

Pegasus Metals Ltd

ASX: PUN



QUARTERLY REPORT FOR QUARTER ENDING 30 June 2013

HIGHLIGHTS

Quarterly Report
June 2013

ASX Announcement
31 July 2013

Shares on Issue

123,074,519

Current Share Price

A\$ 15 cents

Market Capitalisation

A\$ 18.46M

Board of Directors

Mr Stephen Mann
Non-Executive
Chairman

Mr Michael Fotios
Director

Mr Graham D Anderson
Company Sec & Non-
Executive Director

Contact Details

24 Mumford Place
Balcatta WA 6021

Ph: 08 6241 1888

Projects

Mt Mulcahy
McLarty Range
East Kimberley Regional

- Diamond drilling at the South Limb Pod target within the Mt Mulcahy Project in WA continued to intersect VMS-style mineralisation with high grades of copper and zinc with silver and gold.
- Massive sulphide mineralisation at South Limb Pod now outlined over 350m down-dip.
- Significant intercepts include:
 - 2.88m @ 5.46% Cu, 2.63% Zn, 44.6g/t Ag and 0.44g/t Au*
 - 5.37m @ 4.03% Cu, 2.24% Zn, 33.7g/t Ag and 0.48g/t Au*
 - 3.61m @ 3.71% Cu, 4.14% Zn, 32.4g/t Ag and 0.53g/t Au*
 - 4.48m @ 5.84% Cu, 4.51% Zn, 47.2g/t Ag and 0.23g/t Au*
 - 1.36m @ 6.45% Cu, 6.36% Zn, 53.6g/t Ag and 0.32g/t Au*
 - 5.00m @ 4.38% Cu, 2.91% Zn, 38.9g/t Ag and 0.53g/t Au*
(Incl 3m @ 5.78% Cu, 3.84% Zn, 49.6g/t Ag and 0.54g/t Au
 - 4.44m @ 2.51% Cu, 4.98% Zn, 29.4g/t Ag and 0.26g/t Au*
(Incl 3.44m @ 3.04% Cu, 6.40% Zn, 36.6g/t Ag and 0.33g/t Au)
 - 6.64m @ 1.86% Cu, 1.44% Zn, 15.2g/t Ag and 0.07g/t Au*
(Incl 2.19m @ 3.40% Cu, 3.02% Zn, 27.2g/t Ag and 0.10g/t Au)
 - 2.0m @ 3.24% Cu, 1.06% Zn, 25.0g/t Ag and 0.10g/t Au*
 - 7.00m @ 2.82% Cu, 0.95% Zn, 25.23g/t Ag and 0.28g/t Au*
 - 7.00m @ 2.69% Cu, 2.89% Zn, 29.54g/t Ag and 0.10g/t Au*
 - 3.39m @ 2.68% Cu, 1.30% Zn, 20.10g/t Ag and 0.24g/t Au*
(Incl 1.19m @ 4.06% Cu, 1.69% Zn, 28.41g/t Ag and 0.07g/t Au
and 0.6m @ 4.94% Cu, 2.82% Zn, 45.70g/t Ag and 1.11g/t Au)
 - 4.58m @ 1.56% Cu, 1.21% Zn, 12.09g/t Ag and 0.07g/t Au*
(Incl 2.00m @ 2.69% Cu, 2.04% Zn, 20.00g/t Ag and 0.11g/t Au)
- Drilling will also test numerous other drill targets identified by geophysics at Mt Mulcahy, including VTEM surveys.

MT MULCAHY COPPER PROJECT, Murchison (PUN 100%)

Reverse Circulation (RC) and Diamond drilling continued during the quarter, with the South Limb Pod target confirmed as a significant VMS discovery hosting high-grade copper with zinc, silver and gold. The mineralisation at South Limb, which is located 50km north of Cue in the Murchison Region, has now been outlined over a down-dip extent of ~350m.

Please refer to ASX announcements dated 11 April 2013, 15 May 2013 and 5 June 2013 for detailed information.

