



## SUPPLEMENTARY PROSPECTUS

### IMPORTANT NOTICE

This Supplementary Prospectus contains particulars of changes to and supplements the replacement prospectus dated 22 July 2014 (**Prospectus**) issued by Pluton Resources Limited (ACN 114 561 732) (**Company**). This Supplementary Prospectus is dated 21 August 2014 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility for the contents of this Supplementary Prospectus.

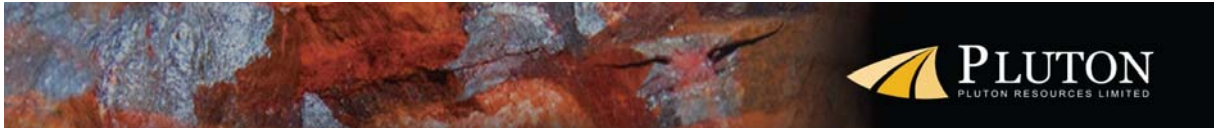
This Supplementary Prospectus must be read together with the Prospectus. To the extent of any inconsistency between the Prospectus and this Supplementary Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you have any questions about the Shares being offered under the Prospectus or any other matter, you should consult your professional advisers.

### PURPOSE OF THIS SUPPLEMENTARY PROSPECTUS

The purpose of this Supplementary Prospectus is to provide the following updates:

- (a) a general update on the Company and in particular:
  - (i) the change in management; and
  - (ii) the change in strategy in order to extend Stage 4 operations and the consequential deferral of the significant capital expenditure associated with the Stage 5 development;
- (b) the Company has entered into an underwriting agreement with GNR under which GNR has agreed to partially underwrite the Offer to \$26 million (inclusive of \$8 million sub-underwriting support from various Asian institutional investors) (**Underwriting Agreement**). The Underwriting Agreement is subject to the conditions set out in Section 3.1 below, including a condition that third parties execute binding commitment letters to subscribe for (in aggregate) **at least \$15,000,000 worth of Shortfall Shares over and above the Minimum Subscription**. This condition can be waived by GNR, however, please note the comments in Section 3 relating to the implications of a waiver of this condition;
- (c) the Company has entered into an amendment and acknowledgement deed with Wise, GNR and GNR Macau under which the parties agree to amend the terms of the secured loan facility comprising of agreements between the Company, Wise and GNR Macau to the extent necessary to enable the Company's indebtedness to GNR to be converted into Shares under the Offer (**Amendment and Acknowledgement Deed**);
- (d) under the Prospectus the Company foreshadowed that it may use funds raised to repay offtake loans and otherwise restructure its financing. Should GNR convert its indebtedness to equity as referred to in (c), then this will be a partial refinancing and restructuring of the Company's total indebtedness, thereby strengthening the Company's balance sheet;
- (e) the Company has, through the Lead Manager, received commitments from various investors to subscribe for \$5.7 million worth of Shares (either through acceptance of their Entitlement or subscription for Shortfall Shares);



- (f) as a result of the arrangements in (b) and (e) above, and together with commitments from creditors to convert \$15.8 million worth of debt into equity through applications for Shortfall Shares as previously disclosed, the Company has in place conditional commitments to achieve the Minimum Subscription of \$47.5 million (but see section 3 below regarding the impact of the Underwriting Agreement);
- (g) the Company has entered into a term sheet with a North American based placement agent (**Placement Agent**) under which the Placement Agent will seek one or more lenders to provide the Company a US\$70 million senior secured debt facility (**Debt Facility**);
- (h) subject to the Debt Facility being entered into, the Placement Agent or possibly the lenders referred to in paragraph (g) may (in their absolute discretion) subscribe for \$15 million (in the aggregate) worth of Shortfall Shares under the Offer;
- (i) the Company has made arrangements with Watpac, Sunshine and Rizhao under which these parties have agreed to a deferral of payment of debts owed to them by the Company;
- (j) an update on the proposed use of funds raised under the Offer as a result of the above;
- (k) an update on the pro forma balance sheet for the Company, post the raising of funds pursuant to the Offer; and
- (l) taking into account the above developments, the Directors have decided to extend the Closing Date to 22 September 2014 and to allow Applicants to withdraw their application and obtain a refund.

## SECTION 1 TIMETABLE AND WITHDRAWAL RIGHT

As a result of the matters set out in this Supplementary Prospectus, the Directors have decided to extend the Closing Date to 22 September 2014. The updated indicative timetable for the Offer is as follows:

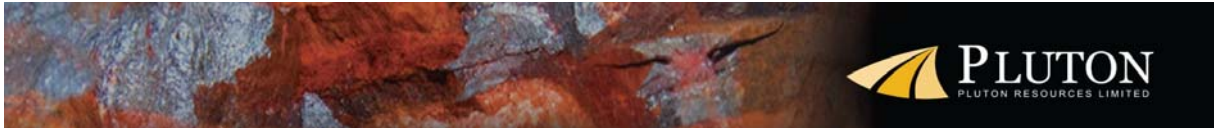
Event	Date*
Closing Date**	22 September 2014
Notification to ASX of under subscriptions	25 September 2014
Allotment date and despatch of holding statements	29 September 2014

\*These dates are indicative only, The Directors reserve the right to vary the key days without prior notice, subject to the Listing Rules.

\*\* The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date. As such, the date the Shares are expected to commence trading on ASX may vary.

