

PANAEGIS

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ASX/MEDIA RELEASE

- * **NAGAMBIE DRILLING PROGRAM - SET TO COMMENCE NEXT WEEK – 2 RIGS RETAINED**
- * **TARADALE REDCASTLE - EXPLORATION DRILLING TO COMMENCE AUGUST 2006**
- * **REDCASTLE – DRILL-READY TARGETS IDENTIFIED**

Panaegis is moving quickly to launch its initial gold exploration drilling programs following its successful underwritten IPO issue raising \$6 million.

MIN 5412 NAGAMBIE GOLD MINE RESOURCE DEFINITION DRILLING - Panaegis earning 51% Operator

Panaegis will mobilise two drilling rigs for its resource definition objective at the Nagambie Gold Mine Joint Venture project, located 120 km north of Melbourne.

Drilling is scheduled for the week commencing 26 June 2006, and will complete an initial two diamond core drill holes. A second Rig is scheduled onsite on 3 July 2006 and will utilise a multi-purpose reverse circulation (RC) and diamond core capability rig to drill 35 RC holes for 6000 metres. The combined Nagambie program will test to depth of 300 metres down dip and along strike extensions of gold mineralisation interpreted from previous drilling results to improve understanding of the structural geology which will aid in the interpretation of the shape and form of sulphide mineralisation identified below the existing pits.

Independent assessment of drill holes below the pit to 120 metres, classified in accordance with the 2004 JORC guidelines, indicates a minimum Inferred Resource of 75,000 ounces of gold. No inferred estimate was made below 120m.¹

Interpretation of the previous drilling indicates that there are shallow plunges along strike that occur in both existing open pits and are readily apparent in long sections. The intervening oxide ore potential between the two pits will also be assessed. These open pits were only mined to the base of oxidation at 30-40 metres depth and wide zones of sulphide mineralisation (over 100 metres horizontal) were left at the base of the western pit. The overall length of the two pits is 1700 metres and a number of sub-parallel mineralised structures occur within the overall mine area.

Assay turn-around time from drill samples is anticipated to be 2 to 3 weeks.

The Nagambie JV will also examine the potential to reactivate heap leach pads at the mine to possibly fast track gold production from the oxide ore previously identified between the existing open pits.

Panaegis is earning a 51% interest, and is Operator in MIN 5412 by the expenditure of \$400,000 by 31 December 2006 and a further expenditure of \$500,000 in the six months to 30 June 2007.

Perseverance Corporation will retain a 49% interest in MIN5412 and will earn 49% interest in Panaegis' EL's 4718 and 4887. Up to 30% of the expenditure commitment by Panaegis may be, at Panaegis' discretion, spent on exploration in the EL's.

EL4527, 4890, 4894, 4895 TARADALE EXPLORATION DRILLING PROGRAM - Panaegis 100%

Panaegis will also launch an RC/diamond core drilling program in August at its Taradale project, 100km northwest of Melbourne.

The drill targets have been identified from an interpretation of historic production and mining records, and will be focused at two distinct mineralisation styles.

Carlin style mineralisation has been identified in an area to the west of the quartz reef system where previous miners identified shear systems containing gold in sulphides. Recent stream sediment geochemical work by Panaegis has confirmed the extensive presence of this style of mineralisation in this area.

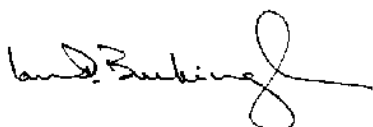
Secondly, the United Kingdom line of workings is a series of stacked quartz saddle reefs similar in style and mineralisation to that observed at the Bendigo field some 55km to the north.

A drilling rig has been identified and is being retained for this proposed 15 hole, approximately 2000 metre program.

If weather conditions prevent access at Taradale, this program will be transferred to the Company 100% held Redcastle (EL's 3316 and 4594) Carlin style drill-ready mineralisation target.

EL's 3316, 4594 REDCASTLE – Panaegis 100%

Drill-ready Carlin mineralisation style targets have been identified by the Company's geochemistry and trenching programs. Initial drilling will commence at Redcastle when a drill rig becomes available.



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

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¹ The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr John W Cottle who is a Member of the Fellow of The Australasian Institute of Mining and Metallurgy. Dr John Cottle is the Principal of Cotco Pty Ltd. Dr John W Cottle 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'. Dr John W Cottle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.