



PLUTON RESOURCES LIMITED
Independent Expert's Report

5 December 2011

IN OUR OPINION THE PROPOSED TRANSACTION IS
NOT FAIR BUT REASONABLE



Financial Services Guide

5 December 2011

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("BDO" or "we" or "us" or "ours" as appropriate) has been engaged by Pluton Resources Ltd ("Pluton") to provide an independent expert's report on the proposal for Pluton to issue Timeone Holdings Ltd ("Timeone") 49,746,478 Pluton shares at an issue price of \$0.355 per share ("Tranche 4 Shares"). You will be provided with a copy of our report as a retail client because you are a shareholder of Pluton.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$45,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

We have received a fee from Pluton for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.



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5 December 2011

Pluton Resources Limited
Level 4, 468 St Kilda Road
MELBOURNE VIC 3004

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 4 August 2011, Pluton Resources Ltd ("Pluton" or "the Company") announced that it had entered into a binding term sheet ("Term Sheet") with Timeone Holdings Ltd ("Timeone") in respect of a strategic partnership with Timeone, to assist Pluton with funding requirements and future project development, exploration and growth opportunities. On 29 September 2011, Pluton and Timeone entered into a subscription agreement in respect of these arrangements ("Subscription Agreement").

Under the Subscription Agreement, Pluton has agreed, subject to various conditions being satisfied or waived, to issue up to a total of 84,507,041 Shares to Timeone at an issue price of \$0.355 per Share ("Placement") to raise a total of approximately \$30 million.

Under the terms of the Subscription Agreement, the Placement is comprised of four tranches as follows:

- i. 14,084,507 Shares at an issue price of \$0.355 each ("Tranche 1 Shares"), being an aggregate subscription amount of \$5,000,000;
- ii. Subject to the satisfaction of certain conditions, 15,506,164 Shares at an issue price of \$0.355 each ("Tranche 2 Shares"), being an aggregate subscription amount of \$5,504,688;
- iii. Subject to the satisfaction of certain conditions, 5,169,892 Shares at an issue price of \$0.355 each ("Tranche 3 Shares"), being an aggregate subscription amount of \$1,835,312; and
- iv. Subject to the satisfaction of certain conditions, 49,746,478 Shares at an issue price of \$0.355 each ("Tranche 4 Shares"), being an aggregate subscription amount of \$17,660,000.

Pluton is seeking the approval of its shareholders for the issue of the Tranche 4 Shares, totalling 49,746,478, which will result in Timeone increasing its holding in Pluton to a maximum of 29.94%.

2. Summary and Opinions

2.1 Purpose of the report

The directors of Pluton have requested that BDO Corporate Finance (WA) Pty Ltd ("BDO") prepare an independent expert's report ("our Report") to express an opinion as to whether or not the issue of the Tranche 4 Shares is fair and reasonable to the non associated shareholders of Pluton ("Shareholders").

Our Report is prepared pursuant section 611 of the Corporations Act 2001 ("the Act") and is to be included in the Notice of Meeting for Pluton in order to assist the Shareholders in their decision as to whether or not to approve the issue of the Tranche 4 Shares.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 ("RG 111"), 'Content of Expert's Reports' and Regulatory Guide 112 ("RG 112") 'Independence of Experts'.

In arriving at our opinion, we have assessed the terms of the issue of the Tranche 4 Shares as outlined in the body of this report. We have considered:

- How the value of a Pluton share prior to the issue of the Tranche 4 Shares compares to the value of the consideration per share offered by Timeone;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the issue of the Tranche 4 Shares; and
- The position of Shareholders should the issue of the Tranche 4 Shares not proceed.

2.3 Opinion

We have considered the terms of the issue of the Tranche 4 Shares as outlined in the body of this report. We have concluded that the issue of the Tranche 4 Shares is not fair but reasonable to Shareholders.

In our opinion, the issue of the Tranche 4 Shares is not fair because the value of a Pluton share prior to the issue of the Tranche 4 Shares is greater than the consideration to be received by Pluton for the issue of the Tranche 4 Shares.

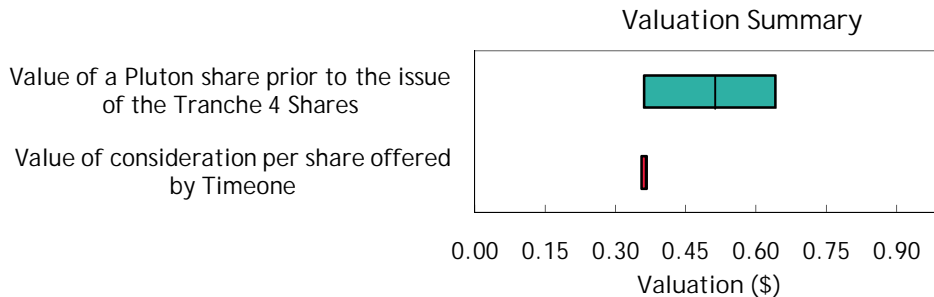
In our opinion, the issue of the Tranche 4 Shares is reasonable because the advantages of approving the issue of the Tranche 4 shares outweigh the disadvantages of approving the issue of the Tranche 4 Shares, as set out in Section 11.

2.4 Fairness

In Section 10 we determined that the value of a Pluton share prior to the issue of the Tranche 4 Shares compared to the consideration per share offered by Timeone as set out below:

	Ref	Low \$	Preferred \$	High \$
Value of a Pluton share prior to the issue of the Tranche 4 Shares	9.3	\$0.360	\$0.536	\$0.641
Value of consideration per share offered by Timeone	4	\$0.355	\$0.355	\$0.355

The above valuation ranges are graphically presented below:



The value of a Pluton share prior to the issue of the Tranche 4 Shares is greater than the consideration per share offered by Timeone. Therefore, we consider that the issue of the Tranche 4 Shares is not fair.

2.5 Reasonableness

We have considered the analysis in Section 11 of this report, in terms of both;

- advantages and disadvantages of the issue of the Tranche 4 Shares; and
- alternatives, including the position of Shareholders if the issue of the Tranche 4 Shares does not proceed.

In our opinion, the position of Shareholders if the issue of the Tranche 4 Shares is approved is more advantageous than the position if the issue of the Tranche 4 Shares is not approved. Accordingly, in the absence of any other relevant information and we believe that the issue of the Tranche 4 Shares is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
11.4	Immediate funds received	10	The issue of the Tranche 4 Shares is not fair
11.4	Strategic benefits for Irvine Island Project	11.5	Dilution of existing Shareholders' interest
11.4	Guaranteed sales and volumes of Stage 4 ore from the Cockatoo Island Project	11.5	Timeone will gain a significant level of control of Pluton
11.4	Access to future funding		
11.4	No requirement for Pluton to source alternative funding arrangements		
11.4	No changes to current operating activities		

Other key matters we have considered for the issue of the Tranche 4 Shares include:

Section	Description
11.1	Alternative proposals
11.2	The practical level of control
11.3	Consequences of not approving the issue of the Tranche 4 Shares

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

As at the date of our report Timeone Holdings Ltd holds 13.04% of the issued shares in Pluton. Assuming no other shares are issued by Pluton, the issue of the Tranche 3 Shares will increase this holding to 14.95%, and the issue of the Tranche 4 Shares will increase this to 29.94%. These potential changes in shareholding are summarised in the table below, assuming none of the current options and performance rights are exercised.

	Timeone Holdings Ltd	Other Shareholders	Total
Issued Shares as at date of this Report	29,590,671	197,271,145	226,861,816
<i>% holdings as at date of this Report</i>	<i>13.04%</i>	<i>86.96%</i>	<i>100.00%</i>
Shares issued to The Mayala People*	-	476,872	476,872
Tranche 3 Shares to be issued	5,169,892	-	5,169,892
Issued Shares after Mayala People & Tranche 3 Shares issued	34,760,563	197,748,017	232,508,580
<i>% holdings after Mayala People & Tranche 3 Shares issued</i>	<i>14.95%</i>	<i>85.05%</i>	<i>100.00%</i>
Tranche 4 Shares to be issued	49,746,478	-	49,746,478
Issued Shares after Tranche 4 Shares issued	84,507,041	197,748,017	282,255,058
<i>% holdings after Tranche 4 Shares issued</i>	<i>29.94%</i>	<i>70.06%</i>	<i>100.00%</i>

*476,872 shares were issued to The Mayala People for nil consideration per Appendix 3B dated 10 November 2011

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Pluton, by either:

- undertaking a detailed examination of the issue of the Tranche 4 Shares themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Pluton have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of "fair and reasonable". In determining whether the issue of the Tranche 4 Shares is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

In our opinion the issue of the Tranche 4 Shares is a control transaction as defined by RG 111 and we have therefore assessed the issue of the Tranche 4 Shares to consider whether in our opinion it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of a Pluton share prior to the issue of the Tranche 4 Shares and the value of the consideration to be received by Pluton for the issue of the Tranche 4 Shares (fairness - see Section 10 "Is the Issue of the Tranche 4 Shares Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 11 "Is the Issue of the Tranche 4 Shares Reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Transaction

On 4 August 2011, Pluton Resources Ltd ("Pluton" or "the Company") announced that it had entered into a binding term sheet ("Term Sheet") with Timeone Holdings Ltd ("Timeone") in respect of a strategic partnership with Timeone, to assist Pluton with funding requirements and future project development, exploration and growth opportunities. On 29 September 2011, Pluton and Timeone entered into a subscription agreement in respect of these arrangements ("Subscription Agreement").

Under the Subscription Agreement, Pluton has agreed, subject to various conditions being satisfied or waived, to issue up to a total of 84,507,041 Shares to Timeone at an issue price of \$0.355 per Share ("Placement") to raise a total of approximately \$30 million.

Under the terms of the Subscription Agreement, the Placement is comprised of four tranches as follows:

- i. 14,084,507 Shares at an issue price of \$0.355 each ("Tranche 1 Shares"), being an aggregate subscription amount of \$5,000,000;
- ii. Subject to the satisfaction of certain conditions, 15,506,164 Shares at an issue price of \$0.355 each ("Tranche 2 Shares"), being an aggregate subscription amount of \$5,504,688;
- iii. Subject to the satisfaction of certain conditions, 5,169,892 Shares at an issue price of \$0.355 each ("Tranche 3 Shares"), being an aggregate subscription amount of \$1,835,312; and
- iv. Subject to the satisfaction of certain conditions, 49,746,478 Shares at an issue price of \$0.355 each ("Tranche 4 Shares"), being an aggregate subscription amount of \$17,660,000.

The Tranche 1 Shares were issued to Timeone on 5 August 2011 and 22 August 2011 pursuant to the Subscription Agreement. The Tranche 2 Shares were conditional upon Pluton and Timeone executing an Offtake Agreement relating to ore mined from Stage 4 of the Cockatoo Island Project. This condition was announced as completed and the Tranche 2 Shares were issued to Timeone on 6 October 2011.

The issue of the Tranche 3 Shares is subject to, and conditional upon, the following:

- (a) The issue of the Tranche 2 Shares;
- (b) Shareholders approving the issue of the Tranche 3 Shares and the Tranche 4 Shares for the purpose of Listing Rule 7.1; and
- (c) Shareholders approving the acquisition by Timeone of up to 30% of the voting power in the Company for the purposes of item 7 of section 611 of the Corporations Act.

The issue the Tranche 4 Shares, totalling 49,746,478 shares is subject to and conditional upon the following:

- (a) Satisfaction or waiver of all the conditions precedent for the Tranche 3 Shares; and
- (b) The issue of the Tranche 3 Shares.

We note that upon completion of the allotment and issue of the Tranche 2 Shares Timeone became entitled to nominate one person to be appointed to the Board of Directors of Pluton. Timeone will also be entitled to appoint a second person to the Board of Directors of Pluton upon completion of the allotment and issue of the Tranche 4 Shares.

5. Profile of Pluton Resources Limited

Pluton Resources Limited is a Melbourne based company that was incorporated in June 2005 and listed on the ASX on 15 December 2006. Pluton specialises in iron ore mining in the Kimberley region of Western Australia but also has copper, gold and silver exploration projects in north western Tasmania.

Pluton's Board of Directors is headed by the Non Executive Chairman Malcolm Macpherson, Anthony James Schoer as Managing Director and Chief Executive Officer and Russell Williams as Non Executive Director.

On 2 September 2011 Pluton announced that it had signed a legally binding term sheet with Cliffs Asia Pacific Iron Ore Pty Ltd, HWE Cockatoo Pty Ltd and Cockatoo Mining Pty Ltd in relation to the acquisition of their beneficial interests in mining tenements and certain infrastructure owned by each of them on Cockatoo Island located in the Kimberly Iron Ore Hub ("Cockatoo Island Project"). The potential acquisition of the Cockatoo Island Project is expected to be completed after the current mining stage has been completed which is expected in late 2012. As consideration for the Cockatoo Island Project, Pluton will be responsible for the environmental rehabilitation of Cockatoo Island when it concludes mining.

On 6 October 2011 Pluton and Timeone entered into an Offtake Agreement in which the key terms are subject to the issue of the Tranche 4 Shares. If the Tranche 4 Shares are issued, Timeone will be entitled to 100% of the Company's share of the fine ore from Stage 4 of the Cockatoo Island Project and 50% of the Company's share of fine ore from any stages subsequent to Stage 4. If the Tranche 4 Shares are not issued, Timeone will be entitled to 50% of the Company's share of the fine ore from Stage 4 of the Cockatoo Island Project and 25% of the Company's share of fine ore from any stages subsequent to Stage 4. The ore to be sold under this Offtake Agreement will be priced at full market value.

Pluton and Timeone have also entered into a binding term sheet for the Irvine Island development to assist with funding requirements and future project development. The Term Sheet is conditional upon the issue of the Tranche 4 Shares. Pluton and Timeone are currently negotiating a binding term sheet for the Cockatoo Island development. The Term Sheet is subject to the proposed acquisition of the Cockatoo Island Project. Under the terms of the Term Sheet, Timeone and Pluton will enter into a funding agreement under which Timeone will assist in funding Pluton to enable Pluton to:

- place environmental bonds associated with the Cockatoo Island Project;
- provide working capital to Pluton to commence Stage 4 mining operations of the cockatoo Project;
- settle the purchase of the Cockatoo Island Project; and
- finance the development of the Irvine Island Project (see 5.1 below).

5.1 Irvine Island

The Irvine Island Project, located 250 km northeast of Broome, is Pluton's flagship project and the Company has been working with the traditional land owners, the Mayala People, to develop a successful operation. The Pluton-Mayala Agreement, which was signed in June 2011, provides for cooperative development and involvement of indigenous people. Irvine Island is one of three islands forming the Kimberley Iron Ore Hub and is located about 3km from the Cockatoo Island Mine where iron ore exports began in the 1950s and about 10km from the Koolan Island Mine.

Mineralisation in the Kimberly Iron Ore Hub is much younger than deposits of the Pilbara and is contained within sedimentary rocks. The primary focus of exploration and mining activity in the region has been the Yampi Member layer which is considered to contain higher concentrations of iron. The Yampi Member is a

ferruginous clastic sedimentary rock and constitutes the upper part of the Pentecost Sandstone. Pluton has 100% ownership of the mineral tenement on Irvine Island.

5.2 Tasmania

Pluton owns three tenements for Copper-Gold in Tasmania. Two of these are covered by the Cethana Magnetic Anomaly which is a 1.5 km by 1 km high intensity anomaly and is considered as a priority exploration target within the Tasmanian portfolio. Pluton currently has a 60% interest in these two Cethana projects and a 100% interest in the Dove River tenement. All three tenements are prospective for porphyry-style copper and gold.

5.3 Historical Balance Sheet

Pluton Balance Sheet	Unaudited as at 31-Aug-11 \$	Audited as at 30-Jun-11 \$	Reviewed as at 31-Dec-10 \$
CURRENT ASSETS			
Cash and cash equivalents	4,810,887	3,805,412	11,210,234
Trade and other receivables	48,603	624,019	1,106,171
TOTAL CURRENT ASSETS	4,859,490	4,429,431	12,316,405
NON-CURRENT ASSETS			
Property, plant and equipment	687,908	687,908	748,983
Intangibles	301,196	301,196	114,665
Exploration and evaluation	51,126,152	48,636,491	40,202,932
TOTAL NON-CURRENT ASSETS	52,115,256	49,625,595	41,066,580
TOTAL ASSETS	56,974,746	54,055,026	53,382,985
CURRENT LIABILITIES			
Trade and other payables	683,943	2,357,988	1,590,233
Provisions	243,737	243,737	156,434
TOTAL CURRENT LIABILITIES	927,680	2,601,725	1,746,667
NON CURRENT LIABILITIES			
Provisions	-	-	32,791
TOTAL NON-CURRENT LIABILITIES	-	-	32,791
TOTAL LIABILITES	927,680	2,601,725	1,779,458
NET ASSETS	56,047,066	51,453,301	51,603,527
EQUITY			
Contributed equity	67,777,621	62,045,859	57,245,095
Reserves	72,752	540,782	648,904
Accumulated losses	(11,803,307)	(11,133,340)	(6,290,472)
TOTAL EQUITY	56,047,066	51,453,301	51,603,527

Source: Unaudited management accounts as at 31 August 2011, audited financial report for the year ended 30 June 2011 and reviewed interim report as at 31 December 2010.

5.4 Historical Income Statements

Pluton Income Statement	Audited for the year ended 30-Jun-11 \$	Audited for the year ended 30-Jun-10 \$
Revenue		
Revenue	370,307	360,828
Other income	225,476	205,394
Expenses		
Occupancy expense	(115,906)	(144,836)
Employee benefits expense	(848,539)	(1,155,264)
Tenement management fees	(13,331)	(2,826)
Depreciation and amortisation expense	(193,008)	(128,597)
Travel expense	(95,049)	(124,004)
Legal and professional expense	(520,592)	(376,673)
General and administrative expense	(1,254,205)	(387,157)
Exploration costs impaired	(3,195,460)	-
Finance costs	-	(39)
Loss before income tax expense	(5,640,307)	(1,753,174)
Income tax expense	-	-
Net Loss for the year	(5,640,307)	(1,753,174)

Source: Audited financial reports for the years ended 30 June 2011 and 30 June 2010.

Commentary on Historical Financial Statements

We have not undertaken a review of Pluton's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

In October 2010 Pluton undertook a \$13.3 million placement to institutional and sophisticated investors which resulted in cash of approximately \$11.2 million in the balance sheet as at 31 December 2010. The Company raised a further \$4.1 million in May 2011 through a Share Purchase Plan. Cash has decreased to approximately \$4.8 million as at 31 August 2011 as a result of exploration and environmental expenditure incurred on Irvine Island mainly relating to pre-feasibility studies that have been undertaken.

Exploration and evaluation assets have increased by approximately \$10.9 million in the 8 month period between 31 December 2010 and 31 August 2011 with the majority of this being incurred in relation to diamond drilling and metallurgical testing on the Hardstaff Peninsula and the Isthmus Region, both on Irvine Island.

The intangible assets of \$301,196 as at 31 August 2011 relates mainly to platform expenses which are amortised over the period of their expected benefit.

Contributed equity has increased between 31 December 2010 and 31 August 2011 as a result of the Share Purchase Plan in May 2011 as well as the conversion of options and performance rights which occurred in

February 2011 and April 2011 respectively. In July 2011 the Company issued approximately 10.2 million fully paid ordinary shares at \$0.831 per share pursuant to the Wonganin Project Co-existence Agreement. There was also the issue of the Tranche 1 Shares, totalling 14,084,507 shares, which were issued to Timeone during August 2011.

