

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

Pegasus Metals Limited (ASX: PUN) provides the following review of activities for the quarter ended 30 September 2018.

SCORPION MINERALS LIMITED

Dablo Pd-Pt-Au-Ni-Cu Project, Burkina Faso

Pegasus has previously announced (refer PUN:ASX announcement 10th January 2018) that it has entered into an agreement to acquire Scorpion Minerals Limited, which holds the rights to enter a 70% joint venture interest in the Dablo exploration project in Burkina Faso, Africa, (refer Figure 1) through Newgenco Exploration (West Africa) Pty Ltd ("NEWA"). Burkina Faso is considered a premier exploration destination for large mineral deposits (particularly gold) within the Paleo-Proterozoic greenstones of the Birimian shield (refer Figure 1).

The Company is pleased to confirm that Scorpion has spent approximately \$1.3 million in the period to 30 September 2018, earning an interest of 15% in the Dablo Project.

Post-quarter end, on the 23rd October 2018 (refer ASX:PUN release "Dablo Project Update"), the company announced results from the 3000 m RC drilling programme completed at Dablo PGE-Au-Ni-Cu project earlier in the year (refer PUN:ASX announcements 12th June 2018 and 18th June 2018), where holes tested extensions to previous drilling and undrilled regional targets.

Highlights announced included:

- Two regional PGE-Au-Ni-Cu discoveries made south of Dablo North – Tangaseiga and La Forge.
- Better results from drilling include (3E = Pd+Pt+Au):
 - Dablo North: **29m @ 3.97 g/t 3E, 0.64% Ni, 0.24% Cu from 32m**
 - Tangaseiga: **24m @ 1.74 g/t 3E, 0.37% Ni, 0.08% Cu from 8m**
 - La Forge: **12m @ 3.00 g/t 3E, 0.50% Ni, 0.09% Cu from 66m**
- Potential epigenetic orogenic high-grade gold mineralisation discovered north of northern ultramafic contact at Dablo North:
 - **2m @ 13.75 g/t Au from 88 m**

Results confirmed the potential for multiple zones of PGE-Au-Ni-Cu and lode Au mineralisation along the identified 6km strike of the Dablo Ultramafic-Mafic Intrusive Complex, with an additional 24km of interpreted corridor remains to be tested.

BOARD OF DIRECTORS

Mr Michael Fotios
Non-Executive Director

Mr Neil Porter
Non-Executive Director

Mr Alan Still
Non-Executive Director

Ms Brendon Morton
Company Secretary

PEGASUS METALS LIMITED

ABN 66 059 326 519
24 Mumford Place
Balcatta WA 6021

T: +61 8 6241 1877
F: +61 8 6241 1811

www.pegasusmetals.com.au

Exploration Discussion – Dablo Project

The Dablo Pd-Pt-Au-Ni-Cu (palladium-platinum-gold-nickel-copper) Project in Burkina Faso in Africa consists of a large tenement package comprising 4 tenements for a total of 981 km² (refer Figure 2) covering the Dablo Ultramafic-Mafic Intrusive Complex (DUMIC), with a strike length of 6 km identified so-far within a geochemically anomalous trend of over 30 km length (the Dablo corridor).

The Dablo Project contains a significant multi-pulse, dynamic ultramafic-mafic complex (DUMIC) in an emerging PGE-Au-Ni-Cu Province, which could potentially host large palladium-platinum-gold-nickel-copper deposits. Focused drilling on the discovery outcrop at Dablo North has confirmed that significant mineralisation can now be inferred to extend for over 300 m of strike in the small portion of the DUMIC tested-to-date.

Reconnaissance drilling in 2018 of targets within the DUMIC has resulted in two new discoveries, with significant multi-element intercepts returned from similar cumulate rocks to the Dablo North discovery. (For full details of significant intersections, refer Table 1.)

At Tangaseiga, 1.8 km SSW of Dablo North (refer Figure 3) a single discovery hole DBRC2018-13 returned multiple significant mineralised intersects; results of which include:

- **24 m @ 1.74 g/t Pd+Pt+Au, 0.37% Ni, 0.08% Cu from 8 m;** including
 - **12 m @ 2.46 g/t Pd+Pt+Au, 0.46% Ni, 0.10% Cu from 12m;** and
- **6 m @ 2.50 g/t Pd+Pt+Au, 0.28% Ni, 0.11% Cu from 46 m;** and
- **5 m @ 1.33 g/t Pd+Pt+Au, 0.19% Ni, 0.08% Cu from 72 m;** and
- **5 m @ 2.70 g/t Pd+Pt+Au, 0.33% Ni, 0.13% Cu from 89 m.**

At La Forge, located 3.5km southwest of Dablo North (refer Figure 3), discovery holes DBRC2018-09 and 10, drilled around 500m apart, returned the following significant mineralised intervals respectively:

- **12 m @ 3.00 g/t Pd+Pt+Au, 0.50% Ni, 0.09% Cu from 66m**
- **8 m @ 0.67 g/t Pd+Pt+Au, 0.30% Ni from 154m;** including
 - **2 m @ 1.88 g/t Pd+Pt+Au, 0.33% Ni, 0.13% Cu from 156m.**

These results confirm the potential for multiple zones of PGE-Au-Ni-Cu mineralisation along the 6 km of target zone identified so-far, within an anomalous interpreted and untested trend of over 30 km length (the DUMIC corridor) inside the Dablo project tenure.

In addition, a single discovery hole, DBRC2018-04, was completed immediately north of the Dablo North prospect and returned a significant high-grade orogenic gold intersect from sulfide-bearing amphibolite of **2m @ 13.75 g/t Au from 88 m.**

This zone is completely open in all directions and warrants additional drilling to determine the geometry and scale of the gold mineralisation. Additional RC and Diamond drilling is planned to expand the known mineralisation at all three new prospects, as well as RC drilling at other untested regional targets within the DUMIC corridor.

Discussion of RC Drilling Results

A total of 17 holes (DBRC2018-01-16, 16W) for 3,152 metres (refer Table 2) were completed in April 2018 over the Dablo intrusive complex, testing extensions within a kilometre-long zone (Dablo North) previously the focus of historic drilling activity, and a 4 km long portion of the intrusion to the south of this area (refer Figure 3).

Dablo North area

Holes DBRC2018-01 to 08 were primarily completed as extensional holes to the previous focus of drilling activity over Dablo North (refer Figure 4).

Holes DBRC2018-01 and -02 were targeted at the north-western flank of the previously untested Induced Polarisation (IP) anomaly, and results reflect barren sulphides hosted within amphibolite and this flank is now considered not an extension of the known mineralization. No significant results were recorded.

