



QUARTERLY ACTIVITIES REPORT FOR QUARTER ENDING 31 MARCH 2016

ASX Announcement
29 April 2016

Shares on Issue
116,174,519

Current Share Price
A\$0.016

Market
Capitalisation
A\$1.9m

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

- Detailed geological assessment and target prioritisation at Mt Mulcahy remains ongoing
- Board continues to review both regional and other project opportunities

Pegasus Metals Limited (ASX: PUN) provides the following report on its activities during the March 2016 quarter.

MT MULCAHY COPPER PROJECT, Murchison, WA

Geology Discussion:

The Mt Mulcahy project hosts the Mount Mulcahy copper-zinc deposit, volcanic-hosted massive sulphide (VMS) zone of mineralisation, with a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, and 20g/t Ag (refer ASX release 25 September 2014).

The horizon hosting this mineralisation can be traced for a distance of at least 12 kilometres along strike and excellent potential exists for additional mineralisation to be discovered along this prospective horizon.

Geology Activities:

The focus of activities during the March 2016 quarter was further refinement of the exploration strategy by new geological management, and prioritisation of new target areas.

As discussed in the previous quarterly report, coincident surface Cu and Zn geochemistry, VTEM targets, and mapped sediment units now form the basis for priority targets. The review has also highlighted a strong structural component to the VMS resource, and down-plunge oriented diamond drilling of the current resource is being planned, to better understand mineralising controls, and apply these to other targets.

Downhole TEM acquisition, processing and interpretation is planned for the next field season, along with ground EM data acquisition. Planning for surface sampling within the core of the syncline, and the eastern extent of the northern limb has been finalised, and will include gold analyses for the first time.



NEW OPPORTUNITIES

During the March 2016 quarter, Pegasus Metals continued to look for growth opportunities that would benefit shareholders, including:

- potential company mergers;
- projects located in the Murchison district that would further support the development of Mt Mulcahy; and
- other advanced exploration, development or operating project acquisitions, in Western Australia or elsewhere, with a particular focus on copper and other base metals.

CORPORATE

Subsequent to the period end, the Company intends to lodge an application for its 30 June 2015 R&D rebate under the Federal Government's Research & Development Incentive Scheme. The amount of the intended rebate is yet to be finalised.