The next phase of the program will include down hole EM surveys at the base of the South Limp pod to determine the location of future drill holes to test the down plunge extension of the mineralisation. Ground EM surveys will also be completed to confirm regional targets around the Mt Mulcahy syncline prior to drill testing.

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. Drilling by the Company has confirmed the prospective nature of the copper-bearing, meta-sedimentary horizons which have extensive exposure in the project area. Significant intersections at the Bower Bird Prospect include 7m at 1.02 per cent copper, 10.9m at 0.31 per cent copper, 16m at 0.23 per cent copper and 24m at 0.25 per cent copper. Numerous other targets within the Main Syncline area at the McLarty Range Project area remain untested by drilling.

Planning and design of airborne magnetic/radiometric and VTEM surveys aimed at further understanding the geology and controls on the copper mineralization commenced during the quarter. These programs will help to better define drill targets beneath the surface gossans that have been mapped and sampled to date.

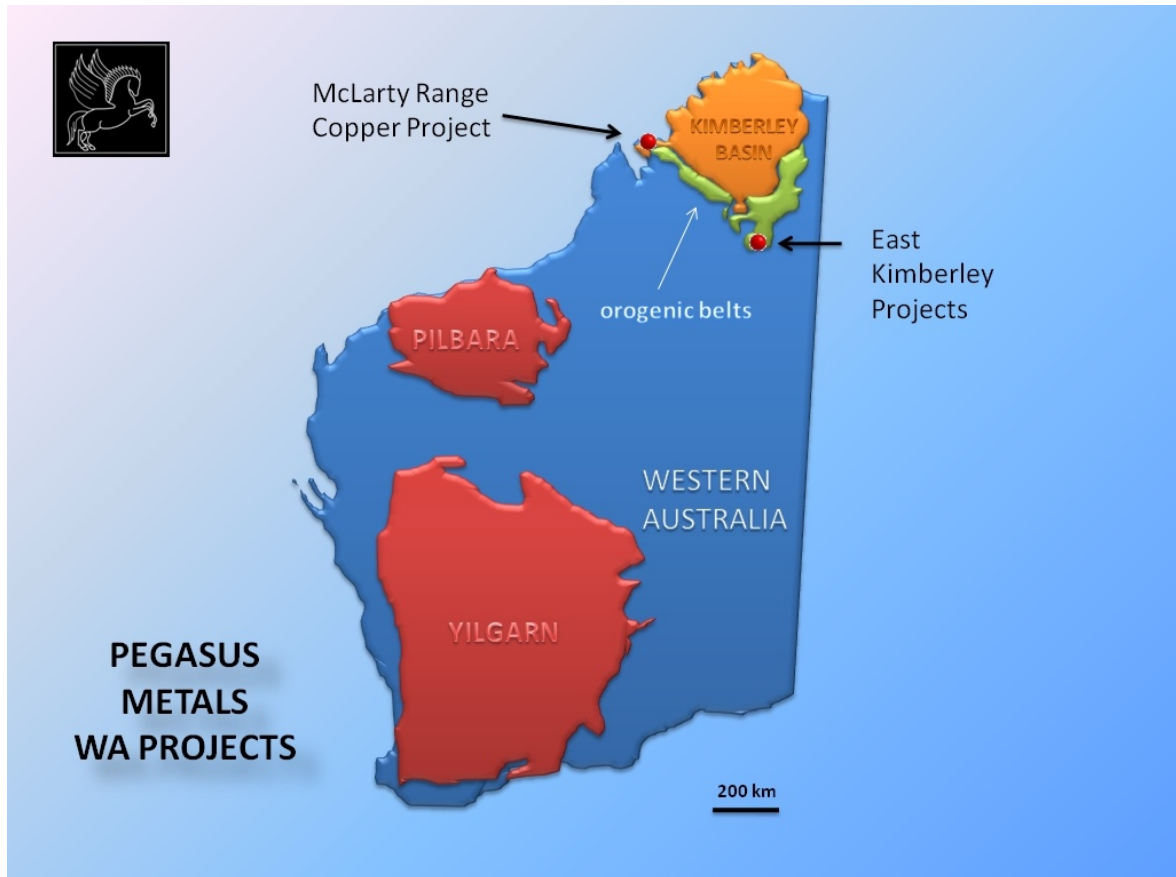
EAST KIMBERLEY COPPER PROJECT, East Kimberley (PUN 100%)

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.

