



# PEGASUS METALS LIMITED

ASX ANNOUNCEMENT

15 November 2012

ASX: PUN

## **Pegasus extends massive sulphides at Mt Mulcahy with hits of up to 5.2% copper, 3.2% zinc**

*Mineralisation at key South Limb Pod VMS target now outlined over 150m and remains open in all directions*

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### HIGHLIGHTS

- Diamond drilling at the South Limb Pod target within the Mt Mulcahy Project in WA continues to intersect VMS-style mineralisation with high grades of copper and zinc with silver and gold
- Significant intercepts from the latest drilling include:
  - 3.8m @ 3.11% Cu, 2.89% Zn, 27.6g/t Ag and 0.46g/t Au*
  - 1.8m @ 5.20% Cu, 3.49% Zn, 36.9g/t Ag and 0.84g/t Au*
  - 4.8m @ 4.30% Cu, 2.68% Zn, 36.8g/t Ag and 0.28g/t Au*
  - 4.3m @ 4.76% Cu, 3.30% Zn, 42.6g/t Ag and 0.36g/t Au**(all intercepts are approximately true thickness)*
- Gold assay just received from previously-announced diamond drill hole was 4.30m at 0.88 gpt. This hole also returned 4.30m at 4.48% Cu, 2.88% Zn, 38.1ppm Ag (true thickness) (see ASX release dated September 17, 2012)
- Massive sulphide mineralisation at South Limb Pod now outlined over 150m down-dip
- Ongoing diamond drilling program aimed at extending South Limb Pod mineralisation down dip and down plunge
- Numerous drill targets identified by geophysics, including VTEM surveys, to be tested

Pegasus Metals Limited (ASX: PUN) is pleased to announce that fresh drilling results have confirmed the presence of extensive massive sulphide mineralisation with high-grade copper as well as zinc, silver and gold at the South Limb Pod deposit at its Mt Mulcahy Project in WA.

The latest results include grades of up 5.2 per cent copper and 3.28 per cent zinc.

The mineralisation at South Limb, which is located 50km north of Cue in the Murchison Region (*see Figure 1*), has now been outlined over a down-dip extent of ~150m.

Diamond drilling is ongoing to determine the down-plunge and down-dip extent of the mineralisation, which remains open in all directions.

Pegasus has acquired a 100 per cent interest in the tenements which comprise the Mt Mulcahy Project, EL 20/422 and ELA 20/764, from private company Black Raven Mining Pty Ltd (“BRM”). The transaction is subject to shareholder approval (*see ASX release dated July 19, 2012*), which will be sought at the upcoming AGM.

Mt Mulcahy lies in a similar geological setting to the world-class Golden Grove VMS deposits and the recent Hollandaire copper discovery announced by Silver Lake Resources at its Murchison Project.

Diamond drilling at South Limb has been completed in 10 holes to date (MMSP001 to MMSP004 and MTMDD004 to MTMDD008 and MTMDD010).

MMSP004 intersected massive sulphides containing abundant chalcopyrite and sphalerite over 7m from 30m to 37m down hole and was the subject of an ASX release dated 17 September 2012.

Significant assays were received over 4.3m true thickness from 31.4m to 35.7m down hole averaging 4.48 per cent copper, 2.88 per cent zinc and 38.1ppm silver (*see Figure 2*). **Gold assays from this interval have now been received and average 0.88 grams per tonne gold across the intercept.**

Resource definition diamond drilling has continued at South Limb with six holes completed so far (MTMDD004 to MTMDD008 and MTMDD010) and assay results received for MTMDD004 to MTMDD007 (*see highlights, attached table and Figure 2*).

Of great significance is the shallow nature of the mineralisation. Weathering at Mt Mulcahy is relatively weak and only extends a few metres below the surface. South Limb is therefore a potential open pit target.