Hole DBRC2018-03 was also drilled into the interpreted north-western flank position, and returned a significant low-grade intercept of 6m @ 0.64 g/t Pd+ Pt +Au, and 0.34% Ni from 171m depth. The Company is investigating the relationship of this intersection to other mineralised positions.

A single discovery hole, DBRC2018-04, was completed immediately north of the Dablo North prospect into an untested unit of magnetic material and returned a significant high-grade orogenic gold intersect from sulfide-bearing amphibolite of **2m @ 13.75 g/t Au from 88 m.**

This zone is completely open in all directions and warrants additional drilling to determine the geometry and scale of the gold mineralisation.

Hole DBRC2018-05 was an extensional hole drilled to the west of known mineralisation at Dablo North, and only returned thin (1m wide) intervals of mineralisation.

Hole DBRC2018-06 was an RC twin, drilled 5m north of diamond drill hole DBDD001 (*refer ASX:PUN announcement 10th January 2018*) which returned 39 m @ 4.5 g/t Pd +Pt +Au, 0.87% Ni and 0.27% Cu from 13 m, and was intended to provide a comparison between the two drilling techniques.

Equivalent depth results reveal that the core samples deliver consistently higher results than RC as shown below, and the Company anticipates that RC results may be under-representing the heavier metals during the RC drilling process, e.g. -

- **DBDD001 (13m-52m) 39m @ 2.67 g/t Pd, 1.10 g/t Pt, 0.74 g/t Au, 0.87 %Ni, 0.27 %Cu**
- **DBRC2018-06 (28m-67m) 39m @ 1.80 g/t Pd, 0.67 g/t Pt, 0.50 g/t Au, 0.64 %Ni, 0.18 %Cu**

While the Company will continue to address this issue, at this stage the Company currently intends to use RC drilling at the prospect identification stage, and core drilling for resource evaluation.

Holes DBRC2018-07 and -08 (400m apart) were extensional hole drilled to the east of known mineralisation at Dablo North, and returned no significant results. However, company geologists now believe that PGE-Au-Ni-Cu mineralisation at Dablo North can be inferred over 300 m of strike length, and possibly another 200 m within this part of the multi-pulse DUMIC corridor.

La Forge area

Holes DBRC2018-09 to 11 were drilled in the southern part of the intrusion, south of Dablo village, some 3.5 km SSW of Dablo North. Visible sulphides were observed in all holes, and results have highlighted a new discovery in similar cumulate rocks to those hosting mineralisation at Dablo North.

Holes DBRC2018-09 and 10 were drilled around 500m apart, and returned the following significant mineralised intervals respectively:

- **12 m @ 3.00 g/t Pd+Pt+Au, 0.50% Ni, 0.09% Cu from 66m; and**
- **8 m @ 0.67 g/t Pd+Pt+Au, 0.30% Ni from 154m; including**

- **2 m @ 1.88 g/t Pd+Pt+Au, 0.33% Ni, 0.13% Cu from 156m.**

Hole DBRC2018-11 was drilled 300m west of DBRC2018-10, and returned no significant results. Company geologists now believe that this hole likely did not test the potentially mineralised horizon.

Hole DBRC2018-12 was a single hole designed and drilled to test the magnetic anomaly northwest of Dablo village, with no significant results returned.

Dablo Central area

At Tangaseiga, 1.8 km SSW of Dablo North, a single discovery hole (DBRC2018-13) drilled into a magnetic target zone returned multiple significant mineralised intersects; results included:

- **24 m @ 1.74 g/t Pd+Pt+Au, 0.37% Ni, 0.08% Cu from 8 m; including**
 - **12 m @ 2.46 g/t Pd+Pt+Au, 0.46% Ni, 0.10% Cu from 12m; and**
- **6 m @ 2.50 g/t Pd+Pt+Au, 0.28% Ni, 0.11% Cu from 46 m; and**
- **5 m @ 1.33 g/t Pd+Pt+Au, 0.19% Ni, 0.08% Cu from 72 m; and**
- **5 m @ 2.70 g/t Pd+Pt+Au, 0.33% Ni, 0.13% Cu from 89 m.**

This result is significant as it delivered multiple mineralised intervals down the hole, confirming the potential for multiple zones of PGE-Au-Ni-Cu mineralisation along the 6 km of target zone identified so-far at Dablo. This zone is open in all directions and warrants additional drilling to determine the geometry and scale of the mineralisation. The magnetic target zone at Tangaseiga is around 500m in length.

Hole DBRC2018-14 was drilled into some 450m south of the Tangaseiga discovery hole, north of Dablo village, on a separate magnetic unit, possibly part of the La Forge prospect. The hole returned a single thin (1m wide) interval of mineralisation.

Hole DBRC2018-15 and 16 targeted a larger, discrete magnetic unit between Dablo North and Tangaseiga. No significant results were returned. Hole DBRC2018-16W was a shallow (70m depth) vertical hole drilled in the vicinity of DBRC2018-16, intended to be re-purposed as a well for local community use. It successfully intersected water.

Regional works

The Company is reviewing regional gold potential with the Dablo Project Tenure. The Company also intends to geochemically test priority terrains at the Kelbo Ouest and Perko permits in the near future. Initial results from lag geochemistry on the Perko permit (west of Dablo) have provided targets to be followed up by soil sampling.

