



# **PEGASUS METALS LIMITED**

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**ACN 115 535 030**

## **Notice of Annual General Meeting Proxy Form and Explanatory Statement**

**Date of Meeting**

27 November 2015

**Time of Meeting**

10:00am (AWST)

**Place of Meeting**

9 Mumford Place, Balcatta, WA 6021

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.  
If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor  
or other professional adviser without delay.*

## Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF PEGASUS METALS LIMITED ACN 115 535 030 ("PEGASUS METALS/THE COMPANY") WILL BE HELD AT 9 MUMFORD PLACE, BALCATTA, WA ON FRIDAY 27 NOVEMBER 2015, AT 10.00 AM (AWST).

### AGENDA

#### BUSINESS

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

#### ORDINARY BUSINESS

To receive and consider the annual financial report of the Company and the reports of the Directors and the Auditors for the financial year ended 30 June 2015.

Note: A copy of the Company's 2015 Annual Report is available at <http://www.pegasusmetals.com.au>.

#### 1. Resolution 1 - Adoption of Remuneration Report

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

*"That, the Remuneration Report forming part of the Company's 2015 Annual Report, be adopted."*

#### **Voting Exclusion**

In accordance with the Corporations Act (2001) ("Corporations Act"), the Company will disregard:-

- (a) any votes cast (in any capacity) on Resolution 1 by or on behalf of:
  - (i) a member of the Key Management Personnel listed in the Remuneration Report (KMP); or
  - (ii) a KMP's Closely Related Party; and
- (b) any votes cast as a proxy on Resolution 1 by any other person who is a member of the KMP at the date of the meeting, or by a Closely Related Party of any such person.

Closely Related Party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP.

However the Company need not disregard a vote cast on Resolution 1 if it is cast:

- (a) by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or
- (b) by the person chairing the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Please read the information under the heading 'Chairman as proxy' which deals with the Chairman's voting of undirected proxies on Resolution 1.

If you are a member of the KMP or a Closely Related Party of any such member, you may be held liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company will disregard.

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

**2. Resolution 2 - Re-election of Mr Michael Fotios as a Director**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

*"That, Mr Michael Fotios being a Director of the Company, retires by rotation in accordance with the Constitution of the Company and being eligible for re-election, be and is hereby re-elected as a Director of the Company."*

**3. Resolution 3 - Re-election of Mr Alan Still as a Director**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

*"That, Mr Alan Still having been appointed as a Non-executive Director of the Company as an addition to the existing Directors on 29 January 2015, and who, in accordance with the Constitution of the Company holds office until the next annual general meeting, and being eligible for re-election and having consented to act, be and is hereby re-elected as a Director of the Company."*

**4. Resolution 4 - Re-election of Mr Michael Jardine as a Director**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **Ordinary Resolution**:

*"That, Mr Michael Jardine having been appointed as a Non-executive Director of the Company as an addition to the existing Directors on 21 July 2015, and who, in accordance with the Constitution of the Company holds office until the next annual general meeting, and being eligible for re-election and having consented to act, be and is hereby re-elected as a Director of the Company."*

**5. Resolution 5 - Approval of 10% Placement Facility**

To consider and, if thought fit, to pass with or without amendment, as a **Special Resolution** the following:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

**Voting Exclusion**

Under Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by:

- (a) persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary shares, if the Resolution is passed; and
- (b) an associate of that person.

However, the Company need not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- (b) by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**6. Resolution 6 - Contingent Resolution - Board Spill Meeting Resolution**

**Condition for Resolution 6:** Resolution 6 will be considered at the Meeting only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report.

If the condition (described above) is satisfied, to consider, and if thought fit, to pass, with or without amendment, the following as an **Ordinary Resolution**:

*"That, subject to and conditional on at least 25% of the votes cast on Resolution 1 being against the adoption of the Remuneration Report:*

- (a) a general meeting of the Company be held within 90 days of the date of this meeting ("the Spill Meeting");*
- (b) each of Mr Michael Fotios, Mr Alan Still and Mr Michael Jardine cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting."*

**Voting Exclusion**

The Company will disregard

- (a) any votes cast on Resolution 6 by or on behalf of:
  - (i) a member of the KMP listed in the Remuneration Report; or
  - (ii) a KMP's Closely Related Party; and
- (b) any votes cast as a proxy on Resolution 6 by any other person who is a member of the KMP at the date of the meeting, or by a Closely Related Party of any such person.

