

## Pegasus Resources Inc. (PEGA)

*Focus Uranium: Non-Core Icefield Property Now Monetized*

### Event

Late last week Pegasus Resources announced that it had entered into a purchase and sale agreement with Ashley Gold Corp (ASHL.CSE) for the sale of the Icefield gold-silver-polymetallic property, located in British Columbia.

### Details

- **Purchase Terms** – In accordance to the terms of the agreement, Pegasus will receive 8.0M common shares of Ashley Gold (equivalent to ~19% of the total number outstanding). Subject to the customary CSE requirements, 6.0M Ashley Gold shares will be received upon signing of the agreement. An additional 2.0M shares will be received within 60 days of receiving drill permits for the property. The initial 6.0M shares will be subject to contractual restriction at four month intervals (per 2.0M tranche each).
- **Uranium Entirely in Focus** – Not that the uranium focus was ever in question but Pegasus' entire asset portfolio now solely encompasses North American uranium properties. The flagship properties remain in Utah – the Jupiter and Energy Sands projects.
- **Immediate Measures to Increase US Mineral Production** – The announced asset monetization is timely as a Presidential executive order was signed last week on March 20 with the intent to increase domestic (US) mineral production. Invoking the Defense Production Act, the executive order will direct the relevant departments and agencies to identify and expedite priority mineral production projects that can be immediately approved or immediately issued permits.

### Conclusion

Now entirely focused on the portfolio of uranium projects, Pegasus has worked diligently in Utah, acquiring strategic uranium properties located adjacent to Western Uranium & Vanadium's San Rafael deposit which currently hosts a global resource of over 5.2M lbs U3O8 and over 7.0M lbs V2O5. With a drilling campaign already planned for and fully permitted, the successful de-risking of Jupiter and Energy Sands may prompt an eventual consolidation play from Western Uranium. With a 75% stake in Jupiter recently finalized earlier in March, we look forward to the start of meaningful drilling campaign on both properties. We maintain our C\$0.25 per share, 12-month price objective. The full online details can be found [here](#):

### Company Profile

Sector	Mining
Sub-Sector	Uranium
Company	Pegasus Resources Inc.
Ticker	PEGA
Current Price (C\$)	C\$0.08
12-Mth Price Objective (C\$)	C\$0.25
Potential Upside	233%
Mkt Cap, Basic (C\$M)	\$2.2
EV (C\$M)	\$1.9
Shares O/S Basic (M)	29.63
1-Mth Return	+6.7%
3-Mth Return	-29.2%
YTD Return	-20.0%

#### Measured & Indicated Grade U3O8 Attrib. lbs

Energy Sands	-	-
Jupiter	-	-
Pine Channel	-	-

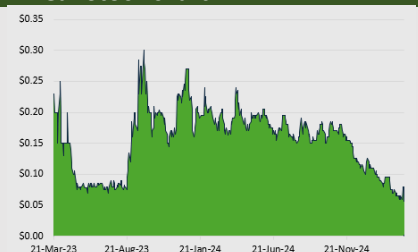
#### Inferred Resources Grade U3O8 Attrib. lbs

Energy Sands	-	-
Jupiter	-	-
Pine Channel	-	-

### Company Description

**Pegasus Resources Inc. is a TSXV listed exploration company active with the development and acquisition of properties in North America. The current flagship asset is the wholly-owned Energy Sands Project, a past producing uranium property in Utah. An earn-in to acquire the nearby Jupiter property will nearly double the total acreage strategically located adjacent to Western Uranium's San Raphael Project.**