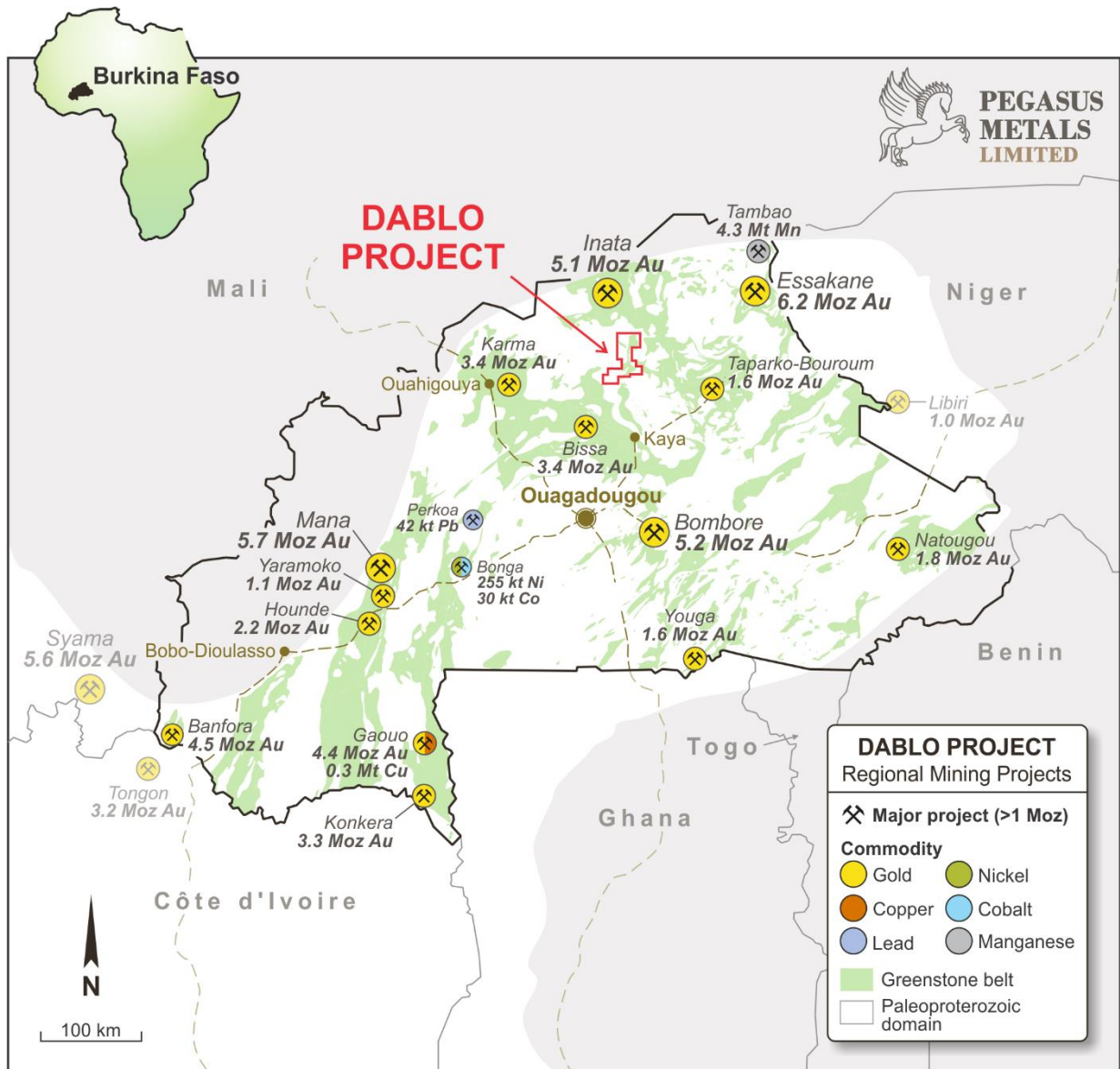


Figure 1: Dablo Project Location, highlighting significant regional mining projects

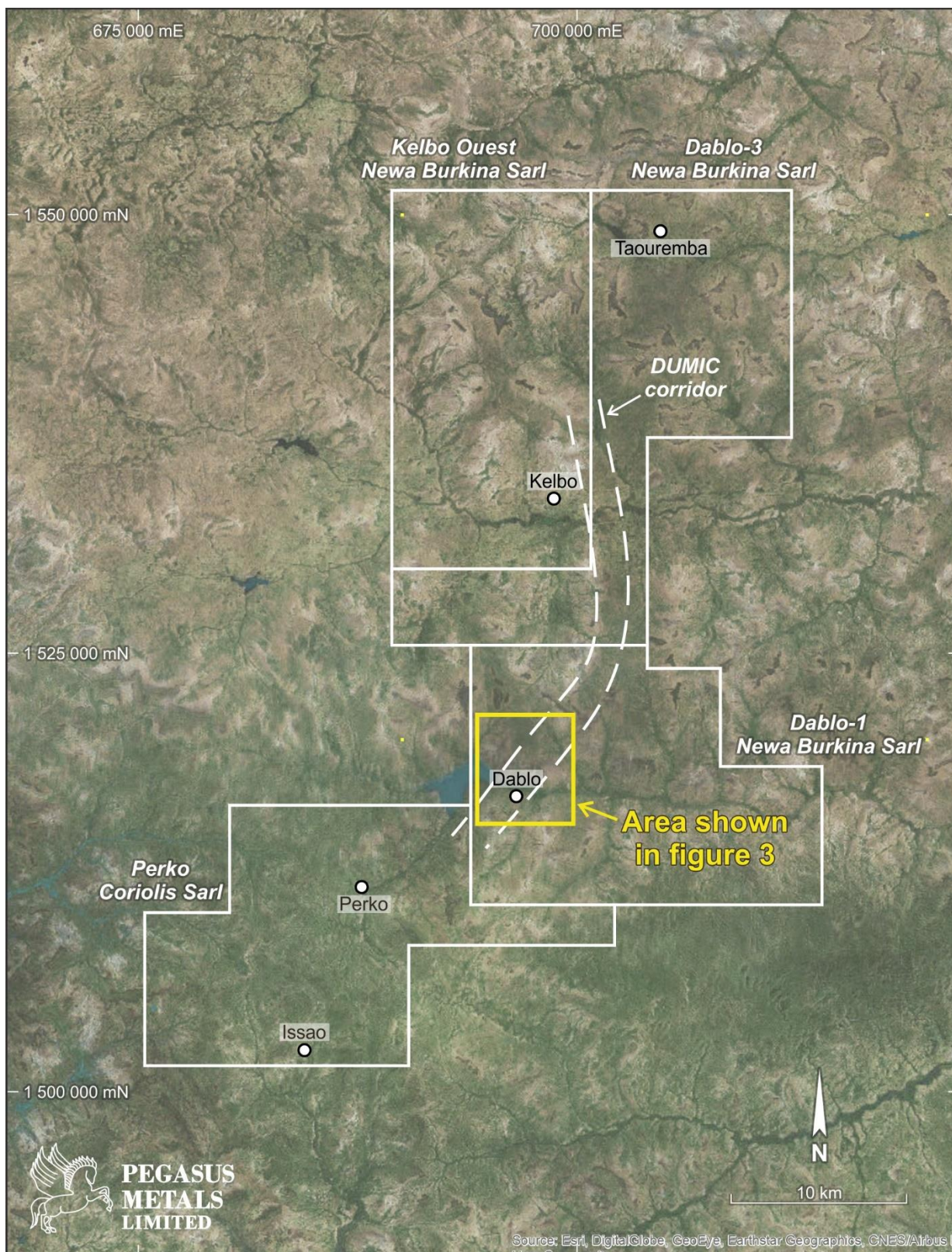


Figure 2: Dablo Project Tenure, highlighting current area of activity, and Dablo corridor.

