



QUARTERLY ACTIVITIES REPORT FOR QUARTER ENDING 30 SEPTEMBER 2015

ASX Announcement
30 October 2015

Shares on Issue
123,074,519

Current Share Price
A\$0.011

Market
Capitalisation
A\$1.2m

Board of Directors
Mr Michael Fotios
*Non-Executive
Director*

Mr Alan Still
*Non-Executive
Director*

Mr Michael Jardine
*Non-Executive
Director*

Contact Details
24 Mumford Place
Balcatta WA 6021
Ph: 08 6241 1888

Projects
Mt Mulcahy: Cu Zn Ag

HIGHLIGHTS

- Further R&D rebates expected after lodgement of 2015 claim
- Regional project review continued, with one opportunity assessed
- Further review work at Mt Mulcahy prior to EM surveys and drill testing

Pegasus Metals Limited (ASX: PUN) provides the following report on its activities during the September 2015 quarter.

MT MULCAHY COPPER PROJECT, Murchison, WA

The focus of activities during the September quarter was review of the planned downhole and surface EM programmes aimed. The Company plans to complete these programmes during the December quarter, followed by drill testing of the priority EM targets considered to have similar characteristics to the South Limb Pod mineralisation. The Company also reviewed advanced projects nearby to Mt Mulcahy with the potential to add to existing resources

OPPORTUNITIES

Pegasus Metals continued to look for growth opportunities that would benefit shareholders, including company mergers and advanced exploration or mining project acquisitions, with a particular focus on copper and other base metals.

Projects located in the Murchison district, that further support the development of the Company's Mt Mulcahy Project, will be a particular focus of the Board in its ongoing assessment of new opportunities.

CORPORATE

The Company has lodged applications for R&D rebates under the Federal Government's Research & Development Incentive Scheme. Further rebates are expected to be received (2015 rebate) in the December 2015 quarter.



For further information contact:

Michael Fotios
Non-Executive Director

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Forward Looking Statements

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Addendum - Tenement Table ASX Listing Rule 5.3.3

➤ ***The mining tenements held at the end of each quarter and their location***

| TENEMENT No. | LOCATION | STATUS | INTEREST % | HOLDER |
|---------------------|-----------------|---------------|-------------------|----------------------------|
| EL20/422 | WA | Granted | 100 | Black Raven Mining Pty Ltd |

The Group holds a 100% interest in the tenement pursuant to an executed Tenement Sale Agreement with Black Raven Mining Pty Ltd dated 14 June 2012. Transfer of the tenement to the Group is pending with the remaining step being submission of duty-stamped Tenement Sale Agreement to the DMP.

➤ ***The mining tenements disposed of during the quarter and their location***

Nil

➤ ***The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter***

Nil

➤ ***The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter***

Nil

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96; Origin: Appendix 8; Amended 1/7/97, 1/7/98 and 30/9/2001.

Name of entity

PEGASUS METALS LIMITED

ABN

40 115 535 030

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (679) | (679) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (430) | (430) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 42 | 42 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Receipt of R&D tax refund | 1,432 | 1,432 |
| 1.7 Other - GST recouped | (24) | (24) |
| Net operating cash flows | 341 | 341 |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans from other entities | - | - |
| 1.11 Loans repaid to other entities | - | - |
| 1.12 Other (provide details if material) | - | - |
| Net investing cash flows | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | 341 | 341 |

+ See chapter 19 for defined terms.

| | | | |
|---|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | 341 | 341 |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | - | - |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 13 | 13 |
| 1.17 | Repayment of borrowings | (355) | (355) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other – capital raising costs | - | - |
| Net financing cash flows | | (342) | (342) |
| Net increase (decrease) in cash held | | (1) | 1 |
| 1.20 | Cash at beginning of quarter/year to date | 13 | 13 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 12 | 12 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 16 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 **Explanation necessary for an understanding of the transactions**

All payments to Directors and associates are on normal commercial terms.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | 1,000 | - |
| 3.2 Credit standby arrangements | - | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|-----------|
| 4.1 Exploration and evaluation | 50 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 25 |
| Total | 75 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 2 | 3 |
| 5.2 Deposits at call | 10 | 10 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.22) | 12 | 13 |

Changes in interests in mining tenements

| | Tenement reference and location | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|---------------------------------------|-------------------------------------|--|-------------------------------|
| 6.1 Interests in mining tenements relinquished, reduced or lapsed | <i>See attached addendum</i> | | | |
| 6.2 Interests in mining tenements acquired or increased | <i>Nil</i> | | | |

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 Preference +securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 123,074,519 | 123,074,519 | | Fully Paid |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 8,000,000 | | <i>Exercise price</i> \$0.35 | <i>Expiry date</i> 31 December 2015 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | | |
| 7.10 Lapsed during quarter | | | | |
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 October 2015
(Director)

Print name: Michael Fotios

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** - The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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