However the Company need not disregard a vote cast on Resolution 6 if it is cast:

- (a) by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or
- (b) by the person chairing the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

If you are a member of the KMP or a Closely Related Party of any such member, you may be held liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company will disregard.

**BY ORDER OF THE BOARD**



**NEIL MARSTON**

Company Secretary

Dated 20<sup>th</sup> October 2015

## **ENTITLEMENT TO ATTEND AND VOTE**

You will be entitled to attend and vote at the Annual General Meeting if you are registered as a Shareholder of the Company as at 5.00pm (AWST) on Wednesday 25 November 2015. This is because, in accordance with the Corporations Regulations 2001 (Cth), the Board of Directors has determined that the Shares on issue at that time will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## **HOW TO VOTE**

### ***Voting in person***

Shareholders who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting if possible, so that their holding may be checked against the Company's register of members and attendances recorded.

### ***Corporate Representatives***

A body corporate, which is a Shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the meeting in accordance with section 250D of the Corporations Act. The appropriate appointment document must be produced prior to admission. A form of the certificate can be obtained from the Company's registered office.

### ***Voting by Proxy***

A Shareholder who is entitled to attend and cast a vote at the meeting may appoint a proxy. A proxy need not be a Shareholder and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the meeting (see above).

A Shareholder who is entitled to cast two or more votes may appoint two proxies to attend the meeting and vote on their behalf and may specify the proportion or a number of votes each proxy is appointed to exercise. If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, you may copy the enclosed proxy form or obtain a form from the Company's registered office.

To be effective for the scheduled meeting a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at an address or fax number below no later than 10:00am on Wednesday 25 November 2015. Any proxy appointment received after that time will not be valid for the scheduled meeting.

### ***In person or by mail***

24 Mumford Place,  
Balcatta, WA 6021

### ***By fax***

(08) 6241 1811

For further information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed proxy form.

### ***Voting by attorney***

A Shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at one of the addresses listed above for the receipt of proxy appointments at least 48 hours prior to the commencement of the meeting.

### ***Chairman as proxy***

If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on each of the proposed Resolutions.

If a Shareholder entitled to vote on a Resolution appoints the Chairman of the meeting as their proxy (or the Chairman becomes their proxy by default) and the Shareholder does not direct the Chairman how to vote on the Resolution:-

- The Chairman intends to vote in favour of the Resolution, as proxy for that Shareholder on a poll; and
- For Resolution 1 & 6, the Shareholder will have given the Chairman express authority to vote as the Shareholder's proxy on the relevant resolution even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company and even though the Chairman is a member of the KMP, unless the Shareholder expressly indicates to the contrary in the proxy appointment.

If you do not want to put the Chairman of the meeting in the position to cast your votes in favour of Resolutions 1 - 5 and against Resolution 6, you should complete the appropriate box on the proxy form, directing your proxy to vote against, or to abstain from voting, on the resolution.

### ***Other members of KMP as proxy***

If a Shareholder appoints a Director (other than the Chairman of the meeting) or another member of KMP (or a Closely Related Party of any such person) as their proxy and does not direct the proxy how to vote on Resolution 1 by marking the 'For', 'Against' or 'Abstain' box opposite the relevant Resolution on the proxy appointment, the proxy will not be able to exercise the Shareholder's proxy and vote on their behalf on the relevant Resolution.

## **QUESTIONS FROM SHAREHOLDERS**

The Chairman of the meeting will allow a reasonable opportunity for Shareholders at the meeting to ask questions about and make comments on the management of the Company and on the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report (Reports), as well as each of the Resolutions to be considered at the meeting.

A representative of the Company's auditor will attend the meeting. During the meeting's consideration of the Reports, the Chairman of the meeting will allow a reasonable opportunity for Shareholders at the meeting to ask the auditor's representative questions relevant to the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report for the financial year ended 30 June 2015;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements contained in the Financial Report for that year; and
- Independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the Company's auditor if the question is relevant to the content of the Auditor's Report or the conduct of the audit.

