

ASX ANNOUNCEMENT

17 May 2013

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PLV



PLUTON RESOURCES LIMITED CORPORATE UPDATE

Brett Clark, CEO of Pluton Resources Ltd (ASX:PLV) ("Pluton" or "the Company") is pleased to provide the following corporate update to shareholders ahead of the resumption of trading in the Company's shares:

Recent Highlights:

- **First shipment of high grade iron ore from Cockatoo Island commenced in December 2012, six months ahead of schedule;**
- **Shipping rate increased to two shipments per month from April with the commencement of Stage 4;**
- **Cash costs per tonne in the lower cost quartile of Australian iron ore producers;**
- **Drilling program to confirm expansion pathways to commence Q3 2013 calendar year;**
- **Mr Jaffe Lau, Managing Director of GNR joins Pluton Board;**
- **GNR provides \$24million debt funding package;**
- **Wise Energy Group re-enter Joint Venture Agreement; and**
- **Excellent safety record maintained.**

Executive Summary

After a challenging start to the year we have made a successful transition from explorer to producer, with our seventh shipment being loaded. On behalf of the Board and management, I would like to thank shareholders for their patience during this period.

As has been reported to the market previously that, the trading suspension involved numerous detailed discussions with various third parties relating to the Cockatoo Island Joint Venture Agreement ("JV"), the \$24 million debt funding arrangement with General Nice Recursos Comercial Offshore De Macau Limitada ("GNR") and finally with lodging our December 2012 Half Year Accounts.

We are very pleased to have resolved these issues with the result being that the Company finds itself in a much stronger financial position than when we started the year. We are also particularly pleased to welcome GNR's Managing Director Mr Jaffe Lau to the Board as a Non-Executive Director and his appointment is testament to GNR's longer-term commitment to Pluton.

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Cockatoo Island Project – Operations

Since the Company took control of operations at Cockatoo Island in October 2012, our team has worked tirelessly to deliver our first shipment by December 2012, six months ahead of our previously announced delivery date, and this has been followed by a further six shipments. Our run rate is now two shipments per month and we aim to trial three shipments per month from June to August 2013. Operating cash costs are currently running at ~\$65/tonne FOB on a two shipment per month basis. We expect costs per tonne to reduce as the shipping rate increases to three shipments per month to levels below \$55/tonne FOB. Our operating costs are equal to and better than some of the lowest cost operations in the industry in Australia and we will continue to focus on keeping our costs at these very profitable levels.

We will recommence our exploration program in Q3, 2013 calendar year aimed at expanding our existing Mineral Resources and Ore Reserves. Pluton is currently undertaking technical studies assessing the potential of further seawall expansions from the existing Stage 1 to Stage 3 mined areas. Preliminary scoping study designs for the construction of an extended sea wall (nominally referred to as Stage 5) in single or multiple stages may allow access to further ultra-high grade ore beneath previous mine stages, utilising current open cut mining methods.

The Stage 5 area has been estimated by Pluton to contain a conceptual exploration target of 15 to 20 Mt in the grade range of 65 to 69% iron¹. Furthermore, Pluton intends to advance the underground concept study which contains a conceptual exploration target of 60 to 120 million tonnes² in the grade range of ~65 to 69% Fe.

Pluton will continue discussions with various funding providers including export credit funding from North Asian groups as part of the project planning process.

Irvine Island Project

Pluton remains the 100% equity owner of Irvine Island. We continue to work on our pre-development approvals and a draft Public Environmental Report document will be submitted to the Environmental Protection Authority during 2014. We remain extremely positive on the long term outlook and prospects for the Irvine Island Project with its high quality iron ore final product.

We are working with several interested parties on various scenarios to secure further funding to complete the final approvals and ultimate project development.

General Nice Recursos Comercial Offshore De Macau Limitada (“GNR”)

Hong Kong based GNR is one of China’s largest iron ore traders, importing ~15 million tonnes per annum. Its main business activities focus on the resources sector including development and production, logistics and general trading.

The \$24m debt funding package provided by GNR has been used to satisfy outstanding State Government commitments to pay Environmental Bonds, with the balance committed for seawall construction.

As announced on 1 May 2013 we are very pleased to welcome GNR Managing Director, Mr Jaffe Lau to the Board as a Non-Executive Director.

¹ In accordance with Clause 18 of the JORC Code the reference to “Exploration Target” in terms of target size and type should not be taken as an estimate of Mineral Resources or Ore Reserves. The statements referring to quantity and grade of exploration target is based upon extrapolation of the Seawall Hematite from Stages 1 to Stage 3. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the definition of a Mineral Resource.

² In accordance with Clause 18 of the JORC Code the reference to “Exploration Target” in terms of target size and type should not be taken as an estimate of Mineral Resources or Ore Reserves. The statements referring to quantity and grade of exploration target is based upon historical diamond drilling assays that intersected the mineralisation on mine grid section 2450mE beneath Stage 3. The potential quantity and grade is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the definition of a Mineral Resource.

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Cockatoo Island Project – Joint Venture Agreement with Wise Energy Group (“WEG”)

We would like to take this opportunity to advise shareholders that the Joint Venture Agreement we have re-entered into with WEG has not been amended since shareholders approved the 50% sale of the Cockatoo Island Project in September 2012. All Conditions Precedent for the JV, have now been completed in full as reported on 1 May 2013.

We welcome the return of WEG as a 50% partner in the Cockatoo Island Project and look forward to a collaborative working relationship with WEG’s senior management as we aim to leverage their deep customer base and access to potential finance providers.

Management and Operations Team

Our team, encompassing staff and captive contractors, have performed extremely well in recent months, embracing the challenge of re-invigorating the Cockatoo Island Project to produce iron ore at a low cost, while the Company’s shares have remained in an extended trading suspension.

On behalf of the Board, I would like to take this opportunity to thank the team for their hard work and ongoing support.

Outlook

Pluton’s seventh shipment of high grade iron ore is currently being loaded and we will be trialling a run rate of three ships per month from June 2013. Our long term corporate strategy is to build a Mineral Resource and Ore Reserve base to a target production rate of 6-8 million tonnes per annum³ of high grade iron ore while remaining in the lowest quartile for production costs in the Australian iron ore industry.

The fact that we see continued strong demand for our high grade product from our customers and that we are the closest source of long term iron ore in Australia to North Asia, with ready access to seaways and existing infrastructure gives Pluton great confidence in the future.

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The information in this statement that relates to Exploration Targets, 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 employees 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’.

³ The Corporate Strategy statement constitutes a "forward-looking statement" with respect to the anticipated future activities of Pluton. No representation is made, or can be made, and no assurance can be given, that the Company can or will attain or achieve the stated target production rate.

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