In accordance with section 724 of the Corporations Act, where the Company offers securities under a disclosure document and the Company then becomes aware of a new circumstance that:

- (a) has arisen since the disclosure document was lodged; and
- (b) would have been required under the Corporations Act to be included in the disclosure document if it had arisen before the disclosure document was lodged; and
- (c) is materially adverse from the point of view of an investor,



the Company must give applicants who have previously submitted an application form under the disclosure document a copy of the supplementary disclosure document and 1 month to withdraw their application and be repaid.

Some of the updates the Company provides in this Supplementary Prospectus may be considered materially adverse from the point of view of an investor.

An Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company at either of the addresses set out below so that it is received within 1 month of the date of this Supplementary Prospectus (ie by **5pm (WST) on 21 September 2014**).

**Mailed to:**

Pluton Resources Limited  
Level 1, 5 Ord Street  
WEST PERTH WA 6005

**Delivered to:**

Pluton Resources Limited  
Level 1, 5 Ord Street  
WEST PERTH WA 6005

The details of the refund cheque (including the address to which it should be sent) must correspond to the details contained in the Application Form lodged by that Applicant.

Any repayments made by the Company pursuant to an Applicant exercising their right to withdraw their application will be made in full without interest.

**Applicants who have NOT previously submitted an application form**

Applications under the Offer must be made using the application form attached to or accompanying this Supplementary Prospectus (**Supplementary Application Form**). Applications must NOT be made on the application form attached to or accompanying the Prospectus.

The Supplementary Application Form contains detailed instructions on how it is to be completed and returned by the Closing Date (as extended).

Applicants who have previously submitted an Application Form and do not want to withdraw their application do not need to complete a further Supplementary Application Form.

**SECTION 2 COMPANY UPDATE**

The Company refers to the investor presentation released by the Company on ASX yesterday and to the announcement released on 15 August 2014, and notes the following key points:

- (a) Mr Brett Clark has resigned as Managing Director and CEO of the Company and Mr Jeremy Bower (previously manager of corporate affairs) has been appointed interim Chief Executive Officer of the Company;
- (b) Mr Sal Catalano has been appointed as a new non-executive director of the Company;
- (c) a detailed review of the corporate and operational activities of the Company has identified immediate cost savings at the head office and at the Cockatoo Island mine site, and the Company is taking appropriate actions to reduce costs; and
- (d) the Company's strategic plan was reassessed which has identified production opportunities between Stage 4 and Stage 5 of the Project which will result in a significant deferral of the need for the Company to incur potential capital development expenditure.



### SECTION 3 UNDERWRITING AGREEMENT

Under the Underwriting Agreement, GNR has conditionally agreed to partially underwrite the Offer to \$26,000,000, being an underwriting of 2,600,000,000 new Shares.

The \$26 million being underwritten by GNR can be broken down as follows:

- (a) \$8 million is sub-underwritten;
- (b) up to \$14 million shall be satisfied through the offset of debt owed by the Company to GNR into Shares under the Offer (some of this debt has been described in the Prospectus as a deferred liability); and
- (c) GNR shall subscribe for the balance of the underwritten Shares in cash.

This underwriting commitment, together with support from creditors who have agreed to convert \$15.8 million worth of debt into equity through applications for Shortfall Shares and the commitments received through the Lead Manager for \$5.7 million conditionally secures the Minimum Subscription of \$47.5 million.

However, the conditions to the Underwriting Agreement include that a third party or parties execute binding commitment letters to subscribe for (in aggregate) at least \$15,000,000 worth of Shortfall Shares over and above the Minimum Subscription. This condition can be waived by GNR as the underwriter. The Company has considered that condition in agreeing to the offset of the deferred liability referred to in section 3(b) above. If the condition is waived by GNR, the Company will need to raise at least an additional \$10,000,000 over and above the Minimum Subscription in order to have sufficient comfort that it can pay the creditors who have either formally or informally agreed to a forbearance in order to proceed with the Offer and allot the Shares. Accordingly, **investors should consider this condition to the Underwriting Agreement when considering the status of the Minimum Subscription condition.**

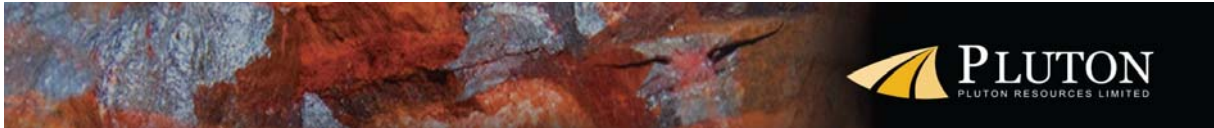
#### 3.1 Summary of the Underwriting Agreement

The key terms of the Underwriting Agreement are set out below:

##### ***Conditions precedent***

GNR's obligation to underwrite is subject to satisfaction of the following conditions:

- (a) (if required) GNR obtaining Australian Foreign Investments Review Board (**FIRB**) approval to increase its relevant interest in Shares to above 19.9% of the issued capital of the Company by the Closing Date;
- (b) the Placement Agent (or one or more clients of the Placement Agent) executing unconditional (or, if conditional, such conditions must be acceptable to the Underwriter, acting reasonably) binding commitment letters under which they agree to subscribe for (in the aggregate) at least \$15,000,000 worth of Shortfall Shares prior to the Closing Date; and
- (c) the Minimum Subscription (which, for the avoidance of doubt, shall include GNR's obligation to subscribe for Shortfall Shares under the Underwriting Agreement) being met.



### ***Fees***

The Company will pay GNR an underwriting fee of \$1,247,500 (comprised of 6.875% of the underwritten amount of \$26 million (being \$1,787,500) less \$540,000 (being a redraw fee under the loan agreement between the parties dated 9 July 2014 (as amended))).

