

# **PEGASUS METALS LIMITED**

## **ACN 115 535 030**

# **PROSPECTUS**

For the issue of up to 100 Shares to investors at an issue price of \$0.03 each to raise up to \$3 before costs

**This is a compliance prospectus to facilitate secondary trading of Shares issued and to be issued by the Company under section 708A(11) of the Corporations Act 2001 (Cth)**

**This is an important document. Please consult your professional adviser(s) if you have any questions. Investment in the Shares offered by this Prospectus should be regarded as speculative in nature.**

## **IMPORTANT NOTICE**

This is a compliance prospectus to facilitate secondary trading of Shares recently issued and to be issued by the Company under section 708A(11) of the Corporations Act.

This Prospectus is dated 16 February 2018 and was lodged with ASIC on that date.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Neither ASIC nor ASX take any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates.

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

The distribution of this Prospectus (including in electronic form) in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

It is important that you read this Prospectus carefully, in its entirety and seek professional advice where necessary before deciding to invest in the Company. In particular, in considering the prospects for the Company, you should consider the risk factors that could affect the performance of the Company. The Offer does not take into account your investment objectives, financial situation and particular needs. Accordingly, you should carefully consider the risk factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Shares the subject of this Prospectus should be considered speculative.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

## **WEB SITE – ELECTRONIC PROSPECTUS**

A copy of this Prospectus may be downloaded from the Company's website at [www.pegasusmetals.com.au](http://www.pegasusmetals.com.au). Any person accessing the electronic version of this

Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. The information on the Company's website at [www.pegasusmetals.com.au](http://www.pegasusmetals.com.au) does not form part of this Prospectus.

The Corporations Act prohibits any persons passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any persons may obtain a hard copy of this Prospectus free of charge by contacting the Company by telephone on +61 8 6241 1877 during normal business hours.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

## **FOREIGN JURISDICTIONS**

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Shares or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia.

## **GLOSSARY**

Certain terms and abbreviations used in this Prospectus have defined meanings which are

explained in the Glossary at the end of the Prospectus.

statements. These risk factors are set out in section 3 of this Prospectus.

## **RISK FACTORS**

Shareholders and potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which Shareholders and investors should be aware are set out in section 3 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Shareholders and investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects' or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these

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## 1. BACKGROUND AND DETAILS OF THE OFFER

### 1.1 Background

On 10 January 2018, the Company announced that it had entered into an agreement with Scorpion Minerals Limited (**Scorpion**) to acquire a 100% interest in Scorpion. Scorpion owns the rights to engage in a joint venture over the Dablo Pd-Pt-Au-Ni-Cu (palladium-platinum-gold-nickel-copper) Project in Burkina Faso (**Dablo Project**).

The acquisition of Scorpion is subject to Company shareholder approval.

The Dablo Project comprises four exploration tenements covering 981km<sup>2</sup> of an early Birmian age greenstone belt containing a largely unexplored, significant (>35km long) ultramafic-mafic complex in a region which also hosts large-scale Au deposits (Esskane and Inata) and a VMS deposit (Perkoa).

Scorpion holds a right to 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 to earn an initial interest of 51% in the Dablo Project;
- **Phase 2** – Scorpion can earn up to a further 19% interest in the Dablo Project by spending up to a further \$4 million on agreed expenditure within the period of 18 months after the completion of Phase 1;
- Scorpion must spend a minimum of \$1.15 million within 12 months. Scorpion has currently spent \$400,000 to date.

### 1.2 Purpose of the Offer

*Recent and proposed Share Issues*

#### (a) Pegasus Acquisition of Scorpion

The Company is to acquire 100% of the issued share capital of Scorpion for \$360,000, via the issue to shareholders of Scorpion of 12,000,000 fully paid ordinary shares in the capital of the Company at an implied price of \$0.03 per Share (**Scorpion Acquisition**).

In addition, the promoters and directors of Scorpion will be issued three (3) tranches of Options in the capital of the Company (**Scorpion Options**) as follows:

- Tranche 1 – 15,000,000 Options with an exercise price of \$0.03 per Option, expiring 12 months from the date of issue;
- Tranche 2 – 15,000,000 Options with an exercise price of \$0.05 per Option, expiring 24 months from the date of issue; and
- Tranche 3 – 15,000,000 Options with an exercise price of \$0.10 per Option, expiring 36 months from the date of issue.

