

Quarterly Activities Report

For the Period Ended 30 June 2014

Pluton Resources Limited

ABN: 12 114 561 732

Level 1, 5 Ord Street
West Perth, WA, 6005

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info@pluton.com.au
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Registered Office

Level 1, 5 Ord Street
West Perth, WA, 6005

Issued Capital

889 million Shares
716.7 million Options
6.5 million Performance Rights

ASX Code: PLV

Board & Management

Paul D'Sylva
Chairman

Brett Clark
Managing Director & CEO

Non-Executive Directors

Jaffe Lau
Rahul Goel

Senior Management

Kobus Potgieter- COO
Michael Wyer – CFO
Jeremy Bower – Mgr, Ext Affairs
Ian Nish – Mgr, Contracts
Gemin Wang – Mgr, Business
Development
Graeme Smith - Company
Secretary

“Record Production Achieved on Cockatoo Island in June Quarter”

Pluton Resources Limited (ASX:PLV) is pleased to present shareholders with the following quarterly activities report for the period ended 30 June 2014.

Key Points

COCKATOO ISLAND OPERATIONS

- **Record production** for June Qtr – **308,092 tonnes shipped** v's 220,023 for March Qtr & 172,495 tonnes shipped for Dec Qtr
- Exceptional drill results produced including **48.27m @ 69.27% Fe**
- 913,328 WMT DSO successfully shipped for FY 2014
- Average realised sales price for the quarter was US\$89.14/tonne
- Average Fe grade shipped for the quarter of **59%**
- Planned removal and processing of stage 3 crosswall in May resulted in higher average C1 costs and a reduction in average Fe grade for the quarter

CORPORATE

- Dr Paul D'Sylva appointed as Chairman
- Michael Wyer appointed as CFO
- Rights Issue raises \$17 million

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Awards for Environmental Excellence
2010 AWARD RECIPIENT

OPERATIONS

Cockatoo Island Production and C1 Production costs

Increases in contractor productivity resulted in a record number of tonnes shipped for the quarter of 308 092 tonnes resulting in consecutive increases in quarterly tonnes shipped for the last three quarters.

Whilst the company produced favourable C1 production costs in April (\$46.34 p/t) and again in June (\$56.80 p/t) the May C1 costs were considerably higher (\$106.06 p/t) dragging the average cost to produce per tonne up to \$69.73 for the June quarter.

The increase in C1 costs in May were largely due to the planned removal and processing of the stage 3 crosswall for the purposes of accessing Stage 4 high grade ore. As a result, 2 of the 7 ships for the quarter were low grade shipments.

Grade improvement and grade stability became evident in June however.

EXPLORATION AND RESOURCE DEVELOPMENT

Cockatoo Island

Resource definition drilling for the Stage 5 Expansion Project continued during the quarter.

Five angled diamond drill holes 14CIDD011, 14CIDD014, 14CIDD015, 14CIDD016 and 14CIDD017 were drilled from the existing seawall to target depth and intersected the high grade Seawall Hematite Unit.

An additional four angled diamond drill holes (14CIDD009, 14CIDD010, 14CIDD012 and 14CIDD013) and were drilled during the quarter to test the iron mineralisation developed in the Stage 2 and Stage 3 high wall.

All drill holes will be submitted for iron and impurity assay.

The drill hole collar statistics for drilling undertaken during the quarter is given in **Table 1**.

A drill hole collar plan showing the location of the drill hole collars is given in **Figure 1** at the end of the announcement.

Table 1: Drill Hole Collar Statistics 14CIDD009 – 14CIDD017, Cockatoo Island, Western Australia.

Hole Number	Status	Easting (mE)	Northing (mN)	RL (m)	Dip (°)	Azi (°)	Depth (m)
14CIDD009	Drilled	2051.19	309.02	-17.01	-80	0	132.1
14CIDD010	Drilled	2051.16	309.98	-16.80	-55	0	104.8
14CIDD011	Drilled	1998.30	189.97	13.06	-75	0	208.3
14CIDD012	Drilled	1816.24	295.53	12.09	-80	0	144.7
14CIDD013	Drilled	1816.22	296.54	12.58	-55	0	152.8
14CIDD014	Drilled	2324.23	191.27	12.33	-70	0	266.4
14CIDD015	Drilled	2405.34	186.26	11.97	-70	0	263.5
14CIDD016	Drilled	2624.95	191.54	11.46	-70	0	260.0
14CIDD017	Drilled	2506.05	182.97	12.07	-65	0	250.0

Significant final assay results were received from three diamond drill holes 14CIDD003, 14CIDD0011 and 14CIDD014 during the quarter and are summarised in **Table 2** below:

Table 2: Composite Drill Hole Results, Seawall Hematite, Cockatoo Island, Western Australia (M04/448-I).