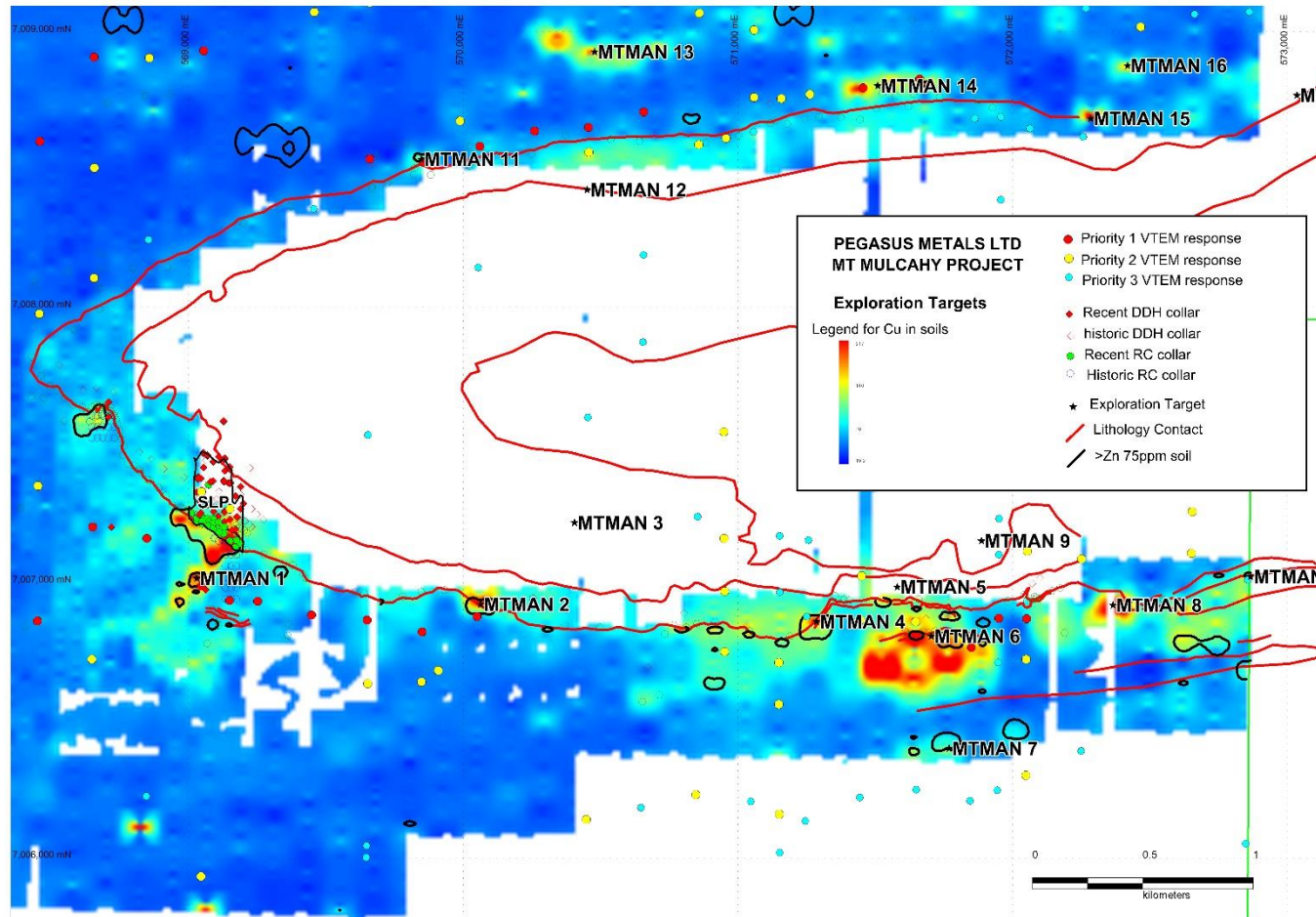


Figure 1: Mt Mulcahy Exploration targets, shown with soil geochemistry, VTEM anomalies, and lithology contacts



For further information contact:

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Non-Executive Director

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Competent Persons Statements

Information in this announcement that relates to the Mt Mulcahy Mineral Resource estimations has been compiled by Rob Spiers, who was an employee of geological consultants H&S Consultants Pty Ltd at the time of resource reporting and a Member of The Australian Institute of Geoscientists. Mr Spiers 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 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that the form and context in which the information is presented has not been materially modified and it is not aware of any new information or data that materially affects the information included in the relevant market announcements, as detailed in the body of this announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimates continue to apply and have not materially changed.

Forward Looking Statements

Pegasus Metals Ltd has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Pegasus Metals Ltd, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimate.



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
E20/422	WA	Granted	100	Black Raven Mining Pty Ltd
E20/840	WA	Granted	100	Pegasus Metals Ltd

The Group holds a 100% interest in the E20/422 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 and transfer form 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")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for	-	(679)
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(35)	(466)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	43
1.5 Interest and other costs of finance paid	-	-
1.6 Receipt of R&D tax refund	-	1,432
1.7 Other - GST to be recouped	(3)	(27)
Net operating cash flows	(38)	303
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)	-	303

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(38)	303
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	36	49
1.17	Repayment of borrowings	-	(355)
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	-	-
	Net financing cash flows	36	(306)
Net increase (decrease) in cash held			
		(2)	(3)
1.20	Cash at beginning of quarter/year to date	12	13
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	10	10

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	-
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

+ See chapter 19 for defined terms.

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	978	22
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	2
5.2 Deposits at call	8	10
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	10	12

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	116,174,519	116,174,519		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>				
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:

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Date: 29 April 2016

(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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