In connection with the Scorpion Acquisition, the Company will assume the outstanding loan obligations of Scorpion under a \$500,000 loan facility with Investmet Limited, an entity associated with Michael Fotios (**Investmet Loan Facility**). As part of the transaction, one-half of the Investmet Loan Facility, amounting to \$250,000, will be repayable to Investmet out of funds received by way of a placement of shares in the Company (outlined below). Any amount in excess of \$250,000 will become repayable in either cash or shares, at the Company's election, once the Company share price has traded as a volume weighted average price above 25 cents per share over a continuous 30-day period.

#### (b) Placement

In connection with the Scorpion Acquisition, the Company will undertake a placement under ASX Listing Rule 7.1 to sophisticated investors of 20,000,000 Shares at a price of \$0.03 per Share, to raise \$600,000 before costs associated with the issue (**Placement**).

The Placement funds will be applied to progress the Scorpion Acquisition and exploration of the Dablo Project as well as to exploration activities at the Company's Mt Mulcahy Copper Project, working capital and repaying \$250,000 of the Investmet Loan Facility outlined in paragraph 1.2(a) above.

(c) Investmet Options

The Scorpion Acquisition is subject to the following conditions precedent:

- Scorpion obtaining all necessary regulatory and shareholder approvals pursuant to the Corporations Act or any other law (including ASIC relief).
- The Company obtaining all necessary shareholder and regulatory approvals pursuant to the Listing Rules, the Corporations Act and any other law (including ASX approvals and waivers and ASIC relief) to allow the Company to lawfully complete the Scorpion Acquisition, including but not limited to, approval pursuant to item 7 of s.611 of the Corporations Act in relation to the debt conversion referred to below.
- The Company currently has outstanding Directors' loans amounting to approximately \$1,600,000. As part of the Scorpion Acquisition, one half of the outstanding Directors' loans, equating to \$800,000, will be converted into equity in the Company at an implied rate of \$0.03 per Share, with the balance to remain outstanding. In addition, repayment terms are to be extended and the Company will be entitled to make repayments in either cash or Shares, at the Company's election, once the Company share price has traded as a volume weighted average price above \$0.25 per share over a continuous 30 day period.

(together, the **Conditions**)

Subject to satisfaction of the Conditions, in consideration for Investmet entering the loan terms outlined above, Investmet will be issued three (3) tranches of Options in the capital of the Company (**Investmet Options**) as follows:

- Tranche 1 – 7,500,000 Options with an exercise price of \$0.03 per Option, expiring 12 months from date of issue;
- Tranche 2 – 7,500,000 Options with an exercise price of \$0.05 per Option, expiring 24 months from date of issue;
- Tranche 3 – 7,500,000 Options with an exercise price of \$0.10 per Option, expiring 36 months from date of issue.

*Purpose of the Prospectus*

The primary purpose of this Prospectus is to remove any trading restrictions that attach to the Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus).

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
  - (i) on or after the day on which the relevant securities were issued; or
  - (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

The purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act so that Shareholders under the Placement and the Scorpion Acquisition, if they choose to, can sell the Shares issued to them within the next twelve months without the issue of a prospectus.

The Company is not undertaking the Placement or the Scorpion Acquisition with the purpose of shareholders selling or transferring their Shares. However, the Directors consider that Shareholders should be able to sell their Shares should they wish to do so, without being required to issue a prospectus.

### 1.3 Details of the Offer

Under this Prospectus, the Company is inviting selected investors to apply for up to 100 Shares at an issue price of \$0.03 per Share to raise \$3 before issue costs (**Offer**).

### 1.4 Minimum Subscription

There is no minimum subscription.

### 1.5 No Underwriting

The Offer is not underwritten.

### 1.6 Key Dates

Event	Date
Lodgement of Prospectus	16 February 2018
Opening Date of Offer	16 February 2018
Closing Date of Offer	16 March 2018 (5.00pm WST)

The above dates are indicative only and may vary. The Company reserves the right to change the key dates of the Offer without prior notice, which may have a consequential impact on other dates. The Company also reserves the right not to proceed with the Offer at any time before the issue of Shares to Applicants.

### 1.7 Application for Shares

This Offer is being extended to investors who are invited by the Company to subscribe for Shares and is not open to the general public. The Company may determine in its discretion whether to accept any or all Applications.

Applications for Shares must be made using the Application Form attached to this Prospectus. To the maximum extent permitted by law, the Directors will have discretion over which Applications to accept.

