

31st October, 2012

## **QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2012**

### **HIGHLIGHTS**

- **Acquisition of Cockatoo Island finalised.**
- **Mining contractor mobilising to Cockatoo Island with first shipment expected on 29<sup>th</sup> November.**
- **Funding of US\$12.7 million received from pre-sales to cover funding costs and working capital.**
- **Funding of US\$23.0 million received as prepayment against 1 million tonne off-take agreement to fund environmental bonds and additional working capital.**
- **AGM to be held on 29<sup>th</sup> November to seek approval for 50/50 joint venture over Cockatoo Island project with Wise Energy Group.**

### **COCKATOO ISLAND**

#### **Cockatoo Acquisition**

The acquisition of the Cockatoo Island operation was finalised on the 9<sup>th</sup> September after completion of all conditions precedent.

Statutory stamp duty was pre-paid on the 3<sup>rd</sup> September. The tenements will be transferred to Pluton once the asset sales agreement has been stamped and the environmental bonds lodged. The environmental bonds will be financed by the pre-payment received against the 1 million tonne off-take agreement.

The Company does not need to have the tenements transferred to commence mining.

#### **Cockatoo Operations**

Pluton took control of the Cockatoo Island operations on 1<sup>st</sup> October. The vendor's final shipment departed on the 15<sup>th</sup> October. Mining contractor Watpac mobilised during October and has commenced preparations for mining.

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Demolition of infrastructure sitting above the Stage 4 ore-body has begun. This includes removal of the stock pile shed and crusher (see photo below). Two smaller 300tph mobile crushers are expected to arrive on Cockatoo Island on 4<sup>th</sup> November and will be commissioned to produce the 43,000 tonnes required for the first shipment scheduled to be loaded on ship on 29<sup>th</sup> November.

Production for the first few months is expected to come from mining remnant ore from Stage 3 and other sources while infrastructure is removed from above the Stage 4 ore-body. Stage 4 ore from surface will be available to blend with ore from other sources while the seawall is being constructed, which is scheduled to commence in January, with stage 4 being fully open to mining by the end of 3<sup>rd</sup> quarter of 2013 calendar year.

Once the Cockatoo project reaches a steady state of operations, FOB cash operating costs are expected to be around A\$51/tonne. Capital costs for the construction of the seawall are expected to be \$15 million.

The current mine plan for the Cockatoo project initially extends for 30 months with production of approximately 3 million tonnes. Drilling plans are underway with the aim of extending the mine life by converting resources and reserves to mineable tonnage. Cockatoo Island reserves and resources totalling 12 million tonnes can be found in tables 1-3 below.

In addition, planning is underway for an initial 8 diamond-hole drilling program targeting the extension of ore at depth below stages 1, 2 and 3. The underground program will include metallurgy, geotechnical and hydrology studies. The program is designed to enable the production of a resource model prior to an investment decision on feasibility studies.

#### Cockatoo Island Joint Venture

The Company will seek approval from shareholders at the AGM on 29<sup>th</sup> November 2012 to sell 50% of the Cockatoo project to major shareholder Wise Energy Group (“WEG”).

Subject to shareholder approval, the Cockatoo project will become a 50:50 unincorporated joint venture with Pluton maintaining management rights. Pluton will be responsible for all activities up to, and including, ship loading. WEG will be responsible for arranging shipping and marketing of the product under a marketing agreement.

#### **IRVINE ISLAND**

During the September quarter the focus for Irvine centred on continuing data collection for the Public Environmental Review (“PER”). All exploration work has been completed and personnel are now housed on Cockatoo Island.

While data collection via monitoring bores, offshore buoys and environmental surveys is a slow process, it is imperative that both wet and dry season data is collected to submit a PER with no obvious gaps in the data.

The acquisition of the Cockatoo Island project further strengthens the Company’s case for gaining environmental approvals for Irvine by eliminating the need for certain ground disturbing infrastructure outside of the mining area. This includes a townsite and airstrip that is located on Cockatoo Island.

### **Indigenous Relations**

The acquisition of the Cockatoo Island project has provided the opportunity for the Company to provide further employment and business opportunities for Kimberley's indigenous people.

Pluton has been successful in placing indigenous employees into apprenticeships with local businesses to provide important training and qualifications that can be transferred into employment opportunities on Cockatoo and Irvine Island.

In addition, many of the Company's indigenous employees will be offered permanent roles on Cockatoo Island through employment opportunities with our mining contractor and sub-contractors.

The traditional owners of Cockatoo Island, the Dambimangari People, will join senior Pluton employees and contractors in an opening ceremony on Cockatoo Island on the 22<sup>nd</sup> November.