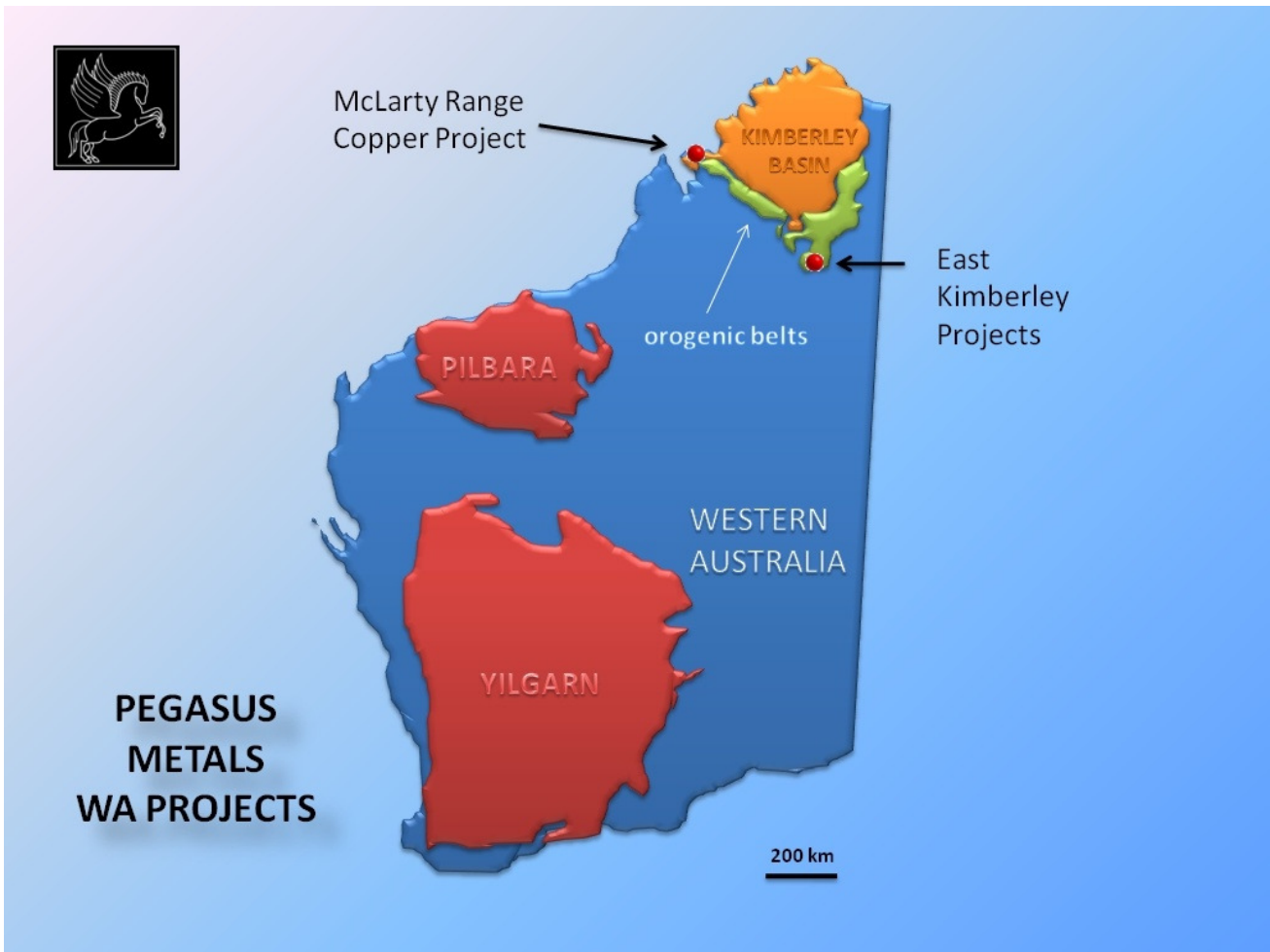
Historical drilling has only tested to about 100ms below surface (“mbs”) and further drilling is required to infill the drilling in this zone and to test the massive sulphide lens down plunge to the north-west.

Holes MTMDD001 to MTMDD003 were additional stratigraphic holes designed to collect geological information regarding potential mineralisation in adjacent potentially mineralised horizons, where an airborne EM survey has identified a number of conductors that warrant further testing. These holes will be utilised for down-hole EM surveys in the future.

“These latest assays show South Limb Pod is emerging as a substantial body of high-grade VMS mineralisation,” Pegasus Managing Director Michael Fotios said.

“We are particularly encouraged by the fact that the geology and the grades are very similar to those contained in world-class ore bodies in the region.

We will continue with an intensive program of diamond drilling to grow the known extent of this mineralisation with a view to establishing a maiden JORC resource at the first opportunity.”



