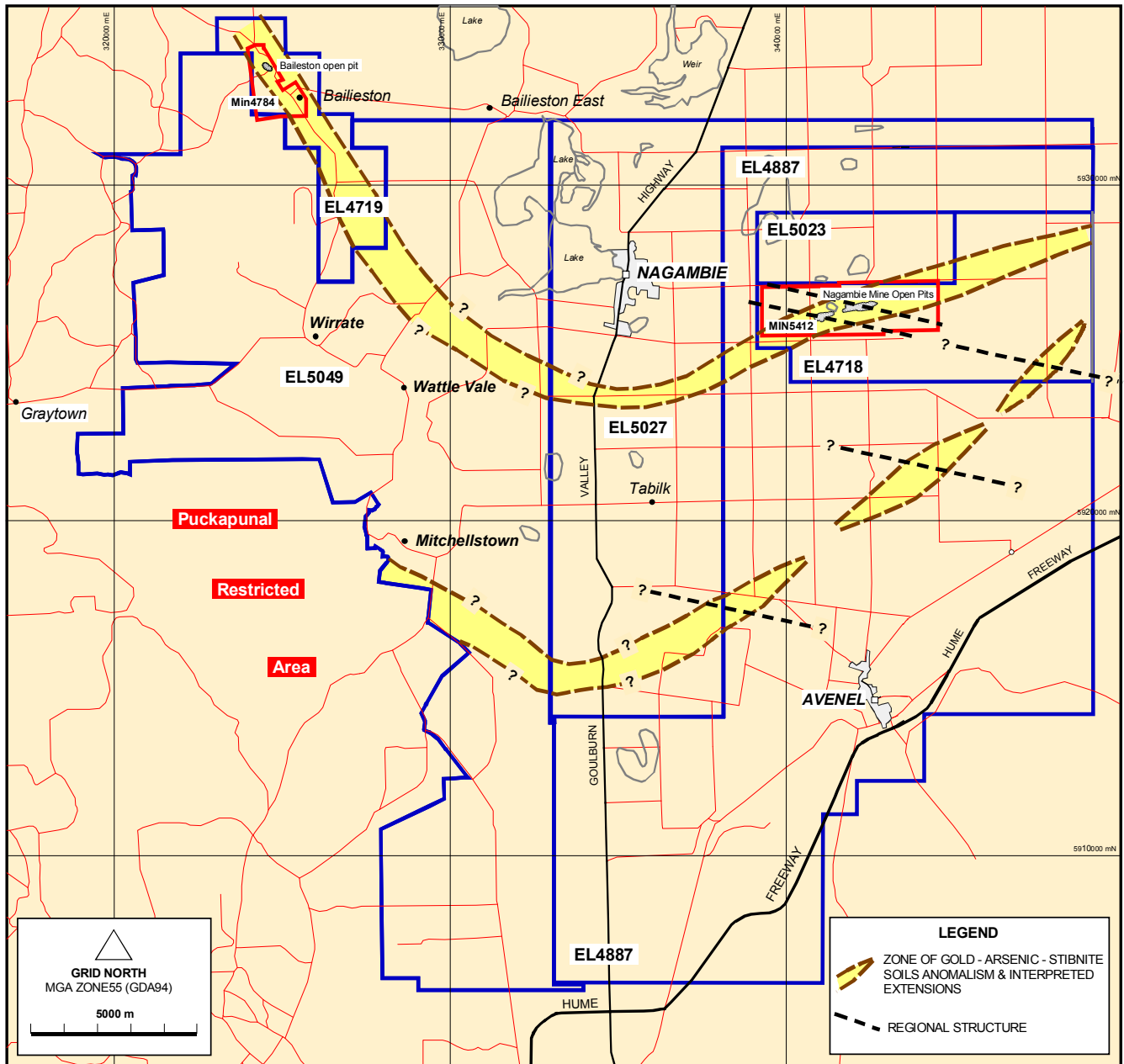


Figure 2: Anomalous Corridors - Nagambie Mine strike extensions, southern repetition and extensions

The second anomalous corridor lying to the south and sub-parallel to the Nagambie gold mine corridor suggests even more strongly the influence of the north-west structural system.

Nagambie Mine Heap Leach Pad Sampling

Subsequent to Quarter's end Panaegis carried out a surface sampling of the Nagambie heap leach pad which is estimated to contain approximately 5 million tonnes of both crushed and run-of-mine ore.