Applicants will need to follow the procedures advised to them by the Company for Applications under this Offer.

There is no guarantee that the Offer will proceed or that any applications will be accepted.

### 1.8 Allotment and Application Money

This Prospectus has been issued primarily to remove any trading restrictions that attach to the Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus). As such, it is not anticipated that the Company will issue any Shares under this Prospectus.

The Directors will determine the allottees of the Shares (if any). The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for.

Where the number of Shares allotted is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no

allotment is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

All Application Monies received before the Shares are issued will be held in a separate bank account of the Company and held in trust until the Shares are issued or Application Monies returned. Any interest that accrues will be retained by the Company. After any Application Money is refunded (if relevant) and Shares are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

In the event that the Directors decide to issue Shares under this Prospectus, and subject to the ASX granting the Official Quotation of the Shares, it is expected that the Shares will be issued as soon as practicable after the Closing Date.

The Company also reserves the right to close the Offer or any part of it early, or extend the Offer or any part of it, or accept late Application Forms either generally or in particular cases.

## **1.9 ASX Quotation**

Application will be made within 7 days of the date of issue of this Prospectus for the Shares to be granted Official Quotation by ASX. If the Shares are not admitted to Official Quotation within three months after the date of this Prospectus, none of the Shares offered by this Prospectus will be issued. In that circumstance, all Applications will be dealt with in accordance with the Corporations Act.

## **1.10 Rights attaching to Shares**

From the time of issue, the Shares issued under this Prospectus will rank equally in all respects with Existing Shares. A summary of the rights attaching to Shares as set out in the Company's constitution are contained in section 4 of this Prospectus.

## **1.11 Market Prices of Existing Shares on ASX**

The highest and lowest market sale price of Existing Shares, which are on the same terms and conditions as the Shares being offered under this Prospectus, during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	<b>3 months high</b>	<b>3 months low</b>	<b>Last Market Sale Price</b>
<b>Existing Shares</b>	\$0.04 30 January 2018	\$0.025 3 January 2018	\$0.03 15 February 2018

## **1.12 Tax Consequences**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## **1.13 Distribution of Prospectus**

The Prospectus has been prepared by the Company. In preparing the Prospectus, the Company has taken reasonable steps to ensure that the information in the Prospectus is not false or misleading. In doing so, the Company has had regard to the prospectus requirements of the Corporations Act.

Prospective investors should read the full text of the Prospectus as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of the Company nor the securities offered pursuant to the Prospectus.

No persons are authorised to give any information in relation to or to make any representation in connection with the Offer described in the Prospectus that is not contained in the Prospectus. Any such information or representation may not be relied upon as having been authorised by the Company in connection with the Offer.

The Prospectus provides information to assist investors in deciding whether they wish to invest in the Company and should be read in its entirety. If you have any questions about its contents or investing in the Company you should contact your stockbroker, accountant or other financial adviser.

#### **1.14 Applicants Outside Australia**

The Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Intending investors resident outside Australia should first consult their professional advisers as to whether or not governmental or other consents are required, or whether formalities need to be observed to enable them to invest. Intending non-resident investors should also seek advice in respect of the taxation effect of an investment in the Company and dividends that the Company may distribute in the future.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. Please refer to the front of this Prospectus under the heading "Foreign Jurisdictions" for details on the offer restrictions applicable to this Offer.

#### **1.15 Opening and Closing Dates of Offer and Withdrawal or Early Close**

The Offer will open on 16 February 2018 or such later date as may be prescribed by ASIC, and will remain open until 5.00pm (WST) on 16 March 2018, subject to the right of the Company to withdraw the Offer or either close the Offer at an earlier time and date or extend the Closing Date, in each case without prior notice. If the Offer does not proceed, Application Monies will be refunded without interest to Applicants in accordance with the Corporations Act.

## 2. PURPOSE AND EFFECT OF THE ISSUE

### 2.1 Purpose of the Issue

The primary purpose of this Prospectus is to remove any trading restrictions that attach to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus). All of the funds raised from the Offer (if any) will be applied towards Issue costs.