Hole	Unit	Interval (m)	From (m)	To (m)	True Thickness (m)	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	S %	LOI 1000°C
14CIDD003	Hematite Scree	4.15	45.65	49.80	-	68.77	0.71	0.33	0.009	0.005	0.18
	Seawall Hematite	47.05	90.85	137.90	36	68.90	0.51	0.39	0.004	0.009	0.23
14CIDD011	Hematite Scree	21.40	53.00	74.40	-	67.20	1.61	1.01	0.018	0.004	0.74
	Seawall Hematite	39.3	113.10	152.40	30	67.67	0.61	0.42	0.002	0.002	0.22
14CIDD014	Hematite Scree	10.90	45.30	56.20	-	66.04	3.25	0.97	0.009	0.001	0.63
	Seawall Hematite	48.27	110.83	159.10	37	69.27	0.43	0.22	0.002	0.001	0.032

Notes: true thickness is rounded to the nearest whole metre

Due to the irregular nature of the Hematite Scree, a true thickness interval has not been calculated.

Irvine Island

During the quarter, drill core samples were collected and submitted for High Pressure Grinding Roll (HPGR) and variability metallurgical test work.

A three tonne, bulk sample for the HPGR test work was collected from existing drill core from diamond holes previously drilled at the southern end of the Hardstaff Peninsula. Composite samples were collected from both the Wonganin Sandstone and Yampi Member from drill holes 11DDH123, 11DDH124 and 11DDH129. The test work is currently in progress.

In addition, thirty-five drill core composite samples were collected for variability test work from existing drill core from eighteen diamond holes drilled at the southern end of the Hardstaff Peninsula. The composite samples were collected from the Wonganin Sandstone at a range of Fe and FeO values. The test work is currently in progress.

Collier Bay

A helicopter supported regional reconnaissance exploration program was completed on the Collier Bay Tenements E04/1397 to E04/1400 inclusive during the quarter. A total number of 121 surface outcrop samples were collected during the exploration program and have been submitted for iron and impurity assay. Assay results are yet to be received.

Dove River

No work was conducted at Dove River during the quarter.

CORPORATE

Cash Position

As at 30 June 2014 Pluton Resources Ltd had \$1,618,319 cash on hand.

The quarterly cash flow shows a cash deficit for the quarter of \$13.8m. \$12.5 million of this relates to the payment of operational expenses from previous quarters.

Other

2014 year to date has been turbulent leading to a second capital raising in the last six months.

Reasons include:

- The Board of the day accepted short term lending instead of equity to provide the required cash to continue to develop Stage 4 operations
- Pluton has been paying 100% of the costs of the JV and to date has not been re-imbursed for previous expenditure by its JV partner.

As a response Pluton undertook its first Rights Issue raising \$17.4m in May.

However, simultaneously with the completion of this Rights Issue the following occurred:

- the iron ore price collapsed by approximately 30% to a low of \$86/t
- the extent of the Company's creditors were greater than anticipated at the time of lodgement of the first Prospectus
- shipped tonnes still fell below target production, although a record for the quarter

These events precipitated critical changes :

- three of the six Board directors resigned and an interim Chairman was appointed;
- the appointment of a new CFO and a rigorous review of financial systems and processes;
- the Company engaged independent accountants to undertake an investigative accounting review of the finances to verify all accounts;
- the Company engaged an expert technical advisor to review operational contracts and review the operation's performance;
- the Company is undertaking its own detailed review of Corporate and Operational activities and has identified immediate costs savings at the head office and at the mine site;

- the Company's strategic plan was reassessed which has identified production opportunities between Stage 4 and Stage 5.

In July 2014, the company released a prospectus to raise a minimum of \$47.5m and a maximum of \$80m at an issue price of 1c per share in order to pay down all creditors and other short term debt and to potentially purchase Wise Energy's 50% stake in the Cockatoo Island project.

The objective is to emerge with a much stronger balance sheet, a profitable operation and a focused management team.

The opportunity is to emerge debt free out of Stage 4, owning 100% of the Cockatoo Island project

For further information please contact:

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Competent Person Statement Information in this presentation that relates to Exploration Results is based on information compiled by Mr Anson Griffith who is a fulltime employee of Pluton Resources Limited. Mr A Griffith is a member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he has under taken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves'. Mr A Griffith consents to the inclusion in this presentation of the matters based on his information in the form and content in which it appears.