A total of 236 samples were taken at 25 m spacings covering the great majority of the surface of the heap. The bulk of assay returns were in the range 0.2 to 1.0 g/t gold with 13 samples of run-of-mine material returning

grades between 1.0 and 2.6 g/t gold. The average grade of samples above a cut-off 0.2 g/t gold was calculated as 0.56 g/t gold.

Although this surface sampling can only give a preliminary indication of an overall grade for the remaining material, the initial results, given the present day gold price and current processing technologies, show considerable promise in terms of a potentially viable future resource. The joint venture is targeting at least 50,000 in-situ ounces of gold.

Redcastle EL3316 & EL4594 (Panaegis 100%)

All data and results from the two phases of preliminary scout drilling collected and received during the previous quarter are currently being reviewed and analysed.

Drilling yielded some promising results including 10m @ 2.5g/t gold at Mullocky, and 20m @ 0.9g/t gold Mitchell's prospect, such that these and all other results for the Redcastle tenements are being incorporated into a comprehensive interpretation of the identified mineralisation and its potential to lead to discovery of a significant extractable resource.

Taradale EL4894, EL4527 & EL4895 (Panaegis 100%)

Samples of intervals of pyritic shales in the core of the two holes drilled at Taradale (see Figure 3) were taken and sent for assaying. While the pyrite development within the intervals indicated the impact of mineralising fluids, no gold was returned in the samples.

All Taradale results will be reviewed and a drilling program planned to test the anomalous soils geochemistry in the Leviathan-Phoenix zone shown in Figure 3.

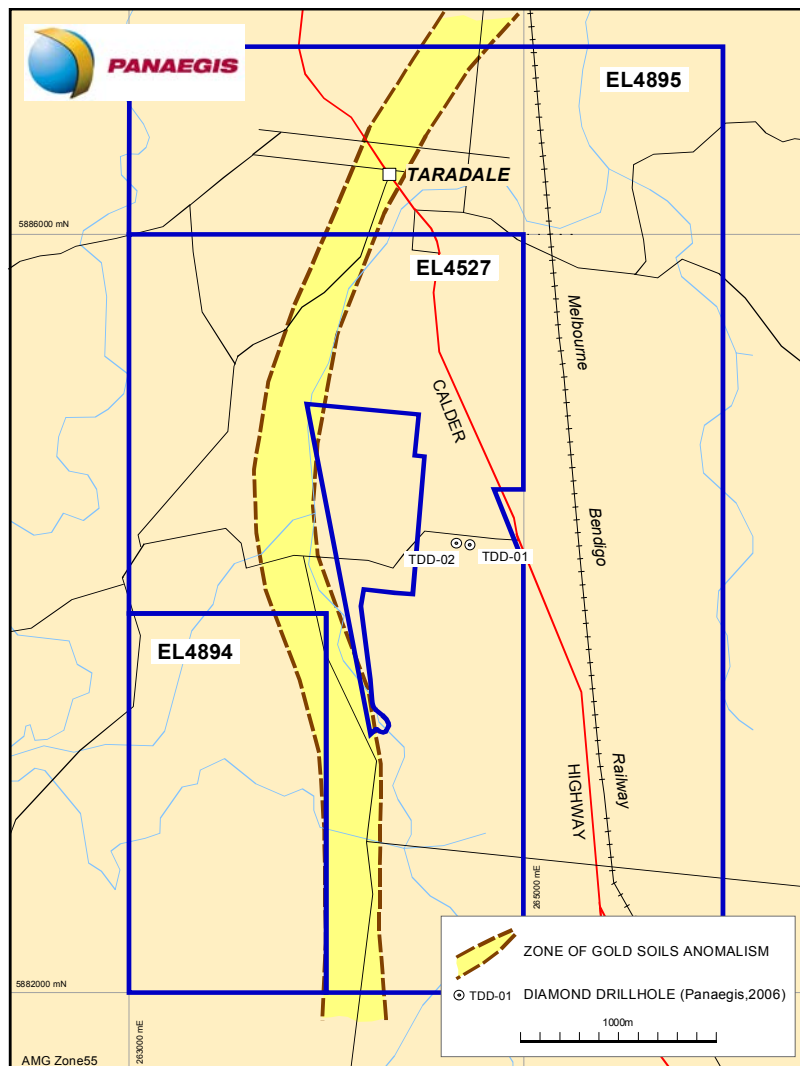


Figure 3: Schematic Plan of anomalous soils geochemistry – Leviathan – Phoenix Zone

