

ASX Announcement

11 August 2014

PLUTON RESOURCES LIMITED Underwriting Support agreed in principle Rights Issue Closing Date Extended

Perth based Pluton Resources Limited (“**Pluton**” or the “**Company**”) (ASX: PLV) is pleased to advise that its 17% shareholder General Nice Resources (Hong Kong) Limited (“**GNR**”) has agreed in principle to underwrite \$26m of the Company’s 9:1, pro-rata offer non-renounceable (“**Rights Issue**”) inclusive of \$8m of sub-underwriting support from Asian institutional investors. The parties are in the process of negotiating a formal underwriting agreement. Once this has been executed, the Company will release a supplementary prospectus for the Rights Issue containing full details of the underwriting. It is expected that the Rights Issue will be subject to a number of conditions precedent, including approval from the Australian Foreign Investments and Review Board (“**FIRB**”).

The Company’s replacement prospectus dated 22 July 2014 outlines the details of the \$80m Rights Issue that requires a minimum of \$47.5m worth of subscriptions and shareholder approval to proceed.

As Pluton has already received support from creditors who are prepared to swap \$15.5m worth of debt for equity through application for shortfall shares under the Rights Issue. A further \$3m worth of debt has been deferred and may be convertible into equity. The new \$26m underwriting substantially advances the Rights Issue towards the minimum subscription of \$47.5m being achieved.

If GNR were called upon to subscribe the full \$18m, on the minimum subscription of \$47.5m it would emerge as a 33% shareholder of the company.

In view of the above circumstances, the Directors have, at this stage, decided to extend the closing date for the Rights Issue to 19 September 2014, to accommodate the time which will be required to seek FIRB approval, however, the Directors reserve the right to further extend the Closing Date, subject to the ASX Listing Rules. It is intended that the supplementary prospectus including the full revised timetable will be lodged with ASIC and ASX on or about Thursday 14 August 2014.

In addition to GNR and creditors’ support, Pluton has agreed to a term sheet for an additional financing offer from US based institution to subscribe for up to \$15m of shortfall shares (subject to necessary approvals if required) under the Rights Issue subject to Pluton securing the minimum subscription of \$47.5m and Pluton agreeing to the terms of a debt facility with it which is capable of being drawn down to U\$70m at Pluton’s election. The debt facility is tied to

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the equity funding. The debt facility is subject to due diligence and other conditions precedent typical for a project facility of this nature.

Importantly this offer of \$15m of equity support is on top of the \$47.5m minimum subscription and would upon closing of the Rights Issue bring the amount of equity capital raised to \$62.5m (assuming minimum subscription).

If GNR were to subscribe for the full \$18m on a \$62.5m raising it would emerge as a 26.3% shareholder.

Pluton has executed the share offer and the term sheet proposal for the debt facility.

The key terms of the US debt facility as outlined in the term sheet include:

- 1) Completion of due diligence;
- 2) A 24 month term;
- 3) Interest rate of 12% with the interest payable in quarterly instalments; and
- 4) Senior security on all assets of the Company.

In the event that Pluton was to raise \$62.5m under the Rights Issue and finalise the debt facility, the Company would be in a position to both clear its creditors in line with the proforma balance sheet included in the replacement prospectus and refinance the current pre-paid discounted offtake agreements which in turn would materially change the dynamics of Cockatoo Island's Joint Venture cash flows in a lower iron ore price environment.

Pluton is pleased to confirm that operations at Cockatoo Islands are proceeding to expectations with prime contractor Watpac putting the Company in a position where it is meeting its shipping schedule broadly in line with budget parameters.

As previously announced, the company experienced record production last quarter from its Cockatoo Island mine and recent drilling results including a 48.27m intersection grading a massive 69.27% Fe have been very encouraging.

The Board of Pluton believed in the context of the circumstances the acceptance of both GNR's and Capital Guardian's offers are materially positive developments and are in the best interests of both Pluton's shareholders who will have an extended timetable under which they can consider accepting their entitlement and creditors who's support is both much appreciated and respected at this time.

Management are also continuing discussions with other stakeholders with a view securing broader support for the Rights Issue.

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