No field activity during the quarter.

NEW OPPORTUNITIES

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



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.

For further information contact:

Michael Fotios
Director

Stephen Mann
Chairman

Pegasus Metals Limited
ABN 40 115 535 030
Telephone: 08 6241 1888
Website: www.pegasusmetals.com.au
Contact: admin@pegasusmetals.com.au

TABLE ONE: SIGNIFICANT INTERSECTIONS (0.5% Cu Cut off)

Hole ID	Northing	Easting	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Ag (ppm)	Au (ppm)
Diamond Drill Holes									
MTMRCD1	7007330	569110	109.12	112.12	3.00	2.66	2.70	21.83	0.11
MTMRCD2	7007283	569110	72.54	73.90	1.36	6.45	6.36	53.60	0.32
MTMRCD3	7007361	569149				<i>Abd</i>			
MTMRCD4	7007335	569050	83.71	88.19	4.48	5.84	4.51	47.25	0.23
MTMRCD5	7007294	569089	77.56	79.90	2.34	1.19	4.54	19.90	0.04
		Including	77.56	78.90	1.34	1.57	7.83	31.55	0.06
MTMRCD6	7007367	569132				<i>Abd</i>			
MTMRCD7	7007369	569090	124.45	126.85	2.40	1.35	1.42	11.80	0.05
MTMRCD8	7007355	569073	110.47	112.22	1.75	1.58	0.90	12.09	0.13
		Including	110.47	111.22	0.75	2.97	1.93	23.00	0.13
MTMDD18	7007157	569190	44.75	45.70	0.95	0.44	3.19	14.38	0.54
MTMDD19	7007347	569190	175.8	176.7	0.90	0.95	2.28	13.58	0.12
MTMDD20	7007260	569050				<i>Abd</i>			
MTMDD21	7007255	569130	64.83	67.71	2.88	5.46	2.63	44.60	0.44
MTMDD22	7007227	569150	60.43	65.80	5.37	4.03	2.24	33.66	0.48
MTMDD23	7007191	569170	54.26	55.00	0.74	3.33	2.56	36.90	1.04
MTMDD24	7007361	569149	139.02	146.56	7.54	2.18	2.09	18.93	0.34
		Including	139.02	142.63	3.61	3.71	4.14	32.41	0.53
MTMDD25	7007366	569129	132.76	136.90	4.14	3.05	2.17	27.09	0.40
MTMDD26	7007324	569030	69.96	74.32	4.36	1.97	3.87	24.02	0.10
		Including	69.96	73.32	3.36	2.36	4.92	29.56	0.09
MTMDD27	7007378	569035	119.67	120.19	0.52	0.56	2.70	13.40	0.01
MTMDD28	7007377	569035	98.53	99.53	1.00	0.72	0.35	5.20	0.02
			100.53	101.53	1.00	0.94	0.09	4.50	0.02
			103.53	104.53	1.00	0.81	1.64	7.50	0.08
MTMDD29	7007296	569050	60.00	64.90	4.90	2.85	1.18	18.09	0.08
		Including	60.00	63.90	3.90	3.38	1.42	21.52	0.09
MTMDD30	7007462	569071	166.37	169.04	2.67	2.75	2.75	23.93	0.73
MTMDD31	7007370	569089	127.00	137.22	10.22	4.49	4.02	33.00	0.18
		Including	127.00	136.22	9.22	4.92	4.42	36.24	0.20
MTMDD32	7007255	569044	38.85	39.44	0.59	1.95	5.24	28.60	0.10
MTMDD33	7007259	569130	77.77	90.18	12.41	3.12	2.29	28.05	0.21
		Including	77.77	83.77	6.00	4.95	4.25	46.47	0.33
		Including	85.77	87.18	1.41	3.37	1.66	28.14	0.11
MTMDD34	7007255	569090	52.29	53.81	1.52	1.16	1.91	13.71	0.09
MTMDD35	7007241	569107	37.42	48.73	11.31	4.91	4.16	44.45	0.57
		Including	37.42	43.89	6.47	6.82	6.74	62.76	0.80
		Including	44.87	47.73	2.86	3.54	1.14	28.69	0.40