Piggoreet - EL4994 (Panaegis 100%)

The Piggoreet project area covers an area of 2 km² and is located approximately 35 kilometres southwest of Ballarat near the township of Scarsdale. Drilling of three holes in the Port Arthur mine area of the property to depths from 60 to 100 metres all recorded significant intervals of pyritic black shales. All holes intersected the position of the targeted reef, at vertical depths ranging from 55 m to 80 m, but either broke into back-filled stopes or development drives (see Figure 4 for pierce point locations). A fourth hole in progress is designed to intercept the target reef below the existing workings and at a vertical depth of around 100 m.

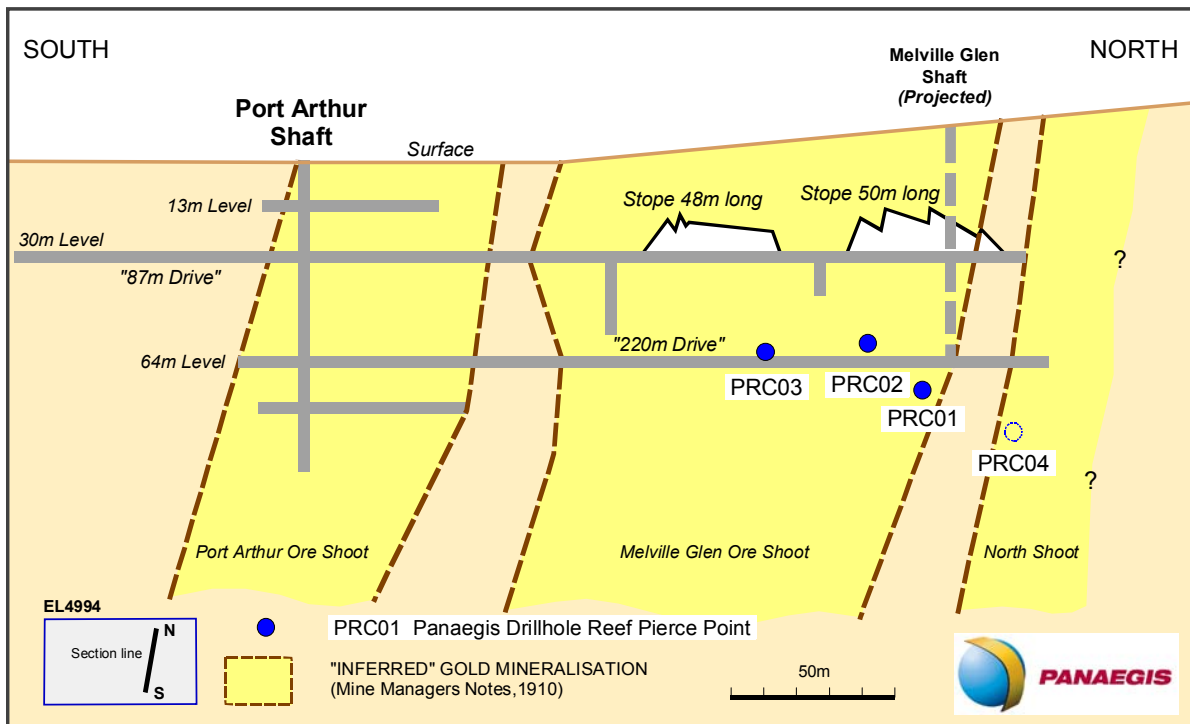


Figure 4: Schematic Section Port Arthur Mine, Piggoreet.

All sample assay returns for the above holes are yet to be received.

Other Tenements

Of 36 rock chip samples from the Black Squalls prospect in the Heathcote (EL4941) project, 3 returned better than 3 g/t gold, 2 returned 2 g/t gold, 1 returned 15 g/t gold, and 1 returned 57 g/t gold. These results are encouraging and the dimensions of the host structure is being interpreted. Planning for follow-up sampling investigations is in progress.

Panaegis has also applied for inclusion within its surrounding Heathcote tenement of the expired Mining Licences related to the Hird's Mine.

The Howqua (EL3424 and MIN5420) tenements were worked during the quarter to review the better outcropping geology following bushfires that burnt out much of the undergrowth. Two of the collected rock chip samples taken in the vicinity of the Great Rand Mine returned assays of 13 g/t and 6 g/t gold.