### ***Sub-underwriter***

GNR has entered into sub-underwriting agreements with various Asian institution investors under which the investors have agreed to take up \$8 million of GNR's underwriting commitment.

### ***Moratorium***

For a period of 6 months from the date of issue of Shares under the Offer, the Company agrees as follows:

- (a) it will not issue or agree to issue any securities without the prior consent of GNR other than under the Prospectus, under an arrangement disclosed in the Prospectus, which GNR is aware of as at the date of the Underwriting Agreement, or under the provisions of an existing dividend and interest reinvestment plan or employee share plan; and
- (b) it (and its subsidiaries) will carry on business in the ordinary course and not pay any dividends or make any distributions not referred to in the Prospectus;
- (c) it will not dispose of any business or property which is material to the operations of the Company without GNR's prior written consent unless the disposal is in the ordinary course of business for full market value and the disposal will not have a material adverse effect; and
- (d) it will not, without the prior written consent of GNR, reduce its capital or otherwise alter its capital structure, amend its constitution, charge or agree to charge any business or property which is material to the operations of the Company except in the ordinary course.

The above restrictions do not apply to any actions disclosed in the Prospectus or which GNR was aware of as at the date of the Underwriting Agreement.

### ***Warranties***

The Company has given warranties and covenants to GNR which are usual in an agreement of this nature.

### ***Termination***

The Underwriter may terminate the Underwriting Agreement and its obligation thereunder at any time without cost or liability to GNR upon the occurrence of any one or more of the following termination events (**Termination Event**):

- (a) (**Breach of Material Contracts**): any of the Company's material contracts or contracts described in this Prospectus (other than the Underwriting Agreement) are breached, not complied with according to their terms, terminated or substantially modified other than as already disclosed in the Prospectus or by the Company on ASX; or



- (b) **(Prospectus)**: the Company does not lodge the Supplementary Prospectus on or before the lodgment date set out in the Underwriting Agreement or the Prospectus or the Offer is withdrawn by the Company; or
- (c) **(New circumstances)** there occurs a new circumstance that arises after the Prospectus is lodged that would have been required to be included in the Prospectus if it had arisen before lodgement and is in the reasonable opinion of GNR that is materially adverse from the point of view of an investor; or
- (d) **(Market fall)** at any time during the Offer, the:
  - (i) S&P/ASX 200 Index falls to a level that is below 5,000 points; or
  - (ii) S&P/ASX 300 Metals & Mining Index falls below 3,000 points; or
  - (iii) Iron Ore Fines CFR Tianjin price falls below US\$92 per tonne; or
- (e) **(Non-compliance with disclosure requirements)**: it transpires that the Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
  - (i) the effect of the Offer on the Company; and
  - (ii) the rights and liabilities attaching to the Shares the subject of the Offer; or
- (f) **(Misleading Prospectus)**: it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the Corporations Act) or if any statement in this Prospectus becomes or is misleading or deceptive or likely to mislead or deceive or if the issue of this Prospectus is or becomes misleading or deceptive or likely to mislead or deceive; or
- (g) **(Restriction on allotment)**: the Company is prevented from allotting the Shares the subject of the Offer within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority; or
- (h) **(Withdrawal of consent to Prospectus)**: any person (other than GNR) who has previously consented to the inclusion of its, his or her name in the Prospectus withdraws that consent; or
- (i) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to this Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn; or
- (j) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to this Prospectus to determine if it should make a stop order in relation to this Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 of the Corporations Act; or
- (k) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company or the Offer, whether or not arising under the Underwriting Agreement, are unacceptable circumstances under part 6.10 of the Corporations Act; or



- (l) **(Authorisation)**: any Authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to GNR; or
- (m) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence; or
- (n) **(Timetable)**: an event specified in the Underwriting Agreement timetable up to and including the Shortfall Settlement Date is delayed by more than 3 Business Days (other than any delay agreed between the Company and GNR); or
- (o) **(Termination Events)**: any of the following events occur, providing that any such event(s) would have a Materially Adverse Effect (as defined in the Underwriting Agreement and explained further below):
  - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
  - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
  - (iii) **(Contravention of constitution or Act)**: a contravention by the Company or any of its subsidiaries of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
  - (iv) **(Interruption to operations or shipping schedule)**: the Company suffers an interruption to its operations or shipping schedule; or
  - (v) **(Public statements)**: without the prior approval of GNR a public statement is made by the Company in relation to the Offer, the issue of the Shares the subject of the Offer, or the Prospectus except as required by law or the Listing Rules; or
  - (vi) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy; or
  - (vii) **(Prescribed Occurrence)**: a Prescribed Occurrence (as defined in the Underwriting Agreement and as explained below) occurs, other than as disclosed in this Prospectus; or
  - (viii) **(Event of Insolvency)**: an Event of Insolvency (as defined in the Underwriting Agreement and as explained below) occurs in respect of a Company (or any of its subsidiaries); or
  - (ix) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Prospectus; or
  - (x) **(Force Majeure)**: a force majeure event affecting the Company's business or any obligation under the Underwriting Agreement lasts in excess of 7 days; or



- (xi) **(Hostilities)**: hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Canada, Japan, the United Kingdom, the People's Republic of China, South Korea, Israel, Singapore, or any member state of the European Union, or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- (xii) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of GNR; or
- (xiii) **(Capital Structure)**: the Company or any of its subsidiaries alters its capital structure in any manner not contemplated by the Prospectus; or
- (xiv) **(Fraud)** the Company or any of its respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of the Underwriting Agreement, in any fraudulent conduct or activity whether or not in connection with the Offer.