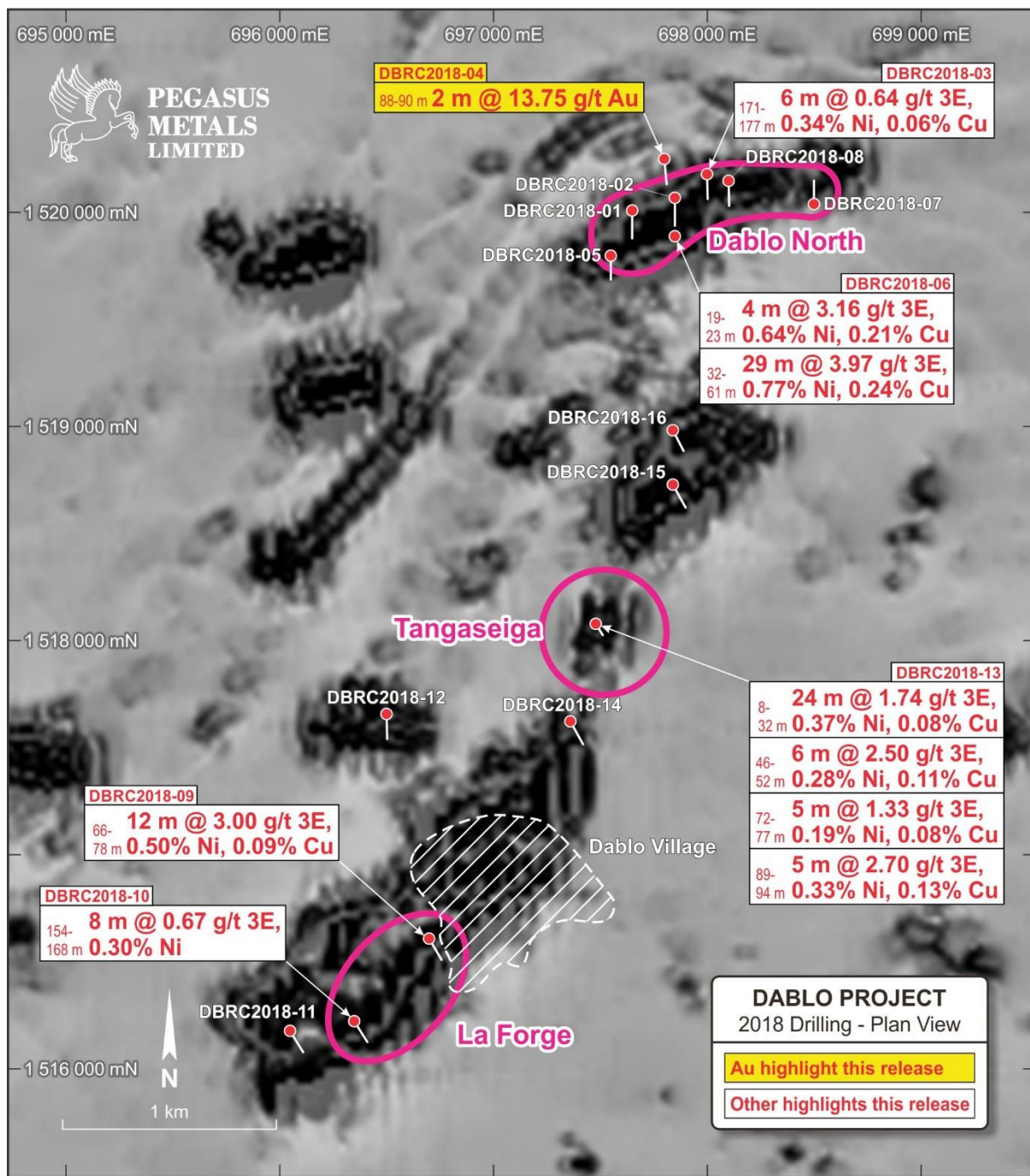


Figure 3: Significant results (white for multi-element intersect, yellow for gold only) from 2018 RC drill campaign, highlighting discovery holes at two new mineralised prospects, and a newly discovered orogenic gold prospect. Background image is greyscale magnetic first vertical derivative.

