



PEGASUS METALS LIMITED

ASX ANNOUNCEMENT

27 March 2012

ASX: PUN

PEGASUS TO RAISE \$4 MILLION VIA PLACEMENT AND FULLY UNDERWRITTEN RIGHTS ISSUE

Pegasus Metals Limited ("Pegasus") has successfully completed a placement to institutional and sophisticated investors, raising gross proceeds of approximately \$1.4 million. Further, eligible shareholders will be invited to participate in a fully underwritten non-renounceable rights issue to raise an additional \$2.6 million (before costs and expenses).

The placement and rights issue will strengthen Pegasus' balance sheet and provide financial flexibility though to the end of 2012. Proceeds will be used to fund ongoing exploration of the McLarty Range and East Kimberley Projects and general working capital.

Placement terms

The placement of approximately 7 million ordinary shares was completed at an issue price of A\$0.20 per share, a 17% discount to the 5 day VWAP. It is expected that the placement shares will be issued on 30 March 2012. The placement was undertaken using Pegasus' current 15% placement capacity and does not require shareholder approval.

Rights issue terms

Following the successful completion of the placement Pegasus will be inviting eligible shareholders to participate in a fully underwritten 1 for 8 non-renounceable rights issue at a price of A\$0.20 per share, a 17% discount to the 5 day VWAP. Shares issued via the placement are eligible to participate in the rights issue. Investmet Ltd has committed to fully underwrite the rights issue.

Subsequent to the placement and rights issue Pegasus will have approximately 115 million ordinary shares on issue.

Full details of the terms and conditions of the rights issue will be contained in the prospectus to be lodged with both ASIC and ASX and despatched to shareholders with a registered address in Australia and New Zealand ("Eligible Shareholders"). Below is the proposed timetable.

Eligible Shareholders should consider the prospectus before wishing to take up their rights and will need to complete the application form that will accompany the prospectus.

Chairman's comment

Pegasus' Chairman, Stephen Mann commented, "We are pleased to offer shareholders the opportunity to participate in the rights issue at an attractive discount, recognising shareholders' ongoing support during these uncertain economic global times. The placement and rights issue will enable Pegasus to continue to explore its exciting Western Australian Copper Projects. On behalf of the Pegasus board I look forward to delivering shareholder value by further developing Pegasus' existing assets and I encourage shareholders to subscribe for their entitlement."

Timetable

The proposed timetable for the capital raising is as follows:

Issue placement shares	30 March 2012
Lodge prospectus	30 March 2012
Ex Date – shares trade ex-entitlement	4 April 2012
Record date to determine entitlement under rights issue	12 April 2012
Prospectus and entitlement and acceptance form sent to Eligible Shareholders	18 April 2012
Closing date for receipt of acceptances	3 May 2012
Issue of rights issue shares and despatch of shareholding statements	11 May 2012

The above dates are indicative and subject to change in accordance with the Listing Rules.

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

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