

PEGASUS METALS LIMITED



16 February 2018

PEGASUS METALS LIMITED COMPLETES PLACEMENT OF SHARES TO SOPHISTICATED INVESTORS

HIGHLIGHTS

- Pegasus has raised \$365,500 under tranche 1 of a placement to sophisticated investors, by issuing 12,183,338 fully paid ordinary shares at a price of \$0.03 per share
- An additional \$60,000 will be raised by the issue of shares to Ms Bronwyn Barnes and Mr Grant Osborne (both of whom are directors of Scorpion), subject to shareholder approval
- Pegasus expects to raise a further \$174,500 under tranche 2 – commitments for \$100,00 have already been received

PLACEMENT

Pegasus Metals Limited (ASX:PUN) (“**Pegasus**” or the “**Company**”) is pleased to announce that, following its announcement on 10 January 2018, it has raised \$365,500 under tranche 1 of a placement to sophisticated investors (**Placement**). The Company has issued 12,183,338 fully paid ordinary shares at a price of \$0.03 per share under its existing placement capacity under Listing Rule 7.1.

A further \$60,000 is being raised by the issue of shares to Ms Bronwyn Barnes and Mr Grant Osborne (both of whom are directors of Scorpion, as outlined below), with such issue being subject to the Company obtaining shareholder approval.

The issue of shares under tranche 1 forms part of a wider Placement to raise a total of \$600,000. It is expected that an additional \$174,500 will be raised during the week commencing 19 February 2018 by way of the issue of 5,816,661 shares under the Company’s existing placement capacity. Commitments for \$100,000 have already been received.

Funds raised under the Placement will be applied to progress the Scorpion Acquisition (outlined below) and exploration of the Dablo Project (as announced on 10 January 2018), 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 announced on 10 January 2018 (and referred to below).

SCORPION ACQUISITION

As announced on 10 January 2018, the Placement is being undertaken as part of an agreement between the Company and Scorpion Minerals Limited (**Scorpion**), pursuant to which the Company will acquire 100% of the issued share capital of Scorpion for \$360,000,

PEGASUS METALS LIMITED



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**).

The Scorpion Acquisition will also entail the issue of 45,000,000 options to acquire shares in the capital of the Company (**Options**) to promoters and directors of Scorpion.

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 the Placement. 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. In consideration for Investmet entering the loan terms, it is also proposed that 22,500,000 Options will be issued to Investmet.

All shares and Options to be issued in connection with the Scorpion Acquisition are subject to the Company obtaining shareholder approval.