### 2.2 Effect of the Issue on capital structure

The capital structure of the Company following the Offer (including Shares issued pursuant to the Scorpion Acquisition, Placement and the Option exercise notices received by the Company as at the date of this Prospectus) is set out below:

Issued Share Capital	Number of Shares
Shares on issue prior to the Scorpion Acquisition or Placement	116,174,519
Shares issued under the Scorpion Acquisition and Placement	32,000,000
Shares issued under this Prospectus	100
<b>Total Shares on issue after the close of the Offer</b>	<b>148,174,619</b>

The Company also has the following Options on issue (including Options issued pursuant to the Scorpion Acquisition and the Placement), and the number of Options on issue will not change as a result of the Issue:

	Number of Options
Options on issue prior to the Scorpion Acquisition	Nil
Options to be issued under the Scorpion Acquisition to Scorpion and Investmet	67,500,000
<b>Total number of Options on issue after the close of the Offer</b>	<b>67,500,000</b>

There will not be a material impact on the control of the Company as a result of the Issue.

### 2.3 Effect of the Issue on the Company's financial position

After the payment of Issue costs, there will be no proceeds from the Issue. The expenses of the Issue will be met from the Company's existing cash reserves and proceeds of the Placement.

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### 3. RISK FACTORS

#### 3.1 Overview

- (a) An investment in the Company is not risk free and investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Shares. Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares.
- (b) This section describes key risks associated with an investment in the Company. It is not an exhaustive list of the risks and should be considered in conjunction with other information disclosed in this Prospectus. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company. Investors should specifically consider the factors contained in this section and elsewhere in the Prospectus in light of their own investment objectives and financial circumstances, and should seek professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares.

#### 3.2 Mining and mineral exploration industry risks

- (a) Exploration and evaluation risks
  - (i) The success of the Company depends on the delineation of economically minable reserves and resources in the Company's projects, access to required development capital, movement in the price of commodities, securing and maintaining licences for the Company's exploration tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.
  - (ii) Exploration on the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.
- (b) Ability to exploit successful discoveries

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploration would involve obtaining the necessary licences or clearances from the relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploration may require participation of other companies whose interests and objectives may not be the same as the Company's.
- (c) Mining tenements
  - (i) Interests in tenements in Western Australia are governed by the *Mining Act 1978* (Cth) (**Mining Act**) and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.
  - (ii) If the Company does not comply with the minimum expenditure requirements or other applicable conditions relating to tenements where it is the registered holder, then those tenements will be at risk of forfeiture unless a total or partial exemption is granted in accordance with relevant legislation. Even if the Company is entitled to seek an exemption, it may nevertheless be subject to the attempt of a third party to claim a failure to

satisfy expenditure conditions which may need to be resolved through litigation.

(d) Mining and development risk

- (i) Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and/or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.
- (ii) Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

(e) Resource estimations

Resource estimates are expressions of judgment based on knowledge, experience and resource modelling. As such, resource estimates are inherently imprecise and rely to some extent on interpretations made. Despite employing qualified professionals to prepare resource estimates, such estimates may nevertheless prove to be inaccurate. Furthermore, resource estimates may change over time as new information becomes available. Should the company encounter mineralisation or geological formations different from those predicted by past drilling, sampling and interpretations, resource estimates may need to be altered in a way that could adversely affect the Company's operations.

(f) Commodity price and exchange rate risks

- (i) To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for base metals, technological advancements, forward selling activities and other macro-economic factors.
- (ii) A substantial proportion of exploration expenditures and future income (if any) of the Company will be denominated in foreign currencies, exposing the Company to exchange rate risks. Consequently, a fall in the value of the Australian dollar against certain other currencies could have an adverse impact on the Company.
- (iii) In addition to adversely affecting the reserve estimates of the Company (if any) and its financial condition, declining commodity prices could impact operations by requiring a reassessment of the feasibility of a particular project. The need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

(g) Environmental risks

- (i) All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are

unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties.

- (ii) Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.
  - (iii) Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures, or require abandonment or delays in development of new mining properties.
- (h) Operating risks
- (i) Mining is inherently dangerous and subject to conditions or events beyond the control of the Company, and any operating hazards could have a material adverse effect on its business
  - (ii) The Company's business operations are subject to risks and hazards inherent in the mining industry. The exploration for and the development of mineral deposits involves significant risks, including: environmental hazards; industrial accidents; metallurgical and other processing problems; unusual or unexpected rock formations; structure cave-in or slides; flooding; fires and interruption due to inclement or hazardous weather conditions. These risks could result in damage to, or destruction of, mineral properties, other properties, personal injury or death, environmental damage, delays in mining, increased production costs, monetary losses and possible legal liability.