### 2-Year Stock chart



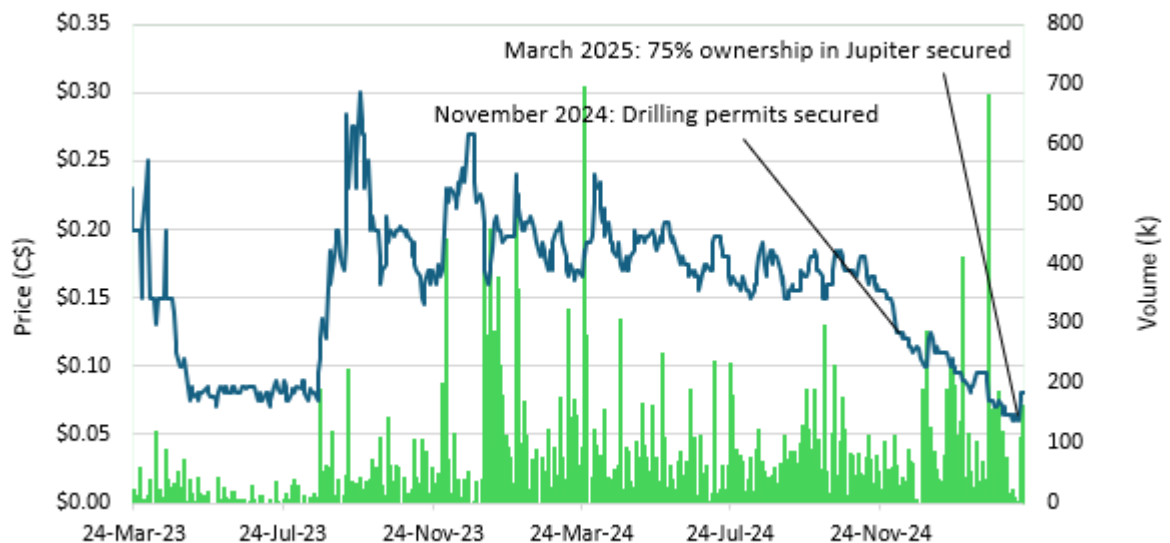
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## MONETIZING THE ICEFIELD GOLD-SILVER-POLYMETALLIC PROPERTY

Consisting of the Gold Mountain, Punch Bowl and Vertebrae Ridge projects located near Golden, British Columbia, the Icefield project was agreed to be transferred to Ashley Gold Corp (ASHL.CN) for an eventual 8.0M commons shares of Ashley Gold, representing ~19% of the currently outstanding balance. All three early-stage projects sum up to a combined 8,350 ha.

### Exhibit 1. Pegasus Resources Two-Year Share Price Performance



Source: HoldCo Markets

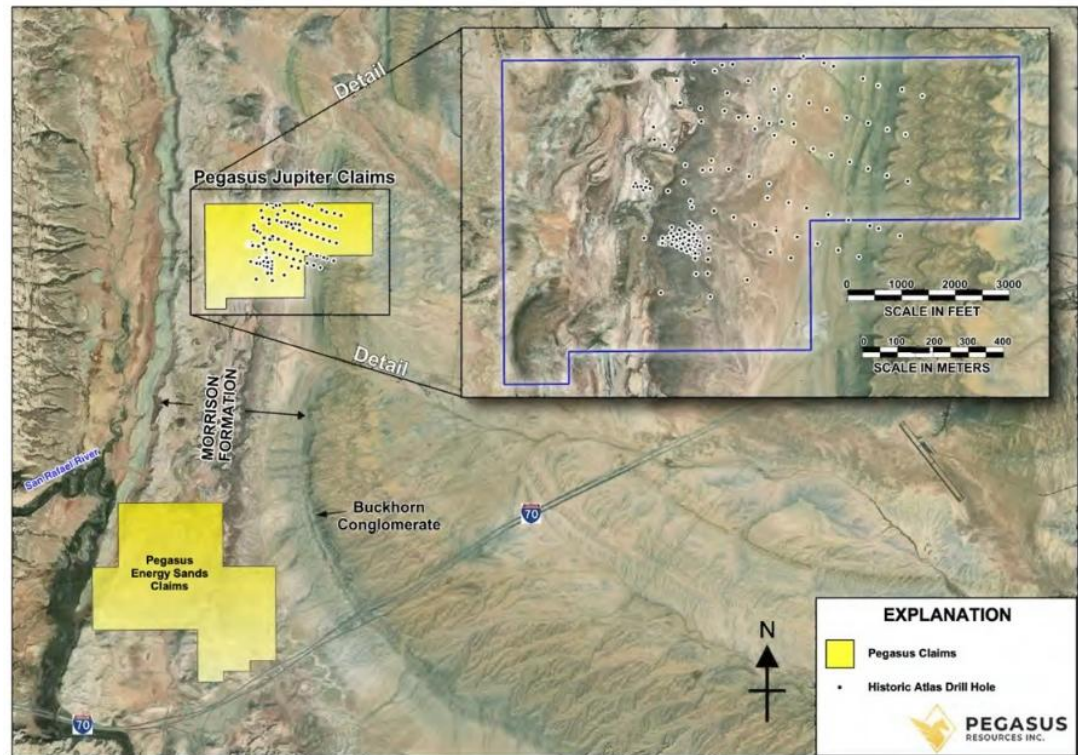
According to the agreed upon purchase terms, Pegasus will receive shares in Ashley Gold in accordance to the following criteria and restrictions:

