



Pegasus hits high-grade copper and zinc in second VMS target at Mt Mulcahy

Plus, more results of up to 5% copper and 4% zinc from the initial South Limb Pod discovery at Mt Mulcahy

20 more VMS targets to be tested within 6km radius

ASX Announcement
05 June 2013

Shares on Issue
123,074,519
Current Share Price
A\$0.185
Market Capitalisation
A\$22.77m
Cash at 31/03/13
A\$1.4m

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

HIGHLIGHTS

- The first hole drilled to test the second VMS target at Mt Mulcahy returns massive sulphides, including 0.5m at 2.3% copper and 3.86% zinc with 19.7g/t silver and 0.14g/t gold
- The results provide more strong evidence that Mt Mulcahy is emerging as a substantial VMS Province
- More assays from the first discovery at Mt Mulcahy, South Limb Pod, return host of high-grade copper and zinc hits with silver and gold; These results will form part of a maiden resource
- Drilling underway to test for extensions to South Limb Pod beyond 225m vertical depth
- VTEM survey shows many of the remaining 20 VMS targets contain signatures which match those from South Limb Pod; Drilling on these other targets to start in August
- Significant intercepts from the latest drilling include:
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)

(all intercepts are approximately true thickness)

Pegasus Metals Limited (ASX: PUN) is pleased to advise that it has hit more massive sulphides containing high-grade copper and gold in the second target at its Mt Mulcahy Project in WA.

The result from the West Copper target provides strong evidence that Mt Mulcahy is a VMS Province and therefore increases the prospect that more of the remaining 20 targets are also mineralised.

Pegasus Managing Director Michael Fotios said the Company was also highly encouraged by the recent re-evaluation of historic VTEM survey data, which showed that many of these 20 targets had the same or similar signatures to the flagship South Limb Pod discovery at Mt Mulcahy. Mt Mulcahy is located 50km north of Cue in the Murchison Region.

The first hole drilled by Pegasus at West Copper, which sits 300m west of South Limb Pod, has returned 0.5m at 2.3 per cent copper and 3.86 per cent zinc with 19.7g/t silver and 0.14g/t gold from 35m. This is the second massive sulphide intersection at West Copper following drilling by the previous owner which intersected 2.16m at 2.42% copper, 1.31% zinc and 19.8g/t silver (no gold assays were undertaken).

Pegasus will undertake a ground-based electro-magnetic (EM) survey designed to provide more detail on the targets identified by the VTEM survey as well as identify additional targets. This will be followed by an extensive drilling campaign, which is expected to start in August.

The growing prospect of a VMS cluster at Mt Mulcahy has been made even more attractive by the latest assays from South Limb Pod, which contains another host of high-grade intersections.

The fresh assays of up to 4.94 per cent copper and 3.86 per cent zinc with silver and gold further confirm the quality and continuity of the VMS-style mineralisation at South Limb Pod target (*see Table 1*).

The mineralisation at South Limb Pod has been outlined over 300m down dip and to a vertical depth of 225m (*see Figures 3 and 4*).

Pegasus is now drilling to test whether the South Limb Pod mineralisation extends from a vertical depth of 225m to 400m. This drilling has the potential to add substantial amounts of contained metal to any future South Limb Pod resource and also boost the development options available to Pegasus.

The latest results are consistent with those contained in previous assays, which have included intersections of up 6.8 per cent copper and 6.7 per cent zinc, further demonstrating the continuity of the mineralisation.

The economics of any development at Mt Mulcahy would be boosted significantly by the shallow nature of the mineralisation, which makes it a potential open pit target. Weathering at Mt Mulcahy is relatively weak and only extends a few metres below the surface.