The majority of revenue recorded for the years ended 30 June 2011 and 30 June 2010 relates to interest income. Approximately \$3.2 million of exploration expenditure was written off for the year ended 30 June 2011 as a result of the Company's decision that mining agreements and exploration and evaluation assets relating the Dove River assets are no longer significant. Impaired exploration costs contributed to a net loss for the year ended 30 June 2011 of approximately \$5.64 million, in comparison to a net loss of \$1.75 million for the year ended 30 June 2010.

5.5 Capital Structure

The share structure of Pluton as at 5 December 2011 is outlined below:

	Number
Total ordinary shares on issue	227,338,688
Top 20 shareholders	128,490,214
Top 20 shareholders - % of shares on issue	56.52%

Source: Management of Pluton

The range of shares held in Pluton as at 5 December 2011 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	391	133,685	0.06%
1,001 - 5,000	708	2,231,438	0.98%
5,001 - 10,000	512	4,269,906	1.88%
10,001 - 100,000	1,274	45,473,296	20.00%
100,001 - and over	213	175,230,363	77.08%
TOTAL	3,098	227,338,688	100.00%

Source: Management of Pluton

The ordinary shares held by the most significant shareholders as at 5 December 2011 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Timeone Holdings Ltd	29,590,671	13.02%
Cliffs Asia Pacific Iron Ore Pty Ltd	19,462,200	8.56%
JP Morgan Nominees Australia Ltd	19,181,595	8.44%
HSBC Custody Nominees (Australia) Ltd	8,337,463	3.67%
Subtotal	76,571,929	33.68%
Others	150,766,759	66.32%
Total ordinary shares on Issue	227,338,688	100.00%

Source: Management of Pluton

Pluton also has the following Options and Performance Rights on issue as at 5 December 2011:

Details	Number
Unlisted options with exercise price of \$0.30, expiring 3 October 2016	23,396,572
Unlisted options with exercise price of \$0.831, expiring 22 July 2017	14,342,576
Performance Rights - \$1.25, vesting 31 March 2012	240,000

Source: Management of Pluton

6. Economic analysis

Recent information is consistent with a moderation in the pace of global growth, though fears of a major downturn have not been borne out so far. The pace of US economic expansion picked up in the September quarter, but is still only moderate and leaves considerable spare capacity. China's growth has slowed, as policymakers there had intended. Output in Asia has now recovered from the effects of the Japanese earthquake, and domestic demand in the region is generally expanding. Trade performance, however, is starting to see some effects of a significant slowing in economic activity in Europe, where the prospects are for economic weakness to continue. Commodity prices, while still at high levels, have generally declined over recent months.

Financial markets have recovered somewhat from the turmoil of recent months, helped by stronger economic data in the United States and by signs that European governments are making progress in their efforts to deal with the sovereign debt and banking problems. Equity markets have gained ground and the Australian dollar has risen significantly as risk aversion has lessened. But it is likely to be some time yet before concerns about the European situation can definitively be laid to rest and the effects of the recent turmoil on confidence may result in a period of precautionary behaviour by firms and households.

Information about the Australian economy suggests moderate growth overall. The terms of trade have now peaked and will decline somewhat in the near term, but they remain very high. In response, investment in the resources sector is picking up very strongly, with much more to come. Some related service sectors are enjoying better-than-average conditions. In other sectors, cautious behaviour by households and the high exchange rate have had a noticeable dampening effect. The unemployment rate has increased a little over recent months, though it remains close to 5 per cent.

After underlying inflation started to pick up in the first half of the year, recent information suggests the subdued demand conditions and the high exchange rate have contained inflation more recently, notwithstanding continuing sizeable increases in utilities charges. CPI inflation on a year-ended basis remains above the target, due to the effects of weather events last summer, but is now starting to decline as production of key crops recovers. Moreover, with labour market conditions now softer, the likelihood of a significant acceleration in labour costs outside the resources and related sectors in the near term has lessened. Accordingly, the Bank's current judgement is that inflation is likely to be consistent with the 2-3 per cent target in 2012 and 2013, abstracting from the impact of the carbon pricing scheme.

Financial conditions have been easing somewhat recently, with market interest rates declining a little and competition to lend increasing. But overall conditions have remained tighter than normal, with borrowing rates still a little higher than average, credit growth subdued and asset prices lower than earlier in the year. The exchange rate has been very variable over the past few months, but on the whole has remained at historically high levels.

Over the past year, the Board has maintained a mildly restrictive stance of monetary policy, in view of its concerns about inflation. With overall growth moderate, inflation now likely to be close to target and confidence subdued outside the resources sector, the Board concluded that a more neutral stance of monetary policy would now be consistent with achieving sustainable growth and 2-3 per cent inflation over time.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 November 2011

7. Industry analysis

Iron ores are rocks from which metallic iron can be economically extracted. Iron is the world's most used metal with approximately 98% of world iron ore production being used to make steel. It is primarily used in structural engineering, automobiles and other general industrial applications. Commercial development of iron ore deposits are largely constrained by the position of the iron ore relative to its market and the cost of establishing proper transportation infrastructure such as ports and railways.

There are three main categories of iron ore exports:

- Fines: fines are the smallest size category and typically have a granular size less than 9.50mm. They are the most heavily traded category of iron ore;
- Lump Ore: lump ore consists of golf ball sized pieces, and generally has a higher iron content than fines; and
- Pellets: particle sizes range from 9.50mm to 16.00mm. Pellets are made by agglomeration of finely ground and concentrated ore.

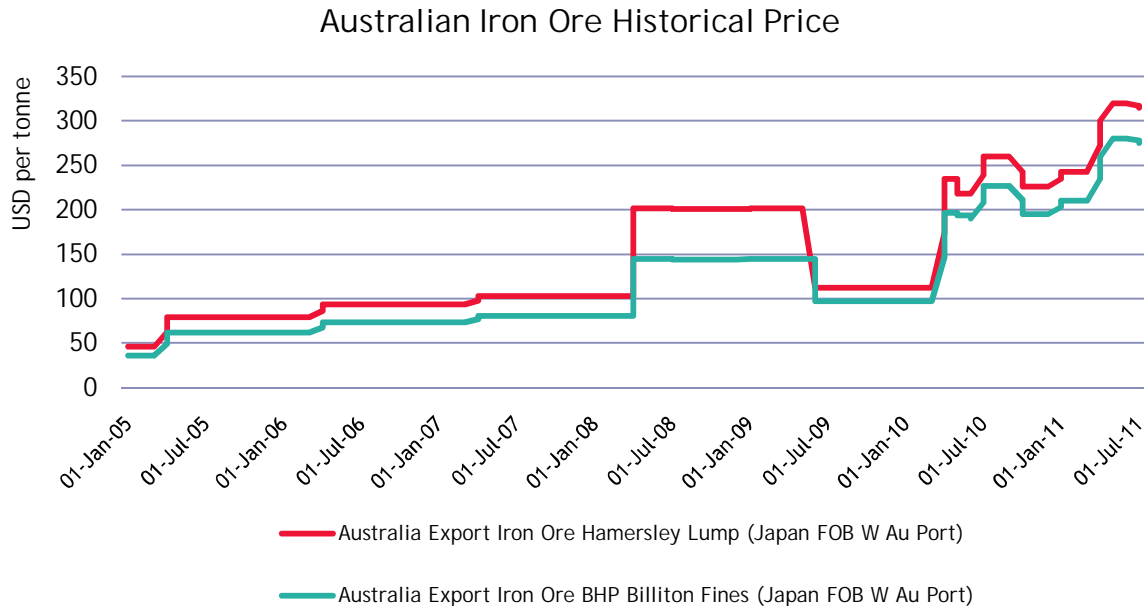
In 2010, an estimated 2.4 billion metric tonnes of iron ore was produced. The world's largest producers are Rio Tinto, Vale and BHP Billiton.

7.1 Global Market

Recent trends show a majority of the demand for iron ore being sourced from China, which has led some analysts to believe that Chinese steel demand has peaked after reaching and exceeding levels experienced by some of the largest OECD countries. There is however, still considerable scope for an expansion in steel consumption in China's interior and more distant provinces where consumption is far behind the larger Chinese cities such as Beijing and Tianjin. The central government is focusing its attention on developing these outer parts of China, and with the expansion of business to these areas to take advantage of low cost labour, it is inevitable that Chinese demand for iron ore will continue to expand. Other countries such as Brazil, India and Indonesia are likely to follow on China's development path albeit on a smaller scale, which is likely to ensure a bright future for the global iron ore industry.

7.2 Price Trends

The following graph shows historical iron ore prices since 2005:



Source: Bloomberg and BDO Analysis

The sharp increase in iron ore price movements over the period from March 2008 to March 2009 was marked by a surge in Chinese, Japanese and Korean steel mill demand. During that period, annual iron ore price contracts increased by 65% to 97% compared to the previous year. Iron ore prices subsequently fell during the global financial crisis with a reduction in world market sentiment and hence demand for iron ore. April 2010 saw an increase in price as miners moved to quarterly pricing and global economies began to recover. Additionally, iron ore experienced a sharp rise in price in mid 2010 when Indian state Karnataka banned all iron ore exports. India is currently the world's third largest iron ore supplier with approximately a quarter of its 100+ million tonnes of exports originating from Karnataka.

8. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”)
- Discounted Cash Flow (“DCF”)
- Quoted Market Price Basis (“QMP”)
- Net Asset Value (“NAV”)
- Market Based Assessment
- Multiple of Exploration Expenditure (“MEE”)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

In our assessment of the value of a Pluton share prior to the issue of the Tranche 4 Shares we have chosen to employ the following methodologies:

- Net Asset Value on a going concern basis (“NAV”) as our primary valuation; and
- Quoted Market Price (“QMP”) as our secondary valuation.

We have chosen these methodologies for the following reasons:

- Being an exploration company, the core value of Pluton is in the exploration assets it holds. We have instructed Ravensgate Minerals Industry Consultants (“Ravensgate”) to act as independent specialist to value these assets and have considered these in the context of Pluton’s other assets and liabilities on a Net Asset Value basis.
- The QMP basis is a relevant methodology to consider because Pluton shares are listed on the ASX. This means there is a regulated and observable market where Pluton shares can be traded. However, in order for QMP to be considered appropriate, the company’s shares should be liquid and the market should be fully informed as to Pluton’s activities. We have considered these factors in section 9.2.
- Future Maintainable Earnings are not appropriate for exploration assets and sufficient information is not available for a Discounted Cash Flow valuation approach to be undertaken.

Our assessment of the value of a Pluton share prior to the issue of the Tranche 4 Shares has been undertaken in Section 9. We have compared this value obtained to the value of the consideration to be received by Pluton for the issue of the Tranche 4 Shares which, per the Subscription Agreement, is \$0.355 per share.

9. Valuation of Pluton prior to the issue of the Tranche 4 Shares

9.1 Net Asset Valuation of Pluton

The value of Pluton's assets on a going concern basis is reflected in our valuation below:

Pluton Balance Sheet	31-Aug-11	Low value	Preferred value	High value
	\$	\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	4,810,887	12,150,887	12,150,887	12,150,887
Trade and other receivables	48,603	48,603	48,603	48,603
TOTAL CURRENT ASSETS	4,859,490	12,199,490	12,199,490	12,199,490
NON-CURRENT ASSETS				
Property, plant and equipment	687,908	687,908	687,908	687,908
Intangibles	301,196	301,196	301,196	301,196
Exploration and evaluation	51,126,152	71,510,000	112,250,000	136,780,000
TOTAL NON-CURRENT ASSETS	52,115,256	72,499,104	113,239,104	137,769,104
TOTAL ASSETS	56,974,746	84,698,594	125,438,594	149,968,594
CURRENT LIABILITIES				
Trade and other payables	683,943	683,943	683,943	683,943
Provisions	243,737	243,737	243,737	243,737
TOTAL CURRENT LIABILITIES	927,680	927,680	927,680	927,680
TOTAL LIABILITES	927,680	927,680	927,680	927,680
NET ASSETS	56,047,066	83,770,913	124,510,913	149,040,913
Shares on issue (number)	*211,355,652	232,508,580	232,508,580	232,508,580
Value per share (\$)	\$0.265	\$0.360	\$0.536	\$0.641

*Note this does not include the Tranche 2 Shares, totalling 15,506,164, issued on 6 October 2011 and the 476,872 shares issued to the Mayala People on 10 November 2011

We have been advised that there has not been a significant change in the net assets of Pluton since 31 August 2011 apart from the adjustments discussed below. The table above indicates the net asset value of a Pluton share is between \$0.360 and \$0.641, with a preferred value of \$0.536.

The following adjustments were made to the net assets of Pluton as at 31 August 2011 in arriving at our valuation.

9.1.1 Valuation of Pluton's mineral assets

We instructed Ravensgate to provide an independent market valuation of the exploration assets held by Pluton. A copy of Ravensgate's Report is attached at Appendix 3. The table below provides a summary of this valuation:

Pluton Resources Limited	Low value	Preferred value	High value
Project Valuation - Ravensgate	\$m	\$m	\$m
Irvine Island, Western Australia	70.22	110.72	135.03
Dove River, Tasmania	0.71	0.84	0.98
Cethana, Tasmania	0.59	0.68	0.77
Total	71.51	112.25	136.78

The table above indicates a range of values between \$71.51 million and \$136.78 million, with a preferred value of \$112.25 million.

Ravensgate considered a number of different valuation methods when valuing the mineral assets held by Pluton. The Irvine Island Project has been classified as a 'Pre-Development Project' mineral asset and Ravensgate has adopted the Comparable Transaction Method to value this project. The Dove River and Cethana Projects are considered to both be 'Exploration Area' mineral assets. Ravensgate has elected to apply the Multiples of Exploration Expenditure to value each of these projects.

Ravensgate has provided a technical value of Pluton's mineral assets. A technical value, as defined by the Valmin Code 2005, is an assessment of a mineral asset's future net economic benefit at the valuation date under a set of assumptions deemed most appropriate by an expert, excluding any premium or discount to account for such factors as market or strategic considerations. A market value comprises two components, being the technical value and a premium or discount relating to market, strategic or other considerations.

The preferred value provided by Ravensgate was based largely on the Comparable Transaction Method. As this method is based on previous transactions in the market we believe this value already takes into account any discounts or premia relating to market or strategic considerations. We therefore have no reason to believe that the preferred technical value provided by Ravensgate does not also represent the preferred market value of Pluton's mineral assets.

Ravensgate's independent valuation report can be found at Appendix 3.

9.1.2 Cash

Cash has increased from \$4,810,887 to \$12,150,887 as a result of cash received of \$5,504,688 from the issue of the Tranche 2 Shares and \$1,835,312 from the issue of the Tranche 3 Shares which are to be issued 3 days after obtaining shareholder approval on or about 11 January 2012.

9.1.3 Number of shares on Issue

The number of shares has increased from 211,355,652 to 232,508,580 as a result of the issue of 15,506,164 Tranche 2 Shares, 5,169,892 Tranche 3 Shares to be issued 3 days after obtaining shareholder approval on or about 11 January 2012 and 476,872 shares issued to The Mayala People on 10 November 2011.

9.2 Quoted Market Prices for Pluton's Securities

To provide a comparison to the valuation of Pluton in Section 9.1, we have also assessed the quoted market price for a Pluton share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company’s shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

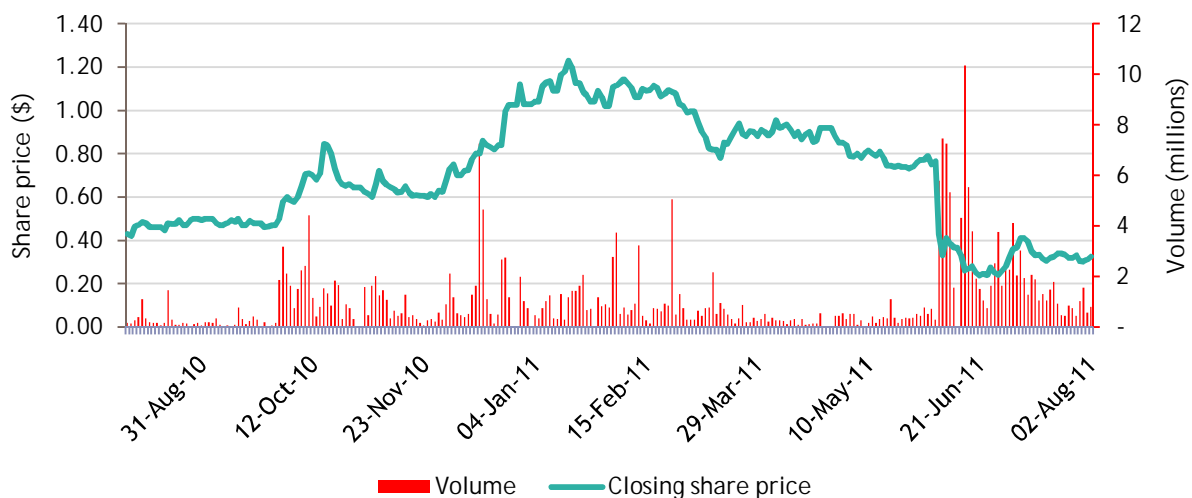
Whilst Timeone will not be obtaining 100% of Pluton, RG 111 states that the expert should calculate the value of a target’s shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer’s practical level of control when considering reasonableness. Reasonableness has been considered in Section 11.

Therefore, our calculation of the quoted market price of a Pluton share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Pluton share is based on the pricing prior to the announcement of the issue of the Tranche 4 Shares. This is because the value of a Pluton share after the announcement may include the affects of any change in value as a result of the issue of the Tranche 4 Shares. However, we have considered the value of a Pluton share following the announcement when we have considered reasonableness in Section 11.

Information on the issue of the Tranche 4 Shares was announced to the market on 4 August 2011. The following chart provides a summary of the share price movement over the year to 2 August 2011 which was the last trading day prior to the announcement. We note that Pluton was in a trading halt after 2 August 2011 until the issue of the Tranche 4 Shares was announced.