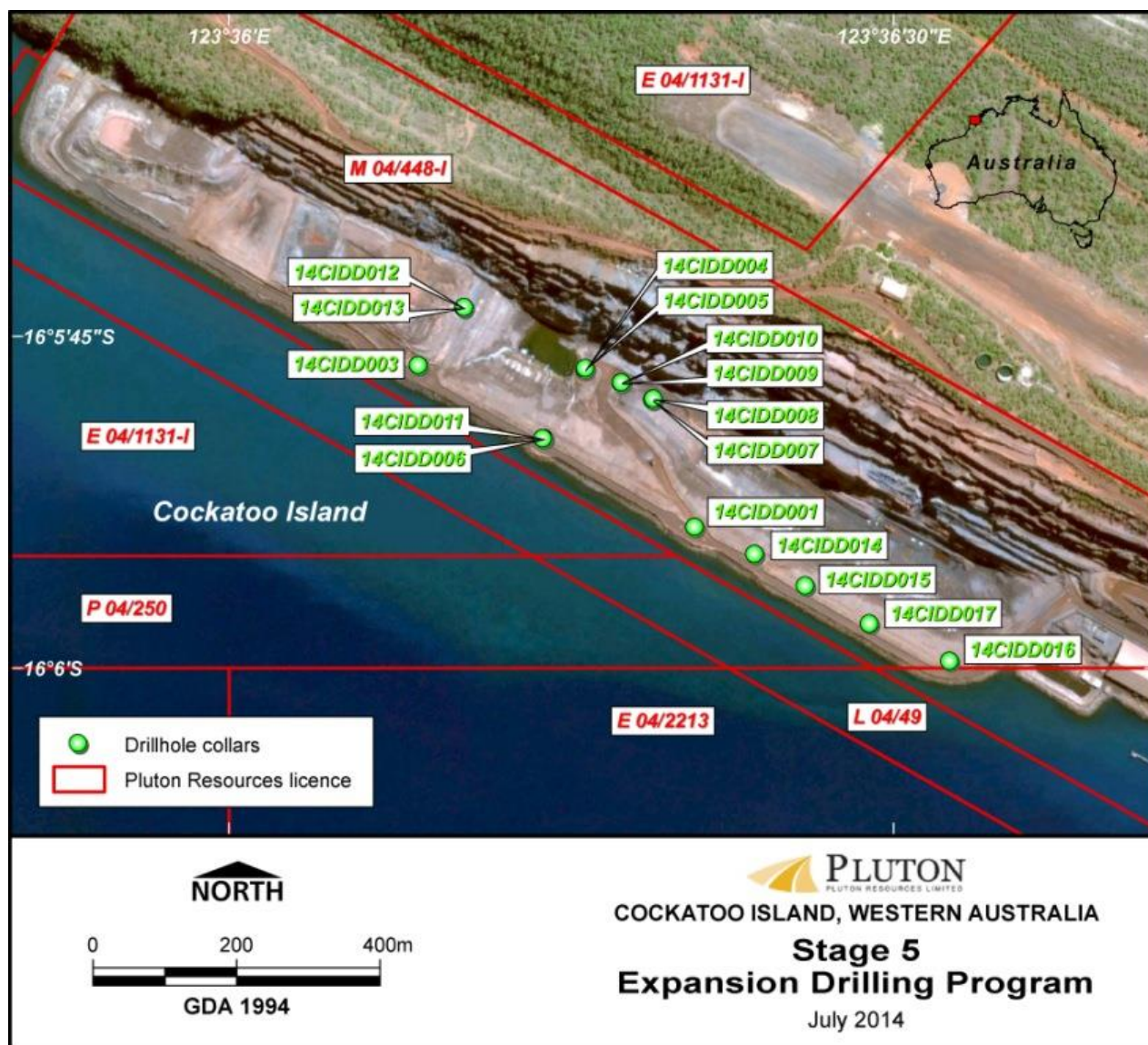


Figure 1: Diamond Drill Hole Collar Locations 14CIDD001 – 14CIDD0017, Cockatoo Island, Western Australia.