### **3.3 Company specific risks**

- (a) Future capital requirements
- (i) The funds raised by the Placement will be used to carry out the Company's objectives as detailed in the Prospectus and the Company's announcements to ASX. However, the Company's activities will require substantial expenditures and the Company expects that it will need to raise additional funds in the short to medium term to successfully achieve all the objectives of the Company's overall business strategy.
  - (ii) If the Company is unable to use debt or equity to fund its operations after the substantial exhaustion of the net proceeds of the Placement, (together with the Company's existing cash reserves) there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes.
  - (iii) The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, , stock market and industry conditions and the price of relevant commodities and exchange rates. In addition, any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

(iv) No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms, the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

(b) Licences and permits

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, tenements, permits and regulatory consents which may be withdrawn or made subject to limitations. The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required. There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection therewith.

(c) Joint venture parties, agents and contractors

The Directors are unable to predict the risk of financial failure or default (including default by the Company) by a participant in any joint venture or earn-in arrangement to which the Company may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

(d) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

(e) Reliance on Key Personnel

The Company is reliant on key personnel employed or engaged by the Company. Loss of such personnel may have a material adverse impact on the performance of the Company. In addition, the recruiting of qualified personnel is critical to the Company's success. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. While the Company believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

(f) Insurance and uninsured risks

(i) The business of the Company is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Company or others, delays in mining, monetary losses and possible legal liability.

(ii) Although the Company maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not

to insure against certain risks because of high premiums or other reasons.

- (iii) Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Company or to other companies in the mining industry on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

(g) Government regulation

The mineral exploration activities of the Company are subject to various laws governing prospecting, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people, and other matters. Although the exploration and development activities of the Company are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing mineral exploration could have a substantial adverse impact on the Company.

(h) Other risks

Other risk factors include those normally found in conducting business, including litigation through breach of agreements or in relation to employees (through personal injuries, industrial matters or otherwise) or any other cause, strikes, lockouts and other matters that may interfere with the Company's business or trade.

### **3.4 Investment and economic risks**

(a) Economic risks

General economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Company's exploration, development and future production activities, as well as on its ability to fund those activities.

(b) Market conditions

The market price of the Company's securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Securities exchange prices

The market price of a publicly traded security is affected by many variables not all of which are directly related to the success of the Company. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered to be development stage companies, has experienced wide fluctuations which have not necessarily been related to the operating performance or underlying asset values of such companies. There can be no assurance that such fluctuations will not affect the price of the Company's securities.

(d) Liquidity risk

There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

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## **4. RIGHTS ATTACHING TO SHARES**

### **4.1 General**

- (a) The Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all ordinary fully paid shares in the Company.
- (b) The rights attaching to the Shares arise from a combination of the Company's Constitution, the Corporations Act, the Listing Rules and general law. A copy of the Company's Constitution is available for inspection during business hours at its registered office.
- (c) A summary of the more significant rights is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of the Company's shareholders. To obtain such a statement, persons should seek independent legal advice.

### **4.2 Voting Rights**

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder and for each partly paid share held, a fraction of one vote equal to the proportion which the amount paid up bears to the amounts paid or payable on that share. In the case of an equality of votes, the chairperson does not have a casting vote in addition to the chairperson's deliberative vote (if any).

### **4.3 Dividends**

Subject to the Corporations Act, the Listing Rules and any rights or restrictions attached to a class of shares, the Company may pay dividends as the Directors resolve, but only out of the profits of the Company. All dividends must be declared and paid to Shareholders according to the amounts paid (not credited) on the Shares as a proportion of the total amount paid and not payable (not credited) on the Shares.

### **4.4 Winding Up**

Subject to the Corporations Act, the Listing Rules and the rights of holders of shares issued with any special or preferential rights, if the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders in specie or in kind the whole or any part of the property of the Company and for that purpose may set such value as the liquidator deems fair on any property and may determine how the division is to be carried out as between shareholders or different classes of shareholders.

### **4.5 Transfer of Shares**

Generally, shares are freely transferable, subject to satisfying the requirements of the Listing Rules, ASX Settlement Operating Rules, the ASX Clear Operating Rules and the Corporations Act. The Directors may decline to register any transfer of Shares, other than transfers in accordance with the ASX Settlement Operating Rules, but only where permitted to do so by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules, the ASX Clear Operating Rules or under the Company's Constitution.