If you wish to submit a question in advance of the meeting, you may do so by sending your question to one of the addresses or facsimile numbers above by no later than 19 November 2015. The Company and the auditor will attempt to respond to as many of the more frequently asked questions as possible. Due to the large number of questions that may be received, the Company and the auditor may not be replying on an individual basis.

## EXPLANATORY STATEMENT

This Explanatory Statement is for the information of members of Pegasus Metals Limited (the Company) in connection with Resolutions to be considered at the Annual General Meeting of Pegasus Metals Limited to be held on Friday 27 November 2015 at 10:00am (AWST). If members are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

### **Ordinary Business**

#### **Annual Financial Report**

The Annual Report 2015 (including the financial statement, Directors' report and Auditor's report for the financial year ended 30 June 2015) is available for review by members at [www.pegasusmetals.com.au](http://www.pegasusmetals.com.au) and will be tabled at the Meeting. There is no formal resolution to accept the financial statements and reports, but provision will be made for members to question the Directors and the Auditor should they wish to do so.

#### **Resolution 1 – Adoption of Remuneration Report**

The Board submits its Remuneration Report for the year ended 30 June 2015 to Shareholders for consideration and adoption by way of a non-binding resolution.

The Remuneration Report is included in the 2015 Annual Report. The report:

- explains the Company's remuneration principles relating to the nature and amount of the remuneration of directors, senior managers and other group executives of the Company;
- discusses the relationship between such principles and the Company's performance; and
- sets out remuneration details for each director and for each relevant executive of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The vote on the Remuneration Report is advisory only and will not bind the Company, however the Board places importance on the outcome of the vote and will take it into account when considering the Company's remuneration policy.

The Corporations Act provides for a 'two strikes rule' in relation to voting on the Remuneration Report. This rule would apply if, at two consecutive Annual General Meetings, the resolution for adoption of the Remuneration Report were to receive a 'no' vote of 25% or more of the votes cast on the resolution. In that case, a further resolution (a 'spill resolution') would be required to be put to Shareholders at the second of those Annual General Meetings. If passed, the spill resolution would require an extraordinary general meeting of the Company (a 'spill meeting') to be held within 90 days of the second Annual General Meeting, for the purpose of considering the election of Directors. At the spill meeting, the directors (other than the Managing Director) who were in office at the date of approval by the Board of the most recent Directors' Report would cease to hold office, unless re-elected at the meeting. For any spill resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it.

At the Group's 2014 Annual General Meeting, Pegasus received votes against its Remuneration Report representing greater than 25% of the votes cast by persons entitled to vote. In other words, Pegasus received a "First Strike" against its 2014 Remuneration Report. In these circumstances, the Corporations Act 2001 requires Pegasus to include in this year's Remuneration Report, an explanation of the Board's proposed action in response to that First Strike or, alternatively, if the Board does not propose any action, the Board's reason for such inaction.

The Board remains confident that the Group's remuneration policy and the level and structure of its executive remuneration are suitable for the company and its shareholders and hence it has not amended its overall remuneration policy.

Please read the information under the heading 'Chairman as proxy' which deals with the Chairman's voting of undirected proxies on this Resolution.

A voting exclusion applies to this item of business, as set out in the Notice of Meeting.

#### **Directors' recommendation**

The Board of Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

#### **Resolution 2 – To re-elect Mr Michael Fotios as a Director**

The Constitution of the Company requires that one third of the Directors in office (other than a Managing Director) must retire by rotation at each Annual General Meeting of the Company.

Mr Fotios therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

#### **Directors' recommendation**

The Board of Directors, with Mr Fotios abstaining, recommend that Shareholders vote in favour of Resolution 2.

#### **Resolution 3 – To re-elect Mr Alan Still as a Director**

The Constitution of the Company and ASX Listing Rule 14.4 requires that a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next Annual General Meeting of the entity.

Mr Alan Still was appointed as a Non-executive Director on 29 January 2015. Mr Still therefore retires effective at the end of the Annual General Meeting in accordance with the Constitution, and being eligible, has offered himself for re-election.