*The information in this report that relates to Exploration Potential and Results is based on information compiled by Mr Michael Fotios, who is a consultant geologist, director of Pegasus Metals Ltd and a Member of the Australian Institute of Mining and Metallurgy. The information in this report relating to exploration targets should not be misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature since there has been insufficient work completed to define the prospects as anything beyond exploration target. It is uncertain if further exploration will result in the determination of a Mineral Resource. Mr Fotios 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 Fotios 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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Hole ID	Northing	Easting	From	To	Length	Cu %	Zn %	Ag ppm	Au ppm
MTMDD004	7007405	569132	165.0	168.8	3.8	3.11	2.89	27.6	0.46
MTMDD005	7007366	569130	141.2	143.0	1.8	5.20	3.49	36.9	0.84
MTMDD006	7007361	569146	145.8	150.6	4.8	4.30	2.68	36.8	0.28
MTMDD007	7007274	569150	88.2	92.5	4.3	4.76	3.30	42.6	0.36

All core is logged and whole core samples are cut, half cored, sampled then marked and sent to an independent Laboratory for assay. The remaining half core is stored at Balcatta. All samples from which information in this document is derived were received by Australian Laboratory Services Pty ('ALS') Limited in Perth, Western Australia. Samples are weighed and crushed to 70% passing -6mm mesh. The crushed material is split and a portion is pulverised. A 100-gram pulp is prepared for assay. A 30-gram portion of the pulp is analysed for Au by fire assay method with atomic absorption finish (Au-AA25). A second pulp sample is analysed for Cu and other metals by a four acid digest followed by ICP-AES finish. The balance of the pulp is kept in Perth. Sample rejects are discarded after 90 days.

Over limit (+1%) samples are re-analysed using a four acid digest ore grade Cu finish. Laboratory standards and blanks are inserted by ALS and several pulp duplicates are also assayed as a determinant of mineralisation variability. ALS has AS/NZS ISO 9001:2000 certification in Perth.

