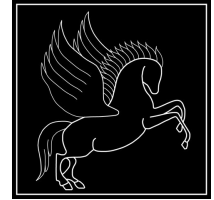


PEGASUS METALS LIMITED



APPLICATION TO WIND UP COMPANY – PROCEEDINGS TO BE DISMISSED

Pegasus Metals Limited (ASX: PUN) (**Company**) advises that it was recently made aware of an application made by Kimberley Sustainable Development Pty Ltd (**Applicant**) to the Federal Court for orders to wind up the Company pursuant to section 459P of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Company notes that the application for winding up was not made in accordance with certain prescribed time limits under the Corporations Act. On this basis, the Applicant has agreed to dismiss the proceedings at tomorrow's Federal Court hearing into the matter. As a result of this, the proceedings will be dismissed and the parties expect to resolve the matter by negotiation.

A handwritten signature in black ink, appearing to read 'G. Anderson', written in a cursive style.

GRAHAM ANDERSON
Chairman