



**PEGASUS
METALS
LIMITED**

ASX ANNOUNCEMENT

18 OCTOBER 2018

CORPORATE UPDATE

Pegasus Metals Limited (ASX: **PUN** or the **Company**) is pleased to provide the following corporate update.

COMPLETION OF SCORPION TRANSACTION

Following the general meeting of shareholders held 2 October 2018, the Company is pleased to advise that the acquisition of Scorpion Minerals Limited ("**Scorpion**") is now complete. 12 million fully paid ordinary shares were issued to the shareholders of Scorpion on 18 October 2018 (*refer to Appendix 3B*) in accordance with a resolution of shareholders dated 2 October 2018.

BOARD CHANGES

The Company is pleased to announce that Ms Bronwyn Barnes and Mr Grant Osborne have agreed to join its Board of Directors, effective 31 October 2018.

Ms Bronwyn Barnes

Ms Barnes has more than 18 years' experience in the resources sector having worked for companies ranging from BHP Billiton to emerging juniors in director and operational roles in Australia and overseas. With extensive experience in working in Francophone West Africa, she is currently Non-Executive Chair of Indiana Resources Limited (ASX: IDA), Non-Executive Director of MOD Resources Ltd (ASX: MOD), a Councillor of the Association of Mineral and Exploration Companies (AMEC), a member of the Advisory Council for the Curtin University School of Business and an Independent Director of Perth Racing. In 2015, Ms Barnes' contribution to the resources sector was recognised when she was awarded the prestigious Outstanding Woman in Resources Award by the WA Chamber of Minerals and Energy. She was also awarded the national Exceptional Woman in Australian Resources Award 2015.

Mr Grant Osborne

Mr Grant "Rocky" Osborne is a geologist with over 39 years' experience in Australia, South America and other countries. He is a member of the Australasian Institute of Mining and Metallurgy, the Geological Society of Australia, the Australian Institute of Geoscientists and a Fellow of The Society of Economic Geologists. Mr Osborne is a Non-Executive Director of Podium Minerals Limited.

Director Resignations

Mr Michael Fotios and Mr Alan Still have agreed to resign as directors of the Company, with the resignations taking effect from 31 October 2018. The Board would like to thank Mr Fotios and Mr Still for their service to the Company since their respective appointments and wish both Mr Fotios and Mr Still every success in their future endeavours.

BOARD OF DIRECTORS

Mr Michael Fotios
Non-Executive Director

Mr Neil Porter
Non-Executive Director

Mr Alan Still
Non-Executive Director

Ms Brendon Morton
Company Secretary

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NEWA JOINT VENTURE – DABLO PROJECT

As previously announced, Scorpion holds the rights to acquire up to a 70% joint venture interest in the Dablo Pd-Pt-Au-Ni-Cu (palladium-platinum-gold-nickel-copper) exploration project (“**Dablo Project**”) located in Burkina Faso.

Pursuant to the memorandum of agreement and the proposed commercial terms of the JV with NEWA, Scorpion can acquire up to a 70% interest in the Dablo Project in two phases:

- Phase 1 – Scorpion to spend \$4 million on agreed expenditure within 24 months after the date the conditions precedent to the JV agreement are satisfied to earn an initial interest of 51% in the Dablo Project with a requirement for Scorpion to spend a minimum of \$1.15 million within 12 months from the date of commencement.
- Phase 2 – On completion of Phase 1, Scorpion can earn up to a further 19% interest (being a cumulative interest of 70%) in the Dablo Project by spending up to a further 4 million on agreed expenditure within the period of 18 months after completion of Phase 1.

On completion of Phase 2, the parties must jointly contribute to expenditure at the Dablo Project in proportion to their ownership interests or dilute on terms that are usual in agreements of this nature.

The Company is pleased to confirm that Scorpion has spent approximately \$1.3 million in the period to 30 September 2018, earning an interest of 15% in the Dablo Project.

UNSECURED LOAN AGREEMENT – VARIATION/CONVERSION

Further to the announcement dated 26 October 2017, together with the announcement dated 27 September 2018, the Company advises that the terms of the unsecured loan agreement between the Company and entities associated with Mr Michael Fotios, a major shareholder and director of the Company (**Loan**) have been varied as follows:

Repayment in Cash or Shares

The following additional wording has been inserted:

*“At any time after 16 October 2018, should the volume weighted average price of the ordinary shares in the capital of the borrower (**Shares**) exceed \$0.25 per Share over a continuous 30 day period, then the Company may, at its election, repay the outstanding balance of the Loan (including any accumulated interest) in cash or Shares (subject to shareholder approval)”*

Loan Amount

The Loan Amount has been increased from \$1,500,000 to \$2,000,000.

Conversion

Following a resolution of shareholders at the general meeting held 2 October 2018, an amount of \$800,000 of the drawn loan balance was converted to equity at an implied price of \$0.03 per share. Following conversion of the loan, the total consolidated drawn balance (unaudited) of the Loan is \$609,533.

CHANGE OF NAME

Following a special resolution of shareholders on 2 October 2018, the Company will change its name from Pegasus Metals Limited to Scorpion Minerals Limited. This name change will take effect on the date on which ASIC alters the details of the Company's registration. In connection with the name change, the Company will also change its ASX code from PUN to SCN.

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Enquiries

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Non-Executive Director

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