Source: Bloomberg and BDO Analysis

The daily price of Pluton shares from 3 August 2010 to 2 August 2011 has ranged from a low of \$0.23 on 21 June 2011 to a high of \$1.34 on 18 January 2011.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement	Closing Share Price Three Days After Announcement
		\$ (movement)	\$ (movement)
2-Aug-2011	Trading halt	\$0.325 (▲5%)	\$0.250 (▼30%)
28-Jul-2011	Quarterly cashflows & activities report	\$0.305 (▼8%)	\$0.325 (▲6%)
27-Jul-2011	Irvine - Isthmus diamond drilling assay results and update	\$0.330 (▲3%)	\$0.310 (▼6%)
12-Jul-2011	Dry-mag separation test work to commence on 3 mm grind size	\$0.330 (▼6%)	\$0.305 (▼8%)
28-Jun-2011	Mayala People ratify Native Title Agreement	\$0.240 (▼4%)	\$0.320 (▲25%)
6-Jun-2011	Irvine Island Isthmus resource update	\$0.430 (▼44%)	\$0.385 (▼12%)
6-Jun-2011	Irvine Island PFS results	\$0.430 (▼44%)	\$0.385 (▼12%)
27-May-2011	Pre feasibility study update	\$0.760 (▲3%)	\$0.790 (▲4%)
28-Apr-2011	DTR assay analysis return 69.85% Fe concentrate	\$0.850 (▼3%)	\$0.790 (▼8%)
28-Apr-2011	Quarterly cashflows & activities report	\$0.850 (▼3%)	\$0.790 (▼8%)
21-Apr-2011	Share purchase plan	\$0.920 (▲7%)	\$0.850 (▼8%)
8-Apr-2011	Irvine Island indicated mineral resources	\$0.935 (▲1%)	\$0.900 (▼4%)
22-Mar-2011	Metallurgical tests give positive results on Irvine iron ore	\$0.940 (▲3%)	\$0.905 (▼4%)
4-Mar-2011	SandP announces March SP/ASX rebalance	\$0.995 (-)	\$0.875 (▼14%)
28-Feb-2011	Irvine Island update on DTR results and PFS	\$1.030 (▼5%)	\$0.995 (▼4%)
22-Feb-2011	High grade iron concentrate from DTR testing on Irvine Ore	\$1.065 (-)	\$1.080 (▲1%)

18-Feb-2011	Assay results Isthmus region and Hardstaff Peninsula	\$1.105 (▼ 1%)	\$1.095 (▼ 1%)
28-Jan-2011	Quarterly cashflows & activities report	\$1.060 (▼ 3%)	\$1.105 (▲ 4%)
23-Dec-2010	Pluton secures native title for Irvine Island	\$0.990 (▲ 17%)	\$1.030 (▲ 4%)
22-Dec-2010	Irvine Island metallurgical results	\$0.840 (-)	\$1.120 (▲ 25%)
22-Dec-2010	Irvine Island resource update	\$0.840 (-)	\$1.120 (▲ 25%)
8-Nov-2010	Assay results from Isthmus Region, Irvine Island	\$0.675 (▼ 6%)	\$0.635 (▼ 6%)
3-Nov-2010	Irvine Island assay results update	\$0.600 (▼ 1%)	\$0.675 (▲ 11%)
1-Nov-2010	Pluton completes \$13.3m capital raising	\$0.625 (▼ 5%)	\$0.660 (▲ 5%)
26-Oct-2010	Quarterly cashflows & activities report	\$0.660 (▲ 2%)	\$0.645 (▼ 2%)
20-Oct-2010	Pluton signs MOU with Japanese company	\$0.730 (▼ 9%)	\$0.650 (▼ 12%)
23-Sept-2010	Cethana assay results	\$0.460 (▼ 4%)	\$0.470 (▲ 2%)
14-Sept-2010	Pluton announces 54% increase in Irvine iron ore estimate	\$0.500 (▲ 3%)	\$0.490 (▼ 2%)
6-Sept-2010	Irvine Island Isthmus drilling update	\$0.480 (▼ 4%)	\$0.480 (-)

To provide further analysis of the market prices for an Pluton share, we have also considered the volume weighted average market price for 10, 30, 60 and 90 day periods to 2 August 2011.

	2 August 2011	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.325				
Volume Weighted Average		\$0.317	\$0.317	\$0.365	\$0.398

The above volume weighted average prices are prior to the date of the announcement of the issue of the Tranche 4 Shares, to avoid the influence of any increase in price of Pluton shares that has occurred since the announcement.

An analysis of the volume of trading in Pluton shares for the six months to 2 August 2011 is set out below:

	Share price low (\$)	Share price high (\$)	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.305	\$0.330	787,066	0.37%
10 days	\$0.290	\$0.350	7,785,577	3.68%
30 days	\$0.235	\$0.435	46,959,911	22.22%
60 days	\$0.230	\$0.840	109,695,120	51.90%
90 days	\$0.230	\$0.970	117,315,125	55.51%
180 days	\$0.230	\$1.340	207,756,167	98.30%

This table indicates that Pluton's shares display a high level of liquidity, with 98.30% of the Company's current issued capital being traded in a six month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Pluton's Quoted Market Price results in the following valuation range:

	Low (\$)	Midpoint (\$)	High (\$)
Quoted Market Price value	\$0.315	\$0.340	\$0.365

Our assessment is that a range of values for a Pluton share based on market pricing is between \$0.315 and \$0.365 with a midpoint value of \$0.340.

Control Premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In determining whether including a control premium is appropriate in this instance, we believe there are two key considerations. Firstly, we believe it is appropriate to consider the level of control currently held by Timeone and what additional level of control/ability to influence the Company Timeone would gain if the issue of the Tranche 4 Shares is accepted and whether a premium for control is appropriate given the current position of the company.

We have reviewed the announced control premia paid by acquirers for target iron ore companies listed on the ASX since 2005. A summary of the control premia is noted in the table below:

Announce Date	Target Name	Acquirer Name	Deal Value (A\$ million)	Shareholding		
				Interest Post Transaction	Announced Premium	Implied Premium
Effective Control Acquisitions						
23/05/2011	Territory Resources Ltd	Noble Group	122.06	100.0%	75.4%	N/A
21/12/2010	Giralia Resources NL	Atlas Iron Ltd	983.83	100.0%	52.5%	30.0%
10/03/2010	Aurox Resources Ltd	Atlas Iron Ltd	131.49	100.0%	128.6%	26.5%
16/10/2009	United Minerals Corp NL	BHP Billiton Ltd	191.82	100.0%	38.6%	N/A
7/09/2009	Warwick Resources Ltd	Atlas Iron Ltd	48.59	100.0%	60.1%	26.5%
20/08/2009	Polaris Metals NL	Mineral Resources Ltd	138.63	100.0%	109.2%	20.0%
14/03/2008	Midwest Corp Ltd	Sinosteel Corp	1,068.62	100.0%	36.0%	N/A
10/01/2008	Cliffs Asia Pacific Iron Ore Holdings Pty Ltd	Cliffs Natural Resources Inc	559.42	100.0%	16.8%	N/A
24/07/2006	Aztec Resources Ltd/Australia	Mount Gibson Iron Ltd	207.24	100.0%	36.5%	N/A
11/01/2005	Cliffs Asia Pacific Iron Ore Holdings Pty Ltd	Cliffs Natural Resources Inc	508.28	80.4%	36.5%	N/A
				Average	63.7%	25.8%
				Median	52.5%	26.5%

Source: BDO Analysis and Bloomberg

Note:

- (1) We have excluded the acquisition premium paid for the compulsory acquisition by Cliffs Natural Resources Inc of the remaining 14.8% shareholding interest in Cliffs Asia Pacific Iron Ore Holdings Pty Ltd as Cliffs Natural Resources Inc held an effective controlling interest in Cliffs Asia Pacific Iron Ore Holdings Pty Ltd prior to the transaction.

We have also included an analysis of the control premia paid for effective control acquisition transactions in the general mining industry of Australia since 2004 to date.

Period	Number of Transactions	Announced Total Value (US\$ Mil)	Announced Control Premium
2010-2011	9	7,001.26	40.7%
2009-2010	24	2,241.91	45.9%
2008-2009	10	172.47	43.2%
2007-2008	23	2,158.94	30.2%
2006-2007	21	1,092.89	25.3%
2005-2006	17	14,297.78	38.3%
2004-2005	7	25,836.97	29.0%
		Average	35.9%

Source: BDO Analysis and Bloomberg

In arriving at an appropriate control premium to apply we noted that observed control premia can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Level of controlling interest acquired;

- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

Based on the table above, we observe that significant control premia on a company's share price are paid for Australian iron ore companies. These significant premia, in part reflect the strategic value of the target to the acquirer above the conventional level of control premium paid. We also observed that a higher control premium is paid for iron ore transactions resulting in an effective control with a range of 36.0% to 128.6% with an average of 63.7% and median of 52.5%. We have also analysed the implied premia. These premia have been obtained from the targets' Independent Expert's Report and represent the control premium used when analysing the target's share price. From our analysis, an average premium of 25.8% and a median of 26.5% have been used.

Across the general Australian mining industry, the average annual control premium paid for effective control transactions over 2005 to 2011 ranged between 25.3% and 45.9% with an average of 35.9%.

If the issue of the Tranche 4 Shares to Timeone is approved, Timeone will obtain a maximum interest in Pluton of 29.94%, which represents significant influence, but not necessarily an effective control over the Company.

Taking the factors above into consideration in applying a control premium to Pluton's quoted market share price we believe an appropriate range to be 20% - 30% which is consistent with our analysis of the implied premia within the market. We have chosen this range as these premia are calculated based on an independent expert's opinions on the specific transactions in the table above and are not influenced by the level of share trading of an entity's securities. The announced market premia are calculated on a company's share price and can be potentially higher if a security has a low level of liquidity which could lead to its share price not being reflective of the underlying value. We believe this range, determined from implied premia, is the most appropriate to use.

Quoted market price including control premium

Applying a control premium to Pluton's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted Market Price value	\$0.315	\$0.340	\$0.365
Control premium	20%	25%	30%
Quoted Market Price valuation including a premium for control	\$0.378	\$0.425	\$0.475

Therefore, our valuation of a Pluton share based on the quoted market price method and including a premium for control is between \$0.378 and \$0.475, with a midpoint value of \$0.425.

9.3 Assessment of Pluton Value

The results of the valuations performed are summarised in the table below:

	Low	Preferred	High
	\$	\$	\$
Net Asset Value (Section 9.1)	\$0.360	\$0.536	\$0.641
Quoted Market Price (Section 9.2)	\$0.378	\$0.425	\$0.475

We have based our valuation of a Pluton share on the net asset value methodology and based on the results above we consider the value of a Pluton share to be between \$0.360 and \$0.641, with a preferred value of \$0.536.

The net asset value methodology has been deemed most reliable for this purpose due to the core value of Pluton being in the exploration assets that it holds in its balance sheet and for which we have received an independent valuation.

Our quoted market price valuation is consistent with the lower end of our net asset valuation range. From our analysis of the quoted market price of a Pluton share we note that 98.30% of the Company's issued capital had been traded in a six month period which represents a high level of liquidity. We also note that in the six month period analysed Pluton shares have traded between a low of \$0.23 and a high of \$1.34. We consider that although Pluton shares are considered liquid, the spread between the lowest and highest shares prices over the six month period indicates that, because of the high level of volatility, the quoted market price methodology is not as reliable as the Net Asset Value methodology in determining the value of a Pluton share.

10. Is the issue of the Tranche 4 Shares fair?

The value of a Pluton share prior to the issue of the Tranche 4 Shares compared to the consideration per share offered by Timeone is shown in the table below:

	Ref	Low	Preferred	High
		\$	\$	\$
Value of a Pluton share prior to the issue of the Tranche 4 Shares	9.3	\$0.360	\$0.536	\$0.641
Value of consideration per share offered by Timeone	4	\$0.355	\$0.355	\$0.355

We note from the table above that the value of a Pluton share prior to the issue of the Tranche 4 Shares is greater than the consideration of \$0.355 per share offered by Timeone. Therefore, we consider that the issue of the Tranche 4 Shares is not fair.

11. Is the issue of the Tranche 4 Shares reasonable?

We have considered the following factors in forming an opinion as to whether the issue of the Tranche 4 Shares is reasonable and where it is reasonably practicable to do so with sufficient precision we have quantified these factors.

11.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Pluton a premium over the value ascribed to that resulting from the issue of the Tranche 4 Shares.

11.2 Practical Level of Control

If the issue of Tranche 4 Shares is approved then Timeone will hold a maximum interest of approximately 29.94% in Pluton. In addition to this, Timeone will have two Board members nominated by Timeone following the issue of the Tranche 4 Shares.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the issue of the Tranche 4 Shares is approved then Timeone will not be able to pass general or special resolutions but will be able to block special resolutions.

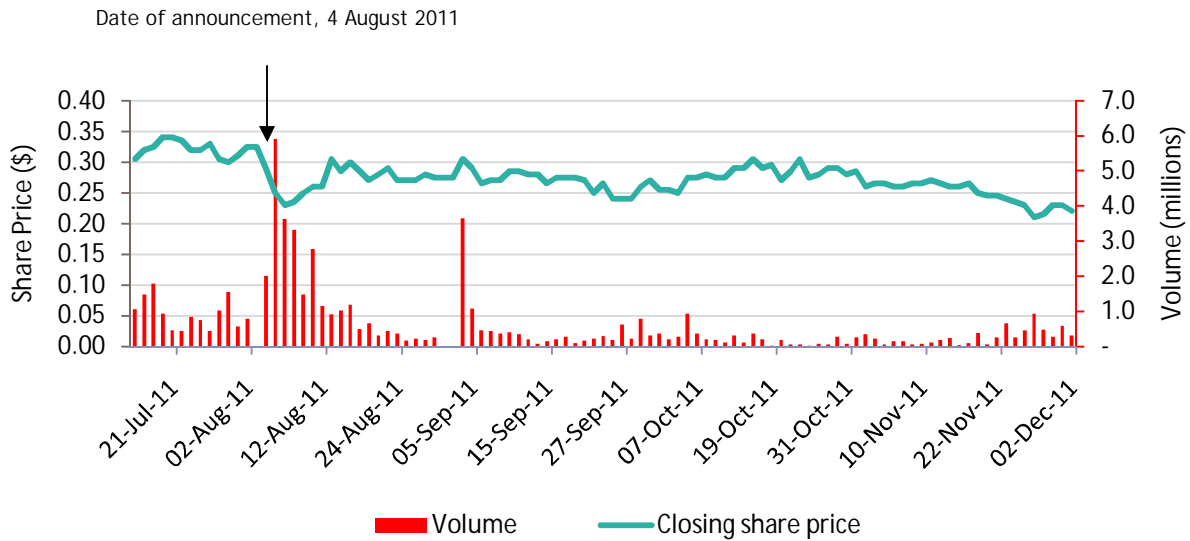
Pluton's Board of Directors currently comprises three directors. Timeone will nominate two additional directors which will take Pluton's Board of Directors to five directors. This means that Timeone nominated directors will make up 40% of the Board of Directors.

Timeone's control of Pluton following the issue of the Tranche 4 Shares will be significant when compared to all other shareholders. In our opinion, while Timeone will be able to significantly influence the activities of Pluton, it will not be able to exercise a similar level of control as if it held 100% of Pluton.

11.3 Consequences of not Approving the issue of Tranche 4 Shares

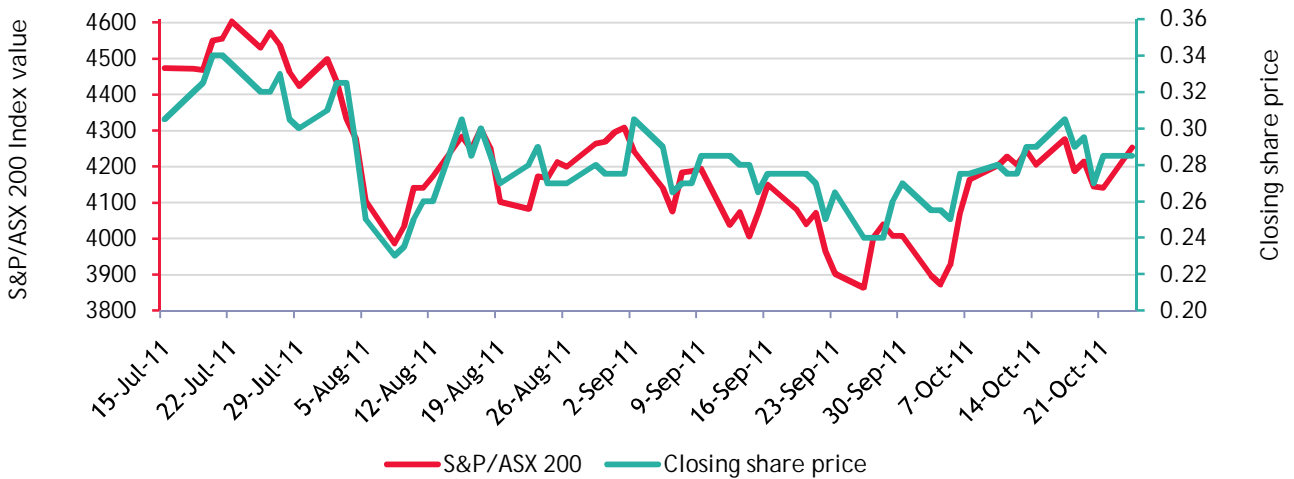
Potential decline in share price

We have analysed movements in Pluton's share price since the issue of Tranche 4 Shares was announced. A graph of Pluton's share price since the announcement is set out below.



Source: Bloomberg and BDO Analysis

Based on the chart above, it appears that Pluton’s share price has decreased from \$0.29 on 4 August 2011 to a low of \$0.23 on 8 August 2011 before rising to trade within a range of \$0.23 and \$0.31. To provide a comparison of the movements in Pluton’s share price to the market over the same period we have provided a graph of both the S&P/ASX 200 and Pluton’s share price below:



Source: Bloomberg and BDO Analysis

As shown in the graph above the S&P/ASX 200 index fell approximately 290 points over the period 4 August 2011 to 8 August 2011. This period was marred by significant volatility after US treasury bonds were downgraded resulting in widespread instability. Markets were also cautious at this time about the contentious issue of the US raising their debt ceiling. We note that there were no significant company announcements or industry factors that would explain the decline in the Company’s share price over the period. Therefore we can conclude that the fall in the Company’s share price after the announcement on

4 August 2011 is likely to be as a result of market conditions rather than the market responding to the Company's announcement in a negative manner.

11.4 Advantages of Approving the issue of the Tranche 4 Shares

We have considered the following advantages when assessing whether the issue of the Tranche 4 Shares is reasonable.

Advantage	Description
Immediate funds received	If the issue of the Tranche 4 Shares is approved Pluton will receive cash of approximately \$17.66 million. This cash received can be used by Pluton to fund the on-going exploration and environmental work program, assist in obtaining regulatory approvals of the Irvine Island Project and the commencement of the Definitive Feasibility Study. It will also assist the Company in remaining debt free.
Strategic benefits for Irvine Island Project	<p>Pluton has indicated that the preferred model to develop the Irvine Island Project involves final beneficiation in Asia. Timeone has been identified by Pluton as a suitable partner for the following reasons:</p> <ul style="list-style-type: none"> • Timeone and its associates possess strong logistical and beneficiation expertise; • Timeone and its associates have a contractual relationship with Rizhao Port Group, operator of the world's largest iron ore import terminal in Shandong Province, China; and • Timeone and its associates possess strong relationships within the Asian market to assist with the sale of iron ore. <p>If Shareholders do not accept the issue of the Tranche 4 Shares Timeone's involvement as a partner may be affected.</p>
Guaranteed sales and volumes of Stage 4 ore from the Cockatoo Island Project	If Shareholders approve the issue of Tranche 4 Shares, Timeone will be entitled to 100% of the Company's share of the fine ore from Stage 4 of the Cockatoo Island Project and 50% of the Company's share of fine ore from any stages subsequent to Stage 4. Pluton will therefore be able to secure a competitive price for its iron ore sales.
Access to future funding	<p>As part of the Subscription Agreement between Pluton and Timeone, subject to the issue of the Tranche 4 Shares, the parties have entered into a binding term sheet for the Irvine Island development to assist with funding requirements and future project development.</p> <p>Pluton and Timeone are also currently negotiating a binding Term Sheet for the Cockatoo Island development which is conditional on the proposed acquisition of the Cockatoo Island Project. Under the terms of the Term Sheet, Timeone and Pluton will enter into a funding agreement under which Timeone will assist in funding Pluton to enable Pluton to:</p> <ul style="list-style-type: none"> • place environmental bonds associated with the Cockatoo Island Project;

- provide working capital to Pluton to commence Stage 4 mining operations of the Cockatoo Island Project;
- settle the purchase of the Cockatoo Island Project; and
- finance the development of the Irvine Island Project.

