

## PLUTON ANNOUNCES STRATEGIC INVESTMENT AND SELECTION OF PREFERRED JOINT-VENTURE PARTNER FOR IRVINE ISLAND PROJECT

### HIGHLIGHTS

- Pluton Resources Limited (“Pluton”) has selected Timeone Holdings Limited (“Timeone”) as a strategic investor and preferred joint venture partner for the Irvine Island project.
- Timeone is a British Virgin Island (BVI) registered company associated with private interests operating in China. The associates of Timeone have strong beneficiation and logistics expertise and a contractual relationship with Rizhao Port Group, operator of the world’s largest iron ore import port in Shandong Province, China.
- Timeone will acquire up to a 30% equity stake in Pluton (post investment), representing a A\$30 million investment through the issue of new shares at A\$0.355 per share.
- Pluton and Timeone will enter exclusive negotiations regarding funding and beneficiation for Pluton’s flagship Irvine Island iron ore project in Western Australia.
- Timeone has an agreement with Rizhao Port Group for land and facility access to enable the beneficiation of Irvine pre-concentrate.

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**4th August 2011, Melbourne:** Pluton announces that it has entered into a binding term sheet with Timeone, a company owned by private Chinese investors holding a contractual relationship with Rizhao Port Group, operator of the world’s largest iron ore import terminal, located in Shandong Province, China.

Timeone was selected following a detailed evaluation of a number of interested parties to identify a suitable partner to assist with the development of Pluton’s flagship Irvine Island iron ore project. The decision follows the recent Stage 1 Pre-Feasibility Study (“PFS”) for Irvine Island which identified production of a +40% pre-concentrate on Irvine Island, for final beneficiation in Asia, as the preferred model to develop the project.

Key to the selection of Timeone as a strategic investor in Pluton and joint venture partner for the project was the compelling combination of logistics and beneficiation expertise Timeone and Rizhao Port Group offer. They also offer strong financial backing, optimal location for beneficiation and strong relationships with end-users in China.

Under the terms of the binding term sheet Timeone will invest up to \$30 million for a 30 percent stake in the capital of Pluton (post investment) to be satisfied by the issue of fully paid ordinary shares at \$A0.355 per share, in four tranches:

#### Pluton Resources Limited

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Tranche	Shares	A\$	Date	Conditions
1	14,084,507 comprising: (a) 8,450,704 (b) 5,633,803	\$5,000,000 (a) \$3,000,000 (b) \$2,000,000	By 9 <sup>th</sup> Aug 2011 By 16 <sup>th</sup> Aug 2011	NIL NIL
2	15,506,164	\$5,504,688	Within 3 business days after satisfaction of Tranche 2 conditions	Completion of off-take agreement (see below)
3	5,169,892	\$1,835,312	Within 3 business days after satisfaction of Tranche 3 conditions	Shareholder approval and FIRB approval if required (see below), and completion of Tranche 1 and 2 investment (see below)
4	49,746,478	\$17,660,000	Within the latter of 5 months and 3 business days after satisfaction of Tranche 4 conditions	Shareholder approval and FIRB approval if required (see below), and completion of Tranche 1 and 2 investment (see below)

The Tranche 2 investment is conditional upon execution of a conditional commercially sensitive off-take agreement within 2 months of the date of signing the term sheet.

The Tranche 3 and 4 investments are conditional upon completion of the Tranche 1 and 2 investments, the approval of Pluton's shareholders to the issue of the Tranche 3 and 4 shares for the purposes of ASX Listing Rule 7.1, and the acquisition by Timeone of an interest of up to 30% in Pluton under section 611 (item 7) of the Corporations Act 2001, as well as Foreign Investment Review Board approval, if applicable, within 3 months after the date of the term sheet or such later date as agreed.

Timeone will have an option to enable it to participate in any future capital raisings to maintain its percentage interest in Pluton's issued share capital, subject to Pluton obtaining all necessary ASX waivers in relation to the ASX Listing Rules.

The Tranche 1 and Tranche 2 investment will raise A\$10,504,688 to fund the ongoing exploration and environmental work program, regulatory approvals of the Irvine Island project and the commencement of the Definitive Feasibility Study.

Pluton and Timeone have agreed to use their best endeavours to finalise a Joint Venture Agreement to support development of the Irvine Island project by 2<sup>nd</sup> January 2012, which is expected to include:

- Funding of the development capital for Irvine Island;
- An off-take agreement; and
- Agreement for the production of a beneficiated product from a pre-concentrate product to be mined and shipped from Irvine Island to the port of Rizhao China, including beneficiation and logistics.