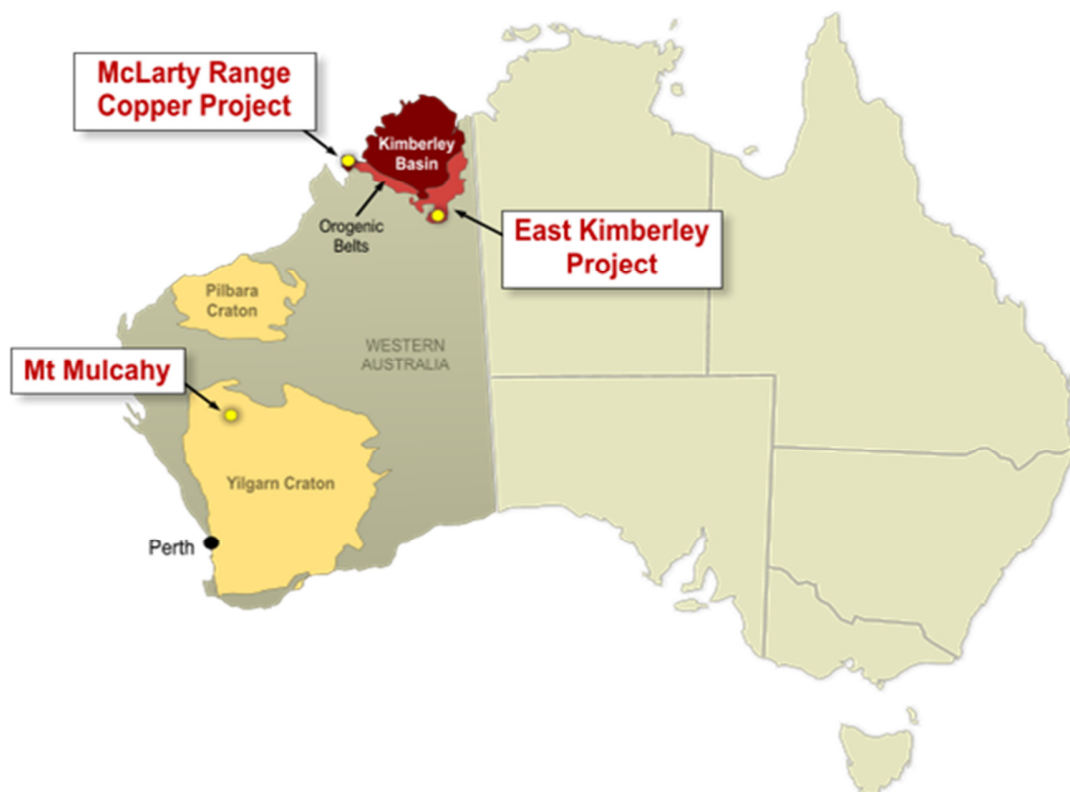
“The drilling result at West Copper is highly significant for Mt Mulcahy and Pegasus,” Mr Fotios said. “It supports our theory that South Limb Pod is potentially just one of numerous high-grade deposits in a VMS cluster.

“The geo-physical similarities between South Limb Pod and many of the other targets are striking. With this substantial potential becoming increasingly clear, we will accelerate the implementation of our ground EM program with a view to drill-testing many of these other targets from August.”

Diamond drilling at Mt Mulcahy has been completed in 61 holes to date (MMSP001 to MMSP004, MTMRCD001 to MTMRCD008 and MTMDD001 to MTMDD049).

This programme has included resource definition diamond drilling at South Limb, with 56 holes completed so far (MMSP001, MMSP003 & MMSP004, MTMRCD001 to MTMRCD008, MTMDD004 to MTMDD008 and MTMDD010 to MTMDD049). In addition 21 RC holes, testing the extension of the mineralisation up to the surface, have been completed (MTMRC009 to MTMRC029).

Results for 54 diamond holes (MTMDD048 & MTMDD049 awaited) and 21 RC holes have now been announced in ASX releases dated 17 September 2012, 15 November 2012, 24 January 2013, 11 April 2013, 1 and 15 May 2013 and in this release.



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

Paul Armstrong
Read Corporate
08 9388 1474

Pegasus Metals Limited
ABN 40 115 535 030
Telephone: 08 6241 1888
Website: www.pegasusmetals.com.au
Contact: reception@deltaman.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									
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
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
RC Drill Holes									
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
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
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

*Note – MTMDD41 is "West Copper"

*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. 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.

