

## PLUTON AND TIMEONE HOLDINGS FINALISE IRVINE ISLAND OFFTAKE AND STRATEGIC PARTNERSHIP STRUCTURE

### HIGHLIGHTS

- Timeone commits to 100% off-take agreement for Irvine Island iron ore pre-concentrate.
- Timeone and its partners to fund the extension of a beneficiation plant in Rizhao Port, China to produce a premium 67.5% Fe iron ore concentrate from Irvine Island pre-concentrate.
- Pluton retains 100% ownership of Irvine and Cockatoo Islands (subject to completion of the proposed Cockatoo Island acquisition).
- Pluton retains legal title of the pre-concentrate and iron ore concentrate through to the end-user.
- The agreement provides an efficient financing model for Irvine Island development capital.
- Pluton and Timeone to enter into a 70:30 profit share agreement.

**12th December 2011, Melbourne:** Pluton Resources (“Pluton”) announces that it has executed a legally binding term sheet agreement with Timeone Holdings (“Timeone”) for the off-take of all iron ore pre-concentrate produced at Pluton’s flagship Irvine Island iron ore project in Western Australia. The agreement follows the announcement on 4<sup>th</sup> August 2011 of the selection of Timeone as a strategic investor and partner for the Irvine Island project.

Under the terms of the agreement, Timeone will manage the barging of Irvine Island pre-concentrate to a trans-shipment facility located adjacent to Irvine Island from where it will be shipped to Rizhao Port, China. Rizhao is the world’s largest iron ore import terminal located in Shandong Province, China, with close proximity to a number of Chinese steel mills.

Timeone has secured a separate agreement to extend existing beneficiation facilities at Rizhao Port to produce a 67.5% premium iron ore concentrate. Timeone will market the concentrate to end-users at market prices, utilising its strong end-user relationships and existing routes to market.

Details of the agreement are to be announced today in the Notice of Extraordinary General Meeting to be held on 11<sup>th</sup> January, 2012.

#### *Agreement Summary*

Pluton will retain 100% ownership of Irvine and Cockatoo Islands (subject to the completion of the proposed Cockatoo Island acquisition) and will be responsible for all capital and operating costs through to loading ships bound for Rizhao Port.

Timeone and its partners will retain 100% ownership of an extended beneficiation plant at Rizhao Port and be responsible for all capital and costs associated with freight from Irvine Island to China through to production of the final end-product.

From the sales proceeds, Pluton will be reimbursed costs which include mining, pre-concentration, barging and transshipment, royalties (third-party and State), marketing fees, all taxes (including MRRT, if any, but excluding company tax), capital costs, financing costs and overheads.

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Timeone will also be reimbursed its costs which include freight from Irvine Island to Rizhao Port, beneficiation, all taxes (excluding company tax), a capital charge and overheads. A capital charge rather than full capital cost reimbursement is considered more appropriate as the extended beneficiation plant is expected to continue to operate after the conclusion of mining on Irvine Island.

After all cost reimbursements the remaining sales proceeds will be shared, with 70% paid to Pluto and 30% paid to Timeone.

Timeone will provide, at an arm's length commercial rate, barging and trans-shipment facilities and services (with costs being reimbursed to Pluto as above). Timeone will also receive a fee of 2.5% of revenue (with costs being reimbursed to Pluto as above) to market the iron ore concentrate and to assist in funding 100% of the development costs on Irvine Island.

Specifically, Timeone has committed to assist Pluto with:

- Obtaining vendor finance for all assets that are capable of vendor finance. This will include infrastructure on Irvine Island including the pre-concentrator plant, power plants and trans-shipment facility that represent a high proportion of development costs.
- Utilising surplus cash flow from stage 4 of the Cockatoo Island Project (subject to completion of the proposed Cockatoo acquisition); and
- Seeking the balance of finance (if any) from end-users of the iron ore concentrate.

Tony Schoer, Managing Director, Pluto said: "We selected Timeone as a strategic partner and investor due to the combination of financial capacity, logistics and beneficiation expertise, and their strong relationship with providers of large capital items, other mining companies and end-users. This agreement leverages all of those attributes."

"Timeone has also reached agreement with Rizhao Port Group Co. Ltd., and Rizhao Sanmu Mining Metallurgy Co. Ltd., (a subsidiary of Rizhao Sanmu group Co. Ltd.) to extend Sanmu's current beneficiation facilities at Rizhao Port to process the Irvine Island pre-concentrate."