Pluton has received warranties from Timeone that it has the financial capacity to fund both the Irvine Island Project and the Cockatoo Island Project to the extent agreed with Pluton.

No requirement for Pluton to source alternative funding arrangements	<p>To progress the Irvine Island Project and complete the acquisition of the Cockatoo Island Project Pluton will be required to source additional funding. If the Tranche 4 Shares are not issued to Timeone, it is unlikely that Timeone will assist with this funding.</p> <p>The Board of Pluton would therefore have to explore other funding opportunities including potential joint ventures, placements or listing of Pluton securities on secondary exchanges. Some of these alternatives would likely be at a discount to the current market price and could potentially dilute Shareholders' interests further.</p>
No changes to current operating arrangements	Timeone is supportive of Pluton's management and its current operating plan. There has been no indication from Timeone that it intends to change Pluton's business as conducted by the current management.

11.5 Disadvantages of Approving the issue of the Tranche 4 Shares

If the issue of the Tranche 4 Shares is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
The issue of the Tranche 4 Shares is not fair	As set out in Section 10 the issue of the Tranche 4 Shares is not fair for Shareholders.
Dilution of existing Shareholders' interest	The issue of the Tranche 4 Shares will result in a dilution of existing Pluton shareholders' interest to 70.06%. The capacity of shareholders to influence the operations of Pluton will be reduced.
Timeone will gain a significant level of control of Pluton	<p>If the issue of the Tranche 4 Shares is approved, Timeone will be increasing its shareholding interest from 14.95% to 29.94% meaning Timeone will be able to influence any voting required on the activities of Pluton.</p> <p>Timeone will also be entitled to appoint up to two Directors to the Board of Pluton.</p>

12. Conclusion

We have considered the terms of the issue of the Tranche 4 Shares as outlined in the body of this report and have concluded that the issue of the Tranche 4 Shares is not fair but reasonable to the Shareholders of Pluton.

13. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Pluton for the years ended 30 June 2011 and 30 June 2010;
- Reviewed financial statements of Pluton for the half year ended 31 December 2010;
- Unaudited management accounts of Pluton as at 31 August 2011;
- Signed Term Sheet between Timeone Holdings Ltd and Pluton Resources Ltd dated 2 August 2011;
- Signed Subscription Agreement between Timeone Holdings Ltd and Pluton Resources Ltd dated 29 September 2011;
- Signed Term Sheet regarding Cockatoo Project between Cliffs Asia Pacific Iron Ore Holdings Pty Ltd, Cliffs Asia Pacific Iron Ore Pty Ltd, HWE Cockatoo Pty Ltd, Cockatoo Mining Pty Ltd and Pluton Resources Ltd dated 2 September 2011;
- Signed Term Sheet in respect of the Irvine Island Project between Timeone Holdings Ltd and Pluton Resources Ltd dated 5 December 2011;
- Signed Offtake Agreement regarding the Cockatoo Project between Timeone Holdings Ltd and Pluton Resources Ltd date 6 October 2011;
- Independent Valuation Report of Pluton Resources Ltd Australian Assets dated 11 November 2011 performed by Ravensgate Minerals Industry Consultants;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Pluton.

14. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$45,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Pluton in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Pluton, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Pluton and Timeone and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independence of Pluton and Timeone and their respective associates.



Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Pluton, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Pluton and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

15. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 150 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 13 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

16. Disclaimers and consents

This report has been prepared at the request of Pluton for inclusion in the Notice of Meeting which will be sent to all Pluton Shareholders. Pluton engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal for Pluton to issue Timeone Holdings Ltd 49,746,478 Pluton shares at an issue price of \$0.355 per share.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Pluton or Timeone in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Timeone. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the transactions, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Pluton, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent property valuations for properties held by Pluton.

The valuer engaged for the geological valuation, Ravensgate Minerals Industry Consultants, possesses the appropriate qualifications and experience in the minerals industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation are appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
CAPIO	Cliffs Asia Pacific Iron Ore Pty Ltd
CM	Cockatoo Mining Pty Ltd
Cockatoo Island Project	All interests in tenements, infrastructure and mining operations held by Cliffs Asia Pacific Iron Ore Pty Ltd, HWE Cockatoo Pty Ltd and Cockatoo Mining Pty Ltd
The Company	Pluton Resources Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
FATA	Foreign Acquisition and Takeovers Act 1975
FME	Future Maintainable Earnings
HWEC	HWE Cockatoo Pty Ltd
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
Pluton	Pluton Resources Ltd
Ravensgate	Ravensgate Minerals Industry Consultants
Term Sheet	Binding term sheet which outlines a strategic partnership between Pluton and Timeone and the terms that Timeone will invest approximately \$30 million for an approximate 30% stake in the capital of Pluton.
Timeone	Timeone Holdings Ltd
Tranche 1 Shares	14,084,507 Shares at an issue price of \$0.355 per share, being an aggregate subscription amount of \$5,000,000



Tranche 2 Shares	15,506,164 Shares at an issue price of \$0.355 per share, being an aggregate subscription amount of \$5,504,688
Tranche 3 Shares	5,169,892 Shares at an issue price of \$0.355 per share, being an aggregate subscription amount of \$1,835,312
Tranche 4 Shares	49,746,478 Shares at an issue price of \$0.355 per share, being an aggregate subscription amount of \$17,660,000
VWAP	Volume Weighted Average Price
Shareholders	Shareholders of Pluton not associated with Timeone
Subscription Agreement	Agreement which outlines a strategic partnership between Pluton and Timeone and the terms that Timeone will invest approximately \$30 million for an approximate 30% stake in the capital of Pluton.
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value (“NAV”)*

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis (“QMP”)*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 *Capitalisation of future maintainable earnings (“FME”)*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

6 Multiple of Exploration Expenditure ("MEE")

The Past Expenditure method is a method of valuing exploration assets in the resources industry. It is applicable for areas which are at too early a stage of prospectivity to justify the use of alternative valuation methods such as DCF. The Past Expenditure method is often referred to as the Multiple of Exploration Expenditure method.

Past expenditure, or the amount spent on exploration of a tenement, is commonly used as a guide in determining value. The assumption is that well directed exploration adds value to a property. This is not always the case and exploration can also downgrade a property. The Prospectivity Enhancement Multiplier ("PEM") which is applied to the effective expenditure therefore commonly ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- to 3.0 where ore grade intersections or exposures indicative of economic resources are present.



Appendix 3 – Independent Valuation

Ravensgate



TECHNICAL PROJECT REVIEW

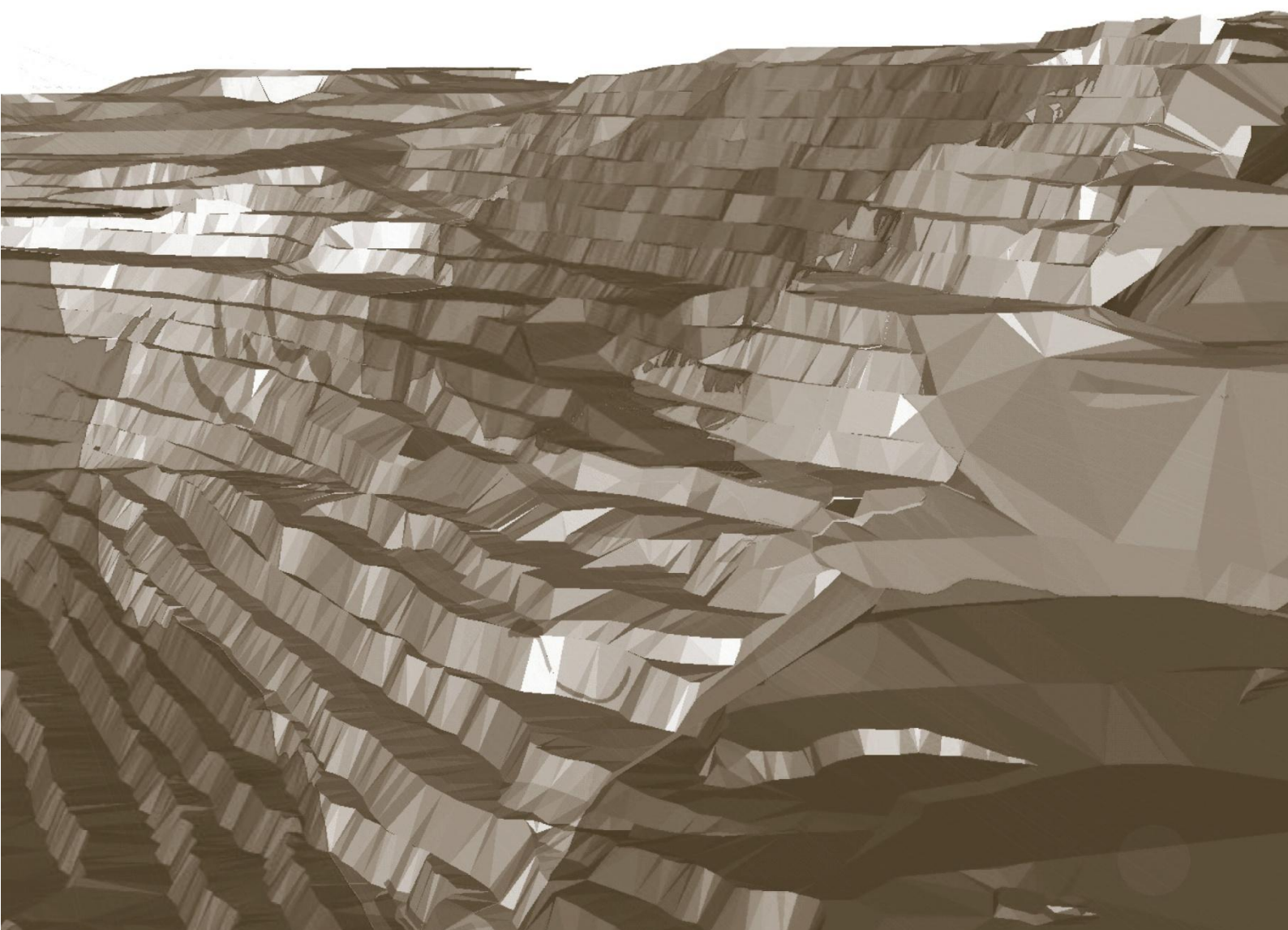
AND

INDEPENDENT VALUATION REPORT

PLUTON RESOURCES LIMITED AUSTRALIAN ASSETS

for

BDO CORPORATE FINANCE (WA) PTY LTD





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TECHNICAL PROJECT REVIEW

AND

INDEPENDENT VALUATION REPORT

PLUTON RESOURCES LIMITED AUSTRALIAN ASSETS

for

BDO CORPORATE FINANCE (WA) PTY LTD

Ravensgate

11 November 2011



TECHNICAL PROJECT REVIEW and INDEPENDENT TECHNICAL VALUATION

Prepared by RAVENSGATE on behalf of:

Pluton Resources Limited and BDO Corporate Finance (WA) Pty Ltd

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1. EXECUTIVE SUMMARY

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by Pluton Resources Limited (Pluton) and BDO Corporate Finance (WA) Pty Ltd (BDO) to provide a Technical Project Review on Pluton's Australian Assets and an Independent Technical Valuation over these Projects. This Technical Project Review and Independent Valuation Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by BDO Corporate Finance (WA) Pty Ltd. The IER will be included in Pluton's notice of meeting and explanatory statement. Pluton's West Australian Projects are currently owned 100% by Pluton. Pluton's Tasmanian Projects have various ownership percentages from 60% to 100% and are detailed in this report. The tenement applications in progress by Pluton have not been included in this valuation of Mineral Assets managed by Pluton Resources Limited. The projects included in this report are listed below with the first project forming the majority of the Technical Project Review.

<u>Mineral Asset</u>	<u>Pluton Ownership %</u>
• Irvine Island (Iron Ore), Western Australia	100%
• Dove River (Gold + Copper), Tasmania	100%
• Cethana (Gold + Copper), Tasmania	60%

Pluton's Projects are located in the States of Western Australia and Tasmania, Australia. The Irvine Island Project in Western Australia is the most advanced of the company's projects with previous Mineral Resource Estimates and a Pre-Feasibility Mining Study having been completed. Tenement details have been compiled for detailed review and are appended at the end of this report. Further exploration work remains to be carried out in order to help improve geological understanding, to generate or investigate exploration targets and to update Mineral Resources and associated ongoing economic studies (where defined and as further work progresses) within the various projects. Ravensgate's considered opinion is that the projects are of merit and worthy of further exploration.

The valuation presented in this report was completed on behalf of Pluton Resources Limited and BDO Corporate Finance (WA) Pty Ltd. The valuation has been completed with information provided by and with the full support of Pluton. The applicable valuation date is 10 November 2011. The Mineral Assets within Pluton's projects vary from Exploration Areas through to Pre-Development Projects. A reported Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been defined for the Irvine Island project. The Mineral Resource Estimates at various % Fe lower cut-offs carried out by AMC Consultants Pty Ltd in June and November 2011 for the Pre-Development Project Irvine Island is reproduced below (Table 1). Further discussion of resource estimation and other project details for Irvine Island are described within the main body of this report. Competent Person statements are listed in Section 2.5.



Table 1 Irvine Island 2011 Summary Mineral Resource Estimates (Burrows, 2011b)									
Hardstaff Peninsula, Yampi Member Mineral Resource									
Classification	COG Fe (%)	Tonnes (Mt)	Total Wt Rec* (%)	Total Mineralisation			Magnetite Mineralisation		
				Fe (%)	SiO ₂ (%)	LOI at 950°C (%)	Wt Rec by DTR (%)	Fe by DTR (%)	SiO ₂ by DTR (%)
Indicated	10	175	38.6	33	45.5	1.2	29.3	69	3.6
Hardstaff Peninsula, Wonganin Sandstone Mineral Resource									
Classification	COG Fe (%)	Tonnes (Mt)	Total Wt Rec* (%)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)	LOI at 950°C (%)
Indicated	-	368	19.7	21	61.0	4.20	0.09	0.032	1.9
Isthmus Region, Yampi Conglomerate Member Mineral Resource									
Classification	COG Fe (%)	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)		LOI at 950°C (%)
Inferred	-	17	32	44.4	5.3	0.04	0.03		1.3

Note: The summary Mineral Resource statement has been compiled to an appropriate level of precision and minor rounding errors may occur.

All Mineral Resources have been rounded to the nearest 1 million tonnes

COG (Cut-off grade)

Hardstaff Yampi Member: Total weight recovery includes both magnetite and hematite mineralisation where a 50% recovery has been assumed for hematite.

Ravensgate carried out a site visit to Irvine Island in producing this report on the 7th September 2011. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made without including a site inspection of the other Tasmanian projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded that all of the Australian Projects are of technical merit and are worthy of conducting further review and exploration.

A summary of the Australian project valuations in their respective ownership percentage terms is provided in Table 2 below. The applicable valuation report date is 10 November 2011 and is derived from an analysis of the resource bases in conjunction with the Multiples of Exploration Expenditure, Joint Venture Terms and Comparable Transactions valuation methods. The value of Pluton's listed Projects is considered to lie in a range from \$71.51M to \$136.78M, within which Ravensgate has selected a preferred value of \$112.25M.



Table 2 Pluton - Project Technical Valuation Summary for Australian Projects

Project	Mineral Asset	Ownership 100%	Valuation		
			Low \$M	High \$M	Preferred \$M
Irvine Island	Pre-Development	100%	70.22	135.03	110.72
Dove River	Exploration Area	100%	0.71	0.98	0.84
Cethana	Exploration Area	60%	0.59	0.77	0.68
Combined Projects	All listed projects	60 & 100%	71.51	136.78	112.25

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

2. INTRODUCTION

2.1 Terms of Reference

Corvidae Pty Ltd ATF Ravensgate Unit Trust T/As Ravensgate (Ravensgate) has been commissioned by Pluton Resources Limited (Pluton) and BDO Corporate Finance (WA) Pty Ltd (BDO) to provide a Technical Project Review and an Independent Technical Valuation over Pluton's exploration assets consisting of their Australian mineral assets. Pluton's Australian Iron Ore and Gold+Copper mineral assets consist of the following projects:

- Irvine Island;
- Dove River; and
- Cethana;

The Technical Project Review and Independent Valuation Report was prepared by Ravensgate for inclusion in the Independent Expert's Report (IER) prepared by BDO Corporate Finance (WA) Pty Ltd. The IER will be included in Pluton's notice of meeting and explanatory statement. The Australian projects apart from the tenements that make up the Cethana Joint Venture are currently owned 100% by Pluton. Tenement applications currently in progress (i.e. pending) by Pluton have not been included in this valuation of Mineral Assets owned by Pluton Resources Limited. Ravensgate understands that all the project tenements in Australia are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

The objective of this report is to firstly provide a Technical Project Review of the Mineral Resource Estimates for Pluton's Australian Assets. The second objective of this report is to provide a VALMIN compliant valuation and technical assessment of the projects. The work has been commissioned by Pluton Resources Limited (Pluton) and Corporate Finance (WA) Pty Ltd (BDO). The Report will be included in the IER and notice of meeting and explanatory statement and may be distributed to shareholders or investors in the form and context in which it appears within that report.

Ravensgate carried out a site visit to Irvine Island in producing this report. The site visit was undertaken by Mr Sam Ulrich, Principal Consultant (Geologist) of Ravensgate on the 7th September 2011. Mr Ulrich was accompanied by Mr Anson Griffith, Project Manager for Pluton Resources Limited. As part of the site visit Ravensgate completed a review of the project technical aspects, including previous work, geology, resource estimation, planned exploration and exploration potential in order to assist in the valuation. Ravensgate is of the opinion that on limited review, the site visit reasonably covered all significant areas for the purposes of this report. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made without including a site inspection of the other Tasmanian projects and is of the opinion that no significant additional benefit would have been gained through a site visit to these areas at this stage. Ravensgate has concluded that all of the



Australian Projects are of technical merit and are worthy of conducting further review and exploration.

Pluton Resources Limited will rely upon this report to separately assist in forming an opinion about the value of the mineral rights in relation to consideration of project status or acquisition. This report does not provide a valuation of Pluton as a whole, nor does it make any comment on the fairness and reasonableness of any proposed transaction between any two companies. The conclusions expressed in this Technical Project Review and Independent Technical Valuation are valid as at the Valuation Date (10 November 2011). The review and valuation is therefore only valid for this date and may change with time in response to changes in economic, market, legal or political factors, in addition to ongoing exploration results. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

This report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The ValMin Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM) in April 2005. The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). The Technical Project Review and Independent Technical Valuation report has been compiled based on information available up to and including the date of this report.

2.2 Qualifications, Experience and Independence

Ravensgate was established in 1997 and specialises in resource modelling and resource estimation services. The company has worked for major clients globally, including Freeport at Grasberg Mine, Ok Tedi Gold Mine in Papua New Guinea, Goldfields in Ghana, BHP in Western Australia and many junior resource companies which are ASX (Australian Stock Exchange), TSX (Toronto Stock Exchange) or AIM (London Stock Exchange) listed companies. Ravensgate has focused upon providing resource estimations, valuations, and independent technical documentation and has been involved in the preparation of Independent Reports for Canadian, Australian, United States and United Kingdom listed companies.

Author: Stephen Hyland, Principal Consultant and Director. BSc Geology, FAusIMM, CIMM, GAA, MAICD.