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Hole ID	Northing	Easting	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Ag (ppm)	Au (ppm)
Diamond Drill Holes (cont.)									
MTMDD36	7007362	569153	174.31	176.22	1.91	1.59	0.69	12.15	0.05
		<i>Including</i>	174.31	175.22	0.91	2.32	1.28	17.80	0.04
MTMDD37	7007420	569149	187.02	192.02	5.00	4.38	2.91	38.90	0.53
		<i>Including</i>	187.02	190.02	3.00	5.78	3.84	49.63	0.54
		<i>Including</i>	191.02	192.02	1.00	3.90	2.90	41.30	0.98
MTMDD38	7007281	569070	55.40	59.84	4.44	2.51	4.98	29.42	0.26
		<i>Including</i>	55.40	58.84	3.44	3.04	6.40	36.55	0.33
MTMDD39	7007221	569132	43.91	46.68	2.77	1.57	0.90	13.50	0.06
		<i>Including</i>	43.91	45.68	1.77	2.13	1.37	18.75	0.07
MTMDD40	7007450	569130	168.61	175.25	6.64	1.86	1.44	15.19	0.07
		<i>Including</i>	168.61	170.80	2.19	3.40	3.02	27.18	0.10
MTMDD41*	7007655	568709	35.20	35.70	0.50	2.30	3.86	19.70	0.14
MTMDD42	7007438	569090	164.50	167.89	3.39	2.68	1.30	20.10	0.24
		<i>Including</i>	164.50	165.69	1.19	4.06	1.69	28.41	0.07
		<i>Including</i>	166.29	166.89	0.60	4.94	2.82	45.70	1.11
MTMDD43	7007439	569090	186.86	191.44	4.58	1.56	1.21	12.09	0.07
		<i>Including</i>	189.44	191.44	2.00	2.69	2.04	20.00	0.11
MTMDD44	7007472	569055	181.26	182.07	0.81	0.63	1.28	9.50	<0.01
MTMDD45	7007472	569055	166.97	167.60	0.63	1.01	0.53	6.40	<0.01
MTMDD46	7007472	569055	199.75	200.50	0.75	1.07	1.55	9.90	0.06
MTMDD47	7007462	569070	193.09	197.09	4.00	0.71	1.09	7.64	0.43
		<i>Including</i>	194.09	195.09	1.00	1.39	1.52	18.80	1.66

*Note – MTMDD41 is “West Copper”
NSI = No Significant Intercept, Abd = Hole abandoned

Hole ID	Northing	Easting	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Ag (ppm)	Au (ppm)
RC Drill Holes									
	7007355	569073				<i>Abd</i>			
RC Drill Holes	7007234	569050	24.00	26.00	2.00	3.24	1.06	25.05	0.10
MTMRC11	7007232	569069	28.00	31.00	3.00	0.91	1.05	9.07	0.15
MTMRC12	7007141	569189	20.00	21.00	1.00	0.86	0.36	6.50	0.23
		<i>Including</i>	23.00	24.00	1.00	1.31	0.42	18.60	0.19
MTMRC13	7007153	569174				<i>NSI</i>			
MTMRC14	7007151	569150	4.00	9.00	5.00	0.62	0.36	10.82	0.21
		<i>Including</i>	7.00	8.00	1.00	1.19	0.65	10.70	0.52