### **4.6 Calls on Shares**

Subject to the Corporations Act and the terms of issue of a share, the Company may, at any time, make calls on the shareholders of a share for all, or any part of, the amount unpaid on the share. If a shareholder fails to pay a call or instalment of a call, the Company may, subject to the Corporations Act and Listing Rules, serve a notice requiring payment of so much of the call as is unpaid, together with any interest that has accrued. In the event of non-payment before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

#### **4.7 Further Increases in Capital**

Subject to the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the ASX Clear Operating Rules and any rights attached to a class of shares, the Company (under the control of the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

#### **4.8 Variation of Rights Attaching to Shares**

Subject to the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the ASX Clear Operating Rules and the terms of issue of shares in a particular class, the Company may vary rights attached to shares in that class by either special resolution passed at a general meeting of the holders of the shares in that class, or with the written consent of the holders of at least 75% of the votes in that class.

#### **4.9 General Meeting**

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the Listing Rules.

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## 5. ADDITIONAL INFORMATION

### 5.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which specific content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of Shares on the Company and the rights attaching to the Shares. Provided the Company has otherwise complied with its continuous disclosure obligations under the Corporations Act and the Listing Rules, it is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2017; and
  - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2017 audited financial statements on 2 November 2017:

Date	Description of Announcement
01/02/2018	Quarterly Activities and Cashflow Report
10/01/2018	Pegasus to acquire farm-in rights to Dablo Project
08/1/2018	Trading Halt
30/11/2017	Results of Meeting
2/11/2017	Reinstatement to Official Quotation – 3/11/2017
2/11/2017	Appendix 4G
2/11/2017	Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 5.2 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the issue of Shares pursuant to this Prospectus; or
- (c) the issue of Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or issue of Shares pursuant to this Prospectus.

Interests held by Directors and their associates in the Shares as at the date of this Prospectus (including interests held pursuant to the Scorpion Acquisition and the Placement) are:

Director (direct & indirect holdings)	Ordinary Shares	Options over ordinary shares
Michael Fotios	22,363,861	Nil
Alan Still	Nil	Nil
Neil Porter	Nil	Nil

## 5.3 Remuneration of Directors

In accordance with the Constitution, the remuneration of Directors is to not exceed a fixed sum per annum as may be determined by the Directors prior to the first annual general meeting of the Company, to be divided amongst themselves. As at the date of this Prospectus, the Directors have determined such fixed sum to be \$500,000 per annum.

Payments of Directors' fees will be in addition to any payments to Directors in any employment capacity.

The Directors' remuneration is disclosed in the Company's annual reports. The Directors' annual remuneration (inclusive of superannuation and share-based payments) in respect of the past two financial years is as follows:

Name	FY2017	FY2016
Michael Fotios	\$33,000	\$36,000
Alan Still	\$33,000	\$32,500
Neil Porter	\$22,839	Nil

The following transactions occurred during the past two financial years between the Company and Directors or their related entities, which are not included in the above table:

- Investmet Limited (**Investmet**) provides consulting services to the Company. Michael Fotios is a Director and substantial shareholder of Investmet. No amounts were paid to Investmet Limited during the year (2016: Nil). As at 30 June 2017, there is a balance of \$162,443 excl. of GST outstanding (2016: \$160,497).
- The Company has entered into an administrative services management agreement with Delta Resource Management Pty Ltd (**Delta**), an entity associated with Director Michael Fotios. No amounts were paid to Delta for the year (2016: Nil). As at 30 June 2017, there is a balance of \$626,546 excl. of GST outstanding (2016: \$543,843).
- Whitestone Minerals Pty Ltd (**Whitestone**) is a related part of Michael Fotios who is a Director of the Company. No amounts were paid to Whitestone during the year (2016: Nil). As at 30 June 2017, there is a balance of \$324,348 excl. of GST outstanding (2016: \$218,806).

The above transactions are based on normal commercial terms and conditions and being made at arm's length.

- The Company entered into non-interest loans from related parties, the purposes of which were to provide working capital to the Company to fund its immediate operational requirements. The proceeds from the loans have been used to meet short-term expenditure needs.

