Appendix 5B

Rule 5.3

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 2010

Consolidated statement of cash flows

				Year to date
Cash flows related to operating activities		Current quarter	(9 months)	
			\$A'000	\$A'000
1.1	Receipts from product sales and related debtors		-	-
1.2	Payments for (a)	exploration and evaluation	(175)	(400)
	(b)	development		_
		production		-
		administration	(77)	(219)
1.3	Dividends received	administration	(77)	(21))
1.5	Interest and other item	s of a similar nature	-	-
1.1	received	s of a similar nature	17	32
1.5	Interest and other costs of	finance paid	-	-
1.6	Income taxes paid	finance parts	-	-
1.7	Other (GST paid to be red	couped)	(10)	(23)
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	Net operating cash flow	S	(245)	(610)
	Cash flows related to investing activities			
1.8	Payment for purchases of		-	-
		(b) equity	-	-
		investments		
		(c) other fixed	-	-
		assets		
1.9	Proceeds from sale of:	(a) prospects	-	-
		(b) equity	-	-
		investments		
		(c) other fixed	3	3
		assets		
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (provide details if r	naterial)	-	-
	Net investing cash flows		3	3
1.13	1 0	nvesting cash flows		
	(carried forward)		(242)	(607)

⁺ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(242)	(607)
1.14	Cash flows related to financing activities Proceeds from issues of shares, options, etc.	1,100	1,100
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(13)	(13)
	Net financing cash flows	1,087	1,087
	Net increase (decrease) in cash held	845	480
1.20 1.21	Cash at beginning of quarter/year to date Exchange rate adjustments to item 1.20	893	1,258
1.22	Cash at end of quarter	1,738	1,738

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	34
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	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

4.1	Exploration and evaluation	\$A'000
7.1	•	250
4.2	Development	-
	Total	250

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	1,049	(7)
5.2	Deposits at call	689	900
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	1,738	893

Changes in interests in mining tenements

		Tenement reference	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	E80/3612 E80/3883		100% 100%	0% 0%
6.2	Interests in mining tenements acquired or increased	E80/3250 E80/3374	JV JV	0% 0%	50% 50%

⁺ 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.

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⁺ 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.



Print name: GRAHAM ANDERSON.

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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⁺ See chapter 19 for defined terms.