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Hole ID	Northing	Easting	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Ag (ppm)	Au (ppm)	
RC Drill Holes (cont.)										
MTMRC15	7007177	569127	11.00	14.00	3.00	1.89	0.92	11.77	0.26	
			15.00	16.00	1.00	0.53	0.49	3.20	0.01	
			<i>Including</i>	11.00	12.00	1.00	1.76	1.29	1.80	0.64
			<i>Including</i>	13.00	14.00	1.00	3.05	0.76	30.20	0.14
MTMRC16	7007196	569108	20.00	21.00	1.00	0.60	0.22	4.30	0.05	
MTMRC17	7007215	569090	18.00	20.00	2.00	1.10	0.45	24.25	0.18	
			<i>Including</i>	19.00	20.00	1.00	1.52	0.39	31.70	0.23
MTMRC18	7007252	569009	13.00	17.00	4.00	0.88	0.63	8.75	0.64	
			<i>Including</i>	16.00	17.00	1.00	1.25	0.63	6.50	0.24
MTMRC19	7007222	569030				NSI				
MTMRC20	7007213	569050				NSI				
MTMRC21	7007206	569069				NSI				
MTMRC22	7007127	569170	0.00	8.00	8.00	0.76	0.30	3.24	0.16	
MTMRC23	7007235	569030	15.00	16.00	1.00	0.81	0.45	2.60	0.12	
MTMRC24	7007223	569050				NSI				
MTMRC25	7007195	569089				NSI				
MTMRC26	7007183	569110	10.00	13.00	3.00	0.67	0.29	2.93	0.05	
MTMRC27	7007218	569109	36.00	39.00	3.00	1.59	0.59	11.33	0.09	
			<i>Including</i>	36.00	38.00	2.00	1.93	0.81	14.05	0.12
MTMRC28	7007231	569090	29.00	36.00	7.00	2.82	0.95	25.23	0.28	
MTMRC29	7007201	569130	27.00	34.00	7.00	2.96	2.89	29.54	1.10	
NSI = No Significant Intercept, Abd = Hole abandoned										

*All intercepts are approximately true thickness apart. 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 or on site. RC drill hole samples are collected every metre, logged, sampled and dispatched to the same laboratory. 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