Ownership interests in and the subject matter of the Joint Venture Agreement will be dependent on the final structure of funding to be agreed before the Tranche 4 payment.

If the parties do not enter into a Joint Venture Agreement by 2nd January 2012 then Timeone will have a first right of refusal until 2 August 2012 to match any offer Pluton receives from a third party to take either an interest in, or an interest in production from, the Irvine Island Project.

Timeone will also be entitled, after the allotment of the Tranche 2 shares, to nominate one person to be a member of Pluton's Board of Directors, increasing to two representatives after the Tranche 4 investment has been concluded.

The owners of Timeone stated: "We are delighted to be selected as a strategic investor in Pluton Resources and preferred joint venture partner for Irvine Island. Our financial commitment reflects our view on the project. Our Directors and management from Rizhao Port Group visited and inspected the Irvine Island project in May 2011, and we believe this is an exciting and potentially significant iron ore project, which will produce a premium quality iron ore product."

"The results of initial beneficiation testing at our facilities in South-East China indicate that a high quality average 67.5% iron concentrate can be produced. We have strong expertise and experience in management of logistics, which can help Pluton reduce capital and operating costs in these areas. Meanwhile, we have a contractual relationship with the operator of the world's largest iron ore import port, Rizhao Port Group. They have committed to provide land access at the port to build beneficiation plants and facilities to process the pre-concentrate from this project."

"We look forward to assisting the management team in unlocking the value of the Irvine Island project for the benefit of all Pluton shareholders."

Tony Schoer, Managing Director, Pluton said: "We have carefully evaluated a number of approaches from potential strategic partners to identify a partner which has the appropriate beneficiation and financial capabilities to support the development of Irvine Island. We are confident that Timeone, with the support of their major financial backers and Rizhao Port Group, meets our criteria."

"We welcome Timeone as long-term investors in Pluton Resources and we look forward to working in partnership to develop Irvine Island into a highly profitable iron ore operation."

The agreement was brokered by Summit Equities, a boutique financial advisory firm based in Sydney and with strong relationships in China.

Iris Xie, Director, Summit Equities, said: "We have been working closely with Pluton to identify a partner which has the appropriate beneficiation and financial capabilities to support the development of Irvine Island. We are confident that Timeone meets our criteria."

"We believe that Chinese steel makers have strong demand for Pluton's final beneficiated product, and Timeone and Rizhao Port Group will provide the best solution for the Irvine Island project with the advantage of the location of the beneficiation plant at the port and strong beneficiation experience and expertise in logistic and strong connection with end users."

## Irvine Island

Irvine Island is part of a group of islands in the Kimberley Iron Ore Hub, Western Australia, which includes Cockatoo Island where Australia's first iron ore exports began in the 1950's.

A Pre-Feasibility Study ("PFS") completed in June 2011 provided a roadmap for development of mining on Irvine Island which includes production of a +40% pre-concentrate iron ore product on Irvine Island. This pre-concentrate will be transhipped to Asia for final beneficiation to produce an average 67.5% total iron product, which Pluton believes will attract a premium within the market.

The PFS was based solely on Probable Ore Reserves of 143 Mt @ 28% total iron defined in accordance with the JORC Code<sup>1</sup> at the southern end of the island's Hardstaff Peninsula. The Ore Reserves were defined from an Indicated Mineral Resource of 490 MT comprising 153 Mt @ 34% total iron and 37.7% weight recovery for the Yampi Member and 337 Mt @ 21% total iron for the Wonganin Sandstone.

Further diamond drilling and metallurgical testing is now under way on Hardstaff Peninsula with the aim of converting Inferred Mineral Resources into an Indicated Mineral Resource category. Pluton expects the valuation to be expanded to include more of the Indicated Mineral Resource, thereby increasing the existing Ore Reserve estimate and significantly increasing the life of the Project.

Pluton continues to evaluate a range of options to reduce the capital and infrastructure requirements, and operating costs of the Irvine Island project, which are aligned with the Company's commitment to reduce the project's environmental footprint on the island. Pluton will keep the market informed as appropriate on the outcomes of that process.

<sup>1</sup>*Australasian Code for Reporting of Mineral Resources and Ore Reserves, Prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC), December 2004.*

*The information in this statement as it relates to Ore Reserves, Mineral Resources, Exploration Results and Targets for the Irvine Island Project is based on information compiled by Mr A Griffith, who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of the Company. Mr A Griffith 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'*

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