



PEGASUS METALS LIMITED

28 February 2007

Matthew Foy
Adviser, Issuers (Perth)
Australian Securities Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth WA 6000

Dear Matthew

RESTRICTED SECURITIES

Pegasus Metals Limited has on issue 32,250,001 shares. The following is the number of securities subject to restriction by ASX and voluntarily, and the restriction period applied to those securities.

24 months restriction by ASX

10,760,001 fully paid ordinary shares are subject to an ASX restriction period of 24 months from the date of official quotation of the Company's shares (PUN). As quotation is expected to be on 7 March 2007, this period would continue until 7 March 2009.

24 months voluntary restriction

290,000 fully paid ordinary shares are subject to a voluntary restriction period for the same 24 months from the date of official quotation of the Company's shares. These shares are held by the Directors and promoters and the result is that all of the Directors', promoters' and vendors' shares are subject to the 24 months restriction period.

12 months restriction by ASX

1,630,000 fully paid ordinary shares are subject to an escrow period of 12 months from their date of issue which was 31 July 2006 for 750,000 shares and 29 December 2006 for 880,000 shares.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'G. Anderson', written over a horizontal line.

Graham Anderson
Director & Company Secretary