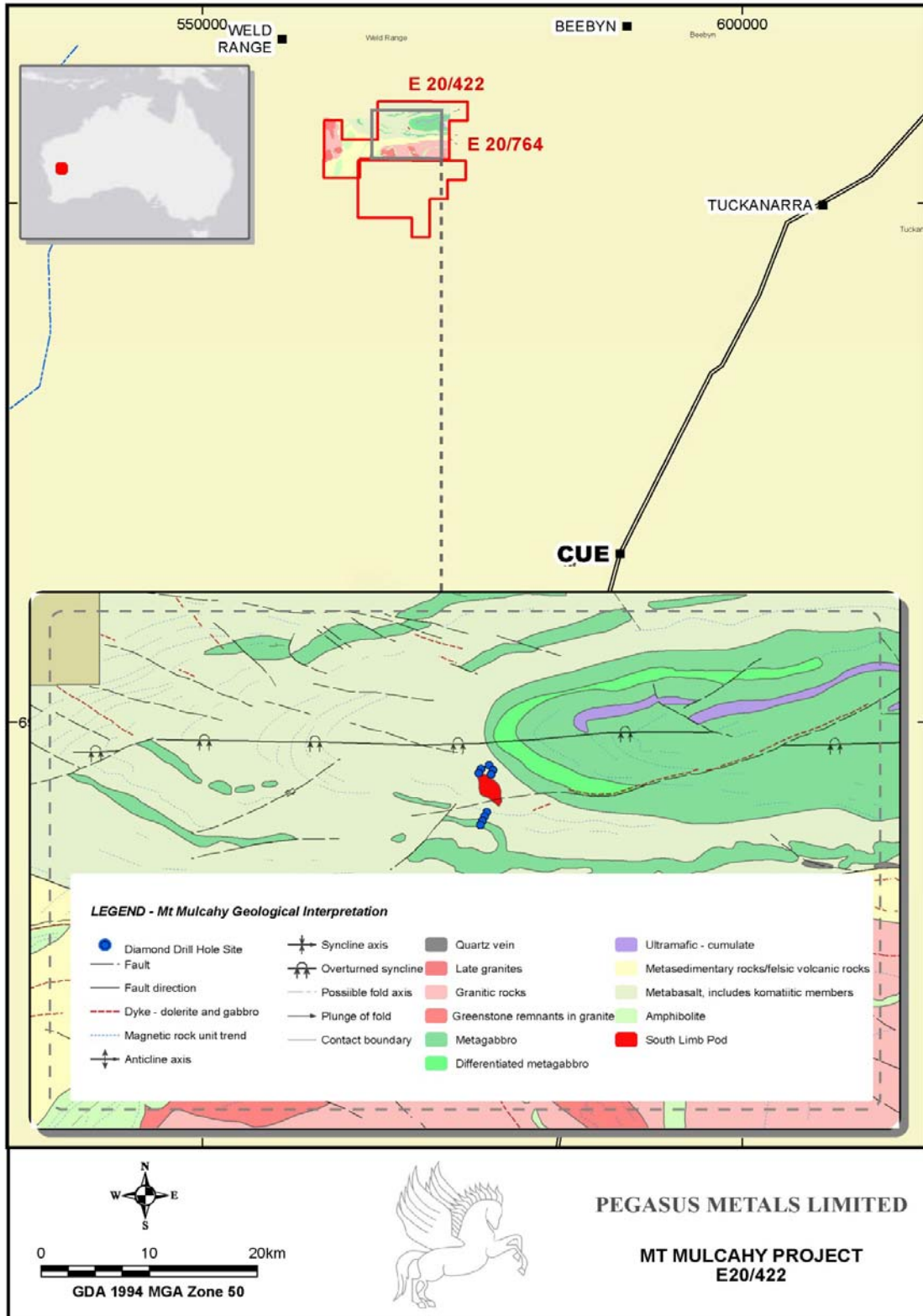