The following terms used above are defined in the Underwriting Agreement substantially as follows:

**Event of Insolvency** means:

- (a) a receiver, manager, receiver and manager, trustee, administrator, Controller or similar officer is appointed in respect of a person or any asset of a person;
- (b) a liquidator or provisional liquidator is appointed in respect of a corporation;
- (c) any application (not being an application withdrawn or dismissed within 7 days) is made to a court for an order, or an order is made, or a meeting is convened, or a resolution is passed, for the purpose of:
  - (i) appointing a person referred to in paragraphs (a) or (b);
  - (ii) winding up a corporation; or
  - (iii) proposing or implementing a scheme of arrangement with creditors;
- (d) any event or conduct occurs which would enable a court to grant a petition, or an order is made, for the bankruptcy of an individual or his estate under any Insolvency Provision;
- (e) a moratorium of any debts of a person, or an official assignment, or a composition, or an arrangement (formal or informal) with a person's creditors (other than as outlined during the due diligence investigations conducted in relation to the Prospectus), or any similar proceeding or arrangement by which the assets of a person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee, is ordered, declared, or agreed to, or is applied for and the application is not withdrawn or dismissed within 7 days;
- (f) a person becomes, or admits in writing that it is, is declared to be, or is deemed under any applicable legislation to be, insolvent or unable to pay its debts; or
- (g) any writ of execution, garnishee order, mareva injunction or similar order, attachment, distress or other process is made, levied or issued against or in relation to any asset of a person.



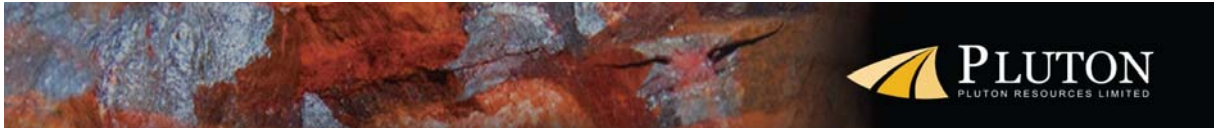


**Material Adverse Effect** means:

- (a) a material adverse effect on the outcome of the Offer or on the subsequent market for the Shares (including, without limitation, matters likely to have a material adverse effect on a decision of an investor to invest in Shares the subject of the Offer); or
- (b) a material adverse effect on the assets, condition, trading or financial position, performance, profits and losses, results, prospects, business or operations of the Company and its subsidiaries either individually or taken as a whole; or

**Prescribed Occurrence** means:

- (a) the Company (or any subsidiary) converting all or any of its shares into a larger or smaller number of shares;
- (b) the Company (or any subsidiary) resolving to reduce its share capital in any way;
- (c) the Company (or any subsidiary):
  - (i) entering into a buy-back agreement or;
  - (ii) resolving to approve the terms of a buy-back agreement under section 257C or 257D of the Corporations Act;
- (d) the Company (or any subsidiary) making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option, other than an issue or agreement to issue in accordance with the Offer or the terms of the Underwriting Agreement or on the conversion of any convertible securities on issue as at the date of the Underwriting Agreement (or as contemplated in this Prospectus);
- (e) the Company (or any subsidiary) issuing, or agreeing to issue, convertible notes;
- (f) the Company (or any subsidiary) disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (g) the Company (or any subsidiary) charging, agreeing to charge, the whole, or a substantial part, of its business or property, other than the security granted in conjunction with the prepaid offtake agreements with GNR and Rizhao;
- (h) the Company (or any subsidiary) resolving that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator to the Company (or any subsidiary);
- (j) the making of an order by a court for the winding up of the Company (or any subsidiary);
- (k) an administrator of the Company (or any subsidiary), being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) the Company (or any subsidiary) executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company (or any subsidiary).



### 3.2 Effect of the underwriting on the control of the Company

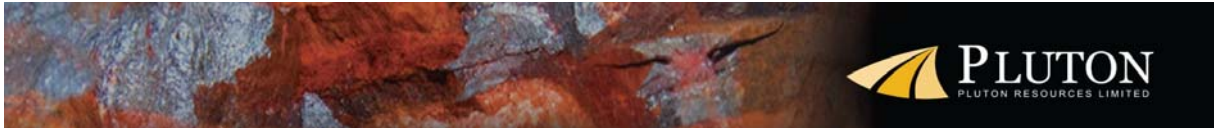
133,000,000 Shares have been issued under the First Patersons Offer and it is anticipated that the 127,000,000 Shares approved by Shareholders to be issued to Patersons (or its nominees) under the Second Patersons Offer will be issued at the same time as Shares are issued under the Offer. Accordingly on completion of the Offer, the Company will have 5,899,032,338 Shares on issue (assuming Minimum Subscription) and 9,150,323,380 Shares on issue (assuming maximum subscription).

GNR currently holds 153,148,058 Shares, representing approximately 14.99% of the issued capital of the Company. GNR is not a related party of the Company for the purposes of the Corporations Act. GNR is entitled to subscribe for 1,378,332,522 Shares under the Offer. The extent to which Shares are issued to GNR under the Underwriting Agreement will determine the extent of GNR's voting power in the Company on completion of the Offer.

As noted above, various Asian institutional investors have agreed to sub-underwrite \$8 million of GNR's underwriting commitment. The sub-underwriters do not currently hold any Shares in the Company and are not related parties of the Company for the purposes of the Corporations Act. Assuming the sub-underwriters' commitment is required to reach Minimum Subscription (and Minimum Subscription is reached but nothing more), the sub-underwriters will subscribe for 800,000,000 Shortfall Shares which will represent approximately 13.56% of the issued Shares in the Company. Should the sub-underwriters default on their obligations, GNR will be obliged to take up the entire \$26 million underwritten amount.