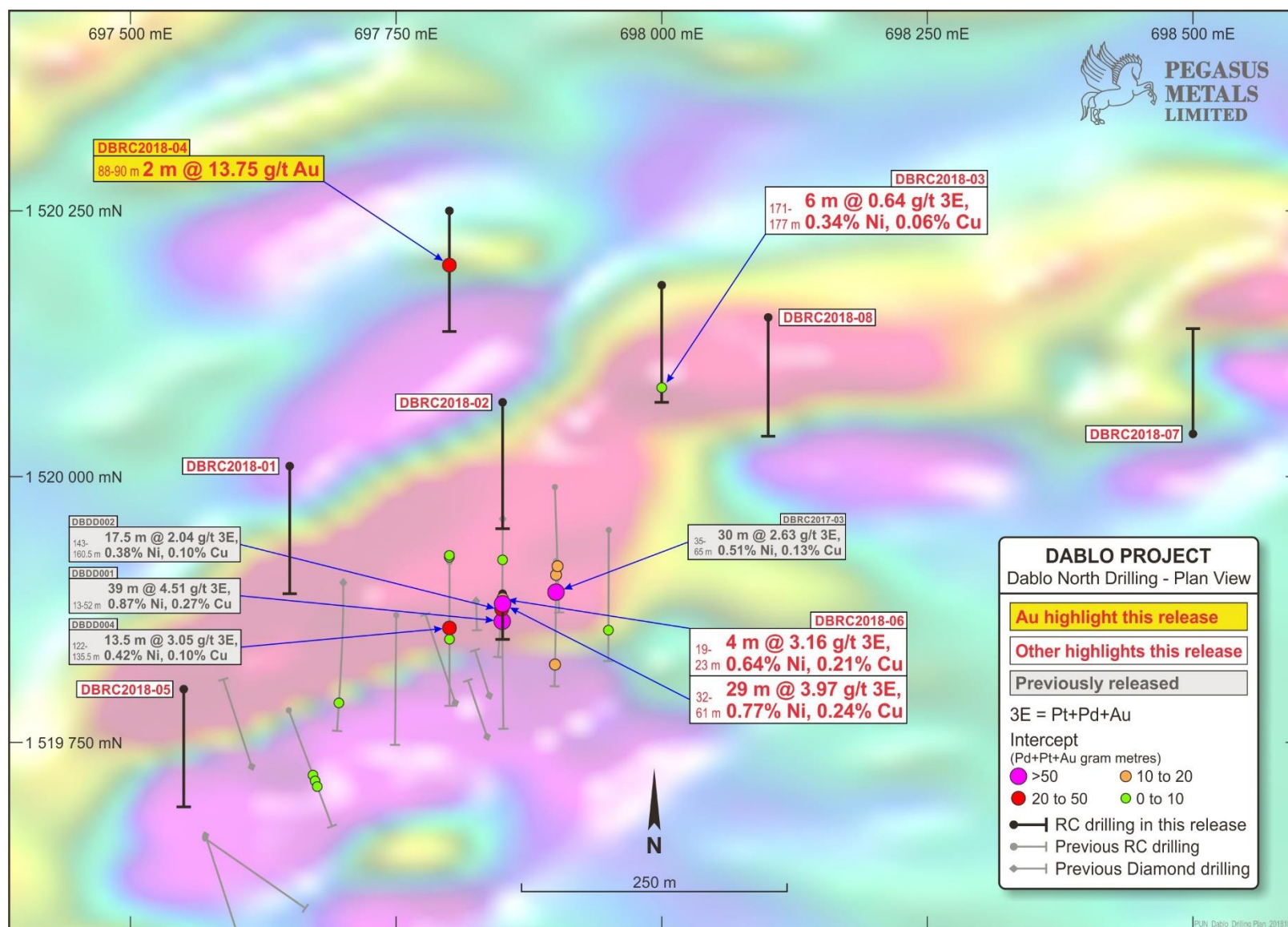


Table 1: Detailed results from 2018 RC Drilling, Dablo Project ($\geq 1\text{m}$ @ Pd+Pt ≥ 0.5 g/t).

Hole_ID		Int	From	To	Cu	Ni	Co	Au	Pt	Pd	Pd+Pt+Au (3E)
		m	m	m	ppm	ppm	ppm	g/t	g/t	g/t	g/t
DBRC2018-01	NSR										
DBRC2018-02		1	148	149	207	3040	145	0.04	0.16	0.38	0.57
		1	187	188	938	3050	137	0.08	0.24	0.92	1.24
DBRC2018-03		1	167	168	478	1855	94	0.04	0.15	0.63	0.82
DBRC2018-03		6	171	177	580	3423	148	0.02	0.15	0.47	0.64
DBRC2018-04		2	88	90	262	13	37	13.75		0.01	13.75
DBRC2018-05		1	3	4	328	2770	172	0.07	0.16	0.37	0.60
DBRC2018-05		1	122	123	102	2640	124	0.02	0.16	0.50	0.68
DBRC2018-06		4	19	23	2135	6355	163	0.36	0.83	1.97	3.16
DBRC2018-06		29	32	61	2392	7731	181	0.65	0.99	2.33	3.97
DBRC2018-06	<i>Including</i>	19	32	51	2956	9454	201	0.82	1.23	2.91	4.96
DBRC2018-07	NSR										
DBRC2018-08	NSR										
DBRC2018-09		7	5	12	346	6200	280	0.04	0.16	0.32	0.52
DBRC2018-09		1	36	37	155	3660	154	0.02	0.13	0.44	0.59
DBRC2018-09		1	39	40	806	5600	176	0.55	0.71	2.07	3.34
DBRC2018-09		4	62	66	27	4570	188	0.13	0.20	0.46	0.79
DBRC2018-09		12	66	78	926	5020	210	0.46	0.64	1.90	3.00
DBRC2018-10		1	89	90	84	2170	138	0.01	0.14	0.57	0.71
DBRC2018-10		2	144	146	19	2880	143	0.01	0.10	0.61	0.72
DBRC2018-10		8	154	162	132	3030	152	0.05	0.11	0.52	0.67
DBRC2018-10	<i>Including</i>	2	156	158	22	3290	329	0.13	0.33	1.43	1.88
DBRC2018-10		1	166	167	782	3750	170	0.95	0.17	0.46	1.57
DBRC2018-10		2	172	174	40	2330	128	0.02	0.23	0.91	1.16
DBRC2018-11	NSR										
DBRC2018-12	NSR										
DBRC2018-13		24	8	32	780	3712	208	0.16	0.56	1.02	1.74
DBRC2018-13		12	12	24	1006	4458	151	0.12	0.75	1.59	2.46
DBRC2018-13		1	36	37	811	2650	146	0.11	0.56	0.98	1.65
DBRC2018-13		1	43	44	336	2130	119	0.10	0.35	0.60	1.04
DBRC2018-13		6	46	52	1119	2833	146	0.21	0.89	1.40	2.50
DBRC2018-13		1	63	64	366	2940	187	0.04	0.42	0.60	1.05
DBRC2018-13		1	68	69	768	3360	164	0.21	0.48	1.03	1.73
DBRC2018-13		5	72	77	775	1900	96	0.14	0.44	0.76	1.33
DBRC2018-13		1	81	82	167	2130	129	0.01	0.45	0.71	1.17

Hole_ID	(con't)	Int	From	To	Cu	Ni	Co	Au	Pt	Pd	Pd+Pt+Au (3E)
		m	m	m	ppm	ppm	ppm	g/t	g/t	g/t	g/t
DBRC2018-13		5	89	94	1324	3252	137	0.15	0.87	1.69	2.70
DBRC2018-14		1	83	84	952	4180	157	0.05	0.34	0.61	1.00
DBRC2018-15		1	229	230	1950	3000	106	0.14	0.38	0.44	0.96
DBRC2018-16		1	13	14	1290	4030	188	0.30	0.84	0.90	2.03
DBRC2018-16W	NSR										

NSR = No significant result

Table 2: Updated location of Reverse Circulation drill hole collars (WGS84 Z30N datum).

Hole_ID	UTM_E	UTM_N	RL	Azimuth	Dip	Max Depth (m)
DBRC2018-01	697650	1520010	318.50	180	-53	200
DBRC2018-02	697850	1520070	320.00	180	-53.5	200
DBRC2018-03	698000	1520180	320.86	180	-56.7	200
DBRC2018-04	697800	1520250	321.55	180	-55.6	200
DBRC2018-05	697550	1519800	320.98	180	-56.6	200
DBRC2018-06 ¹	697850	1519890	317.99	180	-55	75
DBRC2018-07	698500	1520040	320.78	360	-60	200
DBRC2018-08	698100	1520150	318.00	180	-56	200
DBRC2018-09	696700	1516610	313.75	150	-56.5	200
DBRC2018-10	696350	1516225	319.64	150	-55	200
DBRC2018-11	696050	1516180	327.78	150	-55.5	200
DBRC2018-12	696500	1517660	307.33	180	-55	200
DBRC2018-13	697480	1518080	314.00	150	-55	114
DBRC2018-14	697360	1517625	308.00	150	-55.5	200
DBRC2018-15	697840	1518730	322.35	150	-56	250
DBRC2018-16	697840	1518985	320.04	150	-55.7	243
DBRC2018-16W	697860	1518945	320	0	-90	70

¹ DBRC2018-06 is located 5m north of DBDD001 and was drilled as a twin for comparison between the RC and DD sampling methods.

