

Pluton Resources signs term sheet for potential acquisition of Cockatoo Island iron ore assets

- **Pluton to undertake due diligence for potential acquisition of the Cockatoo Island iron ore assets after current mining stage has been completed, expected late 2012**
- **Pluton expects to become a producer of high grade direct shipping ore (DSO)**
- **The potential acquisition will provide important infrastructure synergies with the company's proposed Irvine Island Project**

2nd September 2011, Melbourne

Pluton Resources Limited (ASX: PLV) ("Pluton") announces that it has signed a legally binding term sheet with Cockatoo Mining, Cliffs Asia Pacific Iron Ore and HWE Cockatoo ("Joint Venturers") in relation to the acquisition of their beneficial interest in mining tenements and certain infrastructure owned by the Joint Venturers on Cockatoo Island located in the Kimberley Iron Ore Hub ("Potential Acquisition").

The Potential Acquisition is subject to completing due diligence by 31st October 2011, completion of definitive agreements between all parties by 31st December 2011, and conditional on regulatory and third party consents. The completion date for the Potential Acquisition will be at the conclusion of stage 3 of mining operations, expected to be completed in late 2012.

In consideration for the Potential Acquisition, Pluton will assume responsibility for the environmental rehabilitation of Cockatoo Island when mining concludes.

The consideration payable for the Potential Acquisition, and the available iron ore tonnage and expected environmental rehabilitation costs, will be calculated and advised after completion of due diligence, which will commence immediately.

Tony Schoer, Managing Director of Pluton, said: "acquiring the Cockatoo Island assets will transform Pluton into an iron ore producer well ahead of the commencement of mining on Irvine Island."

"The acquisition of Cockatoo Island and access to its existing infrastructure will eliminate the need to duplicate infrastructure like housing and the airstrip on Irvine Island. This will also significantly lower Pluton's environmental footprint on Irvine Island."

"The high grade DSO available from stage 4 mining on Cockatoo will provide important cash flow for the company. In addition, Cockatoo contains significant quantities of lower grade ore that may be pre-concentrated on Irvine that would unlock significant value and increase the economic mining life of both the Irvine and Cockatoo operations."

Pluton will work closely with the Joint Venturers to ensure the transition from Stage 3 to Stage 4 mining is as seamless as possible. Subject to achieving regulatory approvals, Pluton expects to produce high grade DSO from Stage 4 soon after completion of the transaction. The current mine development

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approval extends to the completion of Stage 3 only. Further development approvals will be obtained by Pluton.

Mr. Schoer said Pluton was ideally placed to significantly extend the life of the Cockatoo operations.

“Past exploration by the Joint Venturers indicates a significant quantity of low grade ore that is not suitable for sale as a DSO. Providing metallurgical testing confirms its suitability, Pluton intends to use this as additional feedstock for the pre-concentrator on Irvine Island”.

“In addition, Pluton will study the potential of mining the high grade ore body further along strike from stage 4” he said.

The Potential Acquisition will be included with Irvine Island in the joint venture structure currently being negotiated with Timeone Holdings Ltd. Under the terms of the agreement Timeone Holdings will assist with the acquisition cost and the capital and financing for the continuation of mining on Cockatoo. Timeone Holdings will also enter into an off-take agreement for 100% of the ore mined from Stage 4.

Activity	Expected Date
Exclusivity and completion of due diligence	By 31 st October, 2011
Conditions precedent	By Completion
Government approvals	By Completion
Completion and transfer of ownership	Late 2012

For further information please contact:

Investors and analysts

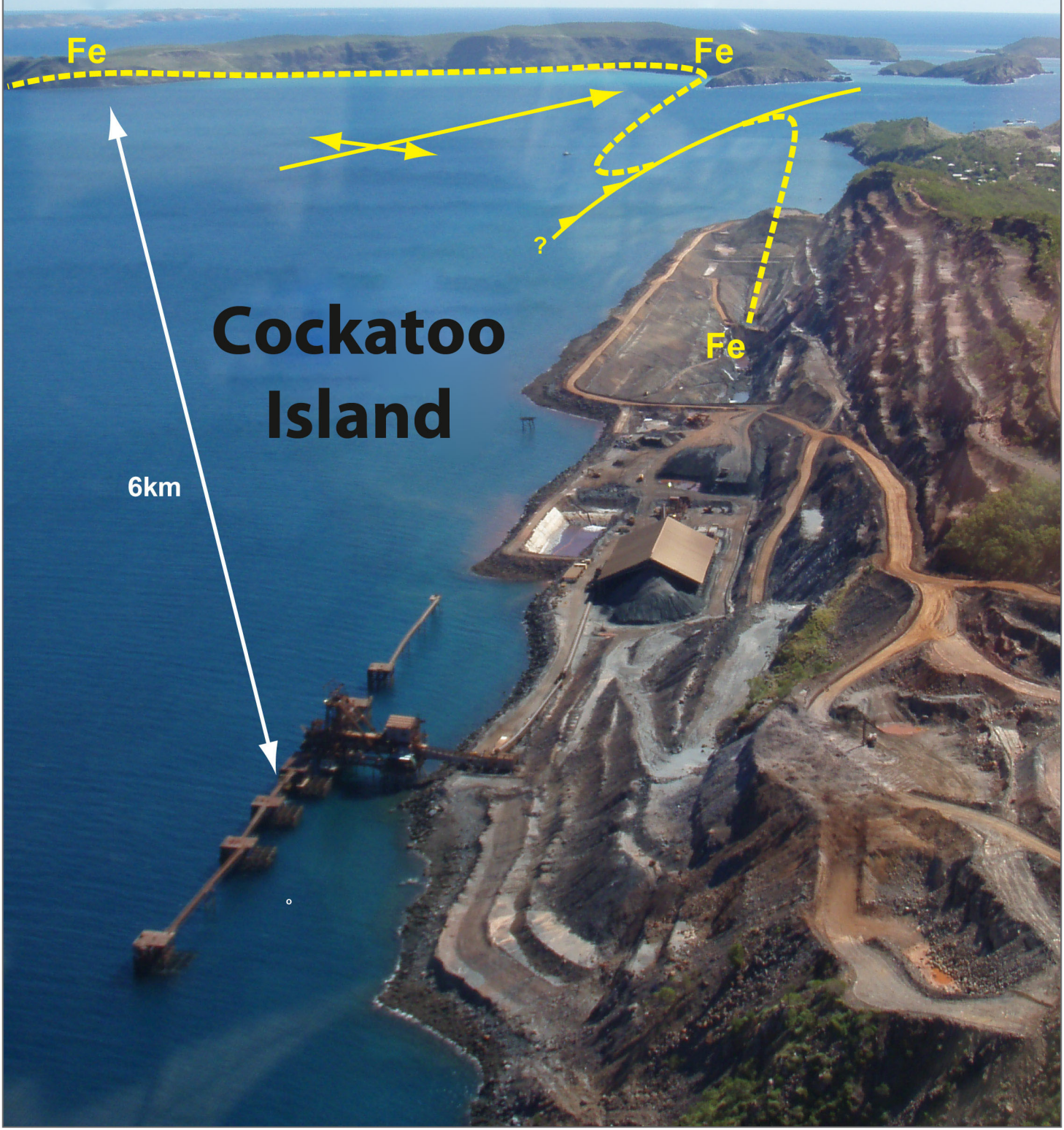
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Irvine Island



Cockatoo Island