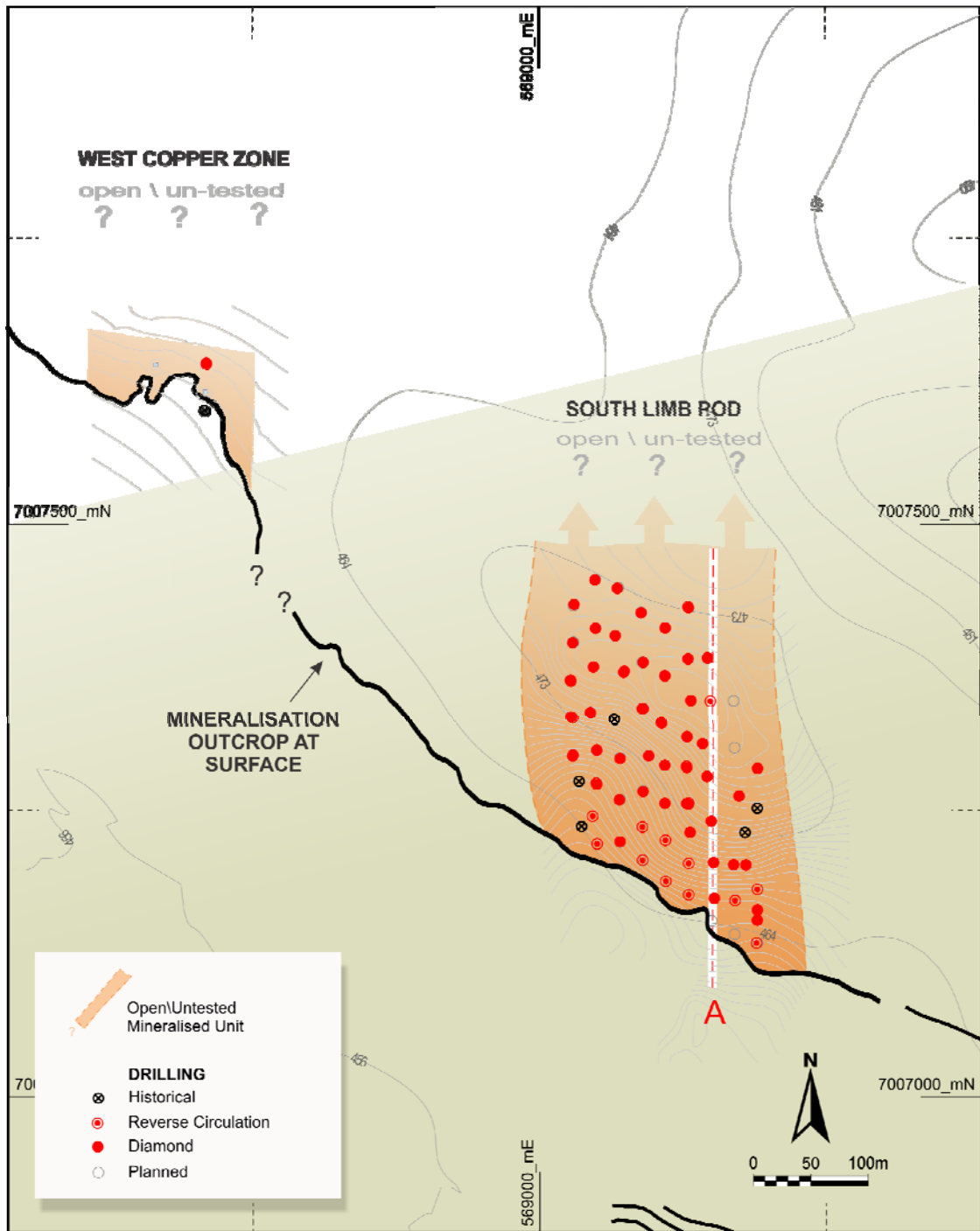