All approvals are all in place for the commencement of planned roadside drilling at the Nine Mile Mine within Panaegis' Wedderburn (EL4721) tenement. This drilling is intended to test the location, width, and grade of the previously mined structure, and ultimately determine the dimensions of any potential future resource.

New Applications

The Mitchellstown (EL5049) tenement application covers an area of 236 km² and is located to the west of Panaegis' current Nagambie region tenements and extends up to the Puckapunyal Army Reserve boundary. In addition, Panaegis has applied for the inclusion (within its Heathcote tenement) of the Hird's Mine related expired Mineral Licences that its Heathcote (EL4941) tenement surrounds. Panaegis' current tenements and application areas are shown in Figure 5 below.

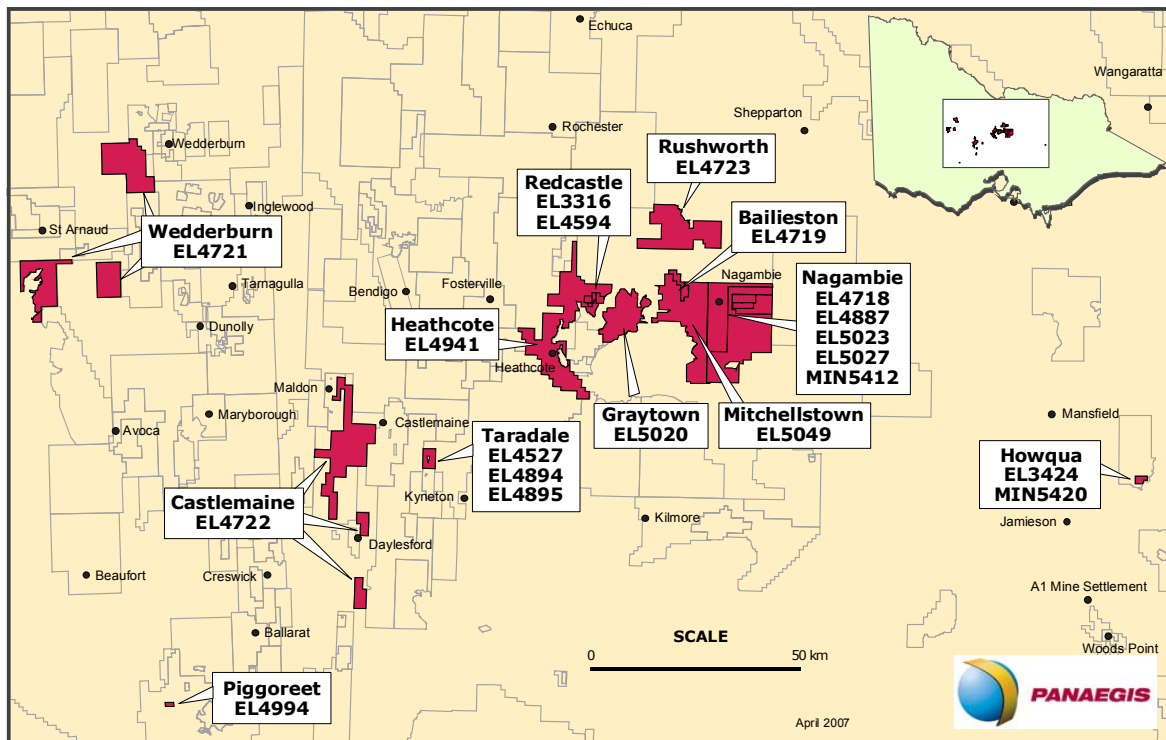


Figure 5: Current Panaegis tenements and new application areas.

CORPORATE

Financial

Panaegis spent a total of \$675,000 on exploration for the March Quarter 2007. Cash at the end of the Quarter was \$1.9 million.

IAN D BUCKINGHAM
Managing Director/CEO

For further information please contact Ian Buckingham on 03 9696 9791 or 0417-335.462

Electronic copies of this report are available on www.panaegis.com.au

Notes: Within this statement references to resources and exploration results have been approved for release by Dr John Cottle PhD FAusIMM, CP(Geology), who is a Competent Person as defined by the JORC Code (2004). He has consented to the inclusion of the material in the form and context in which it appears.