Holes sampled but not yet submitted to lab.

Hole ID	Northing	Easting	From (m)	To (m)	Length (m)	Massive Sulphide (m)	Stringer Sulphides (m)
MTMDD48	7007457	569110	180.00	187.00	7.00	1.72	2.66
MTMDD49	7007447	569129	208.26	217.00	8.74	1.97	3.86

FIGURE 1

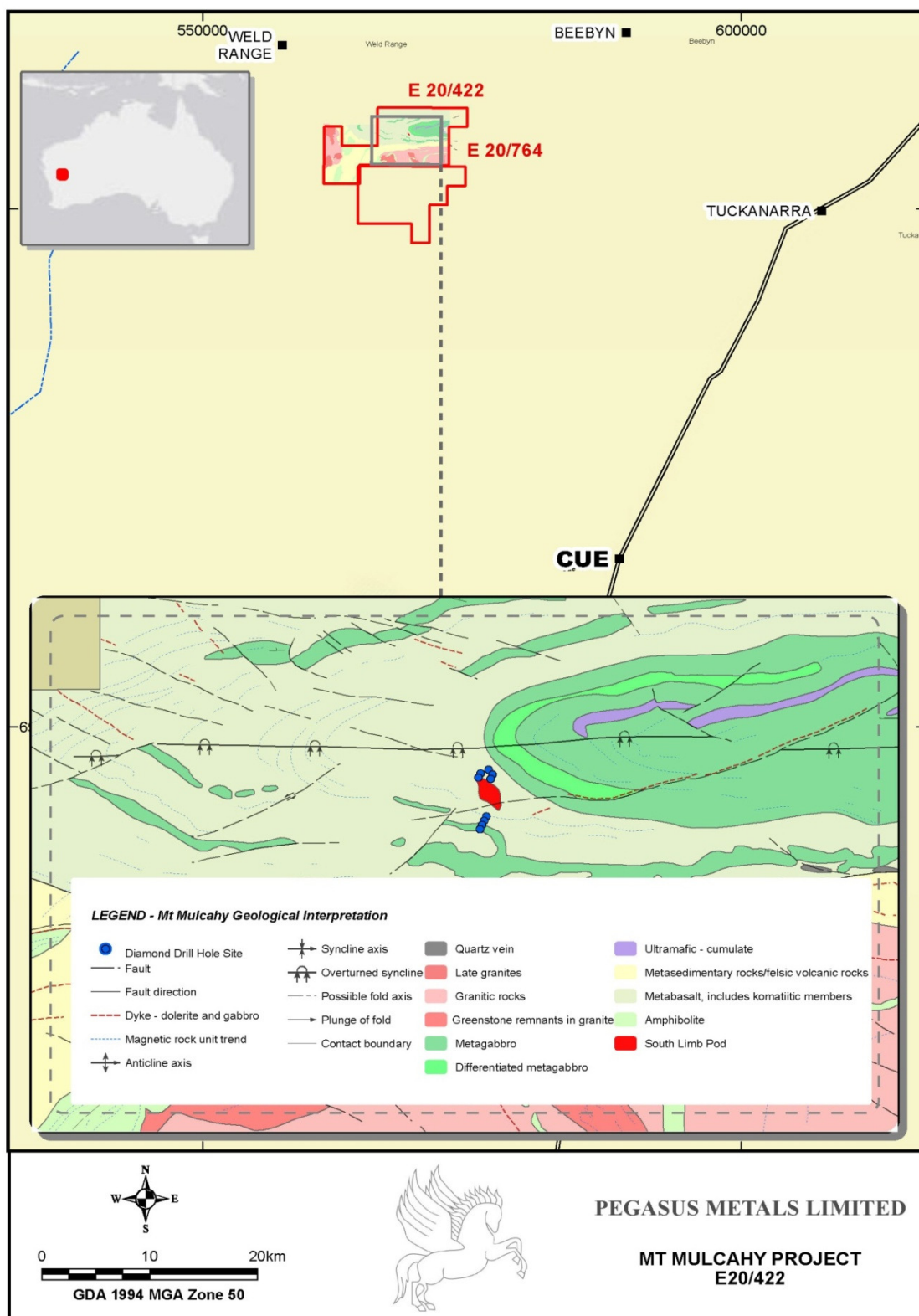
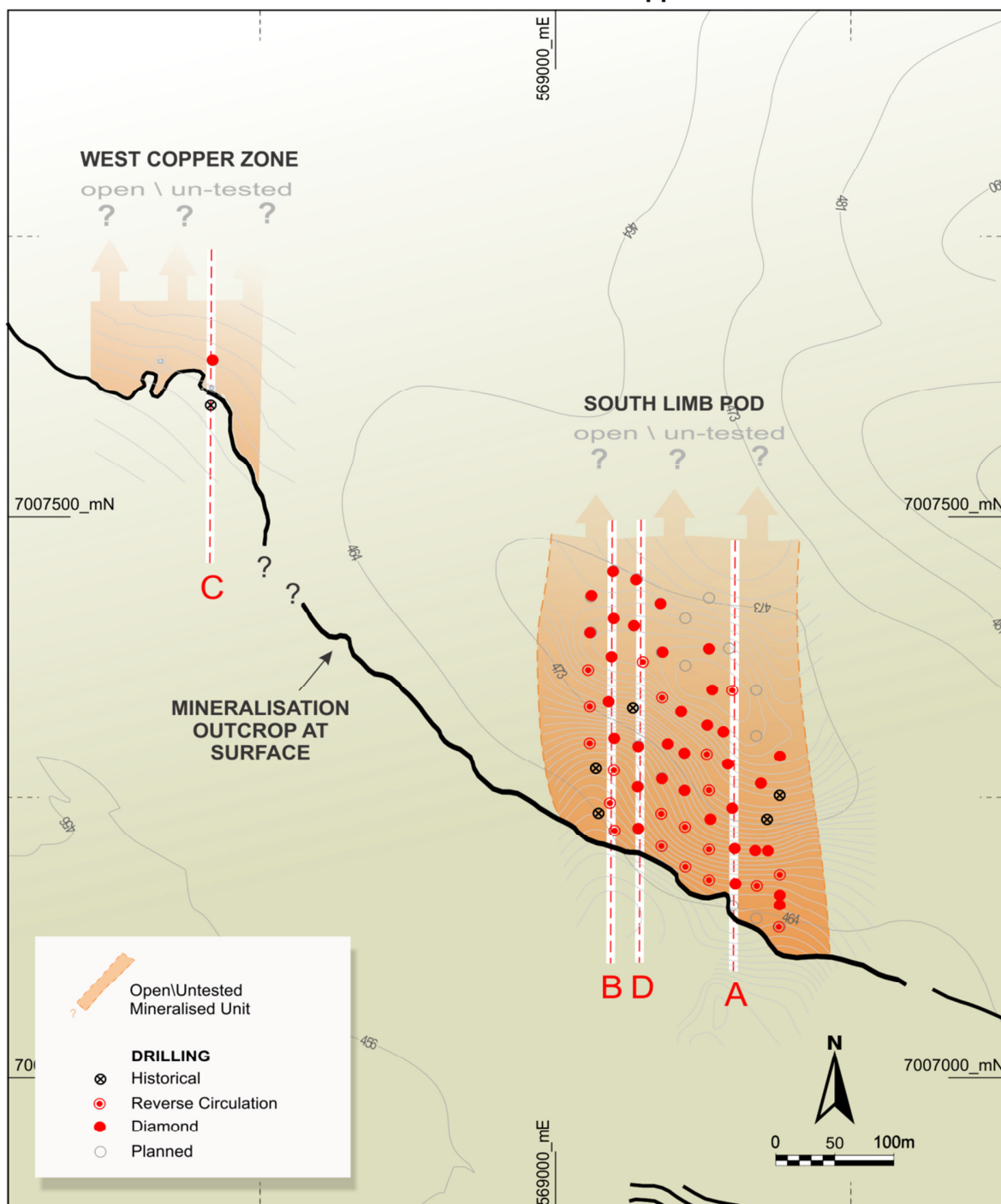