FIGURE 2

Mt Mulcahy
South Limb Pod & West Copper Zone

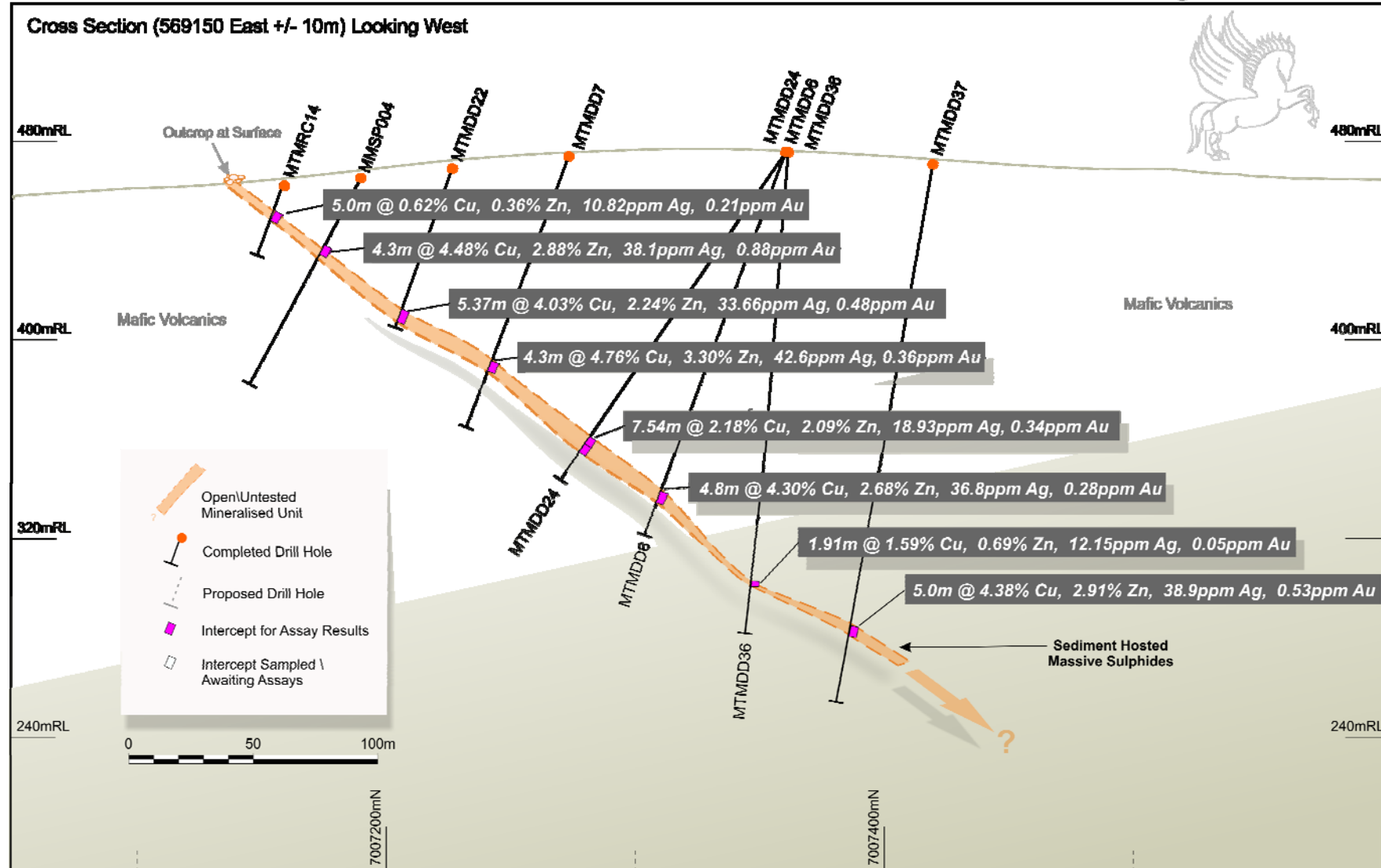


Plan Showing Current Drill Targets
with Down Hole Mineralised Intercepts Projected to Surface

FIGURE 3

Pegasus Metals Limited

SECTION A



Mt Mulchay - South Limb Pod

Appendix 5B

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")

30 June 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(973)	(2,695)
(b) development	-	-
(c) production	-	-
(d) administration	(141)	(605)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	68
1.5 Interest and other costs of finance paid	(5)	(7)
1.6 Income taxes paid	-	-
1.7 Other (GST paid to be recouped)	(89)	(14)
Net operating cash flows	(1,200)	(3,253)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	(50)
(b) equity investments	-	-
(c) other fixed assets	(3)	(29)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans from other entities	-	-
1.11 Loans repaid to other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(3)	(79)
1.13 Total operating and investing cash flows (carried forward)	(1,203)	(3,332)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,203)	(3,332)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	15
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)
	Net financing cash flows	-	2
Net increase (decrease) in cash held			
		(1,203)	(3,330)
1.20	Cash at beginning of quarter/year to date	1,387	3,514
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	184	184

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	36
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	500	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	80
Total	180

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	163	1,366
5.2 Deposits at call	21	21
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	184	1,387

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	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

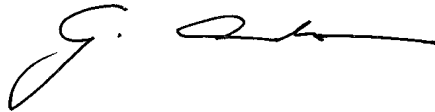
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	123,074,519	123,074,519		Fully Paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	1,000,000 6,000,000 2,000,000 8,000,000		<i>Exercise price</i> \$0.15 \$0.45 \$0.15 \$0.35	<i>Expiry date</i> 10 December 2013 16 June 2014 11 October 2014 31 December 2015
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Lapsed during quarter	2,000,000		\$0.10	11 April 2013
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ 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.



Sign here: Date: 31 July 2013
(Director/Company Secretary)

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.