Alan Still is a Metallurgist with over 40 years' experience in a variety of commodities.

In accordance with ASX Corporate Governance Council Principle 1.2 the Company has undertaken appropriate checks before appointing Mr Still.

#### **Directors' recommendation**

The Board of Directors, with Mr Still abstaining, recommend that Shareholders vote in favour of Resolution 3.

#### **Resolution 4 – To re-elect Mr Michael Jardine as a Director**

The Constitution of the Company and ASX Listing Rule 14.4 requires that a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next Annual General Meeting of the entity.

Mr Michael Jardine was appointed as a Non-executive Director on 21 July 2015. Mr Jardine therefore retires effective at the end of the Annual General Meeting in accordance with the Constitution, and being eligible, has offered himself for re-election.

Michael Jardine is an Honours Degree graduate in Commerce from the University of Western Australia with over ten years' experience in Corporate Finance & Development including debt & equity raisings, M&A transactions and strategy development in both Perth and London, UK.

In accordance with ASX Corporate Governance Council Principle 1.2 the Company has undertaken appropriate checks before appointing Mr Jardine.

#### **Directors' recommendation**

The Board of Directors, with Mr Jardine abstaining, recommend that Shareholders vote in favour of Resolution 4.



## **Resolution 5 – Approval of 10% Placement Facility**

The Company seeks Shareholder approval to issue additional Equity Securities up to 10% of its issued share capital through issues over a 12 month period following Shareholder approval (**10% Placement Facility**).

The Company intends to use the funds raised towards its exploration activities and for general working capital.

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period following shareholder approval by way of a Special Resolution. The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1.A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

The number of Equity Securities which may be issued, or agreed to be issued, under the 10% Placement Facility is prescribed in Listing Rule 7.1A.2 and is calculated as follows:

$$\text{Number of Equity Securities} = (A \times D) - E$$

Where:

- "A" the number of shares on issue 12 months before the date of issue or agreement to issue:
- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - plus the number of partly paid shares that become fully paid in the 12 months;
  - plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4 This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
  - less the number of fully paid shares cancelled in the 12 months.
- "D" is 10%
- "E" is the number of Equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The actual number of Equity Securities that may be issued under Listing Rule 7.1A is calculated at the date of issue of the Equity Securities in accordance with the above formula at the date of the proposed issue.

As at the date of this Notice, the Company has 123,074,519 Shares on issue. As a result, the Company has a capacity to issue, subject to Shareholders approving Resolution 5 12,307,452 Equity Securities under Listing Rule 7.1A.

### **Directors' recommendation**

The Board of Directors unanimously recommend that Shareholders vote in favour of Resolution 5. This will allow the Company to issue securities and raise funds or acquire assets, whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

### **Specific information required by Listing Rule 7.3A**

For the purposes of Listing Rule 7.3A, the following information is provided:

(i) *Minimum Issue Price*

The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:

- a. the date on which the price at which the Equity Securities are to be issued is agreed; or
- b. if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(ii) *Risk of Economic and Voting Dilution*

There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:

- a. the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than when Shareholders approved the 10% Placement Facility; and
- b. the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date, or issued for non-cash consideration for the acquisition of a new asset.

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

Following is a table that sets out the potential dilution of existing Shareholders if Equity Securities are issued under the 10% Placement Facility:

Number of issued shares		Dilution		
		\$0.007 50% decrease in Current Market Price	\$0.014 Current Market Price	\$0.028 100% increase in Current Market Price
Current number of issued shares 123,074,519	10% Voting Dilution	12,307,452	12,307,452	12,307,452
	Funds Raised	\$86,152	\$172,304	\$344,608
50% increase to current number of issued shares 184,611,778	10% Voting Dilution	18,461,178	18,461,178	18,461,178
	Funds Raised	\$129,228	\$258,456	\$516,912
100% increase to current number of issued shares 246,149,038	10% Voting Dilution	24,614,904	24,614,904	24,614,904
	Funds Raised	\$172,304	\$344,608	\$689,217

The table has been prepared on the following assumptions:

- (i) The Company issues, or agrees to issue, the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No options are exercised into Shares before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (v) The issue price is \$0.014 being the closing price of the Shares on ASX on 9 October 2015.