"Timeone's commitment to 100% of the pre-concentrate to produce a high grade iron ore concentrate provides the project with certainty, and the structure of the agreement moves us towards production."

"The partnership with Timeone is already proving beneficial in optimising capital and operating costs. Timeone is working with us to source a pre-concentrator and other equipment in China with potential to significantly reduce the capital requirements of the Irvine Island project."

"This agreement provides us with an efficient structure for financing the project and gives Pluto a robust path to market. Vendor finance is encouraged in China at competitive rates and is a common source of funding. We are now able to progress with confidence and certainty to a Definitive Feasibility Study and final investment decision. Final funding commitments will be agreed as Pluto move closer to development."

Elly Wang, a Director of Timeone, said: "Irvine Island is an exciting iron ore project and we see strong demand for its premium iron ore concentrate in Asian markets. Our commitment of \$30 million to the Company and reaching agreement to extend beneficiation capabilities in China, before the project has been approved, is evidence of our commitment to Pluto and the potential we see in the project. We look forward to working closely with Pluto for the benefit of all Pluto shareholders."

Drafting of the final agreements to give effect to the commercial arrangements has commenced.

**For further information please contact:**

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**About Pluton Resources:**

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 iron ore project. Tenements located in Tasmania are prospective for high grade or bulk tonnage copper, gold and silver. Further details can be found at [www.plutonresources.com](http://www.plutonresources.com).

**About Timeone Holdings:**

Timeone is incorporated in the British Virgin Islands and is owned by Chinese private investors. Timeone's business includes the design of mobile offshore transhipment platforms and the provision of mobile offshore transhipment services. Timeone has established a transport company in Inner Mongolia for the haulage of coal. Timeone has strong relationships with Rizhao Port Group, Sanmu and other mining and beneficiation companies.

**About Rizhao Sanmu Mining Metallurgy Company:**

Sanmu is a wholly owned subsidiary of Rizhao Sanmu Group Co. Ltd., a private company established in 1983, located within the Rizhao Port Lan Shan Port area and comprises five subsidiaries: Rizhao Sanmu Wood Industry Co. Ltd, Rizhao Sanmu Mining Metallurgy Co., Ltd, Rizhao Huang An Trading Pty Ltd, Rizhao Sanmu Group Fenshui Storage and Logistics Company and Rizhao Sanmu Thermal Power Plant. Sanmu owns the Beneficiation Plant and a pellet plant located at Rizhao Port's Lan Shan port area. The Beneficiation Plant has a current capacity that is designed to process 2 Mtpa and covers an area of approximately 200,000 m2. The capacity of the Beneficiation Plant has the potential to be expanded to 8 Mtpa.

**About Rizhao Port Group:**

Rizhao Port Group is a company incorporated in Shandong Province in China and is a fully funded Chinese state-owned enterprise based in Rizhao, China.

Rizhao Port Group was established in May 2003. Since then, it has become a multi-functional, integrated large-scale modern enterprise group. Its operations covers a range of areas including port handling, storage and transportation, domestic and foreign trade, integrated logistics, harbor construction, construction and installation, real estate development, project supervision, machinery manufacturing, hotels and tourism and other industries.

Rizhao Port Group has two major ports, which are Shi Jiu and Lan Shan port. It has 44 productive berths with a designed capacity of 120 million tons or more. Since 2003, Rizhao Port Group increased its annual throughput capacity by 30.5% on average. In 2006, its annual throughput exceeded 100 million tonnes. This number reached 151 million tonnes in 2008 and Rizhao Port Group became the 9th largest costal port in China, among which it is the largest Chinese costal port in importing iron ore and nickel ore, wood chips, bauxite, cement and soybean etc. In 2009, its cargo throughput was 181.3 million tonnes, which represents a 115.3% growth from 2005. Rizhao Port Group's growth rate ranks first in the nation's coastal ports.

Since 2003, investment made by Rizhao Port Group has accumulated to RMB100 million. It has built a number of specialized deepwater berths with 200,000 tonne and 300,000 tonne capacity and logistics centres. Since being listed in October 2006, Rizhao Port Group has successfully raised RMB3.24 billion.