The following balance was outstanding at 30 June 2017:

<i>Loans advanced during the year</i>	2017	2016
Loan from Michael Fotios Family Trust	\$4,381	\$22,461
Loans from other related parties	\$306,131	\$111,214
<b>End of year</b>	<b>\$310,512</b>	<b>\$133,675</b>

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

To the extent permitted by law, the Company indemnifies every person who is or has been an officer of the Company and indemnifies every person who is or has been an officer of the Company against every liability incurred by that person in that capacity (except liability for legal costs) and all legal costs incurred in defending or resisting proceeding in which the person becomes involved because of that capacity.

## 5.4 Related Party Transactions

From time to time, the Company may be party to transactions with related parties including:

- (a) employment, consulting and other service arrangements; and
- (b) payment of directors' fees.

The Company considers that it has made appropriate disclosure of past related party transactions. Other than any further disclosure specifically set out above or made elsewhere in this Prospectus, the Company does not intend to make any further disclosure of such transactions which will have proceeded either on an "arms-length" basis, reasonable remuneration bases or been approved by Shareholders in general meeting.

## 5.5 Interests and Consents of Experts and Advisers

- (a) Squire Patton Boggs, in its capacity as solicitors to the Company, has given (and not before the date of this document withdrawn) its consent to be named in this document in the form and context in which it is named.
- (b) Squire Patton Boggs has not:
  - (i) authorised or caused the issue of this Prospectus;
  - (ii) made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
  - (iii) assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.
- (c) Other than as set out below or elsewhere in this Prospectus:
  - (i) no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, any promoter of the Company or broker to the Offer, holds, or held at any time during the 2 years before lodgement of this Prospectus with the ASIC, any interest in:
    - (A) the formation or promotion of the Company;
    - (B) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
    - (C) the Offer; and
  - (ii) no amounts have been paid or agreed to be paid, and no benefits have been given or agreed to be given, to any of those persons in connection with the formation or promotion of the Company or the Offer.
- (d) Squire Patton Boggs has acted as solicitor to the Company in relation to the Offer and is entitled to be paid approximately \$10,000 (plus GST) in respect of these services. Squire Patton Boggs has received or is entitled to receive approximately \$33,000 (plus GST) in legal fees from the Company in the two years prior to the date of this Prospectus.
- (e) References to BDO Audit (WA) Pty Ltd and Security Transfer Registrars Pty Ltd appear for information purposes only. Neither BDO Audit (WA) Pty Ltd nor Security Transfer Registrars Pty Ltd have been involved in, authorised or caused the issue of this Prospectus.

## 5.6 Corporate Governance

The Board is responsible for the corporate governance of the Company and to ensure that the Company is properly managed and controlled. In this regard, the Board is committed to maintaining and promoting the principles of good corporate governance.

The Directors are of the view that the Company has complied in all substantial respects with corporate governance best practice in Australia, including with the ASX Corporate Governance Council Corporate Governance Principles and Recommendations. Where the Company's corporate governance practices depart from the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, the Company is working towards compliance however it does not consider that all practices are appropriate for the Company due to the size and scale of the Company's operations.

The Company's corporate governance policies can be obtained from the Company's registered office and are also available on the Company's website: <http://pegasusmetals.com.au/home.html>

## 5.7 Estimated Expenses of Issue

The estimated expenses of the Issue are approximately \$12,400 including legal and ASIC fees, in the following amounts:

Item	Fees
Legal fees	\$10,000
ASIC fees	\$2,400
<b>Total</b>	<b>\$12,400</b>

## 5.8 Privacy

The Application Form accompanying this Prospectus requires you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth) (as amended). The Company (and its share registry on behalf of the Company) may collect, hold and use that personal information in order to assess your Application, service your needs as a Shareholder and provide facilities and services that you request and to administer the Company.

Access to information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy.

If you do not provide the information requested of you in the Application Form, the Company's share registry may not be able to process your Application or administer your holding of Shares appropriately. Under the *Privacy Act 1988* (Cth) (as amended), you may request access to your personal information held by (or on behalf of) the Company. You can request access to your personal information by telephoning or writing to the Company to the attention of the Privacy Officer.

## 5.9 Litigation

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, so far as the Directors are aware, there are no legal proceedings pending or threatened against the Company the outcome of which is likely to have a material adverse effect on the business or financial position of the Company.

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## 6. DIRECTORS' AUTHORISATION

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Signed on behalf of the Directors pursuant to a resolution of the Board.