The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

**(a) Latest Date for Issue**

The latest date by which Equity Securities may be issued is 12 months after this Meeting. Approval for the issue of Equity Securities under the 10% Placement Facility will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

**(b) Purpose of Issue**

The Equity Securities may be issued for the following purposes:

- (i) To raise funds, in which case the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.
- (ii) In consideration of the acquisition of new resources assets and investments, in which case the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

**(c) To whom Equity Securities issued**

The Company is yet to identify the persons to whom Equity Securities will be issued to under the 10% Placement Facility. The Company's policy for allocating Equity Securities issued under the 10% Placement Facility will be determined on a case-by-case basis depending upon the purpose, and prevailing market conditions at the time, of any issue and having regard to factors including but not limited to the following:

- (i) The fundraising methods available to the Company, including but not limited to, rights issue or other issue which may minimise dilution to Shareholders.
- (ii) In the case of an asset or investment acquisition, the nature and circumstances of the acquisition.
- (iii) The effect of the issue of the Equity Securities on the control of the Company.
- (iv) The financial situation and solvency of the Company.
- (v) Advice from corporate, financial and broking advisers (if applicable).

The allottees may include vendors (in the case of any issue for non-cash consideration), existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

*(d) Previous Shareholder Approval*

Shareholder approval was granted to the company at its Annual General Meeting held on 25 November 2014. In accordance with Listing Rule 7.1A, the Company has not in the 12 months preceding the date of that Annual General Meeting, issued any Equity Securities under Listing Rule 7.1 and Listing Rule 7.1A.

*(e) Voting Exclusion*

A voting exclusion statement is included in this Notice of Meeting.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities, and no existing Shareholder's votes will be excluded under the voting exclusion in this Notice of Meeting.

**Resolution 6 - Contingent Resolution Board Spill Meeting Resolution**

This Resolution will only be considered and put to a vote if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (Resolution 1) are cast against the adoption of the report. Such an against vote will constitute a second strike for the Company.

If the resolution to adopt the Remuneration Report does not receive an against vote of 25% or more at the Annual General Meeting, resolution 6 will not be put to the Meeting.

If put to the Meeting, the Spill Resolution will be considered as an ordinary resolution and will be passed if more than 50% of the eligible votes cast on the spill Resolution are cast in favour of the Resolution. Shareholders not attending the Annual General Meeting who want to cast votes on Resolution 6 will need to vote on Resolution 6 in the attached Proxy Form, prior to the consideration of Resolution 1 at the Annual General Meeting, notwithstanding that Resolution 6 will not be put to Shareholders if Resolution 1 receives an against vote of less than 25% at the Annual General Meeting.

If Resolution 6 is put to Shareholders and passed it will be necessary for the Company to hold the Spill Meeting within ninety (90) days of the Annual General Meeting in order to consider the composition of the Board. If a Spill Meeting is held, immediately before the end of the Spill Meeting, each of the following Directors ("Relevant Directors") will cease to hold office:

- Mr Michael Fotios (assuming Mr Fotios is re-elected at this year's Annual General Meeting);
- Mr Alan Still (assuming Mr Still is re-elected at this year's Annual General Meeting); and
- Mr Michael Jardine (assuming Mr Jardine is re-elected at this year's Annual General Meeting);

Each of the Relevant Directors is eligible to seek re-election as a director of the Company at the Spill Meeting. Under the Corporations Act, the Company is required to have a minimum of three Directors. The Corporations Act contains a mechanism to ensure that the Company will have at least three Directors after the Spill Meeting. If, at the Spill Meeting, a minimum of two Directors are not appointed by ordinary resolution, the persons taken to be appointed will be those with the highest percentage of votes favouring their appointment cast at the Spill Meeting on the resolution for their appointment (even if less than half the votes cast on the resolution were favour of their appointment).

The provisions of the Corporations Act, ASX Listing Rules and the Company's Constitution relating to meetings of the Company will apply to the Spill Meeting, including the requirement for the Company to provide a notice of meeting, setting out the business to be considered at the Spill Meeting.