Stephen Hyland has had extensive experience of over 25 years in exploration geology and resource modelling and has worked extensively within Australia as well as offshore in Africa, Eastern and Western Europe, Central and South East Asia, modelling base metals, gold, precious metals and industrial minerals. Stephen's extensive resource modelling experience commenced whilst working with Eagle Mining Corporation NL in the diverse and complex Yandal Gold Province where for three and half years he was their Principal Resource Geologist. The majority of his time there was spent developing the historically successful Nimary Mine. He also assisted the regional exploration group with preliminary resource assessment of Eagle's numerous exploration and mining leases. Since 1997, Stephen has been a full time consultant with the minerals industry consulting firm Ravensgate where he is responsible for all geological modelling and reviews, mineral deposit evaluation, computational modelling, resource estimation, resource reporting for ASX / JORC and other regulatory compliance areas. Primarily, Stephen specialises in Geological and Resource Block Modelling generally with the widely used MEDSystem / MineSight® 3D mine-evaluation and design software. Stephen Hyland holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101.

Co-author: Sam Ulrich, Principal Consultant. BSc (Hons) Geology, GDAppFin, MAusIMM, FFin.

Sam Ulrich is a geologist with over 14 years experience in near mine and regional mineral exploration, resource development and the management of exploration programs. He has worked in a variety of geological environments in Australia, Indonesia, Laos and China primarily



in gold, base metals and uranium. Prior to joining Ravensgate Sam worked for Manhattan Corporation Ltd a uranium exploration and resource development company in a senior management position. Mr Ulrich holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia.

Peer Reviewer: Jason McNamara, Principal Consultant - Resources. BSc Geology, MAusIMM.

Jason McNamara is an Associate of Ravensgate. As a Principal Consultant he carries out work for Mineral Resource estimations, Independent Technical Valuations, Independent Geologist Report's and Formal Technical Project reviews over a range of commodities. He has a broad skill base with over 18 years international mining industry experience in operational project exploration, resource estimation, grade control and senior management roles. Jason has worked for both junior and larger ASX listed companies, encompassing open-cut operations and evaluations in Africa, Europe and Australasia. Competent Person sign-off was undertaken for MMG's Sepon Gold and Copper Resources in Laos. Jason McNamara holds the relevant qualifications and professional associations required by the ASX, JORC and ValMin Codes in Australia.

2.3 Disclaimer

The Authors of this report, are not, nor intend to be, a director, officer or other direct employee of Pluton Resources Limited, and have no material interest in the projects Pluton Resources Limited. Ravensgate holds nil interest or shareholdings in Pluton Resources Limited. The relationship with Pluton Resources Limited and BDO Corporate Finance (WA) Pty Ltd is solely one of professional association between client and independent consultant. Ravensgate's professional fees are based on time charges for work actually carried out, and are not contingent on any prior understanding concerning the conclusions to be reached. Fees arising from the preparation of this report are charged at Ravensgate's standard rates and are in the order of \$40,000 to \$50,000. Neither Ravensgate nor any of its employees or associates is an insider, associate or affiliate of Pluton Resources Limited or any associated company. The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report. This Report has been compiled based on information available up to and including the date of this Report.

2.4 Principal Sources of Information

The principal sources of information used to compile this report comprise technical reports and data variously compiled by Pluton Resources Limited (Pluton) and their partners or consultants, publically available information such as ASX releases, government reports and discussions with Pluton's technical and corporate management personnel. With the consent of Pluton, other general report contents describing the regional geology, historical exploration and current exploration has been reproduced verbatim from a number of Pluton internal and publically available reports. A listing of the principal sources of information is included in the references attached to this report. All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based. A final draft of this report was also provided to Pluton, along with a request to identify any material errors or omissions prior to final submission.

2.5 Competent Person Statements

The information in this report that relates to the Mineral Resources and Ore Reserves as described in Sections 3.6.1 and 3.6.2 has been reviewed by the nominated competent persons, Mr Rod Webster and Mr Colin Sprott respectively. Below are the competent persons statements.

The information in this report that relates to mineral resource estimates for the Irvine Island Iron Ore - Hardstaff Peninsula deposit (Sections 3.6.1.1 and 3.6.1.2) and the Irvine Island Iron Ore - Isthmus Region deposit (Section 3.6.1.3), is based on information compiled by Miss T L



Burrows, who is a Member of the Australian Institute of Geoscientists and Mr R L Webster, who is a Member of The Australasian Institute of Mining and Metallurgy, both are full-time employees of the AMC Consultants Pty Ltd. Mr Webster has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Webster consents to the inclusion in the report of the matters based on his information and to the form and context in which it appears.

The information in this report relating to Ore Reserves - Hardstaff Peninsula (Section 3.6.2), is based on information compiled by Mr C Sprott. Mr Sprott is a Member of The Australasian Institute of Mining and Metallurgy, and is a full time employee of AMC Consultants Pty Ltd. Mr Sprott has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sprott consents to the inclusion in the report of the matters based on his information and to the form and context in which it appears.

2.6 Background Information

The projects discussed in this report are located in Western Australia and Tasmania, Australia. A locality map of the Irvine Island project is presented in Figure 1 and the Tasmanian Dove River and Cethana projects in (Figure 2) below. A summary of the tenement details is listed in Table 13 at the end of this report. Report file references and a glossary of terms are also included at the end of this report. Ravensgate understands that all the project tenements in Western Australia and Tasmania are held in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so. Geological understanding, exploration history and mineralisation potential are further discussed for each project in subsequent sections. The Technical Project Reviews are outlined in Sections 3, 4, and 5 for Irvine Island Iron Ore Project, Dove River Gold and Copper Project and Cethana Gold and Copper Project respectively. The Independent Valuation of the Pluton's projects is outlined in Section 6 onwards.

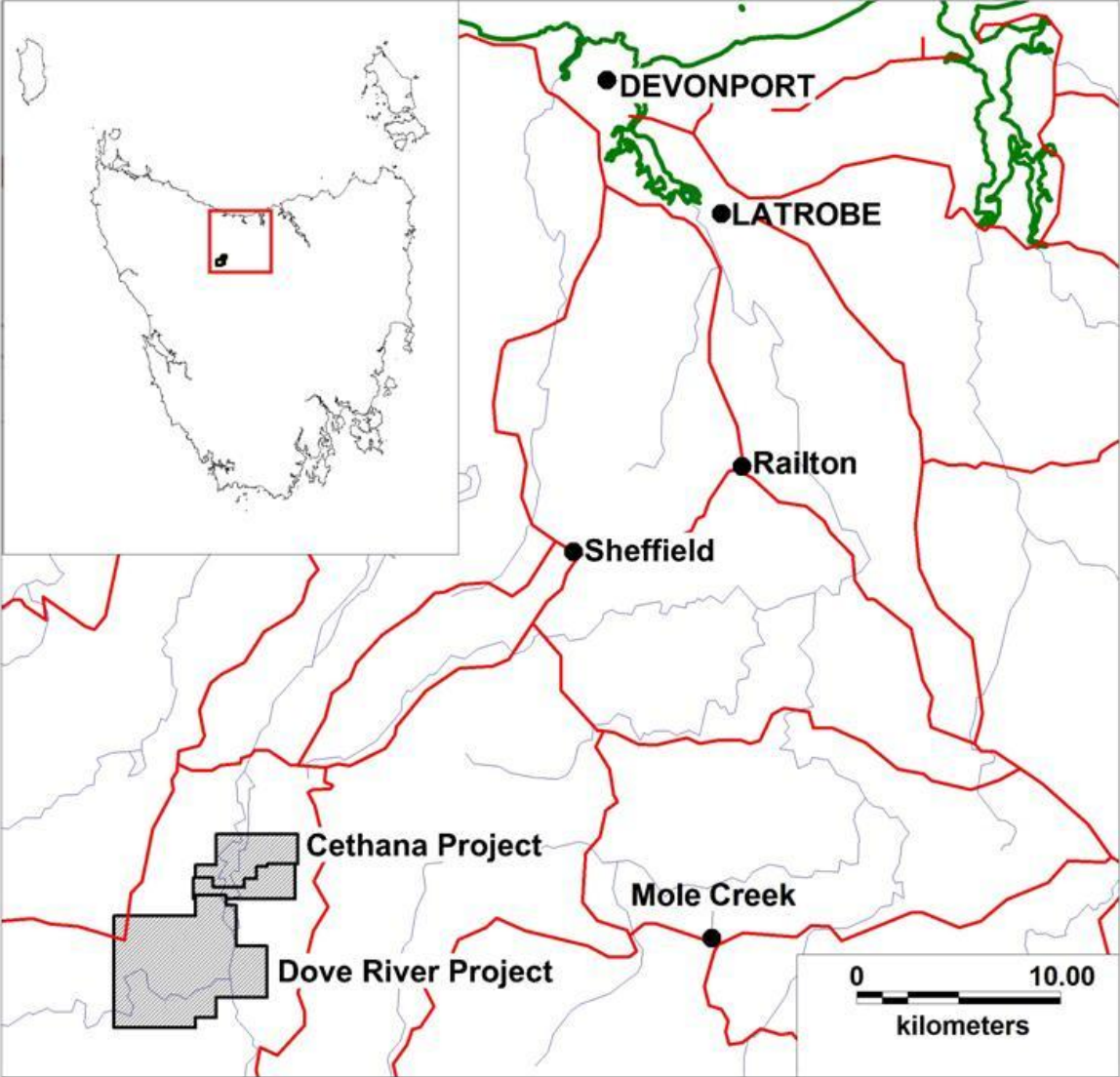


Figure 1 Locality Map of the Irvine Island Iron Ore Project





Figure 2 Locality Map of the Tasmanian Dove River and Cethana Projects





3. IRVINE ISLAND IRON ORE PROJECT, WESTERN AUSTRALIA

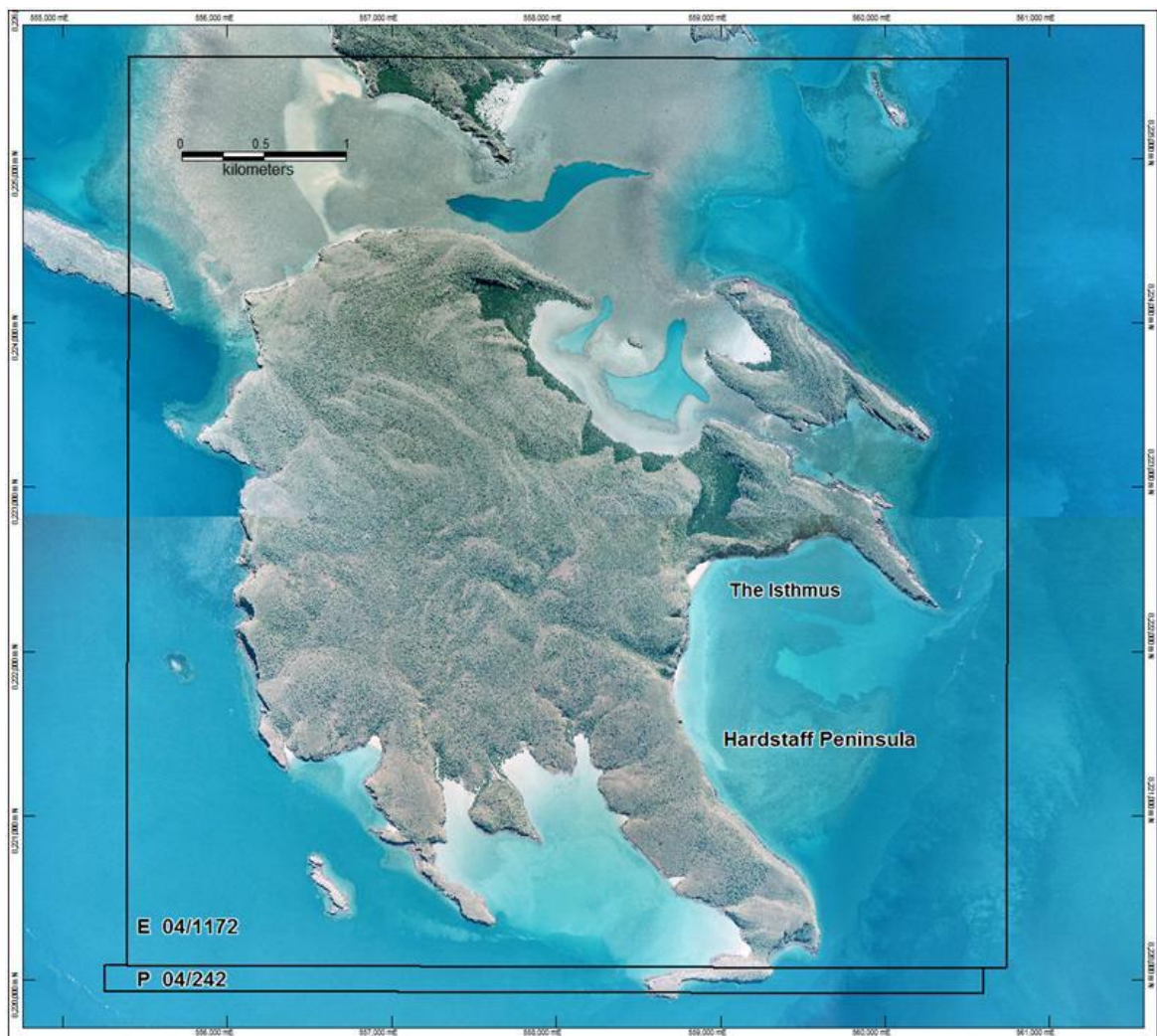
3.1 Introduction and Location

Irvine Island is approximately 3km x 3km in size. It is located within the Buccaneer Archipelago and Collier Bay of north west Australia, approximately 250km northeast of Broome and 4km west of Cockatoo Island located at 123.54° East and 16.08° South.

3.2 Tenure and Physiography

The Irvine Island project is comprised of two tenements E04/1172 and P04/242 covering approximately 30.54km², tenement details can be found in Table 13. At present Pluton have a mining lease application (MLA04/452) in progress.

Figure 3 Pluton Resources Limited Tenement Location Plan - Irvine Island Project





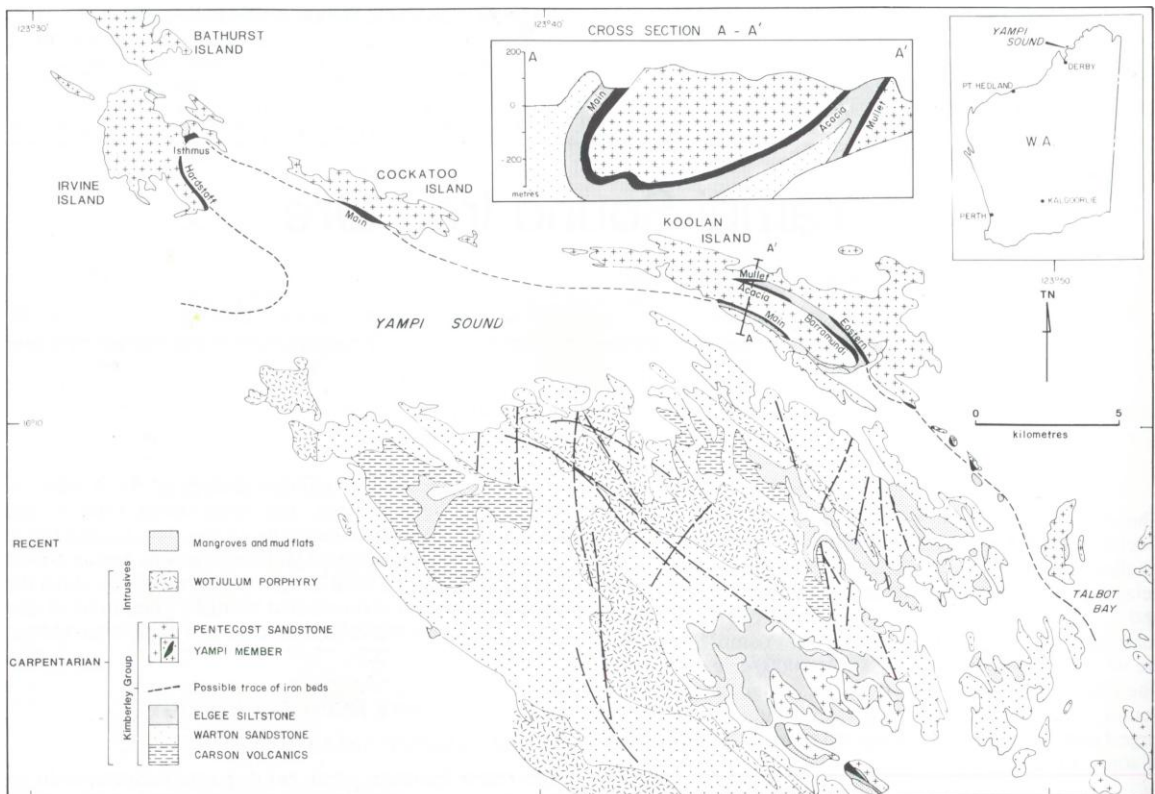
3.3 Geology and Mineralisation

The geology of Irvine Island forms part of the Kimberley basin sequence. The Kimberley Basin Sequence and underlying Hooper Complex are deformed into typically open to tight northwest folds and associated thrusts of the King Leopold Orogen.

Geological units on Irvine Island (Table 3) are comprised of the Elgee siltstone disconformably overlain by the Yampi Formation hematitic sandstone and conglomerate. The Yampi Member is the lowermost unit within the Yampi Formation. This unit contains a majority of the concentrated iron mineralisation. The Yampi Member is the unit that is mined for iron ore on the nearby Cockatoo and Koolan Islands (Figure 4).

Table 3 Stratigraphy of Irvine Island		
Kimberley Group	Wonganin Sandstone (Previously Pentecost Sandstone)	White sandstone, often feldspathic, minor hematite sandstone and phyllic horizons. Intercalated sandstone and siltstone contains ferruginous zone
	Sandfly Schist / Yampi Siltstone	Fine grained phyllic schist
	Yampi Member	Interbedded hematite bearing sandstone and quartz, iron pebble conglomerate
Discontinuity		
Kimberley Group	Elgee Siltstone	Alternating thin well bedded mudstones and laminated shale

Figure 4 Regional Geology of the Yampi Sound (after Stocklmyer, 1990).





The Elgee Siltstone comprises green/grey to cream coloured metamorphosed siltstone interbedded with black mudstone. The Elgee Siltstone is barren with respect to iron mineralisation.

The Yampi Member disconformably overlies the Elgee Siltstone. It is predominantly comprised of massive to less commonly cross-bedded hematite rich sandstone and channel conglomerate. The conglomerate is comprised of predominantly well rounded to lesser angular pebble to cobble sized quartzite and chert pebbles within hematite and/or magnetite/hematite matrix. Minor pyrite is associated with the magnetite.

The Sandfly Schist is above the Yampi Member and is about 25m thick. It is comprised predominantly of micaceous siltstone with lesser sandstone and conglomerate. It is largely devoid of iron but may contain rare discrete hematite beds.

Above the Sandfly Schist is the Wonganin Sandstone, described as a sequence of typically well bedded, graded and variably cross-bedded quartz-hematite/magnetite sandstone beds. Beds range from infrequent massive hematite up to 80cm thick, to laminated hematite and quartz and silty units <10cm thick.

The Hardstaff Peninsula (Figure 5) is the western limb of a sub-regional anticline. Sedimentary beds on the Hardstaff Peninsula consistently dip from 20-30° to the west and south west. The exposed iron mineralisation at the Isthmus region ("Area") is comprised of the structurally complex hinge zone of this regional anticline (Figure 6). Tight to isoclinal folding of the Isthmus region accommodates thickening of rock units in the hinges of the folds.