- 6.0M shares of Ashley Gold upon signing the agreement, subject to Ashley Gold’s filing requirements with the Canadian Securities Exchange.
- Of the initial 6.0M shares, 2.0M shares tranches will be subject to restriction for four months, eight months and finally 12 months.
- 2.0M shares within 60 days of receiving drill permits for the Property.
- Ashley Gold will grant Pegasus one seat on Board and the right to participate in future financings to maintain a minimum 10% equity stake.

### FOCUS NOW SQUARELY ON THE PLANNED 2025 UTAH DRILLING CAMPAIGN:

**Jupiter Project** – A drilling total of 15,360ft was previously planned for the Jupiter Project. Spread between 30 holes (500ft+ average depth per hole). These average depths are on par with the ~90 historic drill holes drilled in the 1970s in the northeast corner of section 15.

**Energy Sands** - A total of 3,200ft was previously planned for at Energy Sands. Spread between 18 holes, the 178ft average depth per hole is significant given that the historic drilling which occurred in the mid-1970s encompassed 19 holes with a single highlight drill hole reaching a maximum depth of “just” 160ft. Note that of the historical drill holes, uranium and vanadium mineralization was detected in four drillholes (IDs 75-1 to 75-6). Mineralization occurred at relatively shallow depths, none deeper than 17.5ft.

**Exhibit 2. Jupiter & Energy Sands in Close Proximity**


Source: Pegasus Resources Inc.

**CONCLUSION**

In anticipation of an upcoming drilling campaign, we maintain our C\$0.25 per share target which would equate to upside of +233% from the most recent close. We acknowledge the severe market volatility of late and with it, the depressed current valuations. Keep in mind however that as we await results from the upcoming drilling campaign, positive high grade results can certainly surprise further to the upside while consequently, drilling a series of misses can easily lead to undershooting the target.

Combined, Energy Sands and Jupiter encompass 2,520 acres situated adjacent to Western Uranium & Vanadium's San Rafael deposit. Though we see these two properties as highly prospective, we highlight the following key points which when taken together, make the investment case into Pegasus Resources compelling on a risk/reward standpoint:

- Mining at the Energy Sands project in the mid 1950s resulted in small scale production of both uranium and vanadium (51.8 tons at a grade of 0.373% U3O8 and 1.10% V2O5).
- Historic shallowing drilling at Energy Sands is highlighted by a 2.5ft intercept grading 3.41% U3O8 with an additional drill hole encountering 2.5ft grading 2.16% U3O8.
- Jupiter is host to nearly 200 historic drill holes. Drilling was performed when the property was held by Atlas Minerals.
- Both Energy Sands and Jupiter are located adjacent to Western Uranium & Vanadium's San Rafael deposit which currently hosts a global resource of over 5.2M lbs U3O8 and over 7.0M lbs V2O5.
- Successful exploration on Pegasus' Utah properties may eventually lead to an economic resource in an area which has all the needed infrastructure for large scale mining and milling operations.

- Given close proximity to the White Mesa mill (180km), the Shootaring Canyon mill (140km) and the proposed Maverick mill (6km) there is excess milling capacity in the area (from White Mesa alone). Additional feedstock to White Mesa is needed.

### Exhibit 3. Project Proximity to Infrastructure

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Source: HoldCo Markets, Pegasus Resources

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