

PANAEGIS GOLD MINES LIMITED

CONTINUOUS DISCLOSURE AND COMPLIANCE POLICY GUIDELINES

INTRODUCTION

Panaegis is committed to open communications with the market on a prompt and regular basis. Panaegis has responsibilities under Corporations Act [and the ASX Listing Rules]. These responsibilities require Panaegis to immediately release all “price sensitive information” to the market outside scheduled reporting events.

[There are exceptions to ASX Listing Rule 3.1 where, for example, the information concerns an incomplete proposal or negotiation or where the information comprises matters of supposition or is insufficiently definite to warrant disclosure. In order for the exceptions to apply, the information needs to be confidential and a reasonable person would not expect the information to be disclosed.]

These guidelines have been prepared in order to set out procedures as to the application of continuous disclosure and to assist Panaegis interpret the application of such policies.

This Continuous Disclosure and Compliance Policy has been formally approved by the Board. Details of the Policy will be disclosed in the annual report of Panaegis on an annual basis together with a brief comment on Panaegis’s practices with respect to such disclosure.

DISCLOSURE OBLIGATIONS

Panaegis has adopted this Continuous Disclosure and Compliance Policy to ensure that Panaegis complies with its disclosure obligations under the Corporations Law [and the Listing Rules of the ASX. The main ASX continuous disclosure requirement is set out in Listing Rule 3.1, which essentially requires Panaegis to immediately notify the ASX of information concerning Panaegis of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of securities of Panaegis. Materially price sensitive information must be immediately notified to the ASX unless it falls within the scope of the confidentiality exemption contained in Listing Rule 3.1.

AUDIT AND RISK COMMITTEE

To oversee the implementation and operation of the Continuous Disclosure and Compliance Policy, an Audit and Risk Committee of the Board has been established. In respect to Continuous Disclosure and Compliance, the Audit and Risk Committee will be responsible

for receiving and reviewing information from reporting officers and making disclosures [to the ASX.] Your primary contact point on the Audit and Risk Committee will be the Company Secretary and you are free to contact him/her if you have any questions about the program.

Upon receipt of a report from a reporting officer, the Company Secretary will distribute the report as a matter of urgency to the Audit and Risk Committee members and convene a meeting of the Audit and Risk Committee. The Audit and Risk Committee may convene a meeting by telephone, or other electronic means of audio or audio-visual communication.

If an Audit and Risk Committee member is not available the remaining two attending Audit and Risk Committee members may make a decision whether to disclose the information [to the ASX]. If the remaining two Audit and Risk Committee members cannot agree whether to disclose the information [to the ASX], then they should seek legal advice.

If two Audit and Risk Committee members are not available, the remaining Audit and Risk Committee member may make a decision to disclose the information after receiving appropriate legal advice.

REPORTING OFFICERS

Reporting officers have been appointed by the CEO. A reporting officer is responsible to:

- ensure that management in their area of responsibility are aware of the Company's Continuous Disclosure and Compliance Policy and seek to ensure that management immediately provides the reporting officer with all material information
- review information provided by management and otherwise obtained by them from the company's reporting systems to determine whether the information is material
- report material information to the Audit and Risk Committee.

INFORMATION TO BE REPORTED

To the extent these matters are relevant to a reporting officer's area of responsibility, they should ensure that they will be able to obtain information on these matters on a timely basis. However, there may be matters outside the checklist which a reporting officer may consider to be sufficiently material to report to the Audit and Risk Committee. If they are in any doubt, they should discuss this with the Company Secretary.

MATERIALITY GUIDELINES

It is Panaegis's policy that price sensitive information should be disclosed to all stakeholders on a timely basis, subject to the various exemptions to such disclosure. Price sensitive information may include, depending on its nature and subject to the matters set out below:

- material changes in financial performance
- material changes to expected future financial performance
- changes in Directors and Senior Executives
- mergers, acquisitions / divestments, material joint ventures or material changes in assets
- material developments in regard to new projects or ventures
- events regarding Panaegis's shares or securities
- substantial litigation
- industry issues or decisions by regulatory bodies of significance that may impact Panaegis

The above list is not exhaustive. Skill and judgment is required to assess all the circumstances in assessing whether a matter is considered "price sensitive information".

Whether a matter is material needs to be considered from both a quantitative viewpoint (e.g. a claim for more than a specified amount) and a qualitative viewpoint (e.g. if it could adversely affect the reputation on the company). Matters which you consider to be material having regard to the Materiality Guidelines should be immediately reported to the Company Secretary. If you are in any doubt as to whether a matter is material then you should nevertheless immediately notify it to the Company Secretary for further consideration.

Panaegis will ensure that all price sensitive information is released to the market on a timely basis, notwithstanding whether such information has a positive or negative sentiment.