As the Cockatoo project operations pre-date native title, the Dambimangari People have had little access to, and received no benefits from mining on Cockatoo. Pluton has formed a strong relationship with the Dambimangari People over the past 12 months and will look to provide employment and business opportunities, as well as periodic access for their elders. While Pluton is under no obligation to do any of these things, we believe strong relationships with traditional owners offer long term benefits for all parties.

### **FUNDING**

At the end of September 2012 the Company had \$4.477 million cash on hand.

During the quarter the Company received US\$12.7 million against the pre-sale of Cockatoo Island ore. In addition, in October the Company received US\$23.0 million as a pre-payment against a 1 million tonne off-take agreement.

**For further information please contact:**

#### **Investors and analysts**

Tony Schoer, Managing Director                      0411 232 711

*The information in this statement that relates to Mineral Resource and Ore Reserve estimates for the Cockatoo Island Iron Ore Deposit – is based on information compiled by Mr A Griffith, who is a member of The Australasian Institute of Mining and Metallurgy and a full time employee of Pluton Resources Ltd. Mr Griffith has sufficient experience 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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About Pluton: Pluton Resources Limited is listed on the Australian Stock Exchange (ASX Code "PLV"). Pluton has assembled a diversified portfolio of interests in tenements in Western Australia and Tasmania. Tenements in Western Australia are 100% owned by Pluton, which includes the Irvine Island and Cockatoo Island iron ore projects. Tenements located in Tasmania are prospective for high grade or bulk tonnage copper, gold and silver. Further details on Pluton can be found at [www.plutonresources.com](http://www.plutonresources.com).

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**Table 1: Cockatoo Island Seawall Hematite Mineral Resources as at 31 July 2012**

Classification	Tonnage (Mt)	COG Fe (%)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	S (%)	P (%)
Indicated	1.3	67.0	68.3	1.0	0.5	0.01	0.01
Indicated	2.6	65.5	69.0	0.6	0.3	0.003	0.004
<b>Total Indicated</b>	<b>3.9</b>		<b>68.8</b>	<b>0.7</b>	<b>0.4</b>	<b>0.005</b>	<b>0.006</b>
Inferred	1.4	67.0	68.2	0.9	0.01	0.01	0.01
Inferred	0.4	67.0	68.3	0.9	0.5	0.01	0.02
Inferred	0.8	67.0	68.3	1.0	0.6	0.01	0.01
Inferred	1.3	65.5	69.0	0.5	0.3	0.003	0.005
<b>Total Inferred</b>	<b>3.9</b>		<b>68.5</b>	<b>0.8</b>	<b>0.3</b>	<b>0.008</b>	<b>0.009</b>

Notes: 1: Mineral Resources 2350E to 2950E are exclusive of Stage 4 Probable Ore Reserve.  
2: Tonnage is rounded to the nearest 100,000 tonnes.

**Table 2: Cockatoo Island Highwall Mineral Resource as at 31 July 2012**

Classification	Tonnage (Mt)	COG Fe (%)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	S (%)	P (%)
Inferred	3.0	-	60.0	7.0	4.9	0.03	0.009
<b>Total Inferred</b>	<b>3.0</b>	<b>-</b>	<b>60.0</b>	<b>7.0</b>	<b>4.9</b>	<b>0.03</b>	<b>0.009</b>

Notes: 1: Mineral Resources 2350E to 2950E are exclusive of Stage 4 Probable Ore Reserve.  
2: Tonnage is rounded to the nearest 100,000 tonnes.  
3: Mineralisation is composed of Seawall Hematite and Footwall Schist.

**Table 3: Cockatoo Island Seawall Hematite Ore Reserves as at 31 July 2012**

Classification		Tonnage (Mt)	COG Fe (%)	Fe (%)	SiO <sub>2</sub> (%)	Al <sub>2</sub> O <sub>3</sub> (%)	S (%)	P (%)
Probable	Stage 4 Onshore Seawall	1.2	65.5	68.5	1.0	0.5	0.003	0.005
<b>Total Probable</b>		<b>1.2</b>	<b>65.5</b>	<b>68.5</b>	<b>1.0</b>	<b>0.5</b>	<b>0.003</b>	<b>0.005</b>

Notes: 1: Ore Reserves are in addition to 2350E to 2950E Mineral Resources.  
2: Tonnage is rounded to nearest 100,000 tonnes.



*Photo of Cockatoo seawall operations with stockpile shed and crusher sitting above Stage 4 ore body. Irvine Island top left.*