GNR's relevant interest in Shares under several scenarios are set out in the table below (which assumes 127,000,000 Shares will be issued under the Second Patersons Offer at the same time as Shares are issued under the Offer):

Event	Number of Shares GNR will acquire under the Offer	Total number of Shares GNR will have a relevant interest in on completion of the Offer	Voting power of GNR (%)
Offer fully subscribed (no Shortfall)	1,378,332,522	1,531,480,580	16.73%
\$73.5 million is raised under the Offer (being \$47.5 million raised from shareholders, investors and creditors, and sub-underwriters take \$8 million worth of Shortfall Shares and GNR takes the balance of \$18 million under the Underwriting Agreement)	1,800,000,000	1,953,148,058	22.98%
\$73.5 million is raised under the Offer (being \$47.5 million raised from shareholders, investors and creditors, and GNR underwriting the full \$26 million (ie assuming the sub-underwriters default on their sub-underwriting commitment)	2,600,000,000	2,753,148,058	32.39%



Minimum Subscription is achieved with the sub-underwriters taking \$8 million worth of Shortfall Shares and GNR taking the balance of \$18 million under the Underwriting Agreement	1,800,000,000	1,953,148,058	33.11%
Minimum Subscription is achieved with GNR underwriting the full \$26 million (ie assumes the sub-underwriters default on their sub-underwriting commitment)	2,600,000,000	2,753,148,058	46.67%

As shown in the table above, it is possible for GNR to obtain a greater than 19.99% interest in the Company on completion of the Offer. GNR has informed the Company that it has no present intention to make any material changes to the management or strategic direction of the Company.

#### **SECTION 4 AMENDMENT AND ACKNOWLEDGEMENT DEED**

Under the Amendment and Acknowledgement Deed, the Company, GNR Macau, GNR and Wise agreed amendments to the following agreements between them to the extent necessary to enable the Company's indebtedness to GNR under the loan agreement dated 26 April 2013 between the Company and GNR Macau (**Loan Agreement**) to be converted into shares under the Offer:

- (a) the Loan Agreement under which the sum of US\$24,000,000 (**Loan**) was loaned by GNR Macau to the Company;
- (b) the security interest between the Company and GNR Macau which, amongst other things, secures performance of the Company's obligations to GNR Macau in respect of the repayment under the Loan (**GNR Security**); and
- (c) the security interest between the Company and Wise which secures performance of Wise's obligations to GNR Macau in respect of the repayment under the Loan.

In addition, for the purpose of the Reinstatement Deed between the Company and Wise, Wise gave its consent under the Amendment and Acknowledgement Deed to the Company and GNR Macau amending the Loan Agreement and the GNR Security to enable the Company's indebtedness to GNR Macau to be converted into shares under the Offer. In return for Wise agreeing to grant this consent, the Company agreed to waive its right to recover from Wise the portion of Wise's liability for the Loan paid by the Company on behalf of Wise. This amount is estimated to be \$4.75 million.

In circumstances where all of the outstanding indebtedness under the Loan Agreement is not converted into Shares under the Offer, and the security between Wise and GNR Macau is not discharged in full as a result of the conversion, the parties reserve their rights under relevant agreements in respect of sums owing in connection with the Loan Agreement.

#### **SECTION 5 PLACEMENT AGENT**

The Company has entered into a term sheet with the Placement Agent under which the Placement Agent will seek one or more lenders to provide the Company with the Debt Facility. The lender(s), and any apportionment between two or more lenders, will be subject to the consent of the Company.



The documentation provides that at the sole discretion of the Placement Agent or possibly the lender(s), they may, subject to availability, subscribe for up to \$15 million worth of Shortfall Shares.

The subscription for Shortfall Shares is subject to the Minimum Subscription being achieved and FIRB approval (if required) being obtained and will be scaled back:

- (a) in the event there are insufficient Shortfall Shares; and
- (b) to ensure that the Placement Agent or possibly any lender (together with lender's associates) do not acquire a relevant interest in greater than 19.99% of the Shares on completion of the Offer.

Assuming the Debt Facility is entered into with one lender (and the lender does not currently hold Shares), the lender's relevant interest in Shares under several scenarios are set out in the table below:

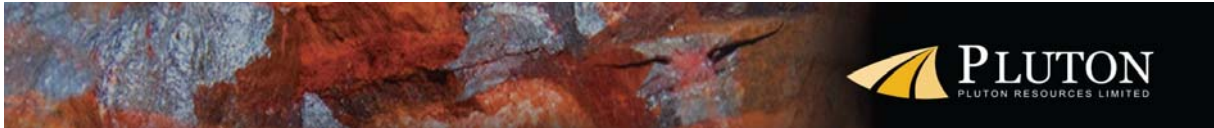
Event	Number of Shares the lender will acquire	Voting power of the lender (%)
Offer fully subscribed (no Shortfall)	Nil	-
Applications for \$65,012,910 and the lender subscribes for \$15,000,000 worth of Shortfall Shares to take the Offer to maximum subscription	1,500,000,000	16.39%
Minimum Subscription is achieved and the lender subscribes for \$14,740,000 (being the maximum it can subscribe for without increasing its relevant interest in Shares to above 19.99%)	1,474,000,000	19.99%

Depending on the proposed level of take up of Shortfall Shares, the Placement Agent or possibly the lenders may require FIRB approval before the requested number of Shortfall Shares can be issued.