CONFIDENTIALITY GUIDELINES

Under ASX Listing Rule 3.1, certain material information does not need to be disclosed if it falls within the scope of the confidentiality exemption in that Listing Rule. It is imperative that all material information be immediately disclosed to the Company Secretary. Only the Audit and Risk Committee can decide that a matter should not be disclosed because it falls within

the confidentially exemption. However, to assist the Audit and Risk Committee in making these decisions, you should provide details as to why you consider the information may be confidential.

If you consider that information could be confidential, then you should take all necessary steps to ensure that the information remains confidential. For instance, that information should not be disclosed to journalists or to other parties except on the basis of a written confidentiality undertaking.

REPORTING

You should immediately report all material information to the Company Secretary. If no material information regarding your area of responsibility arises during the course of a month, then at the end of the month you should nevertheless provide a negative report to the Audit and Risk Committee.

It is important that your report contains sufficient details to allow the Audit and Risk Committee to form a view as to whether the information is material and to prepare the appropriate form of disclosure, if necessary. You should also state for each matter whether you consider the information is confidential and the reasons for forming that view.

COMMUNICATION

Panaegis will communicate all announcements to the ASX by facsimile or by electronic means as permitted by ASX and will ensure that it retains a confirmation that the announcement has been received by the ASX prior to releasing the information to other parties. [Panaegis will post all announcements to its website within twenty-four hours of submitting an announcement to the ASX.]

AUTHORISED SPOKESPERSONS

Panaegis will also nominate specific representatives who are permitted to communicate with external parties including shareholders, analysts and the market. These representatives are known as “Authorised Spokespersons”.

The Authorised Spokespersons of Panaegis are:

- Chairman of the Board of Directors
- CEO

- Company Secretary in relation to ASX Disclosures approved by the Audit and Risk Committee.

Other Directors and executives should refrain from commenting to any party unless specifically authorised to do so by the Board, the Chairman or the CEO.

MARKET RUMOURS

Panaegis will take appropriate action to limit the likelihood of market rumours or information leaks. This will be achieved by:

- ensuring that external advisors (as appropriate) and staff are subject to confidentiality limitations. Panaegis's employment contract with staff contains confidentiality provisions
- limiting the dissemination of confidential information to those parties who "need to know" the information
- developing an internal culture that recognizes and accepts the need for good governance generally and, in particular, recognises the need for confidentiality.

Where there are market rumours or leaks, the Chairman and CEO will consider immediately, and after consideration of all the circumstances, will decide on a course of action. In some cases this will require further disclosure to the ASX to ensure that all parties have equal access to information. If necessary, legal advice will be obtained to ensure that the response is appropriate.

BRIEFINGS

Panaegis will refrain from providing briefings to analysts and institutional investors leading up to the release of half yearly and yearly results. As a guide, a "blackout period" of 30 days prior to the release of half yearly and yearly results will normally be imposed, during which period Panaegis will not provide direct or indirect briefings to analysts.

In any event where briefings occur, Panaegis will ensure that information is disclosed only where it has previously been announced to the market. Briefings may be used to clarify information previously released however price sensitive information should not be provided unless it has been previously disclosed.

Only an Authorised Spokesperson may make presentations at any analyst briefing. The scope of any such discussions should be agreed in writing prior to the meeting with the

analysts. Panaegis will ensure that prior to the meeting the analysts are aware that Panaegis is unable to provide price sensitive information which has not been disclosed.

On all occasions Panaegis will be cautious in responses to questions, and where appropriate refrain from answering questions to ensure that all parties have access to available information. Panaegis should not speculate regarding expected future performance or actual past performance unless the market has been informed in this regard.

Panaegis should regularly inform the market of past performance against budget, the expected future results and any revisions of expectations. Such information must be provided to the market as a whole rather than to specific stakeholders. In the event that information is inadvertently disclosed that is price sensitive, Panaegis will immediately release this information to the market.

REVIEW OF PROGRAM

The Continuous Disclosure and Compliance Policy will be reviewed regularly by the Audit and Risk Committee and the Board, having regard to the changing circumstances of Panaegis and any changes to the Policy will be notified to you in writing.

Updates and amendments to this Policy will be the responsibility of the Company Secretary. All new management or other relevant staff will be provided with a copy of this Policy as part of their induction into Panaegis. Any updates or amendments as approved by the Board will be notified to appropriate officers and staff by the Company Secretary.

REPORTING TO THE BOARD

On a six monthly basis (or more regularly, if appropriate), the Company Secretary will report to the Board in regards to compliance issues relating to this Policy. Material non-compliance with these policies will be reported to the full Board immediately.

DISCLOSURE

The Board will make appropriate disclosure to shareholders in Panaegis's Annual Report of the key aspects of this Policy on Disclosure and Compliance, including explaining any departure from the best practice recommendations set out in the Australian Stock Exchange Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations.