



PEGASUS METALS LIMITED

ASX ANNOUNCEMENT

9 March 2012

ASX: PUN

Confirmation of two stratigraphic horizons, highly prospective for copper at the Durack Range Project Area

Drilling planned for 2012 field season

HIGHLIGHTS

- **Ground checking confirms historic data and highlights the prospective potential of the Carson and Elgee Trends over a strike length of 60kms**
 - **Rock chip sampling returns assays up to 12.8% Copper**
 - **Access reconnaissance completed**
 - **Infill drilling planned for the Carson 9 Prospect, with approvals in place**
 - **Geochemistry orientation study complete**
 - **Additional targets confirmed**
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Pegasus Metals Limited (ASX:PUN) is pleased to announce that ground reconnaissance and rock chip sampling results have confirmed the validity of historic data within the Durack Range Project area.

The Durack Range Project area covers two target horizons and Copper mineralisation styles. Volcanogenic Massive Sulphide (VMS) style mineralisation is targeted within the Carson Volcanics and Sedimentary Exhalative style (SEDEX) mineralisation is targeted within the Elgee Siltstones in the Chamberlain Valley.

Reconnaissance during the 2011 field season produced the rock chip sampling results tabled below. High grade copper values, up to 12.83% were encountered at prospects within the Carson Volcanics. Extensive anomalous values in the order of 0.2% Copper were encountered in outcrop exposure in the Chamberlain Valley, within the Elgee Siltstones. This confirms the prospectively of two stratigraphic horizons for copper.

A geochemistry orientation study was completed in the vicinity of the Carson No9 prospect. This will allow the most suitable geochemical sampling techniques to be used going forward and provide a link between historic data and data collected in the coming dry season.

Carson No 9 Prospect – Proposed Drilling

A complete review of historic drill data has been completed, allowing the construction of a 3D geological model of the prospect. This model has been used to aid the planning of infill drilling designed to unlock the potential of the mineralised system. Locating the existing drill hole collars in the field has added to the integrity of the historic data. Surface Rock Chip Sampling highlights the presence of high grade copper mineralisation up to 3.61% Cu (see attached diagram). Six Diamond or RC holes are planned for a total of 1000m and a programme of work (PoW) has been approved enabling this drilling to proceed as soon as weather permits.

Carson No 4 Prospect

The high grade rock chips samples up to 12.83% Cu reflect the abundance of surface exposures of malachite in brecciated basalt. This appears to be stratigraphically controlled and a VMS style model is being applied. Historical drilling returned poor results; however, it is not clear if these affectively tested the mineralised horizon. Additional mapping and data compilation is required to make a full assessment of this prospect. The copper occurrence identified at Carson 5, located northeast of Carson 4, where rock chip assays up to 12.44% copper were returned extends the strike length of surface mineralisation in the area to 4km's (see attached diagram).

Chamberlain Valley

Outcrop exposures with visible Malachite over some 60km has been confirmed, which shows anomalous copper values up to 0.25% copper with stratigraphic thickness up to 10m. Exposure is significantly hampered by scree. A targeting exercise is being undertaken to follow up possible enrichment corridors along this extensive copper bearing horizon.

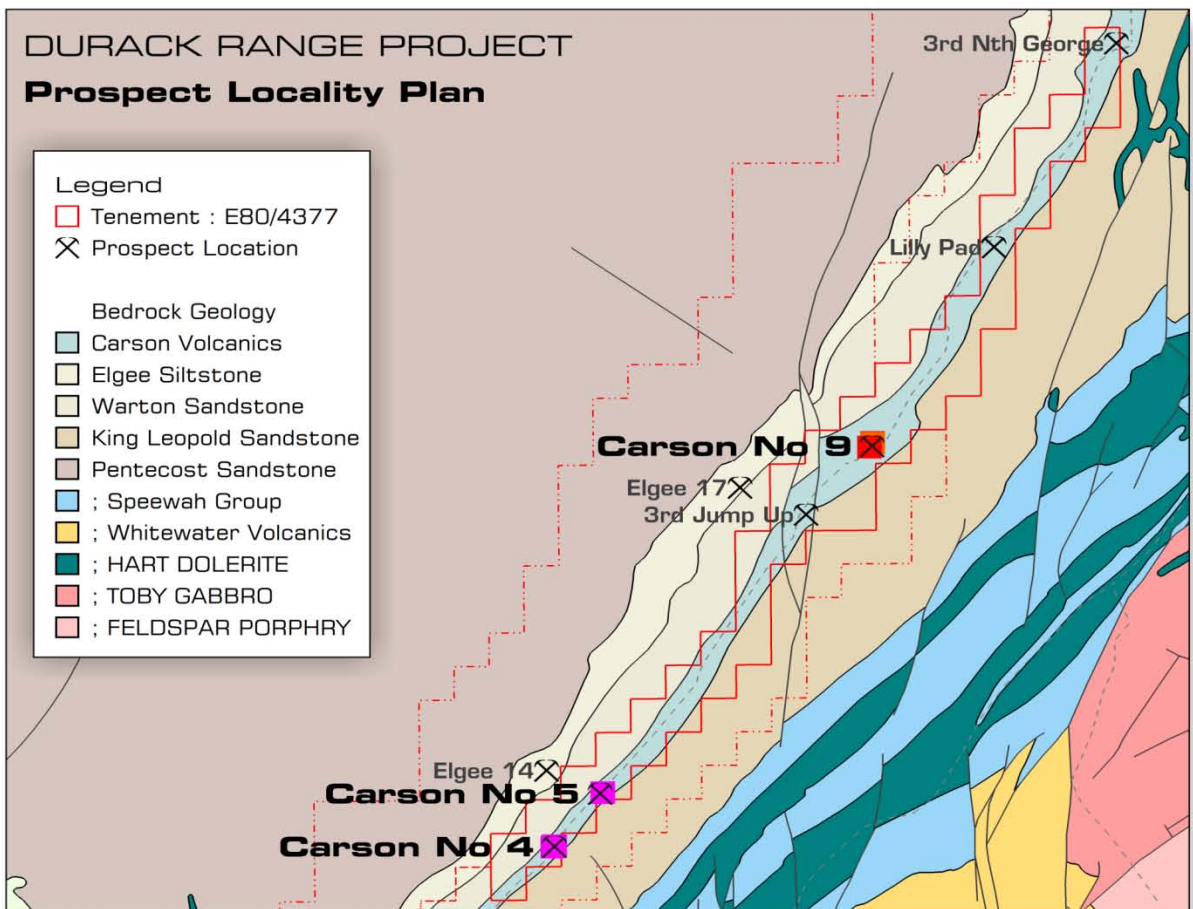
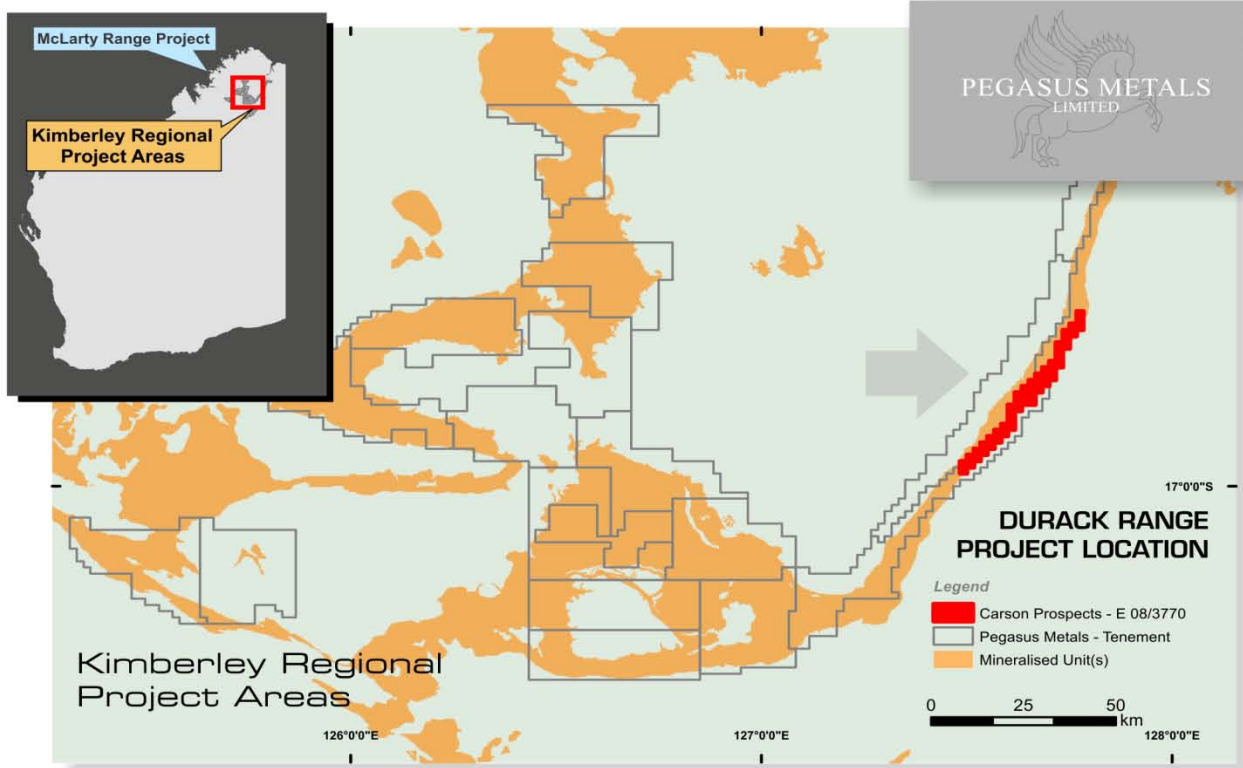
The information in this report that relates to Exploration Potential and Results is based on information compiled by Mr Timothy Orme, who is a consultant geologist and a Member of the Australian Institute of Mining and Metallurgy. The information in this report relating to exploration targets should 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 Orme 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 Orme 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.

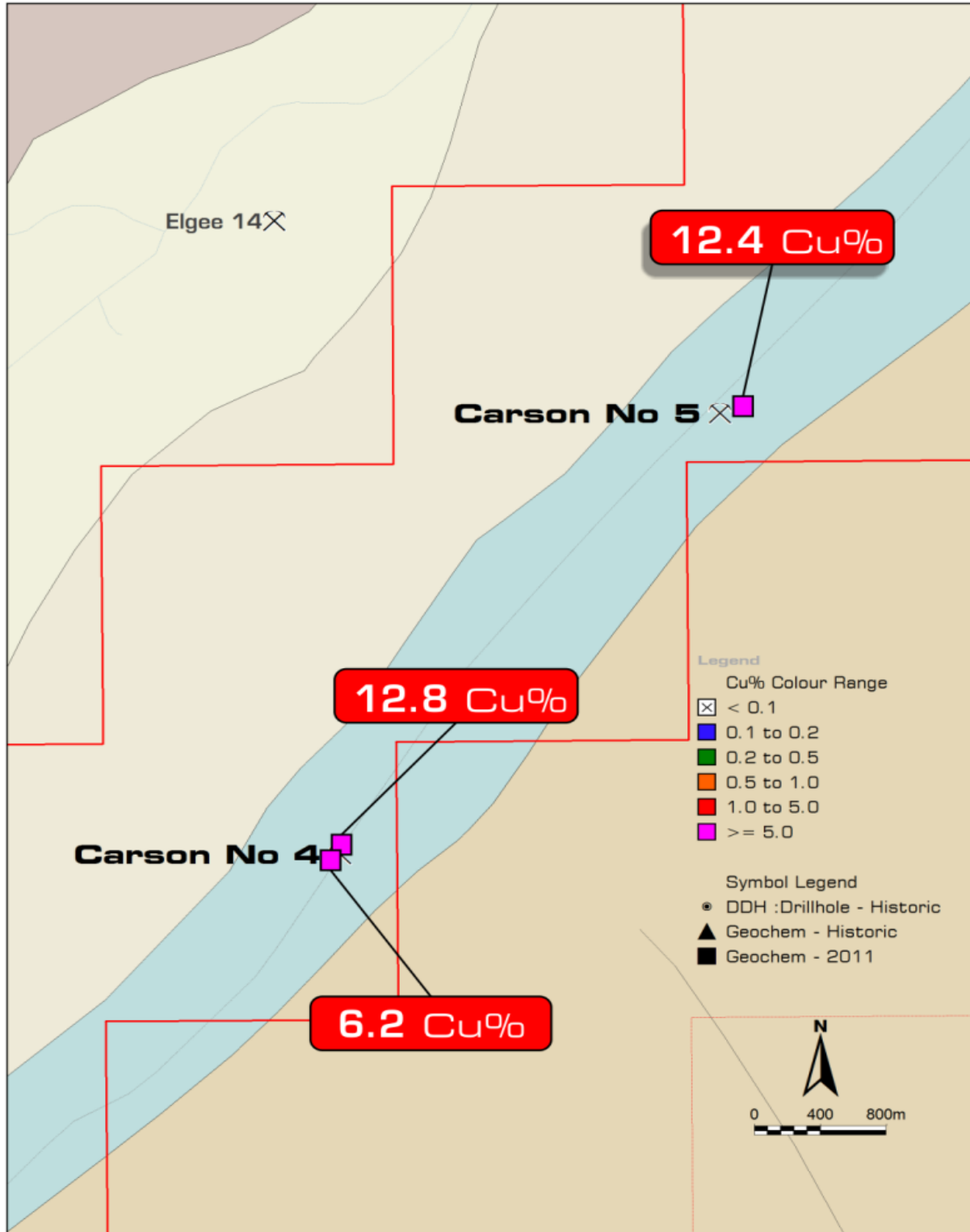
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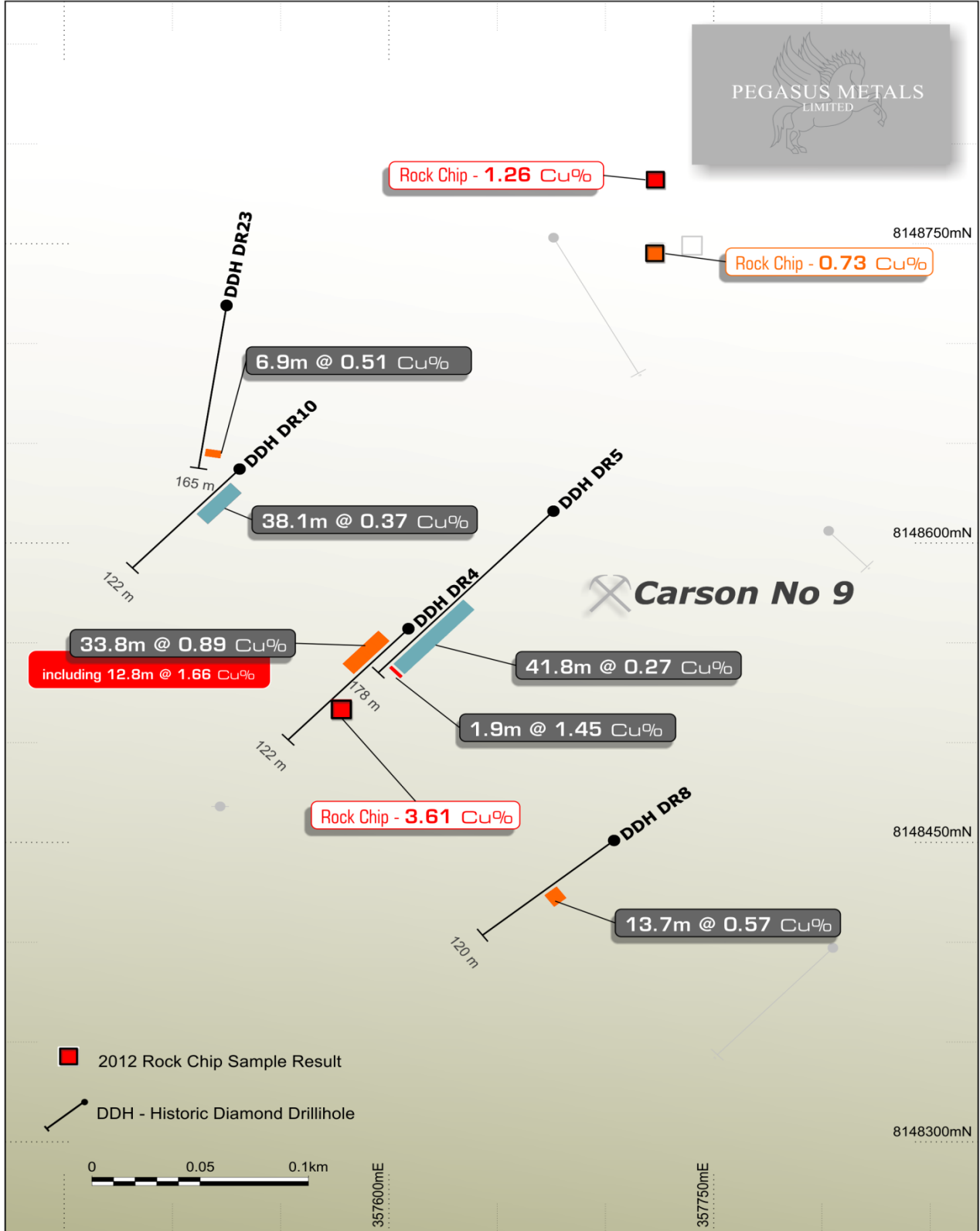


DURACK RANGE PROJECT



Carson No.4 & Carson No.5 Prospects
Showing 2011 Rockchip Sample Assay Results (Cu%)

DURACK RANGE PROJECT



Carson Nine Prospect
Historic Diamond Drilling & Rock Chip Sample Location Plan
 Showing Assay Results as CU %

Sample No	N_MGA94	E_MGA94	Ag_ppm	Au_ppm	Ba_ppm	Cu_ppm	Cu_%	Description	Location
PUNEKR000001	8126446	341637	3.58	9	76	61610	6.16	Malacite in Brecciated Basalt	Carson No 4
PUNEKR000002	8126529	341709	0.93	4	9	4197	0.42	Brecciated Basalt	Carson No 4
PUNEKR000003	8126529	341723	14.41	0.02	36	128300	12.83	Malacite in Brecciated Basalt	Carson No 4
PUNEKR000034	8129458	344140	29.82	0.02	40	124394	12.44	Malacite in Brecciated Basalt	Carson No 5
PUNEKR000004	8148782	357723	0.23	<0.01	2	12560	1.26	Brecciated Basalt	Carson No 9
PUNEKR000005	8148749	357740	0.14	<0.01	15	626	0.06	Brecciated Basalt	Carson No 9
PUNEKR000006	8148745	357723	0.34	<0.01	17	7261	0.73	Brecciated Basalt	Carson No 9
PUNEKR000007	8148517	357578	14.33	<0.01	74	36120	3.61	Malacite in Brecciated Basalt	Carson No 9
PUNEKR000008	8146271	351356	0.05	<0.01	215	87	0.01	Oolitic Teronious	Elgee 17
PUNEKR000009	8146263	351351	0.07	<0.01	446	44	0.00	Oolitic Teronious	Elgee 17
PUNEKR000011	8146261	351365	<0.05	<0.01	352	75	0.01	Oolitic Teronious	Elgee 17
PUNEKR000012	8146337	351110	0.09	<0.01	643	168	0.02	Oolitic Teronious	Elgee 17
PUNEKR000013	8146465	351037	<0.05	<0.01	1507	171	0.02	Calc Silicate in Red Beds	Elgee 17
PUNEKR000014	8146329	350844	<0.05	<0.01	402	496	0.05	Grey Bed	Elgee 17
PUNEKR000015	8146331	350846	<0.05	<0.01	140	1962	0.20	Grey Bed Vis Malacite	Elgee 17
PUNEKR000016	8146004	350976	0.26	<0.01	435	848	0.08	Oolitic Teronious	Elgee 17
PUNEKR000017	8145902	350920	0.34	<0.01	174	603	0.06	Oolitic Teronious	Elgee 17
PUNEKR000018	8146088	351182	0.06	<0.01	401	25	0.00	Oolitic Teronious	Elgee 17
PUNEKR000019	8131393	341624	<0.05	<0.01	1310	172	0.02	Clac Silicate	Elgee 14
PUNEKR000020	8131394	341576	0.31	<0.01	702	1983	0.20	Grey Bed Vis Malacite	Elgee 14
PUNEKR000021	8129833	340823	0.15	<0.01	3734	2526	0.25	Clac Silicate In Grey Beds	Elgee 14
PUNEKR000022	8159359	363695	0.08	<0.01	256	26	0.00	Basalt Epidote Alt	Lilly Pad
PUNEKR000023	8159436	363635	<0.05	<0.01	274	17	0.00	Basalt Epidote Alt	Lilly Pad
PUNEKR000024	8159511	363534	<0.05	<0.01	75	34	0.00	Basalt Epidote Alt	Lilly Pad
PUNEKR000025	8159611	363550	<0.05	<0.01	63	12	0.00	Basalt Epidote Alt	Lilly Pad
PUNEKR000026	8159608	363553	<0.05	<0.01	57	5	0.00	Basalt Epidote Alt	Lilly Pad
PUNEKR000035	8120033	333056	0.86	0.01	404	2163	0.22	Grey Bed Vis Malacite	Elgee 22

Table of Rock Chip Sample Results

Rock Chip Samples from which information in this document is derived were received by Bureau Veritas – Kalassay Limited in Perth, Western Australia. Samples were dried, crushed to -3mm and the total sample is pulverised to 90% passing -75µm. A 40-gram portion of the pulp was analysed for Ag, Au, Ba Cu, Pb and Zn by Aqua Regia Digest with an inductively coupled plasma mass spectrometry finish (AR40-ICPMS).