



12 November 2015

Jeremy Newman
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Tce
Perth WA 6000

Dear Mr Newman

APPENDIX 5B – Quarter ending 31 September 2015

Pegasus Metals Limited (ASX:PUN) refers to your letter dated 9 November 2015 regarding the Company's Appendix 5B for the period ended 31 September 2015, released to ASX on 2 November 2015. The Company provides the following response to the questions raised in your letter:

1. In the Company's Quarterly Activities Report for the quarter ended 31 September 2015, it was noted that the Company is expecting R&D rebates under the Federal Government's Research & Development Incentive Scheme during the quarter ending 31 December 2015. In addition, the Company is in advanced negotiations for a loan facility to assist its cash flows. The Company is also well advanced towards undertaking a capital raising if required, to further fund its activities.
2. The Company considers that its future R&D rebate, together with any additional loan facility and/or capital raising will provide sufficient working capital to enable it to continue meeting its business objectives.
3. The Company confirms that is in compliance with Listing Rule 3.1.

Yours sincerely

Shannon Coates
Company Secretary



9 November 2015

Ms Shannon Coates
Company Secretary
Pegasus Metals Limited

Email: shannon@evolutioncapital.com.au

Dear Ms Coates

Pegasus Metals Limited (the “Entity”) – Appendix 5B Query

I refer to the Entity’s quarterly report in the form of Appendix 5B for the period ended 30 September 2015 lodged with ASX Market Announcements Platform on Monday, 2 November 2015 (the “Appendix 5B”).

ASX notes that the Entity has reported:

- cash at the end of the quarter of \$12,000; and
- estimated cash outflows for the next quarter of \$75,000.

It is possible to conclude on the basis of the information provided in the Appendix 5B that if the Entity were to expend cash at the rate estimated for the next quarter indicated by the Appendix 5B, the Entity may not have sufficient cash to continue funding its operations? In view of that, please respond to each of the following questions:

1. Has the Entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
2. Does the Entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
3. Can the Entity confirm that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market?

Please also provide any other information that the Entity considers may be relevant to ASX forming an opinion on whether the Entity is in compliance with Listing Rule 12.2.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3pm WST on Thursday, 12 November 2015**. If we do



not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at **tradinghaltsperth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.



We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please feel free to contact me if you have any enquiries on the above.

Yours sincerely,

[sent electronically without signature]

Jeremy Newman

Senior Adviser, Listings Compliance (Perth)