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**Michael Fotios**  
Director  
Pegasus Metals Limited

## 7. GLOSSARY

The following defined terms apply throughout this Prospectus unless the context requires otherwise:

<b>\$</b>	Australian dollars unless otherwise specified.
<b>Applicant</b>	person who submits an Application.
<b>Application</b>	an application for Shares under the Offer pursuant to this Prospectus.
<b>Application Form</b>	the application form for Shares under the Offer attached to this Prospectus.
<b>Application Monies</b>	amounts received in dollars by the Company from Applicants for Shares under this Prospectus.
<b>ASIC</b>	the Australian Securities & Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691.
<b>ASX Clear Operating Rules</b>	the operating rules of ASX Clear Pty Ltd ACN 001 314 503.
<b>ASX Listing Rules or Listing Rules</b>	the Listing Rules of ASX as amended from time to time.
<b>ASX Settlement Operating Rules</b>	the settlement rules of ASX Settlement Pty Ltd ACN 008 504 532.
<b>Auditor</b>	BDO Audit (WA) Pty Ltd of 38 Station St, Subiaco WA 6008
<b>Closing Date</b>	the last date on which Application Forms may be submitted being 16 March 2018, unless otherwise determined by the Company.
<b>Company</b>	Pegasus Metals Limited ACN 115 535 030.
<b>Constitution</b>	the Constitution of the Company.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Dablo Project</b>	Dablo Pd-Pt-Au-Ni-Cu (palladium-platinum-gold-nickel-copper) Project in Burkina Faso to which Scorpion holds farm-in rights.
<b>Delta</b>	Delta Resource Management Pty Ltd ACN 118 613 175
<b>Directors or Board</b>	the directors of the Company as at the date of this Prospectus.
<b>Existing Shares</b>	Shares on issue as at the date of this Prospectus.
<b>Investmet</b>	Investmet Limited ACN 125 585 935.

<b>Investmet Loan Facility</b>	a loan facility amounting to \$500,000 provided by Investmet to Scorpion.
<b>Investmet Options</b>	Options to be issued to Investmet in accordance with section 1.2(c) of this Prospectus.
<b>Issue</b>	the issue of new Shares pursuant to the Offer under this Prospectus.
<b>Offer</b>	the offer, pursuant to this Prospectus, of up to 100 new Shares at an issue price of \$0.03 per Share to raise \$3 before costs.
<b>Official Quotation</b>	quotation of the Shares on the ASX.
<b>Opening Date</b>	the first date on which Applications can be accepted by the Company being 16 February 2018.
<b>Option</b>	an unlisted option to acquire a Share.
<b>Prospectus</b>	this prospectus dated 16 February 2018.
<b>Scorpion</b>	Scorpion Minerals Limited ACN 618 451 559
<b>Scorpion Acquisition</b>	The acquisition by the Company of 100% of the issued share capital of Scorpion for \$360,000 via the issue of 12,000,000 fully paid ordinary shares in the capital of the Company at an implied price of \$0.03 cents per Share.
<b>Scorpion Options</b>	Options provided to promoters and directors of Pegasus in connection with the Scorpion Acquisition.
<b>Share(s)</b>	fully paid ordinary shares in the capital of the Company.
<b>Shareholder</b>	a holder of a Share(s).
<b>Share Registrar</b>	Security Transfer Registrars Pty Ltd of 770 Canning Highway, Applecross WA 6153
<b>Whitestone</b>	Whitestone Minerals Pty Ltd ACN 136 481 877
<b>WST</b>	Perth, Western Australia time.

## CORPORATE DIRECTORY

### Directors

Michael Fotios – Non-Executive Director

Alan Still – Non-Executive Director

Neil Porter – Non-Executive Director

### Registered Office

Level 1, 24 Mumford Place Balcatta WA 6021

Telephone: +61 8 6241 1877

Facsimile: +61 6241 1811

### ASX code

**PUN**

### Website

[www.pegasusmetals.com.au](http://www.pegasusmetals.com.au)

### Company Secretary

Shannon Coates

### Solicitors

Squire Patton Boggs (AU)

Level 21, 300 Murray Street

Perth WA 6000

### Auditor

BDO Audit (WA) Pty Ltd\*

38 Station St

Subiaco WA 6008

Telephone: +61 8 6382 4600

Facsimile: +61 8 6382 4601

### Share Registry

Security Transfer Registrars Pty Ltd\*

770 Canning Highway

Applecross WA 6153

Telephone: +61 8 9315 2333

Facsimile: +61 9 9315 2233

Email: registrar@securitytransfer.com.au

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.