## SECTION 6 CREDITORS

The Company has reached agreements with the following creditors in order to accommodate the consequences associated with having extended the Closing Date of the Offer:

- (a) Rizhao: the Company and Wise have agreed by email exchange to pay an instalment of US\$1.2 million to Rizhao on or about 22 August 2014 and as a result Rizhao has agreed to a deferral of loan repayments by one month;
- (b) Sunshine: the Company has agreed by email exchange to pay in instalments, interest accrued to date in consideration for Sunshine agreeing to extend the period for debt repayment to 3 business days after the revised Closing Date; and
- (c) Watpac: the Company has agreed by email exchange to continue to pay Watpac an amount of \$1,100,000 per week with a further obligation to pay Watpac 25% of the excess cash flow (if any) at the end of each week from Monday 8 September 2014 until the end of the Offer period with the total amount outstanding (less the \$3 million the subject of the convertible note referred to in section 6.5 of the Prospectus) being paid to Watpac 3 days after the revised Closing Date. The parties have also agreed that the date for the parties to enter into formal documentation in



respect of the convertible note shall be extended to 10 days after the allotment of Shares under the Offer.

## **SECTION 7      NEW RISK FACTORS**

As a result of the matters noted in this Supplementary Prospectus, the following new risk factors are noted:

### **Placement Agent - performance risk**

The Placement Agent has agreed to seek one or more lenders to lend to the Company US\$70 million and if successful, the Placement Agent or possibly the lenders will have the right but not the obligation to subscribe for up to \$15 million worth of Shortfall Shares. Whilst the Company has entered into the arrangements in good faith, there is a risk that the Placement Agent will not be able to find lenders to provide the Debt Facility on acceptable terms. If the Debt Facility is entered into, there is a risk that the Placement Agent or the lender(s) may not comply with their then obligations resulting in the Company having to take action to enforce its rights. There is no guarantee that if the Company was to bring an action to enforce any obligation that such action would result in the loan monies becoming available.

There is also the risk that any condition precedent to the Debt Facility may not be able to be satisfied thereby relieving the Placement Agent or lender(s) from the obligation to provide funds to the Company.

### **FIRB risk**

As noted above, GNR's underwriting is subject to it receiving FIRB approval for it to increase its relevant interest in Shares to above 19.9% of the issued capital of the Company. Further, the commitment by the Placement Agent or possible the lender(s) to apply for Shortfall Shares and the Asian institutional investors sub-underwriting commitment may (either alone, or in aggregate with the interests of other foreign shareholders in the Company) also require FIRB approval. There is no guarantee that FIRB approval will be received. If FIRB approval is not received, it may affect the Company's ability to achieve Minimum Subscription, or if Minimum Subscription is achieved, the total amount raised.

### **Underwriting risk**

As noted in Section 3.1 above, GNR's obligation to underwrite is subject to the satisfaction of specified conditions including the Company receiving both a commitment from the Placement Agent or lender(s) to subscribe for not less than \$15 million worth of Shortfall Shares and FIRB approval (if required).

Currently there is no commitment from either the Placement Agent or any lender to subscribe for not less than \$15 million worth of Shortfall Shares. In the event these conditions are not satisfied or otherwise waived by GNR, GNR is not obliged to underwrite the Offer under the Underwriting Agreement. If the Underwriting Agreement conditions are not met, the Board may not proceed with the Offer – see Section 3.

### **Rizhao**

The Company and Wise have obtained from Rizhao an agreement to defer for the month of September, a loan repayment. It is likely that during the Offer Period the Company and Wise may require Rizhao to grant to the Company and Wise a further one month's deferral before the Company and Wise are in a position to meet their obligations to Rizhao. Based on its' experience to date, the



Company would expect that Rizhao will grant a further one month's extension but should it not then the Company and Wise will be in default of their payment obligations to Rizhao thereby entitling Rizhao to exercise its rights as a secured creditor and appoint a receiver to the Company and/or Wise.

### **Creditors**

Creditors have continued to support the Company by not demanding payment for amounts that are otherwise payable. Various forbearance arrangements have been entered into. There was an expectation that on the Closing Date and the raising of the Minimum Subscription the Company would have the money to pay the outstanding trade creditors, such that the Company would be able to trade within the usual terms of trade for its creditors, going forward. Due to the level of debt conversion which has been agreed between the Company and its creditors, including GNR, should the Company not raise more than the Minimum Subscription then the Company will still have to manage its creditor relationships until such time as there is sufficient surplus cash flow from operations to enable the Company and Wise to pay out all amounts owing to outstanding trade creditors. This said, Shareholders should be aware that in order for GNR to be obliged to partially underwrite the Offer, the Company must have a commitment or a conditional commitment acceptable to GNR (see Section 3.1(b)) to raise a further \$15 million, thereby facilitating the Company to be able to pay such creditors.

### **Currency of Loans**

Some of the Company's indebtedness is incurred in a currency other than Australian dollars and as such the Company is exposed to an exchange risk.

### **Pre-sale Arrangement**

There is a taxation risk in relation to how the pre-sale arrangements which the Company has entered into with respect to its share of iron ore is treated for the purposes of their treatment for goods and services tax.

### **Adjustments to Accounts**

The Company is revising its treatment of depreciation of the Stage 4 seawall as there may need to be an adjustment to take account of the write off over the remaining life of Stage 4. A provision has been made in the accounts but not the pro forma balance sheet in Section 8.2 for under payment of royalties due to the State. The provision takes account of the State's claim but the Company is yet to determine whether it agrees with the full amount.