Figure 5 *Hardstaff Peninsula*





Figure 6 Isthmus Region



3.4 Exploration History

Iron mineralisation was recognised on the Irvine, Cockatoo and Koolan Islands before World War II, with the war delaying development and shipments from the region until the early 1950s. The islands came under the control of Australian Iron and Steel, later BHP, who mined Cockatoo and Koolan Islands continuously until the 1980s and 1990s respectively. Mining leases were subsequently granted over exposed iron mineralisation on Irvine Island, with exploration tracks being bulldozed and a camp established. BHP exited Irvine Island before conducting any drilling or mining.

The work conducted by BHP on Irvine Island is poorly documented. BHP samples retrieved across the island focussed on the outcropping iron mineralisation exposed on the eastern side. Mineralised rocks along the foreshore on the eastern side of Hardstaff Peninsula assayed at about 45% Fe for hematitic conglomerate and up to 65% Fe for mixed conglomerate and sandstone.

BHP also held mining licences over the Isthmus Region and completed grab sampling and geological mapping. Grades from the sampling program varied from 51.3% Fe for quartz pebble conglomerates to 67.2% Fe for hematitic sandstone.

3.5 Current Exploration 2008 - 2011

2008

Exploration drilling for iron ore was undertaken using diamond drilling rigs on both, Hardstaff Peninsula and the Isthmus Region. A total of six vertical holes were drilled at Hardstaff for 1,167m. One hole was completed in the Isthmus Region for 74m.

2009

In February Snowden Mining Consultants (Snowden) completed an initial Inferred Mineral Resource estimate in accordance with the JORC Code 2004 was estimated to be 13Mt @ 54.4% Fe at a nominal 50% Fe cut-off grade within the Yampi Member.

The CSIRO in Brisbane was engaged to complete characterisation and beneficiation test work and determined that the iron mineralisation was suitable to be beneficiated to produce a marketable iron concentrate.

In September AMC Consultants Pty Ltd (AMC) reassessed the Mineral Resource prepared by Snowden with respect to the CSIRO beneficiation results. An upgraded Inferred Mineral Resource estimate reported in accordance with the JORC Code 2004 was estimated to be 54Mt @ 45% Fe at a 30% Fe cut-off grade, within the Yampi Member.



A combined airborne magnetic and radiometric survey was flown over Irvine Island in September 2009 by GPS Surveys.

2010

A total of thirty three (33) holes were drilled on Irvine Island for a total of 6,789.5m. Twenty four (24) were drilled on the Hardstaff Peninsula and nine (9) at the Isthmus Region.

In June 2010 AMC completed an upgraded Inferred Mineral Resource estimate reported in accordance with the JORC Code 2004 of 90Mt @ 46% Fe at a 30% Fe cut-off grade within the Yampi Member. AMC also completed an initial Inferred Mineral Resources estimate in accordance with the JORC Code 2004 of 204Mt @ 23% Fe with no cut-off grade applied, within the Wonganin Sandstone. This resource increase reflected all results from 13 of the 33 drill holes completed in 2010.

In September 2010 AMC upgraded the Inferred Mineral Resource estimates within the Yampi Member and Wonganin Sandstone reported in accordance with the JORC Code 2004 to 103Mt @ 45% Fe at a 30% Fe cut-off grade and 349Mt @ 21% Fe, without a cut-off grade respectively. This was again upgraded in December to 107Mt @ 44% Fe at a 30% cut-off grade and 376Mt @ 21% Fe with no cut-off grade. This resource increase reflected the results of all the additional drilling undertaken in 2010.

2011

Diamond drilling is continuing at Irvine Island at the Hardstaff Peninsula and Isthmus Region. In April AMC completed a further Mineral Resource estimate upgrade reported in accordance with the JORC Code 2004 to 153Mt @ 34% Fe (Indicated) and 21Mt @ 33% Fe (Inferred) at a 10% Fe cut-off within the Yampi Member, and 337Mt @ 21% Fe (Indicated) and 36Mt @ 21% (Inferred) with no cut-off grade in the Wonganin Sandstone. A maiden Mineral Resource estimate was completed and reported in accordance with the JORC Code 2004 of 17Mt @ 32% Fe with no cut-off grade from within the Yampi Member in the Isthmus Region. The resource update at the Hardstaff Peninsula reflected additional drilling completed since September 2010 and was part of Pluton's Pre-Feasibility Study.

In November 2011 AMC completed updated Mineral Resource estimates for the Yampi Member and the Wonganin Sandstone on the Hardstaff Peninsula in accordance with the JORC Code 2004. The updated Mineral Resource estimates for the Yampi Member at a minimum 10% Fe cut-off is 175Mt @ 33% Fe (Indicated), and for the Wonganin Sandstone with no cut-off grade is 368Mt @ 21% Fe (Indicated).

3.6 Project Potential and Mineral Resource Estimate

Note Competent Person statements for Mineral Resource estimates and Ore Reserves are listed in Section 2.5.

3.6.1 Irvine Island Resource Estimates

In 2011 AMC Consultants Pty Ltd (AMC) completed updated Mineral Resource estimations for the Hardstaff Peninsula, Yampi Member (Section 3.6.1.1) and the Hardstaff Peninsula, Wonganin Sandstone (Section 3.6.1.2). AMC also completed a maiden Inferred Mineral Resource estimate for the Isthmus Region, Yampi Conglomerate Member (Section 3.6.1.3). All Mineral Resources have been estimated in accordance with the JORC Code 2004.

Ordinary Kriging (OK) interpolation method has been used to estimate all assayed fields except loss on ignition (LOI950) where nearest neighbour (NN) was used.

Domaining defining localised mineralisation and stratigraphic geometry was used in the grade estimation. Assayed samples were constrained within each lithological horizon and also within the hard boundaries generated by the interpreted mineralisation shells. Only samples within each of the specified domains could be used to estimate the block grades. The estimated fields LOI950 and the Davis Tube Recovery (DTR) were constrained by the interpreted lithological boundaries only.

A regression equation based on the correlation for each lithology has been used to assign the bulk density to each block in the model based on the lithology and estimated block iron grade.

The resource classification criteria is based on continuity of geology, grade and drill density.



3.6.1.1 Hardstaff Peninsula, Yampi Member Mineral Resource

The Mineral Resources for the Hardstaff Peninsula, Yampi Conglomerate Iron Ore deposit (Table 4), reported in accordance with the JORC Code 2004 is:

- Total Indicated Mineral Resource of 175Mt at 33% total iron and 38.6% weight recovery using a minimum 10% total iron cut-off grade. This includes 59Mt at 51% total iron and 55.1% weight recovery above a 50% total iron cut-off.



Classification	COG Fe (%)	Tonnes (Mt)	Total Wt Rec* (%)	Total Mineralisation			Magnetite Mineralisation		
				Fe (%)	SiO ₂ (%)	LOI at 950°C (%)	Wt Rec (%)	Fe by DTR (%)	SiO ₂ by DTR (%)
Indicated >40% Fe (Lens 1)	40	5	49.2	45	32.5	1.2	34.2	69	2.4
Indicated >50% Fe (Lens 2)	50	59	55.1	51	25.6	0.7	37.7	70	1.9
Indicated >30% and <50% Iron (Lens 2)	30	43	39.2	33	47.5	1.0	30.8	69	3.2
Sub Total Indicated (Lens 1 and 2)		107	48.5	43	34.7	0.8	34.8	70	2.5
Indicated >10% and <30% Iron	10	68	23.0	18	62.6	1.8	20.5	68	5.2
Total Indicated	-	175	38.6	33	45.5	1.2	29.3	69	3.6

Notes:

All Mineral Resources have been rounded to the nearest 1 million tonnes

COG (Cut-off grade)

**Total weight recovery includes both magnetite and hematite mineralisation where a 50% recovery has been assumed for hematite.*



3.6.1.2 Hardstaff Peninsula, Wonganin Sandstone Mineral Resource

An Indicated Mineral Resource with no cut-off grade has been estimated for the overlying low grade Wonganin Sandstone (Table 5), which has been reported in accordance with the JORC Code 2004.

- Total Indicated Mineral Resource of 368Mt at 21% total iron.

Classification	COG Fe (%)	Tonnes (Mt)	Total Wt Rec (%)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)	LOI at 950°C (%)
Indicated Wonganin Sandstone	-	368	19.7	21	61.0	4.20	0.09	0.032	1.9

Notes:

All Mineral Resources have been rounded to the nearest 1 million tonnes

No Cut-off grade has been applied to the Wonganin Sandstone Indicated Mineral Resource.

COG (Cut-off grade)

3.6.1.3 Isthmus Region, Yampi Conglomerate Member Mineral Resource

The Mineral Resource for the Isthmus Region, Yampi Conglomerate Member, Isthmus Region Iron Ore Deposit (Table 6), which has been reported in accordance with the JORC Code 2004.

- Inferred Mineral Resource of 17Mt at 32% total iron, no cut-off grade has been applied.

Classification	COG Fe (%)	Tonnes (Mt)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)	LOI at 950°C (%)
Inferred	-	17	32	44.4	5.3	0.04	0.03	1.3

Notes:

All Mineral Resources have been rounded to the nearest 1 million tonnes

COG (Cut-off grade)

No Cut-off grade has been applied to the Yampi Conglomerate.

3.6.2 Irvine Island Reserves

As part of the 2011 Pre-Feasibility Study (PFS) AMC completed a maiden open pit Ore Reserve Estimate (Table 7) for the Hardstaff Peninsula at the Irvine Island Project in accordance with the JORC Code 2004.



Table 7 Ore Reserve Statement, Hardstaff Peninsula, Irvine Island

Classification		Tonnes (Mt)	Total Wt Rec (%)	Mineralisation						Magnetite Wt Rec (%)	Hematite Wt Rec (%)
				Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	S (%)	P (%)	LOI at 950°C		
Probable	Yampi	51	40	38	42.1	1.7	0.1	0.03	0.9	27	14
Probable	Wonganin	93	22	23	57.9	3.7	0.1	0.03	1.9	11	11
Total		143	28	28	52.3	3.0	0.1	0.03	1.5	17	12

Notes for Table 7: The Ore Reserve Estimate is based on Indicated Mineral Resources contained within mine designs above an economic cut-off. The economic cut-off is based on the value of each minable block incorporating the processing, grade control, rehabilitation, and ore rehandle costs. The figures presented were rounded and include mining dilution and ore loss.

The Ore Reserve Estimate has been derived as a result of a pre-feasibility mining study prepared to a level of accuracy with estimates prepared within $\pm 30\%$. The mining study is based on an operation and associated higher costs for processing a final concentrate product on Irvine Island A mine design, production and cash flow schedules were prepared. The economic assessment achieved a positive cash flow for a range of downside sensitivities, of both prices and costs. All Fe prices were supplied by Pluton Resources and based upon the Macquarie Commodities Research (18 May 2011), and pricing outlook prepared by Ferrum Consultants. Capital and operating costs for processing were provided together with Port, G&A by Pluton and Calibre Projects. Costs and modifying factors used in the mining study assume mining by conventional open pit methods utilising hydraulic excavators and haul trucks. Modifying factors applied include mining dilution (5%) and ore loss of (5%). A cut-off grade of 15% Fe was applied to the Wonganin Sandstone. No cut-off grade was applied to the Yampi Member. The schedule is based on a maximum plant feed rate of 17.0 Mtpa with the expected project life of over 10 years. The project remains subject to environmental approval. Wt Rec = Weight recovery of ore to final concentrate product if the ROM was processed to a final concentrate as per design at Irvine Island as provided by Calibre Projects.



3.6.3 Irvine Island Project Potential

Ravensgate considers the Irvine Island project of merit and worthy of further exploration and studies. The work done to date has identified significant Mineral Resources and Ore Reserves in accordance with the guidelines of the JORC code (2004) at the Isthmus Region and the Hardstaff Peninsula within the Yampi Member and Wonganin Sandstone. Exploration and development has been concentrated on these prospects, with only a small amount of reconnaissance exploration having been completed in surrounding areas of Irvine Island so far.



4. DOVE RIVER PROJECT, TASMANIA

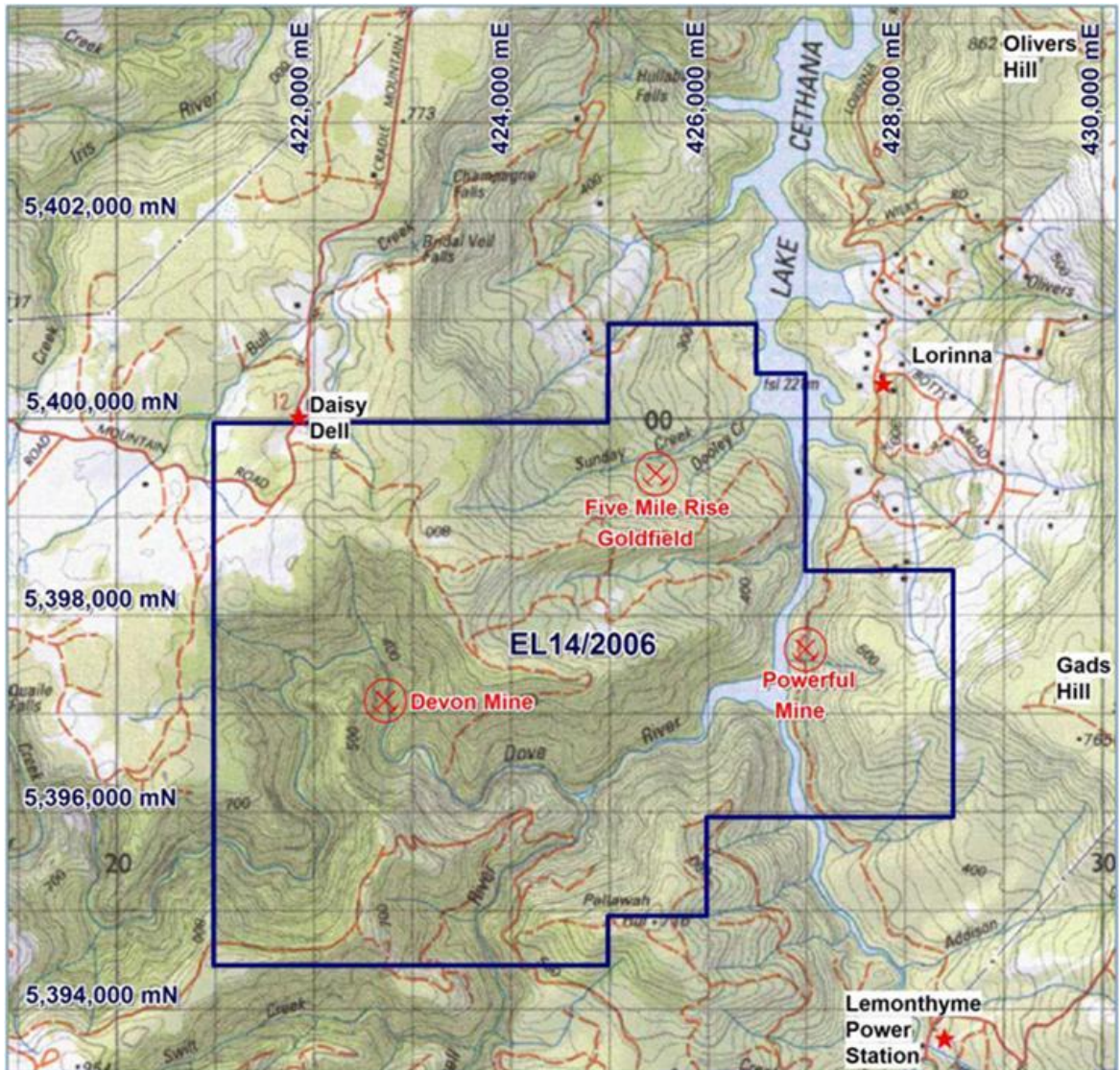
4.1 Introduction

The Dove River project is 100% owned by Pluton and located 35km south of the township of Sheffield and about 60km from port facilities at Devonport, located at 146.01° East and 41.57° South, it covers approximately 36.5km². The project is located within the Mt Read Strategic Prospectivity Zone, which provides security of exploration tenure by way of compensation of reasonable cost of work conducted (or Mineral Resource defined) if a change in the tenements land status results in the licence being revoked.

4.2 Tenure and Physiography

The Dove River project is contained within one tenement EL14/2006. Tenement details can be found in Table 13. The topography of the licence area is variable with a dissected plateau on the north of the licence and deeply incised creeks and partially flooded deep gorges of the Dove and Forth River valleys in the south (Figure 7).

Figure 7 Pluton Resources Limited Tenement Location Plan - Dove River Project





4.3 Geology and Mineralisation

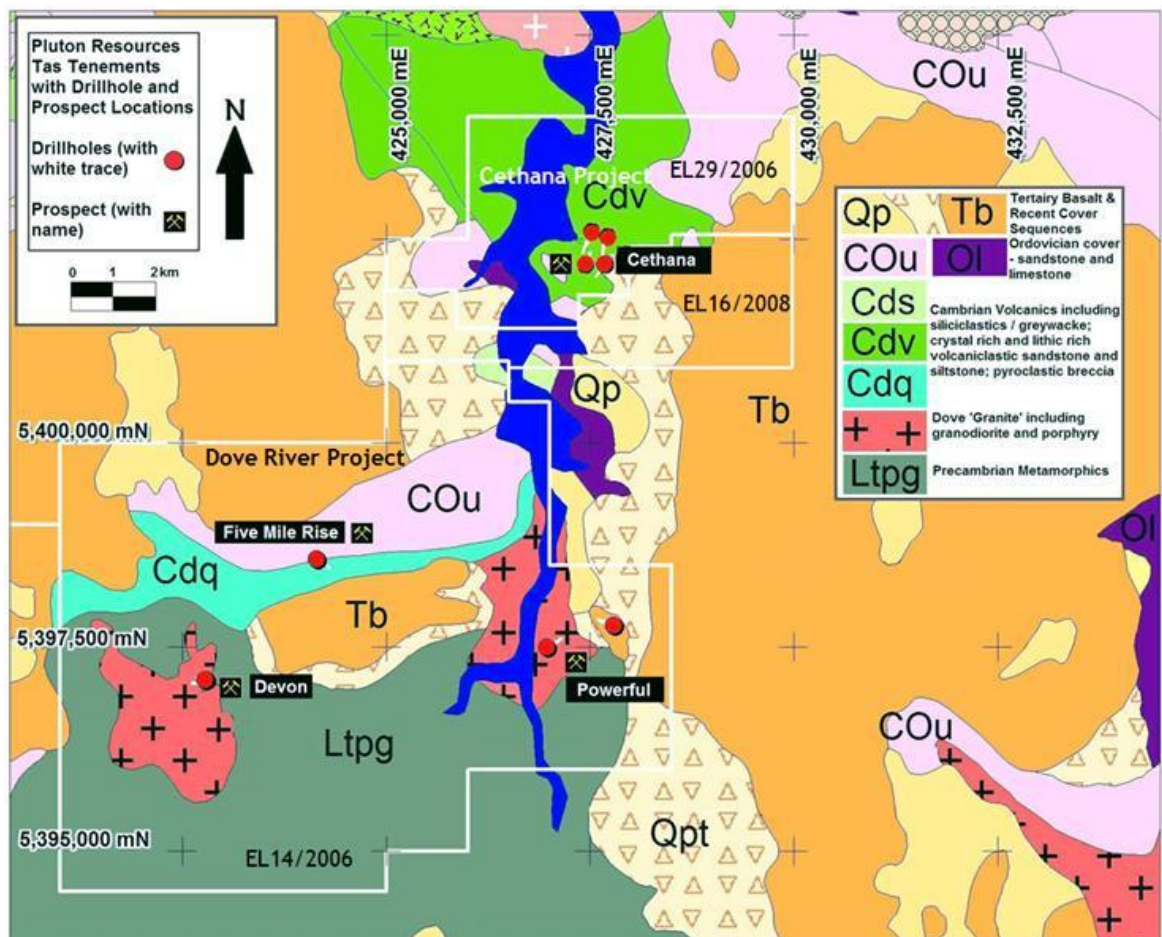
The Dove River licence is contained within the northern portion of the circa 500Ma Cambrian Mt Read Volcanic Belt (MRV). The MRV is comprised of mainly acid and lesser mafic volcanic and associated intrusive rocks (Figure 8). The MRV unconformably overlies Proterozoic metasedimentary rocks and, itself is unconformably overlain by Cambro-Ordovician siliciclastics and limestones. Rocks to the north of the Dove River licence are intruded by the Devonian Dolcoath Granite.

