



PEGASUS METALS LIMITED

ASX/MEDIA RELEASE

30 April 2011

ASX: PUN

QUARTERLY REPORT TO 31 MARCH 2011

- **East Kimberley ground holding complemented by acquisition of E80/4377**
- **Minimum of 30 strike kilometres of the prospective Carson Volcanics sequence contained within E80/4377 including numerous existing copper occurrences including the Carson 9 target.**
- **Previous diamond drilling at the Carson 9 prospect returned significant copper intercepts in fault related breccia style sulphide mineralization including:**

12.8 metres @ 1.66% Cu from about 122 metres down hole depth
- **Iron ore target of 8 to 10 million tonnes at 45% to 56% iron identified in limonite-goethite laterite deposits by historic surface sampling within and adjacent to tenement and recent exploration licence applications**
- **McLarty Heli-rig drilling program logistics underway**

McLARTY RANGE COPPER PROJECT, West Kimberley (PUN option to earn 100%)

Located some 250 km northeast of Broome, within the West Kimberley region, the McLarty Range Copper Project covers a portion of the folded Proterozoic-aged Kimberley Basin. Of particular interest to Pegasus is a prospective copper-bearing, meta-sedimentary horizon that has been identified and sampled by previous explorers. While selected rock chip samples have returned high copper grades (up to 18% copper) the area has remained untested by drilling.

Activities focussed on logistic preparation for the low impact heli-drilling programmes which are planned to commence on cessation of the wet season in the West Kimberley.

EAST KIMBERLEY COPPER PROJECT, East Kimberley (PUN 100%)

Pegasus has identified a significant area of the eastern part of the Proterozoic Kimberley Basin containing the equivalent stratigraphy to that found at McLarty Range and thought to be highly

prospective for similar styles copper mineralisation. Exploration Licence Applications have been made for an area of 12,950 km² that covers the stratigraphic equivalent of the copper mineralised rock units with a minimum strike extent of 800 km. Exploration completed at McLarty Range this year has confirmed the geologic model for copper mineralisation and highlighted that there could be repetitions of the mineralisation styles seen at McLarty Range in other parts of the Proterozoic Kimberley Basin.

Pegasus has leveraged off these exploration concepts to secure the areas thought to be most prospective for copper mineralisation. Historic exploration results from earlier explorers have already identified significant copper mineralisation in many parts of the new East Kimberley Project area. However Pegasus believes the prospective rock units within the sequence have not been adequately tested for the most significant of the McLarty type copper mineralisation styles.

Pegasus announced on the 18th February the acquisition of a granted exploration licence (E80/4377) from Duketon Consolidated Pty Ltd (“Duketon”) that is contiguous with the large (12,950 km²) ground acquisition program in the East Kimberley (Figure 1) announced on 25 November 2010. This acquisition and the earlier exploration licence application program was based on the experience gained from exploration at the McLarty Range project in the West Kimberley and extrapolating that knowledge to similar geological environments in the East Kimberley.

STURT PALAEOCHANNEL & McCLINTOCK RANGE AREAS, East Kimberley

No field activities were conducted during the quarter. A review of all available exploration data is being undertaken prior to a decision on future programs.

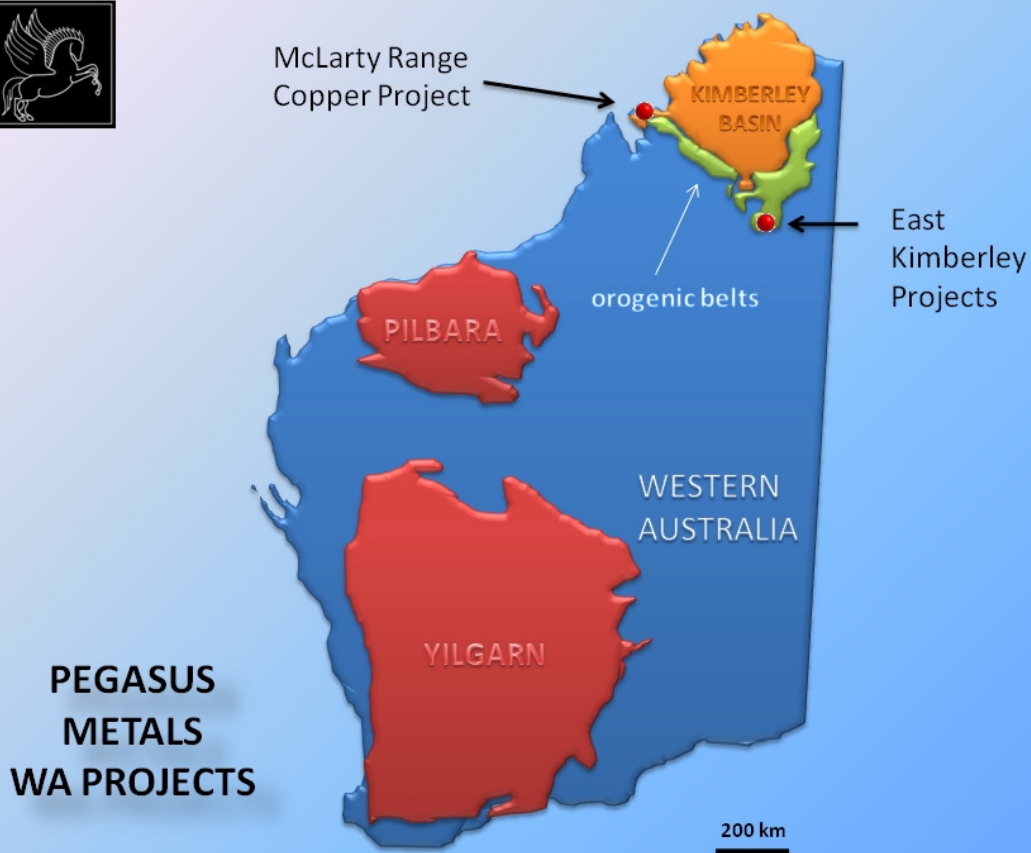
NEW OPPORTUNITIES

Pegasus is in the process of evaluating several Kimberley copper – gold opportunities.

CORPORATE

Pegasus received exercise notices for 23,100,000 options exercisable at \$0.10 and 194,595 options exercisable at \$0.15 by the end of the quarter. Shares resulting from the exercise of these options were subsequently allotted.

Funds raised from the option exercises will be used to advance the Kimberley copper projects and for working capital.



The information in this report that relates to Exploration Potential and Results is based on information compiled by Mr Jason Boladeras, who is a geologist for Pegasus Metals Ltd, a Member of the Australian Institute of Geoscientists and is employed by Geoarc Pty Ltd. Mr Boladeras has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Boladeras consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Pegasus Metals Limited is a metals explorer, based in Western Australia.

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