List of Tenements Held

Project	Tenements	Ownership %
Irvine Island	M04/452	100
Cockatoo Island	M04/448	50
	L04/49	50
	G04/33	50
	G04/34	50
	G04/35	50
	G04/36	50
	G04/37	50
	E04/1131	50
Collier Bay	E04/1397	100
	E04/1398	100
	E04/1399	100
	E04/1400	100
Dove River	E14/2006	100

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Pluton Resources Ltd

ABN

12 114 561 732

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (12 months to date) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	13,549 ¹	55,728
1.2	Payments for (a) exploration & evaluation	-	(89)
	(b) development	-	-
	(c) production (current quarter)	(11,315)	(56,575)
	(c) production (previous quarter)	(12,539) ¹	
	(d) administration	(2,161)	(9,158)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	13	81
1.5	Interest and other costs of finance paid	(1,358)	(1,789)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(13,811)	(11,802)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(263)	(15,610)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Payments for Security Deposits	(205)	(955)
1.13	Release from Security and Bonds		19,001
Net investing cash flows		(468)	2,436
1.14	Total operating and investing cash flows (carried forward)	(14,279)	(9,366)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.15	Total operating and investing cash flows (brought forward)	(14,279)	(9,366)
1.15	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	15,730	23,858
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	2,658	14,752
1.18	Repayment of borrowings	(2,000)	(4,936)
1.19	Payment of borrowings to related parties	-	(12,055)
1.20	Other (provide details if material)	(676)	(1,605)
	Net financing cash flows	15,712	20,014
	Net increase (decrease) in cash held	1,433	10,648
1.21	Cash at beginning of quarter/year to date	185	566
1.22	Transfer to Joint Venture		(9,596)
1.22	Exchange rate adjustments to item 1.20		
1.23	Cash at end of quarter	1,618	1,618

Note 1: For the quarter ending 30 June 2014 Pluton has recognised 100% of the revenue and expenses associated with the Cockatoo Island Joint Venture ("CIJV"). This is in accordance with the letter of agreement to acquire Wise Energy Group's interest in CIJV dated 16 April 2014.

During the quarter there were production payments made of approx. \$12.5m relating to Pre-June 2014 quarter costs.

The \$13.5m represents net cash received from sale of ore, however, they are still outstanding amounts payable on shipments from the June quarter that aren't receivable till the next quarter.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	271
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees and superannuation.

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows:

During the quarter ending 30 June 2014:

1. As part of the May 2014 rights issues that resulted in a raising of \$17.37m, a portion of this entitlement issue was a debt to equity conversion as follows;

Items	AUD\$'000
Portion of YA Global Master SPV Ltd Loan converted to equity	2,863
Existing Trade Creditor Debt converted to equity	149
Total Capital Raised	3,012

2. Restructuring of YA Global Master PV Ltd loan resulting in a restructuring fee of AUD\$1.75m, fee was not paid during the quarter ending 30 June 2014;
3. Prestige Glory Ltd ("Prestige") was issued 36,842,106 shares on the 10th April 2014 at a price of 7.6c a share. As a result of the May 2014 Rights Issue the below additional shares were issued to Prestige to average their costs to 4.0c a share:

Date	Number of Shares
22 April 2014	12,600,000
27 June 2014	20,557,894
Total Shares Issued to Prestige Glory Ltd	70,000,000

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000 (June 14 Qtr Only)	Amount used \$A'000 (June 14 Qtr Only)
3.1 Loan facilities	2,658	2,658
3.2 Credit standby arrangements	-	-

Details of Loan Facilities

Short Term Loan – Sunshine Alliance Resources
Short Term Loan – Empire Equities
Less: Issue Fees / Finance Charges
Total Loan Facilities

\$A'000
2,312
600
(254)
2,658

*The above loans were used for working capital purpose.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	1,000
4.3 Production	15,000
4.4 Administration	2,000
Total	19,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,618	165
5.2 Deposits at call	-	20
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,618	185

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	889,032,338	889,032,338		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	504,237,222	504,237,222		
7.5 +Convertible debt securities <i>(description)</i>				

+ See chapter 19 for defined terms.

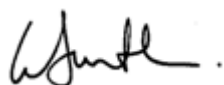
Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	434,237,222 23,396,572 244,745,610 14,342,576		<i>Exercise price</i> \$0.045 \$0.30 \$0.055 \$0.831	<i>Expiry date</i> 3 October 2014 3 October 2016 31 March 2017 22 July 2017
7.8	Issued during quarter	434,237,222 244,745,610		\$0.045 \$0.055	3 October 2014 31 March 2017
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: ...31 July 2014

Print name:Graeme Smith.....

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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