FIGURE 2

**Mt Mulcahy
South Limb Pod & West Copper Zone**



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

FIGURE 3

SECTION D

Pegasus Metals Limited

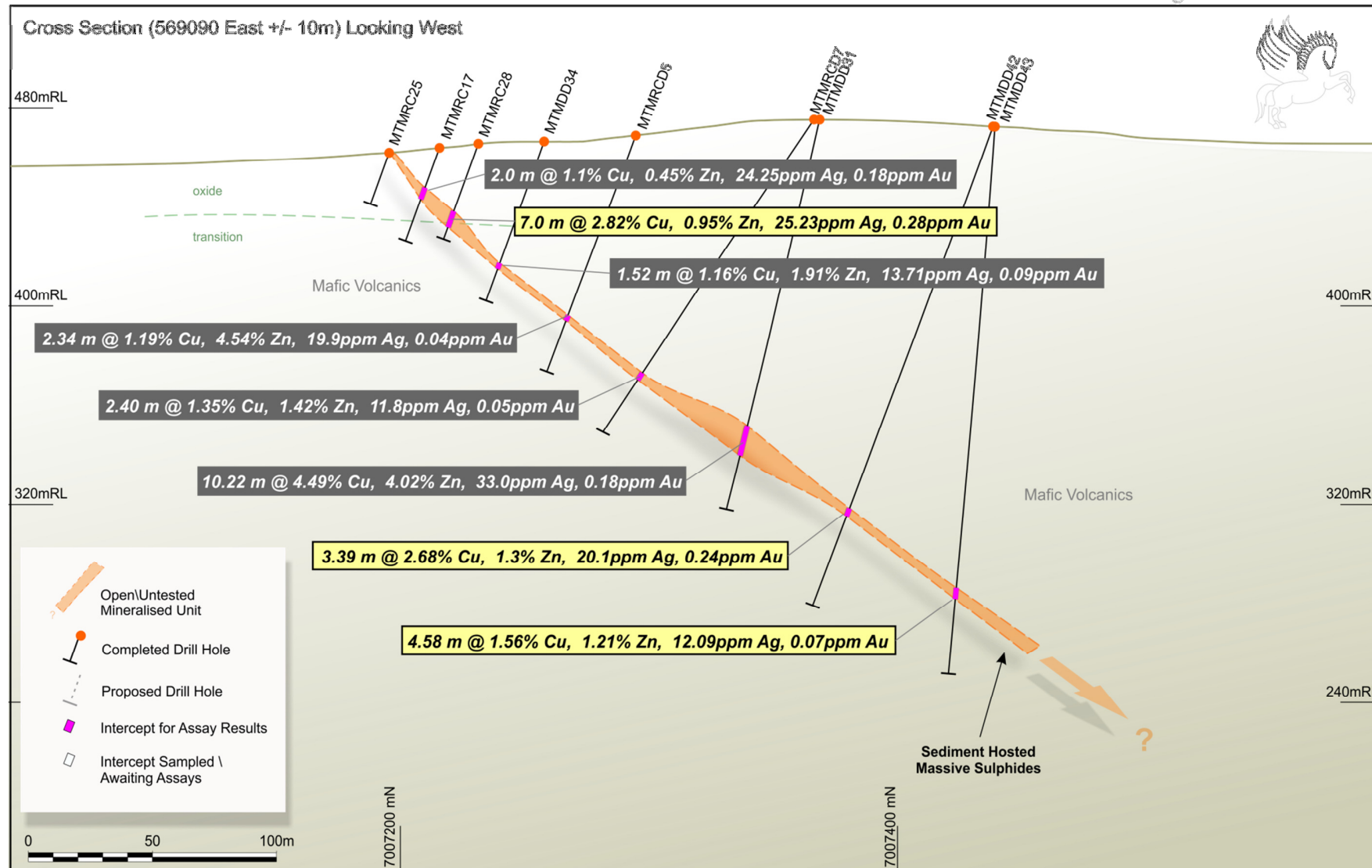


FIGURE 4