MT MULCAHY COPPER PROJECT

Murchison, WA

Geology Discussion

The Mt Mulcahy project in Western Australia (Refer Figure 5) hosts the Mount Mulcahy copper-zinc deposit, a volcanic-hosted massive sulphide (VMS) zone of mineralisation with a JORC 2012 Measured, Indicated and Inferred Resource of 647,000 tonnes @ 2.4% copper, 1.8% zinc, 0.1% cobalt and 20g/t Ag (refer PUN:ASX release 25 September 2014) at the 'South Limb Pod' (SLP).

The folded horizon hosting this mineralisation forms a regional keel, where the surface expression can be traced for a distance of at least 12 kilometres along strike, and excellent potential exists for additional mineralisation to be discovered along this prospective horizon (refer Figure 8).

Table 3: Current Mineral Resource Estimate, Mt Mulcahy Project

Mt Mulcahy South Limb Pod Mineral Resource Estimate as at 30 th September 2018											
Resource Category	Grade						Contained Metal				
	Tonnes	Cu (%)	Zn (%)	Co (%)	Ag (g/t)	Au (g/t)	Cu (t)	Zn (t)	Co (t)	Ag (oz)	Au (oz)
Measured	193,000	3.0	2.3	0.1	25	0.3	5,800	4,400	220	157,000	2,000
Indicated	372,000	2.2	1.7	0.1	19	0.2	8,200	6,300	330	223,000	2,000
Inferred	82,000	1.5	1.3	0.1	13	0.2	1,200	1,100	60	35,000	
TOTAL	647,000	2.4	1.8	0.1	20	0.2	15,200	11,800	610	415,000	4,000

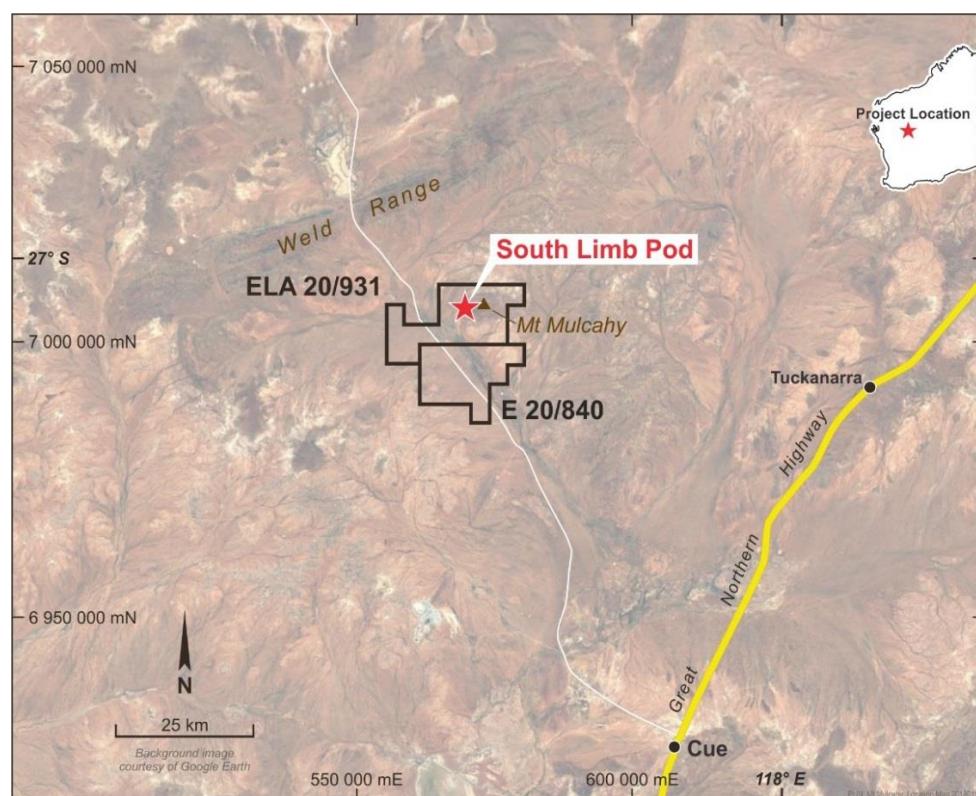


Figure 5: Pegasus Metals Mt Mulcahy location map.