Palaeozoic and Proterozoic rocks may be covered by remnants of Permian sedimentary rocks and there is a veneer of variable thickness of Tertiary basalt, sedimentary rocks and sediments.

The Mt Read Volcanic Belt is highly mineralised. It contains numerous and sometimes very large polymetallic volcanic hosted massive sulphide (VHMS) deposits, for example Hellyer, Que River and Rosebury and other volcanogenic porphyry-VHMS hybrid copper-gold deposits, for example Mt Lyell and Henty.

The Dove River area is dominated by Proterozoic schists in the south with younger Cambrian, Ordovician and Tertiary rocks typically progressively exposed northwards.

Figure 8 Geology of the Dove River Project Area





4.4 Exploration History & Historical Mining

4.4.1 Historical Mining

The Dove River licence area has been prospected for gold and silver-lead since the late 19th Century. Gold was mined from the Five Mile Rise goldfield and silver-lead was mined from the Devon mine.

The Five Mile Rise goldfield comprises six prospects, the Great Caledonian, Glynn, Thistle, Golden Hill, golden Cliff and Union Mines, all of which were developed between 1887 and 1901. All of these prospects apart from the Great Caledonian were accessed by adits, whereas the Great Caledonian was accessed by a shaft. All the lodes in the goldfield are interpreted to occupy small faults. Historic grades and production are not well documented.

The Devon Mine was mined for galena from 'clean' 7 to 40cm wide veins producing high grade handpicked argentiferous lead from circa 1898 sporadically through to 1913. Appreciable gold and copper grades accompanied the lode material, with grades up to 20g/t gold from gossanous material. Historical production has been estimated at 573 tonnes of galena ore.

The Powerful Mine, mined a lode comprised of quartz, specular hematite and pyrite within granite. Based on samples taken, gold and silver was observed to be also associated with the lode material.

4.4.2 Modern Exploration History

Modern exploration began in the area in 1965. Exploration in the Dove River Licence area has largely focussed on locating tin, tungsten or fluorine mineralisation. Little or no tin or tungsten mineralisation was identified. Some gold exploration has been undertaken in the Five Mile Rise area. The previous exploration history in the Dove River Project area is summarised below in Table 8.



Table 8 Exploration History - Dove River Project Area

Date	Company	Findings
1965-1971	Mt Lyell Mining and Railway Company Ltd	They undertook an aeromagnetic survey and a regional stream sediment survey for tin, copper and zinc. A number of anomalous areas were recommended for follow up. This included soil sampling and ground magnetic surveys.
1973	Freeport	Freeport completed stream sediment and rock chip sampling. They located significant copper anomalism in the stream sediments.
1974-1979	Comalco	Comalco completed stream sediment sampling, rock chip sampling, collection of colour airphotos, a reassessment of airborne magnetic, geological mapping and selected areas were soil sampled, and had ground magnetic and induced polarisation surveys carried out.
1980-1984	Shell	Joint ventured into the area with Comalco. They undertook stream sediment sampling, helicopter borne magnetic survey and drilled one percussion hole.
1985	CRA Exploration	Became managers of the three way joint venture. Completed a reconnaissance stream sediment survey and reprocessed and interpreted Shell's magnetic data.
1989-1990	RGC	RGC reassessed the past geophysical programs and conducted a program of stream sediment and rock chip sampling. They also completed a soil survey in the Five Mile Rise area.
1996-1997	Rio Tinto Exploration	Rio Tinto completed some stream sediment and panned concentrate samples. The Five Mile Rise area was anomalous in gold and lead.

4.5 Current Exploration 2006 - 2010

2006-2007

During 2006 to 2007, Pluton completed a regional rockchip sampling program, three diamond drill holes were completed for ~1,177m, with one hole completed at the Five Mile Rise prospect and two holes completed at the Powerful prospect. A program was undertaken that systematically sampled the historical Devon Mine workings.

2008

Exploration completed in 2008 consisted of reconnaissance rock chip sampling to ground truth historical mapping. Two diamond drill holes for ~430m were completed at the Devon Prospect. Pluton reinterpreted RGC's Five Mile Rise soil survey.

2009

Pluton focused on petrological examination, geochemistry and prospectivity analysis on a range of samples collected from drill core and from previous rock chip sampling.



2010

Pluton revisited Five Mile Rise prospect area collecting more rock chip samples for petrological examination, geochemistry and prospectivity analysis. A consultant was engaged to assess the area in terms of porphyry-skarn alteration systems. The consultant identified multiple, crosscutting hydrothermal features, which are a characteristic of economic porphyry systems and alteration zones, which provide reasonable evidence for porphyry mineralisation at Five Mile Rise.

4.6 Project Potential

The Dove River Gold and Copper Project can be classified as an 'Exploration Area' mineral asset where a Mineral Resource has not been estimated. The project is at an early stage of exploration, with a number of targets identified by geological mapping and rock chip sampling. The commodity item of interest for exploration is primarily gold and copper porphyry style mineralisation. Ravensgate considers the project is of merit and worthy of further exploration and studies.



5. CETHANA PROJECT, TASMANIA

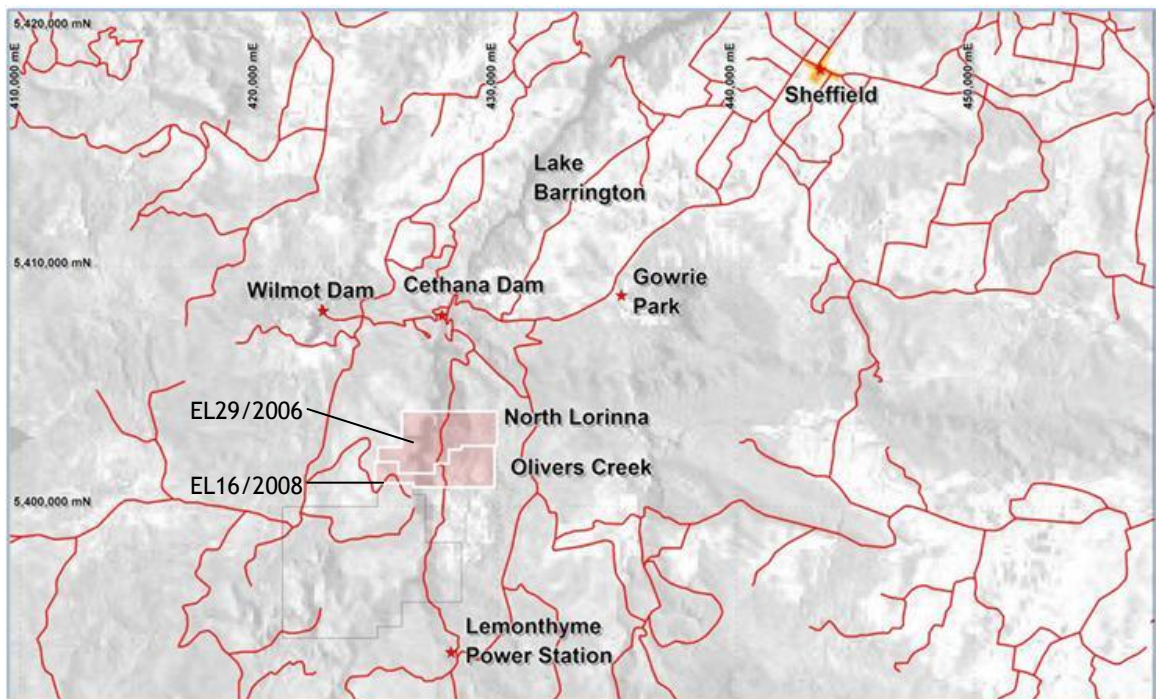
5.1 Introduction

The Cethana project is a joint venture that Pluton has a 60% interest in. Pluton manages the joint venture. The project is located 25km southwest of the township of Sheffield and about 60km from port facilities at Devonport, located at 146.14° East and 41.53° South. It covers approximately 14km². The project is located within the Mt Read Strategic Prospectivity Zone, which provides security of exploration tenure by way of compensation of reasonable cost of work conducted (or Mineral Resource defined) if a change in the tenements land status results in the licence being revoked.

5.2 Tenure and Physiography

The Cethana project comprises of two licences EL29/2006 and EL16/2008 (Figure 9), tenement details can be found in Table 13. The topography of the licence is variable with a relatively flat area in the centre of the licence area and Lake Cethana covering the incised topography.

Figure 9 Pluton Resources Limited Tenement Location Plan - Cethana Project



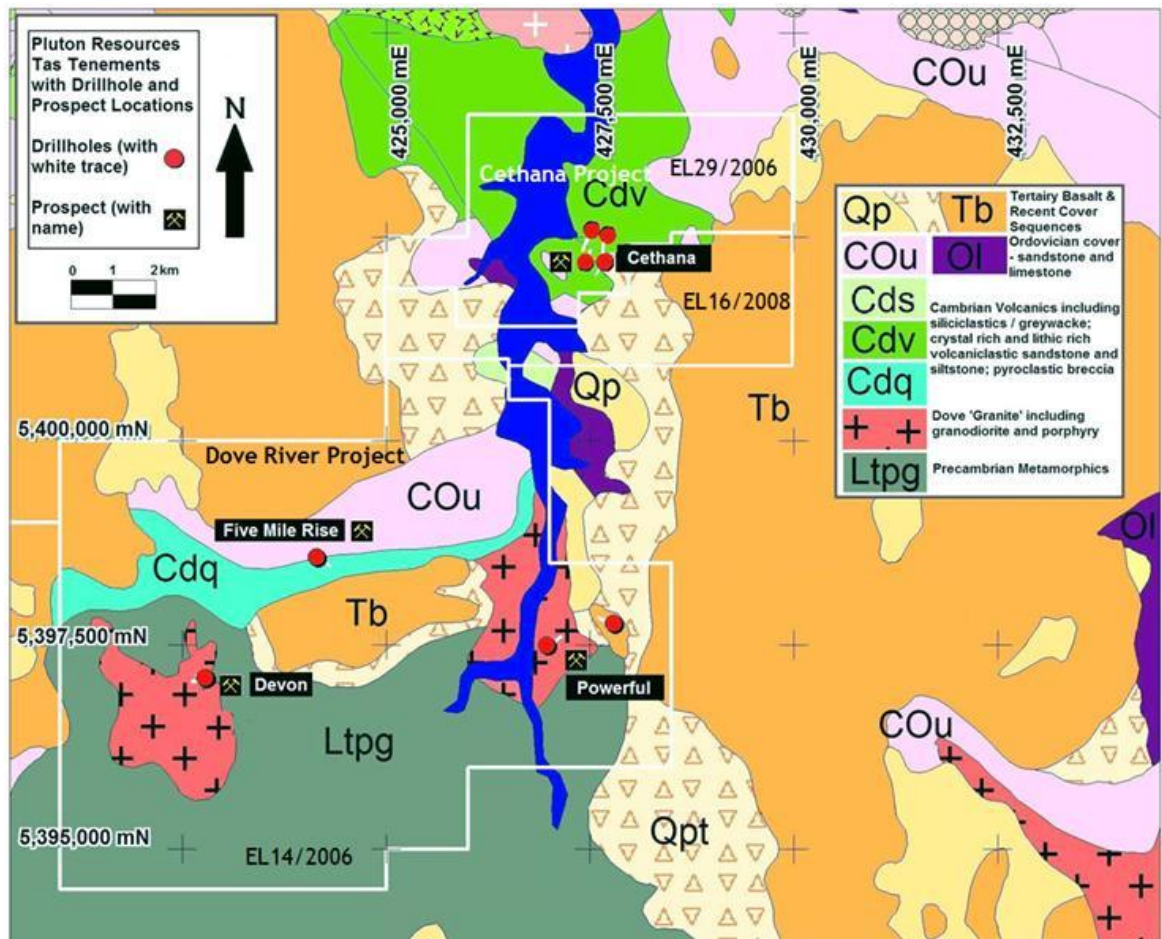


5.3 Geology and Mineralisation

The Cethana project is contained within the northern portion of the circa 500Ma Cambrian Mt Read Volcanic Belt (MRV). The MRV is comprised of mainly acid and lesser mafic volcanic and associated intrusive rocks (Figure 10). The MRV unconformably overlies Proterozoic metasedimentary rocks and itself is unconformably overlain by Cambro-Ordovician siliciclastics and limestones. Rocks to the north of the Cethana licences are intruded by the Devonian Dolcoath Granite and there is in part a variable veneer of Tertiary basalt, sedimentary rocks and sediments.

The Mt Read Volcanic Belt is highly mineralised. It contains numerous and sometimes very large polymetallic volcanic hosted massive sulphide (VHMS) deposits, for example Hellyer, Que River and Rosebury and volcanogenic porphyry-VHMS hybrid copper-gold deposits, for example Mt Lyell and Henty.

Figure 10 Geology of the Cethana Project Area





5.4 Exploration History and Historical Mining

5.4.1 Historical Mining

The Cethana licences have been historically mined for gold at the Campbell's Reward mine. Campbell's Reward was discovered by the Campbell Brothers and opened in 1882. The discovery was prospected for several years by the brothers and by 1887 the lease was held by John.H.Glover and in 1890 the Campbell's Reward Company was formed and took over the leases from Glover. The gold was reported to be in 'free' and 'barbed wire' form occurring within a kaolin vein which widened out into a 30-38cm barren vein. The vein was also rich in silver and this made it difficult to market the ore.

5.4.2 Modern Exploration History

Modern exploration began in the area in 1965. Exploration in the Dove River Licence area has largely focussed on locating tin, tungsten or fluorine mineralisation. Little or no tin or tungsten mineralisation was identified. The previous exploration history in the Cethana project area is summarised in Table 9.

Table 9 Exploration History - Cethana Project Area

Date	Company	Findings
1965-1971	Mt Lyell Mining and Railway Company Ltd	They undertook an aeromagnetic survey and a regional stream sediment survey for tin, copper and zinc. A magnetic anomaly was identified at Cethana "Anomaly 24". A number of anomalous areas were recommended for follow up. This included soil sampling and ground magnetic surveys.
1974-1980	Comalco	Comalco completed a program of gridding, ground magnetic, geological mapping and soil sampling (Pb, Zn, Cu & Co) over the Cethana magnetic anomaly.
1980-1984	Shell	Joint ventured in to the area with Comalco. They undertook stream sediment sampling, helicopter borne magnetic survey and drilled one percussion hole (PD1) in the centre of the Cethana magnetic anomaly.
1985-1988	CRA Exploration	Became managers of the three way joint venture. Completed a reconnaissance stream sediment survey and reprocessed and interpreted Shell's magnetic data.
1988-1990	RGC	RGC reassessed the past geophysical programs and conducted a program of stream sediment and rock chip sampling.
1999	Mineral Resources Tasmania	Mineral Resources Tasmania remapped the area and collected samples for petrological examination.



5.5 Current Exploration History

2007-2008

Pluton collected a small number of rock chip samples. They completed two diamond holes for ~883m drilled into the Cethana magnetic anomaly. Pluton geologists believe that the assay results and core textures from CETD1 are consistent with the drill hole having intersected alteration and mineralisation marginal to a large porphyry target. Pluton contracted Planetary Geophysics Pty Ltd to complete a small induced polarization (IP) survey with the aim to identify concentrations of sulphide mineralisation at depth and from within the area of the magnetic anomaly.

2009

Samples were taken from the diamond drill holes completed in 2008 and sent for petrographic and petrological analysis. All of the samples examined represented porphyritic, fine grained felsic igneous rocks, with a few compositionally and texturally related epiclastic rocks. These primary rock types have experienced varying amounts of early hydrothermal alteration, with subsequently imposed penetrative deformation (and likely low grade regional metamorphism), followed by a later thermal metamorphic (and locally metasomatic) overprint.

2010

Pluton completed two diamond holes for ~1,046m. The diamond drill holes intersected weak mineralisation and included disseminated and vein style chalcopyrite mineralisation. A consultant was engaged to assess the area in terms of porphyry-skarn alteration systems.

5.6 Project Potential

The Cethana Gold and Copper Project can be classified as an 'Exploration Area' mineral asset where a Mineral Resource has not been estimated. The project is at an early stage of exploration, with a number of targets identified by geophysics, geological mapping and geochemical sampling. The Cethana licences are focussed on a large (1.5 x 1km) high intensity (2,100nT) magnetic anomaly. The commodity item of interest for exploration is primarily gold and copper porphyry style mineralisation. The licences cover ground that has similar characteristics to copper-gold districts in New South Wales. Ravensgate considers the project is of merit and worthy of further exploration and studies.



6. VALUATION

6.1 Introduction

There are a number of recognised methods used in valuing “mineral assets”. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the quantity and type of information available in relation to the asset. All monetary values included in this report are expressed in Australian dollars (A\$) unless otherwise stated.

The Valmin Code, which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, classifies mineral assets in the following categories:

- Exploration Areas refer to properties where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified.
- Advanced Exploration Areas refer to properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by some form of detailed geological sampling. A JORC compliant Mineral Resource may or may not have been estimated but sufficient work will have been undertaken that provides a good understanding of mineralisation and that further work will elevate a prospect to the resource category. Ravensgate considers any identified Mineral Resources in this category would tend to be of relatively lower geological confidence.
- Pre-Development Projects are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development Projects refers to properties which have been committed to production, but which have not been commissioned or are not operating at design levels.
- Operating Mines are those mineral properties, which have been fully commissioned and are in production.

Various recognised valuation methods are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances, a particular mineral property or project may include assets that comprise one or more of these categories. When valuing Exploration Areas, and therefore by default where the potential is inherently more speculative than more advanced projects, the valuation is largely dependent on the informed, professional opinion of the valuer. There are a number of methods available to the valuer when appraising Exploration Areas.

The Multiple of Exploration Expenditure (“MEE”) method can be used to derive project value, when recent exploration expenditure is known or can be reasonably estimated. This method involves applying a premium or discount to the exploration expenditure or Expenditure Base (“EB”) through application of a Prospectivity Enhancement Multiplier (“PEM”). This factor directly relates to the success or failure of exploration completed to date, and to an assessment of the future potential of the asset. The method is based on the premise that a “grass roots” project commences with a nominal value that increases with positive exploration results from increasing exploration expenditure. Conversely, where exploration results are consistently negative, exploration expenditure will decrease along with the value. The following guidelines are presented on selection of the PEM:

- PEM = 1. Exploration activities and evaluation of mineralisation potential justifies continuing exploration.
- PEM = 2. Exploration activities and evaluation of mineralisation potential has identified encouraging drill intersections or anomalies, with targets of noteworthy interest generated.