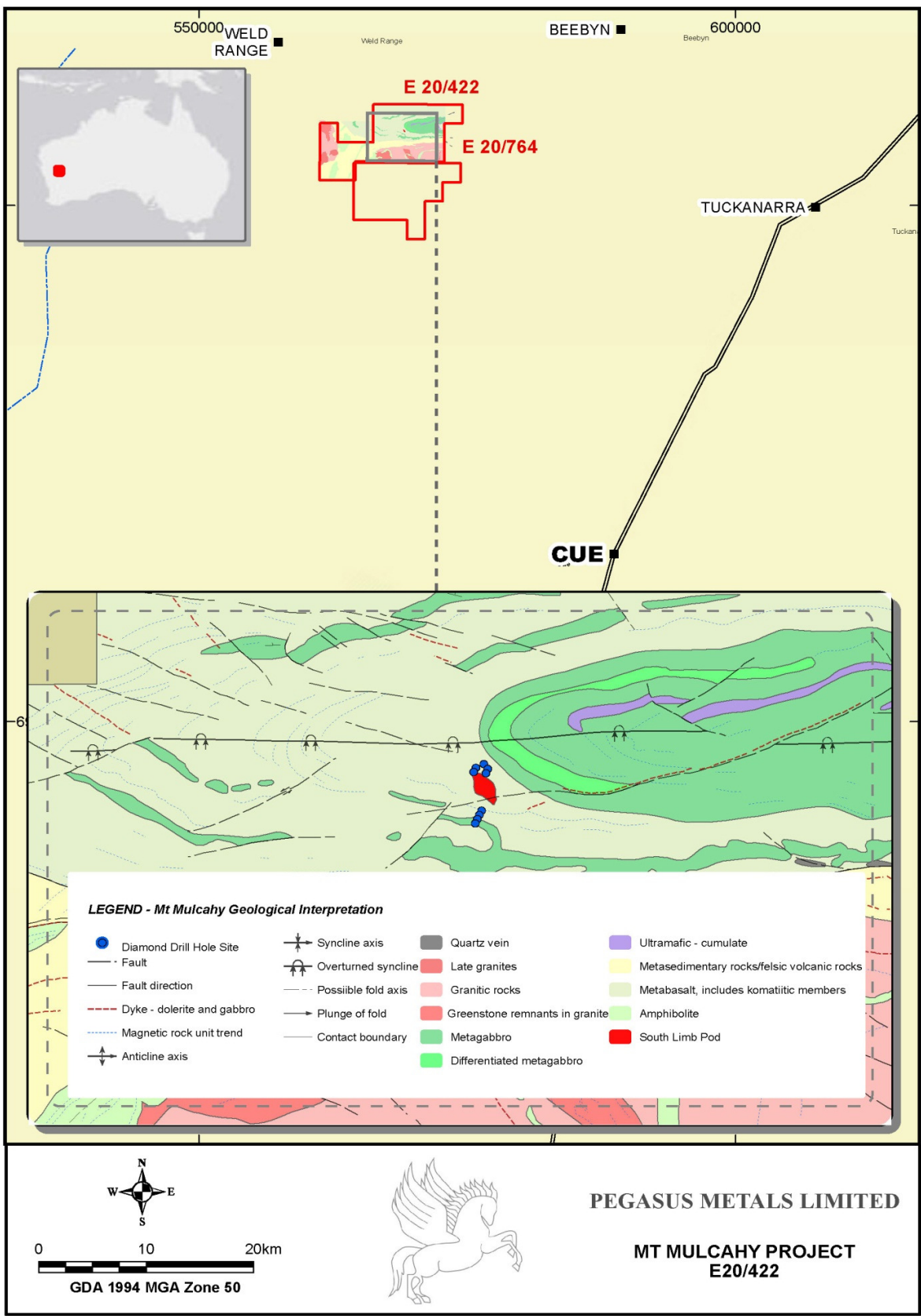
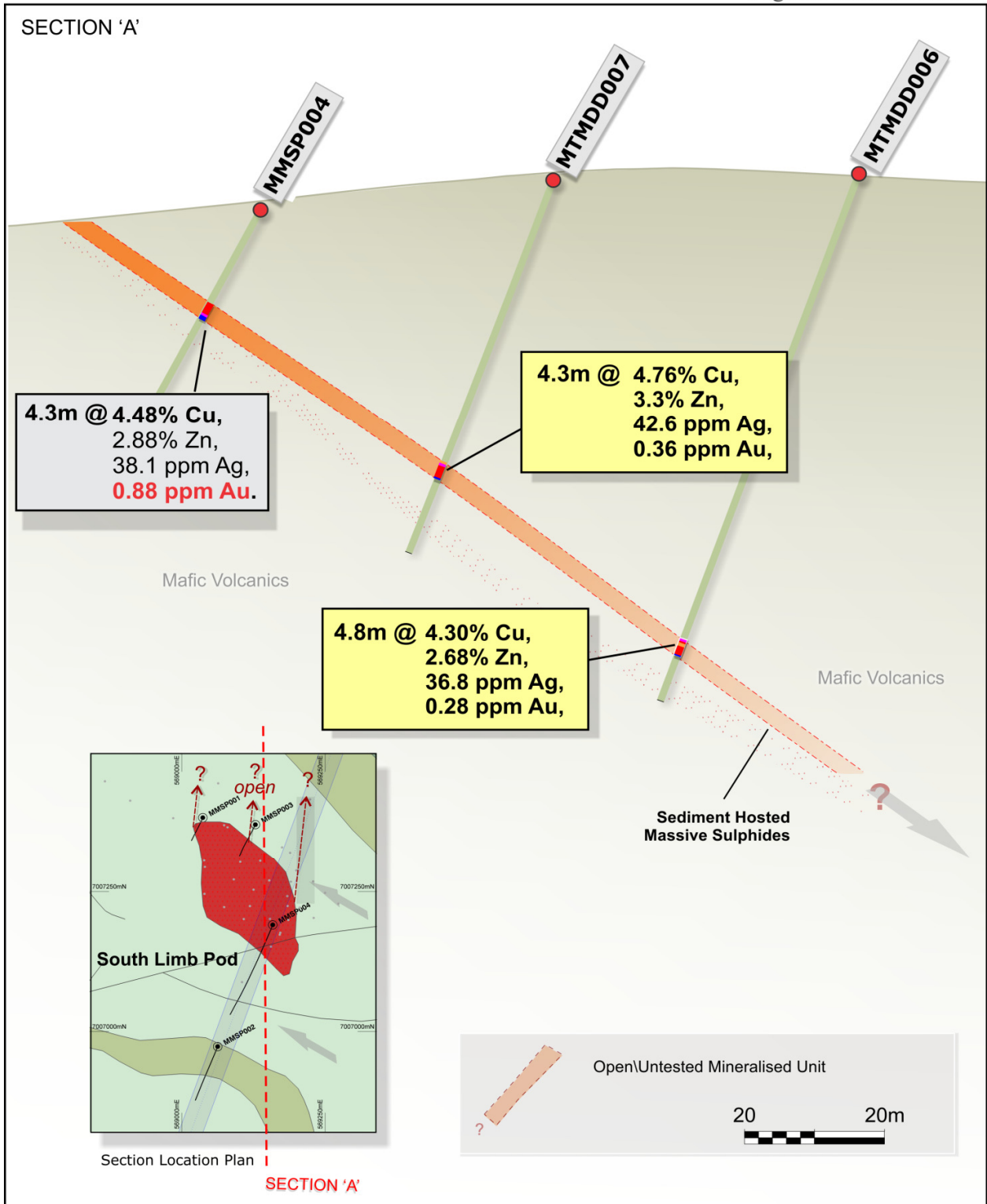


Figure 1



**Mt Mulcahy Project - South Limb Pod**  
Cross Section (Looking West)

Figure 2