## **SECTION 8 USE OF FUNDS AND PRO FORMA BALANCE SHEET**

### **8.1 Use of funds**

The \$26 million being underwritten by GNR can be broken down as follows:

- (a) \$8 million is sub-underwritten;
- (b) up to \$14 million shall be satisfied through the offset of debt owed by the Company to GNR into Shares under the Offer; and
- (c) GNR shall subscribe for the balance of the underwritten Shares in cash.

Because of the offset of debt owed to GNR referred to in (b) above, the proposed use of funds table in Section 1.2 of the Prospectus is replaced with the following:



Use of funds	Amount			
	Minimum subscription		Maximum subscription	
	\$	%	\$	%
Pay creditors*	\$19,730,000	41.54	\$29,230,000	36.53
Loan repayments	\$17,180,000	36.17	\$17,180,000	21.47
Funds allocated for either payment for the Wise Assets, repayment of offtake loans, restructure of the Joint Venture and/or refinancing costs	-	-	\$22,580,000**	28.22
GNR offtake balance repayment	\$9,500,000	20.00	\$9,500,000	11.87
Working capital***	\$1,090,000	2.29	\$1,522,910	1.91
<b>Total</b>	<b>\$47,500,000</b>	<b>100%</b>	<b>\$80,012,910</b>	<b>100%</b>

*Notes*

\*The Company has commitments totalling approximately \$15.8 million from creditors of the Company who are prepared to have their indebtedness converted into equity in the Company in the event Shareholders do not take up their entitlement and Watpac has agreed to enter into a convertible note with respect to \$3 million of what it is owed.

\*\*If the payment is used for the Wise Assets, this assumes an exchange rate of United States \$0.93 to AU\$1.00. If completion under the Wise Transaction does not occur, the funds will be applied towards repayment of prepayment and offtake facilities, restructure of the Joint Venture and for working capital. Further information in relation to this is set out below. A portion of the funds may also be used to pay creditors.

\*\*\*This includes working capital and administrative costs such as salaries, ASX and other fees and corporate overheads, and may also be used to cover part or all of the costs of the Offer depending on the amount raised.

**8.2 Pro forma balance sheet**

As a result of the offset of debt owed to GNR through the underwriting as outlined above, the Company has prepared an updated pro-forma balance sheet using the reviewed 31 March 2014 balance sheet and adjusted for:

- (a) the Offer, assuming Minimum Subscription (ie 4,750,000,000 new Shares are issued and \$47,500,000 is raised before costs); and
- (b) all the subsequent events set out in Section 6 of the IAR.

The pro forma balance sheet is set out below:

Consolidated Statement of Financial Position	Reviewed as at 31 March 2014 \$'000	Subsequent events \$'000	Pro forma adjustments \$'000	Pro forma after offer \$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	185	677	3,336	4,198
Trade and other receivables	10,086	21,130	2,095	33,311 <sup>1</sup>
Inventories	2,052	-	-	2,052
Other current Assets	2,758	-	-	2,758
<b>TOTAL CURRENT ASSETS</b>	<b>15,081</b>	<b>21,807</b>	<b>5,431</b>	<b>42,319</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	7,239	750	1,250	9,239 <sup>2</sup>
Intangible assets	260	-	-	260
Exploration and evaluation assets	75,434	-	522	75,956
Other non-current assets	330	-	-	330
<b>TOTAL NON-CURRENT ASSETS</b>	<b>83,263</b>	<b>750</b>	<b>1,772</b>	<b>85,785</b>
<b>TOTAL ASSETS</b>	<b>98,344</b>	<b>22,557</b>	<b>7,203</b>	<b>128,104</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	16,656	12,552	(17,208)	12,000 <sup>1 and 2</sup>
Borrowings	12,468	297	(9,765)	3,000
Hire purchase liabilities	703	-	-	703
Provisions	288	-	-	288
Deferred revenue	23,640	(2,132)	(6,040)	15,468*
<b>TOTAL CURRENT LIABILITIES</b>	<b>53,755</b>	<b>10,717</b>	<b>(33,013)</b>	<b>31,459</b>
<b>NON CURRENT LIABILITIES</b>				
Provisions (Rehabilitation)	18,162	-	-	18,162
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>18,162</b>	<b>-</b>	<b>-</b>	<b>18,162</b>
<b>TOTAL LIABILITIES</b>	<b>71,917</b>	<b>10,717</b>	<b>(33,013)</b>	<b>49,621</b>
<b>NET ASSETS</b>	<b>26,427</b>	<b>11,840</b>	<b>40,216</b>	<b>78,483</b>
<b>EQUITY</b>				
Issued Capital	93,224	18,067	44,677	155,968
Reserves	4,114	267	-	4,381
Accumulated losses	(70,911)	(6,494)	(4,461)	(81,866) <sup>1</sup>
<b>TOTAL EQUITY</b>	<b>26,427</b>	<b>11,840</b>	<b>40,216</b>	<b>78,483</b>





**Notes:**

<sup>1</sup>In preparing the pro forma balance sheet, the Company has used the same assumptions set out in Section 7 of the IAR, except that the updated balance sheet takes into account the \$14 million indebtedness owed by the Company to GNR that will be converted to equity under the Underwriting Agreement. This results in “Trade and other payables” increasing by \$9.5 million, “Deferred revenue” decreasing by \$4.75 million (representing Pluton’s share) and \$4.75 million (representing Wise’s share) being written off to “Accumulated losses”. Pursuant to the Amendment and Acknowledgement Deed Wise has consented to the debt repayment referred to in paragraph (c) under the heading “Purpose of the Supplementary Prospectus” on the basis that Pluton writes off that portion of the debt repayment amount of \$4.75 million which was otherwise Wise’s liability to GNR. As a result the “Trade and other receivables” has not increased as a consequence.