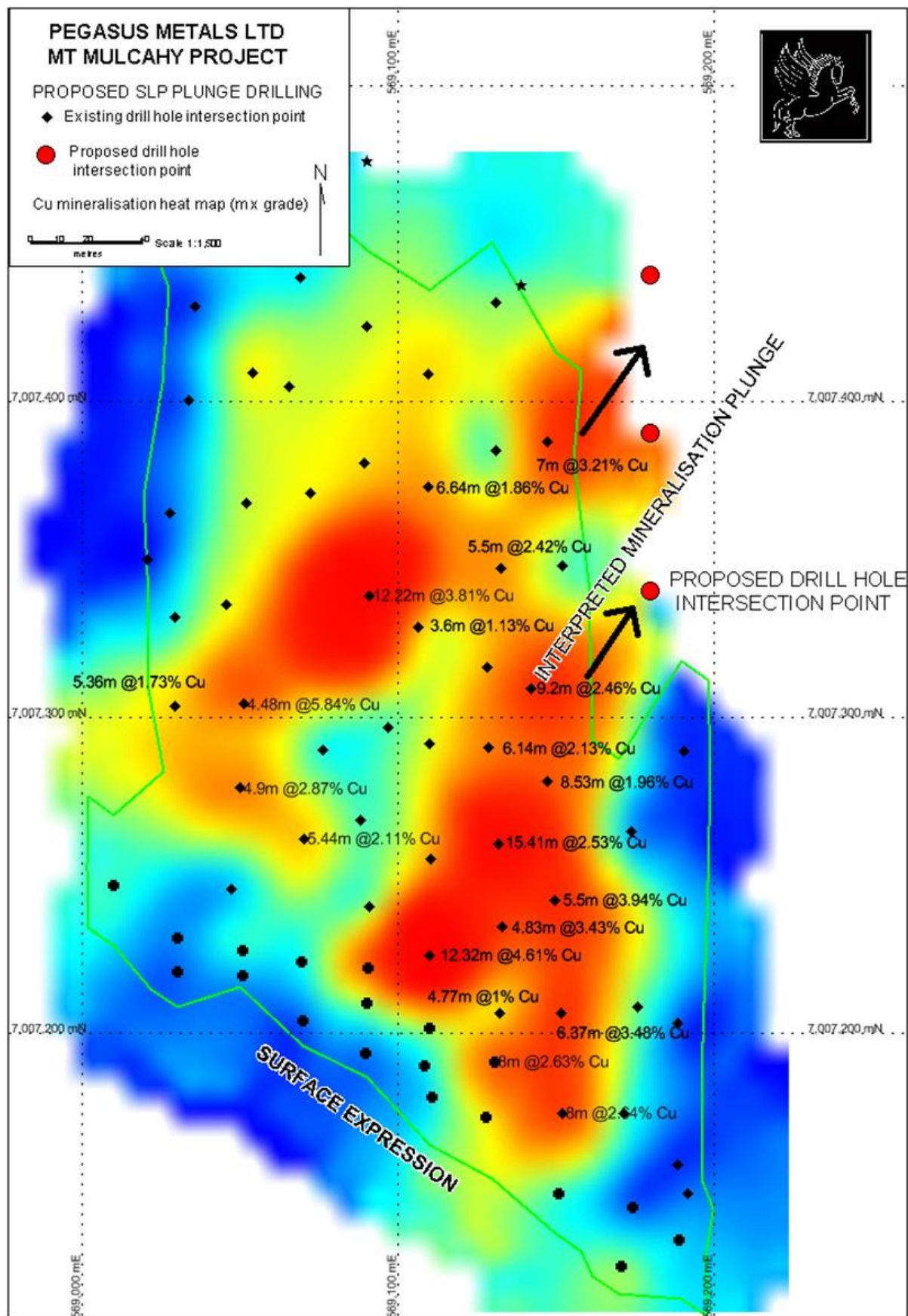


Figure 6: Plan of proposed SLP down plunge drilling.

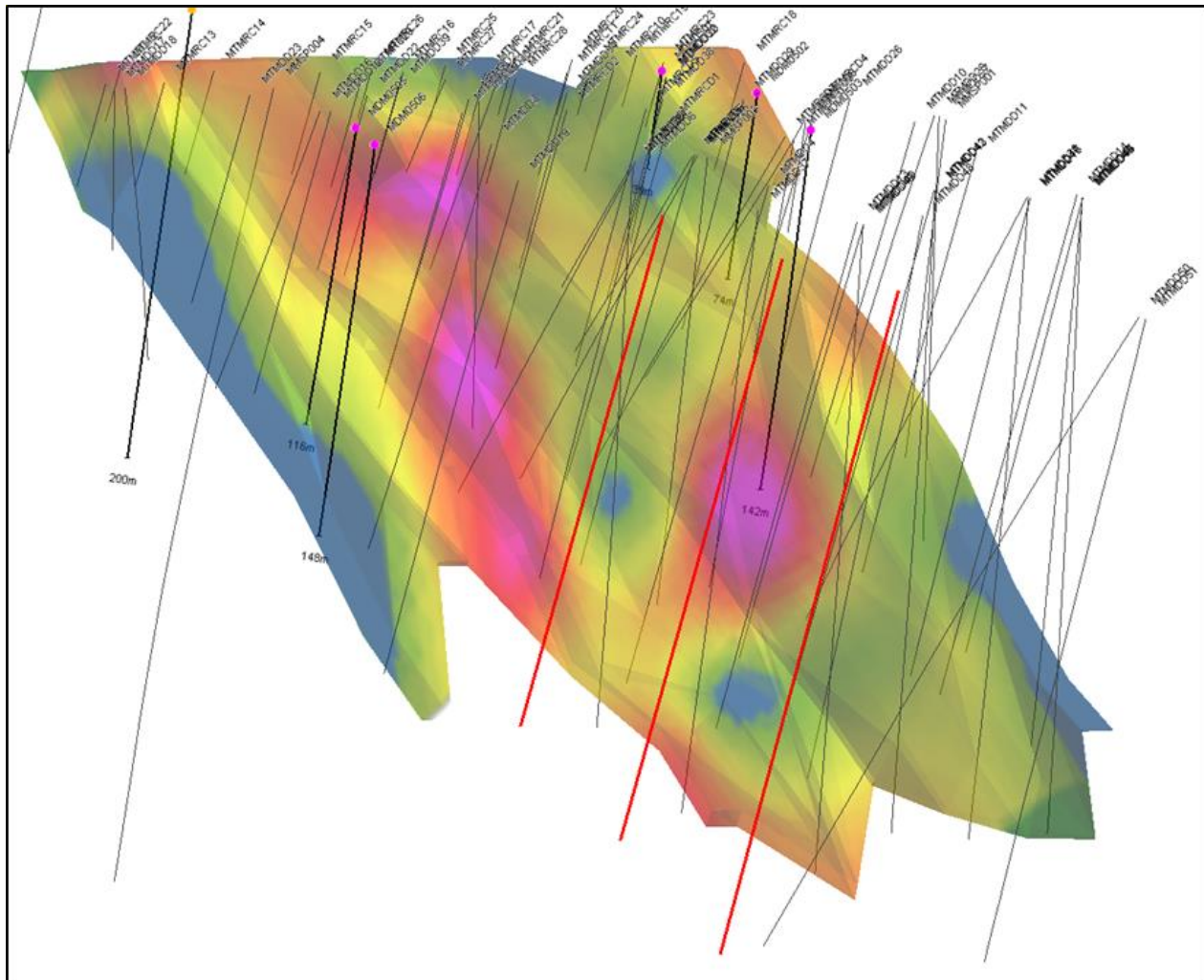


Figure 7: Oblique section of proposed SLP down plunge drilling (red traces), viewed from North East. Previous drilling defining the current resource denoted by grey or black traces.

Geology Activities

The Company is currently awaiting the grant of ELA 20/931. Planned drilling of down-plunge extensional holes (refer Figures 6, 7) to the current resource at the SLP awaits the grant of the new licence.

The Company is also progressing its applications (P51/3016-17) in the Nowthanna area, some 50km south of Meekatharra, which the Company believes has the potential to host VMS mineralisation.