Shareholders should be aware that the total cost to the Company of holding a Spill Meeting is significant (including printing, mail-out and share registry costs) and that holding a Spill Meeting would cause significant disruption to the running of the Company and may impact on its share price.

Shareholders should also note that 22,363,861 shares ("Key Management Shares") or 18.2% of the Company's total issued share capital, are held by KMP of the Company (or their Closely Related Parties). These Key Management Shares are not able to be voted on either Resolution 1 (the Remuneration Report resolution) or Resolution 6 (the resolution to convene a Spill Meeting). However, the Key Management Shares may be cast on resolutions put to Shareholders at a Spill Meeting for the election and re-election of Directors. The Company has been informed that, in the event Resolution 6 is passed, all the holders of Key Management Shares presently intend to vote their shares in favour of the re-election of the Relevant Directors.

#### **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote against Resolution 6.

The Chairman of the Meeting intends to vote all undirected proxies against this item of business.

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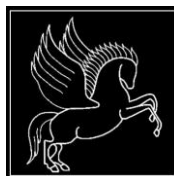
## **SCHEDULE 1 - DEFINITIONS**

In this Notice and Explanatory Memorandum:

AWST	Australian Western Standard Time
ASX	Australian Securities Exchange
Equity Securities	has the same meaning giving in the Listing Rules.
Listing Rules	Listing rules of the ASX
Ordinary Resolution	a resolution that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the Resolution
Resolution	a resolution set out in the Notice of Meeting
Shareholder	holder of a share in the Company
Special Resolution	a resolution that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the Resolution.
Trading Days	a day determined by ASX to be a trading day in accordance with the Listing Rules.

«EFT\_REFERENCE\_NUMBER»

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# PEGASUS METALS LIMITED

ACN: 115 535 030

«Company\_code»«Sequence\_number»«Address\_unknown»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

## REGISTERED OFFICE:

24 MUMFORD PLACE  
BALCATT WA 6021  
PO BOX 389

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## SHARE REGISTRY:

Security Transfer Registrars Pty Ltd

### All Correspondence to:

PO BOX 535, APPECROSS WA 6953  
AUSTRALIA  
770 Canning Highway, APPECROSS WA 6153  
AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

PUN

Holder Number:

«HOLDER\_NUMB

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote, hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am AWST on Friday 27 November 2015 at 9 Mumford Place, Balcatta WA 6021 and at any adjournment of that meeting.

#### Chairman authorized to exercise proxies on remuneration related resolutions:

Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting become our proxy by default) and am/are entitled to vote on the relevant Resolution, I/we expressly authorize the Chairman of the Meeting to exercise my/our proxy in relation to Resolutions 1 and 6 (and any motion for amendment of, or any procedural motion relating to those resolutions) even though such resolution (and any such motion) may be connected directly or indirectly with the remuneration of a member of the key management personnel for the Company, and even though the Chairman is a member of the key management personnel.

If the Chairman of the Meeting is (or becomes) your proxy, you can direct the Chairman how to exercise your proxy on Resolutions 1 and 6 by marking the appropriate box below.

**Chairman to vote undirected proxies in favour:** I/we acknowledge that the Chairman of the Meeting intends to vote undirected proxies in favour of each of the proposed Resolutions 1 to 5 and against the Contingent Resolution 6 (to the extent permitted by law).

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of the resolutions 1 – 5 and AGAINST resolution 6.

#### RESOLUTION

1. Adoption of Remuneration Report

For

☐

Against

☐

Abstain

☐

2. Re-election of Mr Michael Fotios

☐☐☐

3. Re-election of Mr Alan Still

☐☐☐

4. Re-election of Mr Michael Jardine

☐☐☐

5. Approval of 10% Placement Facility

☐☐☐

6. Contingent Resolution - Board Spill Meeting Resolution

☐☐☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by PEGASUS METALS LIMITED no later than 10:00am AWST on Wednesday 25 November 2015.

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My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

### 3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

### 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by PEGASUS METALS LIMITED no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

### PEGASUS METALS LIMITED

**Postal Address** 24 Mumford Place  
Balcatta WA 6021 AUSTRALIA

**Street Address** 24 Mumford Place  
Balcatta WA 6021 AUSTRALIA

**Facsimile** +61 8 6241 1811

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.