<sup>2</sup>An amount of \$2.5 million has been added to the “Trade and other payables” to reflect the expenditure incurred and what is expected to be incurred to the end of September in order to complete the construction of the seawall for Stage 4. This results in “Trade and other payables” increasing by \$2.5 million, “Property, plant and equipment” increasing by \$1.25 million (representing Pluton’s share) and “Trade and other receivables” increasing by \$1.25 million (representing Wise’s share).

**SECTION 9 OTHER UPDATES TO THE PROSPECTUS**

As a result of the matters described in this Supplementary Prospectus, the following updates to the Prospectus are noted:

- (a) all references in the Prospectus to the Closing Date, the date for notification of Shortfall to ASX and the date for the issue of Shares and despatch of holding statements are updated in accordance with the updated indicative timetable set out in Section 1;
- (b) all references in the Prospectus to the number of Shares currently on issue are updated to reflect the fact 133,000,000 Shares have been issued under the First Patersons Offer and accordingly the Company currently has 1,022,032,338 Shares on issue. As noted earlier, it is anticipated 127,000,000 Shares will be issued under the Second Patersons Offer at the same time as Shares are issued under the Offer. Accordingly, on completion of the Offer, the Company will have 5,899,032,338 Shares on issue (assuming Minimum Subscription) and 9,150,323,380 Shares on issue (assuming maximum subscription);
- (c) in respect of section 6.3 of the Prospectus, the following ASX announcements have been made by the Company in the period following lodgement of the Prospectus up to the date of this Supplementary Prospectus:

<b>Date</b>	<b>Announcement</b>
20 August 2014	Investor Presentation
19 August 2014	Quotation adjustment
15 August 2014	Initial Directors Interest Notice
15 August 2014	Final Directors Interest Notice
15 August 2014	Board and Management Changes
13 August 2014	Appendix 3B
12 August 2014	Revised Timetable for Entitlements Issue
12 August 2014	Results of Meeting
12 August 2014	Update on Rights Issue – Amended Announcement
11 August 2014	Rights Issue Closing Date Extended



Date	Announcement
11 August 2014	FIRB Approval Received
8 August 2014	Appendix 3B
1 August 2014	Ore Reserve & Mineral Resources Update
1 August 2014	Quarterly Activities and Cashflow report
24 July 2014	Cockatoo Drill Program Confirms 69% Iron ore

- (d) in view of the underwriting fee payable to GNR under the Underwriting Agreement, Patersons has agreed that its lead management fee shall be 6% of the amount raised under the Offer minus \$1,560,000. The corporate advisory fee payable to Patersons shall increase by \$500,000 to a total of \$700,000. The table in Section 6.15 of the Prospectus regarding expenses of the Offer is replaced with the following:

Expense	Minimum Subscription	Maximum Subscription
ASIC fees	\$2,290	\$2,290
ASX fees	\$41,824	\$57,140
Investigating Accountant's Report	\$140,000	\$140,000
Legal expenses	\$270,000	\$270,000
Share registry fees	\$11,000	\$11,000
Corporate advisory fee	\$700,000	\$700,000
Lead manager fees*	\$1,290,000	\$3,240,775
Underwriter fees	\$1,247,500	\$1,247,500
Printing and other expenses	\$64,000	\$64,000
<b>Total</b>	<b>\$3,766,614</b>	<b>\$5,732,705**</b>

\* Patersons (and its nominees) have been issued 133,000,000 Shares under the First Patersons Offer and will be issued an additional 127,000,000 Shares under the Second Patersons Offer around the same time as the issue of Shares under the Offer.

\*\* If the Placement Agent is responsible for raising any equity by way of it or any lenders taking up Shortfall Share then fees will be payable on both the equity and debt raising.

## SECTION 10 INTEREST AND CONSENT OF UNDERWRITER

GNR will be paid a fee of 6.875% of the underwritten amount less \$540,000 under the Underwriting Agreement. Save for this and as otherwise disclosed in the Prospectus, during the 24 months preceding the lodgement of the Prospectus with ASIC, GNR has not been paid any fees by the Company. GNR has given its consent to be named as underwriter to the Offer. GNR has not withdrawn its consent prior to the lodgement of this Supplementary Prospectus with ASIC.

## SECTION 11 STATUS OF THE PROSPECTUS, THE OFFER AND APPLICATIONS

All other details in relation to the Prospectus and the Offer remain unchanged and accordingly the Prospectus, which should be read in its entirety with this Supplementary Prospectus, and the Supplementary Acceptance Form accompanying this Supplementary Prospectus, provide the basis for and the means by which Eligible Shareholders may accept all or any part of their Entitlement under the Offer. Please see the Prospectus for information on how Eligible Shareholders may participate in the Offer.



## **SECTION 13 DIRECTORS' RESPONSIBILITY STATEMENT & CONSENTS**

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Supplementary Prospectus are not misleading or deceptive and that in respect to any other statements made in this Supplementary Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Supplementary Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Supplementary Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to the Prospectus or this Supplementary Prospectus. This Supplementary Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisers.

Each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent.

Dated: 21 August 2014

A handwritten signature in black ink, appearing to read 'Paul D'Sylva', is written over a horizontal line.

Paul D'Sylva  
Director

Please note that all other details in relation to the Prospectus and the Offer remain unchanged.