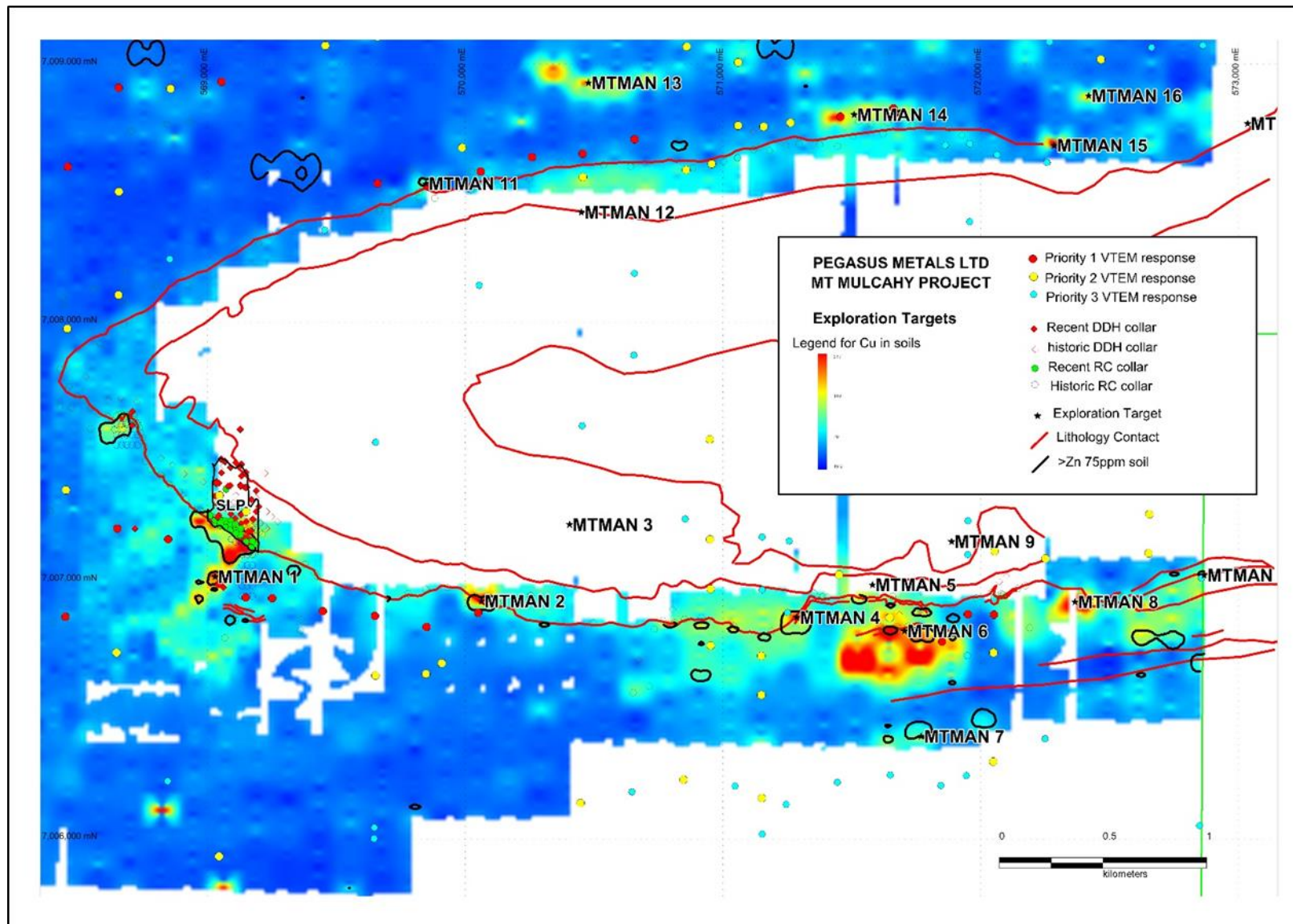


Figure 8: Mt Mulcahy priority exploration areas (MTMAN designation), in relation to South Limb Pod (SLP), shown with soil geochemistry, VTEM anomalies, and lithology contacts.

CORPORATE

During the quarter, the Company announced a variation to the terms of the unsecured loan agreement with between the Company and Michael Fotios (and associated entities), primarily the increase in the loan amount to \$1,500,000 and the extension of the end date for repayment to 31 December 2019. Refer to ASX Announcement dated 27 September 2018.

A general meeting of the Company's shareholders was held on 2 October 2018, post quarter-end. At the general meeting, shareholders approved, amongst other things:

- The issue of 12 million fully paid ordinary shares with respect to the acquisition of Scorpion Minerals Limited; and
- A change in name of the Company from Pegasus Metals Limited to Scorpion Minerals Limited.

- ENDS -

Enquiries

Neil Porter
Non-Executive Director
T: +61 8 6241 1877

Competent Persons Statement 1

The information in this report that relates to the geology and Exploration Results relating to the Dablo Project in Burkina Faso is based on, and fairly reflects information compiled by Mr Grant Osborne, whom is a member of the Australian Institute of Geoscientists. Mr Osborne is a consultant to Pegasus Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Osborne consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Competent Persons Statement 2

The information in this report that relates to the Exploration Results and Mineral Resources at the Mt Mulcahy Project is based on information reviewed by Mr Craig Hall, whom is a member of the Australian Institute of Geoscientists. Mr Hall is a contractor to Pegasus Metals Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity he is undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. Mr Hall consents to the inclusion of the data in the form and context in which it appears.

The information in this report that relates to the Mt Mulcahy Mineral Resource is based on information originally compiled by Mr Rob Spiers, an independent consultant to Pegasus Metals Limited and a then full-time employee and Director of H&S Consultants Pty Ltd (formerly Hellman & Schofield Pty Ltd), and reviewed by Mr Hall. This information was originally issued in the Company's ASX announcement "Maiden Copper-Zinc Resource at Mt Mulcahy", released to the ASX on 25th September 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The company confirms that the form and context in which the findings are presented have not materially modified from the original market announcements.

Forward Looking Statements

Pegasus Metals Limited has prepared this announcement based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this announcement. To the maximum extent permitted by law, none of Pegasus Metals Ltd, its Directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this announcement or its contents or otherwise arising in connection with it. This announcement is not an offer, invitation, solicitation or other recommendation with respect to the subscription for, purchase or sale of any security, and neither this announcement nor anything in it shall form the basis of any contract or commitment whatsoever. This announcement may contain forward looking statements that are subject to risk factors associated with exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimate.

Appendix 1: Tenement Schedule (ASX Listing Rule 5.3.3)

- *The mining tenements held at the end of each quarter and their location*

➤ **TENEMENT SCHEDULE**

TENEMENT No.	LOCATION	STATUS	INTEREST %	HOLDER
E20/931	WA	Application	100	Pegasus Metals Ltd
E20/840	WA	Granted	100	Pegasus Metals Ltd
P51/3016	WA	Application	100	Pegasus Metals Ltd
P51/3017	WA	Application	100	Pegasus Metals Ltd

- *The mining tenements acquired during the quarter and their location*

Nil

- *The mining tenements disposed of during the quarter and their location*

Nil

- *The beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter*

Nil

- *The beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter*

Nil

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Pegasus Metals Limited

ABN

40 115 535 030

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(99)	(99)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(99)	(99)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10) - refund	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	72	72
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	72	72
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	28	28
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(99)	(99)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	72	72
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1	1

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1	28
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1	28

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
5
-

Director fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,500	402
-	-
-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

8.1—On 25 September 2018, the loan facility with entities associated with director Mr Michael Fotios was increased to \$1.5 million.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	180
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	80
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	260

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



30 October 2018

Sign here:.....
(Director/~~Company secretary~~)

Date:

MICHAEL FOTIOS

Print name:

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.