- PEM = 3. Exploration activities and evaluation of mineralisation potential has identified significant grade intersections and mineralisation continuity.

Where transactions including sales and joint ventures relating to mineral assets that are comparable in terms of location, timing, mineralisation style and commodity, and where the terms of the sale are suitably “arms length” in accordance with the Valmin Code, such transactions may be used as a guide to, or a means of, valuation. This method is considered highly appropriate in a volatile financial environment where other “cost based” methods may tend to overstate value.

The Joint Venture Terms valuation method may be used to determine value where a Joint Venture Agreement has been negotiated at “arms length” between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in phase. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. The value assigned to the second and any subsequent earn-in stages always involves increased risk that each subsequent stage of the agreement will not be completed, from technical, economic and market factors. Therefore, when deriving a technical value using the Joint Venture Terms method, Ravensgate considers it appropriate to only value the first stage of an earn-in Joint Venture Agreement. Ravensgate have applied a discount rate of 10.0% per annum to reflect an average company’s cost of capital and the effect of inflation on required exploration spends over the timeframe required.

The total project value of the initial earn-in period can be estimated by assigning a 100% value, based on the deemed equity of the farminor, as follows:

$$V_{100} = \frac{100}{D} \left[CP + \left(CE * \frac{1}{(1+I)^{\frac{t}{2}}} \right) + \left(EE * \frac{1}{(1+I)^{\frac{t}{2}}} * P \right) \right]$$

where:

- V_{100} = Value of 100% equity in the project (\$)
- D = Deemed equity of the farminor (%)
- CP = Cash equivalent of initial payments of cash and/or stock (\$)
- CE = Cash equivalent of committed, but future, exploration expenditure and payments of cash and/or stock (\$)
- EE = Uncommitted, notional exploration expenditure proposed in the agreement and/or uncommitted future cash payments (\$)
- I = Discount rate (% per annum)
- t = Term of the Stage (years)
- P = Probability factor between 0 and 1, assigned by the valuer, and reflecting the likelihood that the Stage will proceed to completion.

Where Mineral Resources remain in the Inferred category, reflecting a lower level of technical confidence, the application of mining parameters using the more conventional DCF/NPV approach may be problematic or inappropriate and technical development studies may be at scoping study level. In these instances it is considered appropriate to use the ‘in-situ’ Resource method of valuation for these assets. This technique involves application of a heavily discounted valuation of the total in-situ metal or commodity contained within the resource. The level of discount applied will vary based on a range of factors including physiography and proximity to infrastructure or processing facilities. Typically and as a guideline, the discounted value is between 1% and 5% of the in-ground value of the metal in the Mineral Resource.



In the case of Pre-development, Development and Mining Projects, where Measured and Indicated Mineral Resources have been estimated and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence by compiling a discounted cash flow (DCF) and determining the net present value (NPV).

The Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC code, 2004) sets out minimum standards, recommendations and guidelines. A Mineral Resource defines a mineral deposit with reasonable prospects of economic extraction. Mineral Resources are sub-divided into Inferred, Indicated and Measured to represent increasing geological confidence from known, estimated or interpreted specific geological evidence and knowledge. An Ore Reserve is the economically minable part of a Measured or Indicated Resource after appropriate studies. An Inferred Resource reflecting insufficient geological knowledge, cannot translate into an Ore Reserve. Measured Resources may become Proved (highest confidence) or Probable Reserves. Indicated Resources may only become Probable Reserves.

6.2 Previous Mineral Asset Valuations

Ravensgate is not aware, nor have we been made aware, of any valuations over the Australian projects held by Pluton. Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements.

6.3 Material Agreements

Ravensgate has been commissioned by Pluton Resources Limited (ASX code: PLV) and BDO Corporate Finance (WA) Pty Ltd (BDO) to provide an Independent Technical Project Review and Valuation Report. The Technical Project Review and Valuation report encompasses the Irvine Island Pre-Development Project, Dove River Exploration Area Project, and Cethana Exploration Area Project. The Technical Valuation report provides an assessment of the Australian “Exploration Area” and “Pre-development” minerals assets listed below which are either owned 100% by Pluton or in Joint Venture agreements. Brief details of the ownership and joint venture agreements can be listed as follows.

<u>Mineral Asset</u>	<u>Pluton Ownership %</u>
• Irvine Island Project (Iron Ore), Western Australia	100%
• Dove River Project (Gold+Copper), Tasmania	100%
• Cethana Project (Gold+Copper), Tasmania	60% (Pro Rata Funding)

Cethana Project, Tasmania, Australia **60% (Pro Rata Funding)**

In June 2007 Pluton entered into a farm-in/joint venture with Gujarat NRE Resources NL (Gujarat) with the right to earn 60% of the Cethana tenement EL29/2006. Pluton will pay Gujarat \$250,000 on the execution of the farm-in/joint venture. Pluton will expend \$600,000 to earn 60% over 2 years, which was extended to 3 years. After earn-in Pluton and Gujarat will contribute on a pro rata basis.

Ravensgate understands all active exploration tenements are granted at this point in time and are in good standing. Ravensgate makes no other assessment or assertion as to the legal title of tenements and is not qualified to do so.

Ravensgate is not aware, nor have we been made aware, of any other agreements that have a material effect on the provisional valuations of the mineral assets, and on this basis have made no adjustments on this account.



6.4 Comparable Transactions

Ravensgate has completed a search for publicly available market transactions involving iron ore projects within Australia. Transactions reflect comparable tenement holdings in geological provinces that are considered prospective for similar commodities, and that are of similar prospectivity to the minerals assets being valued. In Ravensgate's opinion, and with experience, it is understood that individual market transactions are rarely completely identical to the relevant project area or may not necessarily contain all the required information for compilation. In practice, a range of implied values on a dollar per metal unit or dollar per square kilometre of tenement holding will be defined as suitable for further use. The transactions identified along with the implied cash-equivalent values are summarised in Section 6.4.1 by commodity and region.

Publically available market transactions have been separated to reflect transactions on a dollar per square kilometre of tenement holding or on a dollar per metal unit for a more advanced Exploration Target or Mineral Resource. This was undertaken to reflect the varying levels of geological exploration carried out within the various project tenements. In general terms, exploration projects may start with a relatively large tenement holding where a lack of detailed geological sampling and knowledge renders the use of the "in-situ" yardstick valuation method inappropriate (i.e. an "Exploration Area Mineral Asset"). For these particularly early-stage exploration areas comparable transactions on a dollar per square kilometre basis are more relevant. As the project advances and as geological sampling and knowledge increase, tenement areas tend to decrease to match a narrowing focus on more prospective areas. For these areas where specific, drill sample supported Exploration Targets have been identified that warrant further detailed evaluation or Mineral Resources require estimation, comparable transactions on a dollar per metal unit basis may be more appropriate (i.e. an "Advanced Exploration Area Mineral Asset or Pre-Development Project at early assessment").

6.4.1 Reported Market Transactions involving Iron Ore Projects within Australia

Ravensgate's analysis of Australian market transactions for Iron Ore projects indicates an implied value between \$0.30 to \$18.63 per tonne of contained Fe metal for moderate confidence Mineral Resources through to operating mines (Table 10). Within the range of \$0.30 to \$18.63 transactions involving operating mines or mines under construction had a range of \$4.84 to \$18.63 per tonne of Fe metal, whereas undeveloped magnetite or non hematite Direct Shipping Ore (DSO) Mineral Resources had a range of \$0.30 to \$1.30 per tonne of contained Fe metal. The transaction between Atlas Iron Limited and FerrAus Limited for the FerrAus Limited assets in the Pilbara, Western Australia at an implied value of \$1.70 per tonne of contained Fe metal is for predominantly hematite-goethite DSO Mineral Resources and lesser medium and lower grade hematite-goethite Mineral Resources which would require some beneficiation.

In August 2009, Pluton announced that it was to acquire the additional 50% of the Irvine Island project from Cliffs Natural Resources (Cliffs) to bring its ownership of the project to 100% for \$13.76M in cash and shares. At the time of the transaction Pluton had an Inferred Mineral Resource of 13Mt @ 54.4% Fe and exploration targets of 15-20Mt @ 44-48% Fe and 60-100Mt @ 44-50% Fe. The implied discounted cash equivalent on a 100% equity basis for the transaction is \$27.52M. Based on just the Inferred Mineral Resource, this equates to \$3.89 per Fe metal tonne, which does not fit with the transactions listed in Table 10. If one included the midpoint of the exploration targets, this equates to \$0.52 per Fe metal tonne, which falls within the range of \$0.30 to \$1.30.



Table 10 Market Transactions Involving Iron Ore Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia

Project	Transaction Details & Type	Contained Fe Metal Tonnes (t)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Tonne (A\$)
Peculiar Knob & Hawks Nest, South Australia	August 2011: OneSteel Ltd entered into a acquisition agreement for 100% of WPG Resources Ltd (WPG) South Australian Iron Ore assets for a purchase price of \$346.0M. WPG's South Australian Iron Ore projects are prospective for both hematite and magnetite mineralisation. The projects have the following Mineral Resources: Hematite DSO (Measured, Indicated & Inferred) of 37.6Mt @ 62.8% Fe ; Hematite BIF (Indicated & Inferred) 102.5Mt @ 37.4% Fe ; and Magnetite (Measured, Indicated & Inferred) 569Mt @ 36% Fe for a total contained 266.8Mt Fe metal. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$346.0M (notional \$1.30 A\$/metal tonne on 100% terms).	266.8Mt	\$346.0M	\$1.30 / metal tonne
Parker Range, Yilgarn, Western Australia	August 2011: A South East Asian diversified Investment group entered into a purchase agreement with Cazaly Resources Limited to acquire 100% of the Parker Range Project for an initial \$5M convertible note, \$40M payment within 6 months of formal sales agreement and a further \$55M upon the earlier of 'first iron ore' being exported or 24 months from signing the sales agreement. The project is prospective for hematite-goethite iron ore mineralisation. The project has a total Mineral Resource (Measured, Indicated and Inferred) of 35.1Mt @ 55.9% Fe for a contained 19.6Mt of Fe metal. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$95.0M (notional \$4.84 A\$/metal tonne on 100% terms).	19.6Mt	\$95.0M	\$4.84 / metal tonne
FerrAus' Projects, Pilbara, Western Australia	June 2011: Atlas Iron Limited announced an off market 100% takeover of FerrAus Limited (FerrAus) at an implied price of \$0.858 per FerrAus share equivalent to \$334.0M. FerrAus' projects are prospective for hematite-goethite iron ore mineralisation. FerrAus has a total Mineral Resource inventory (Measured, Indicated & Inferred) of 347Mt @ 56.54% Fe for a contained 196.2Mt of Fe metal comprising of higher grade DSO ore and lower grade ore. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$334.0M (notional \$1.70 A\$/metal tonne on 100% terms).	196.2Mt	\$334.0M	\$1.70 / metal tonne
Yalgoo, Mid West, Western Australia.	June 2011: Sichuan Taifeng Group entered into a farm-in/JV agreement with Ferrowest Limited to earn 50% with an initial cash payment and share placement totalling of \$5.8M, an additional share placement of \$2.0M within 9 months and \$17.0M cash spend over 15 months. The project is prospective for magnetite iron ore mineralisation. The Yalgoo Iron Project contains an Inferred Mineral	157.5Mt	\$48.0	\$0.30 / metal tonne



Table 10 Market Transactions Involving Iron Ore Exploration Projects at Moderate-Confidence Mineral Resource Stage to Operating Mines within Australia

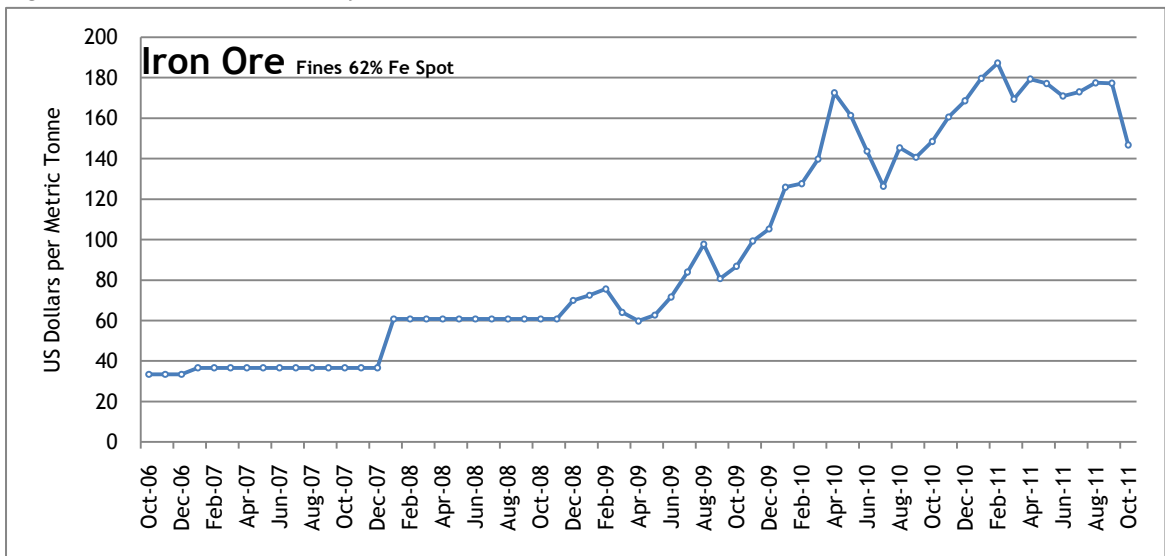
Project	Transaction Details & Type	Contained Fe Metal Tonnes (t)	Purchase Price 100% Basis (A\$)	Implied Value / Metal Tonne (A\$)
	Resource of 572.5Mt @ 27.51% Fe for a contained 157.5Mt of Fe metal. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$48.0M (notional \$0.30 A\$/metal tonne on 100% terms).			
Territory Projects, Northern Territory Australia.	June 2011: Nobel Group Limited announced an on market 100% takeover of Territory Resources Limited (Territory) at an implied price of \$0.50 per Territory share equivalent to \$132.56M. Territory is a hematite iron ore producer. The Frances Creek Project contains a total Mineral Resource of 12.12Mt @ 58.7% Fe for a contained 7.1Mt of Fe metal. Assuming the terms of the agreement were met the implied discounted cash equivalent on a 100% equity basis is \$132.56M (notional \$18.63 A\$/metal on 100% terms).	7.1Mt	\$132.56M	\$18.63 / metal tonne
Mt Oscar, Pilbara, Western Australia.	August 2010: Breeton Pty Ltd entered into a farmin/JV agreement with Fox Resources Limited to earn 60% of the iron ore rights only with an initial cash payment of \$3.0M and an expenditure spend of \$20.0M over 5 years. The Mt Oscar project is prospective for magnetite iron ore mineralisation. The project has an Inferred Mineral Resource of 72.4Mt @ 34.0% Fe for a contained 24.6Mt of Fe metal. Assuming the full terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$31.3M (notional \$1.27A\$/metal tonne on 100% terms).	24.6Mt	\$31.3M	\$1.27/ metal tonne
Aurox Projects, Pilbara, Western Australia.	March 2010: Atlas Iron Limited announced an off market 100% takeover of Aurox Resources Limited (Aurox) at an implied price of \$0.74 per Aurox share equivalent to \$143.0M. The project is prospective for magnetite iron ore mineralisation. The main project deposit (Balla Balla) contains Mineral Resource (Measured, Indicated & Inferred) of 456Mt @ 44.7% Fe for a contained 203.8Mt of Fe metal. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis for the project is \$143.0M (notional \$0.70 A\$/metal tonne on 100% terms).	203.8Mt	\$143.0M	\$0.70 / metal tonne
Cape ern Australia.	February 2008: China Metallurgical Group Corporation entered into an acquisition agreement with Cape Lambert Iron Ore Limited to acquire 100% of the Cape Lambert Iron Ore project for \$400.0M cash. The project is prospective for magnetite iron ore mineralisation. The project contains a Mineral Resource of 979Mt @ 31.4% Fe (Indicated), 577Mt @ 30.8% Fe (Inferred) for a total contained 585.5Mt of Fe metal. Assuming the terms of the agreement were met the implied cash equivalent on a 100% equity basis is \$400.0M (notional \$0.82 A\$/metal tonne on 100% terms).	585.5Mt	\$400.0M	\$0.82 / metal tonne



6.4.2 Commodity Prices

Ravensgate has examined the historical commodity charts (Figure 11, Figure 12 and Figure 13) for general trends over time. A general analysis of the price chart for Iron Ore in Figure 11 indicates a rapid price increase from April 2009 to April 2010, followed by a short decline to July 2010 and a recovery until February 2011, from where it has remained relatively steady, until a price drop in October 2011. Gold in Figure 12 shows a continuous price increase with only a short period of slight price decline between April and November 2008. Copper in Figure 13 shows an increase to May 2006 then remaining relatively steady until August 2008, followed by a sharp decline to December 2008, followed by a steady rise and stabilisation, with a drop in the last few months. Ravensgate has taken into consideration the general commodity trend as an influence on deriving a final project valuation.

Figure 11 Five Year Monthly Price chart for Iron Ore to October 2011



China import Iron Ore Fines 62% FE spot (CFR Tianjin port),
(Source website: <http://www.indexmundi.com/commodities/>)

Figure 12 Price Chart for Gold Monthly Price January 2005 to October 2011

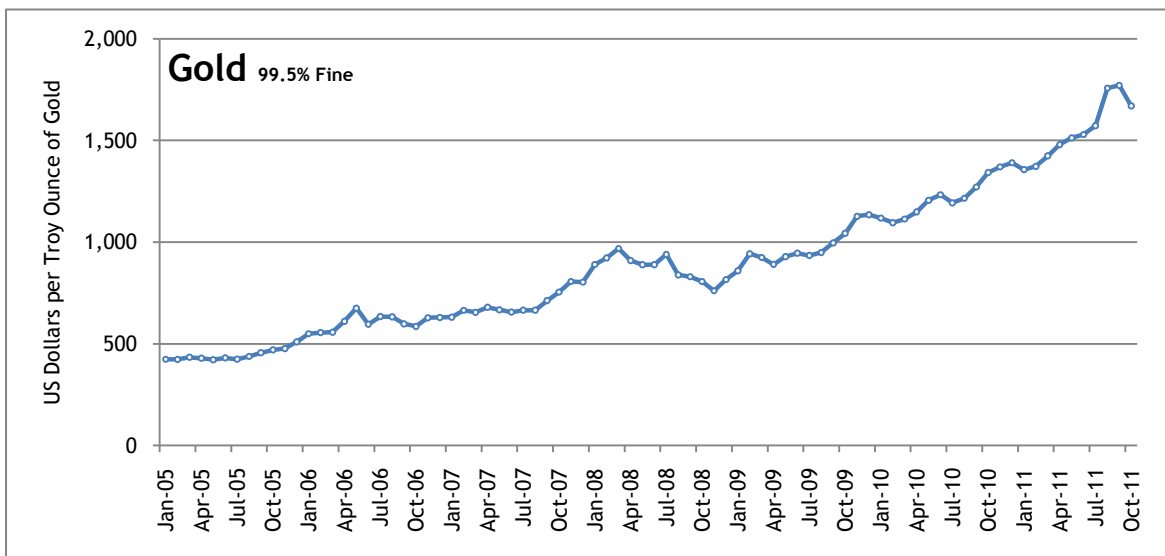
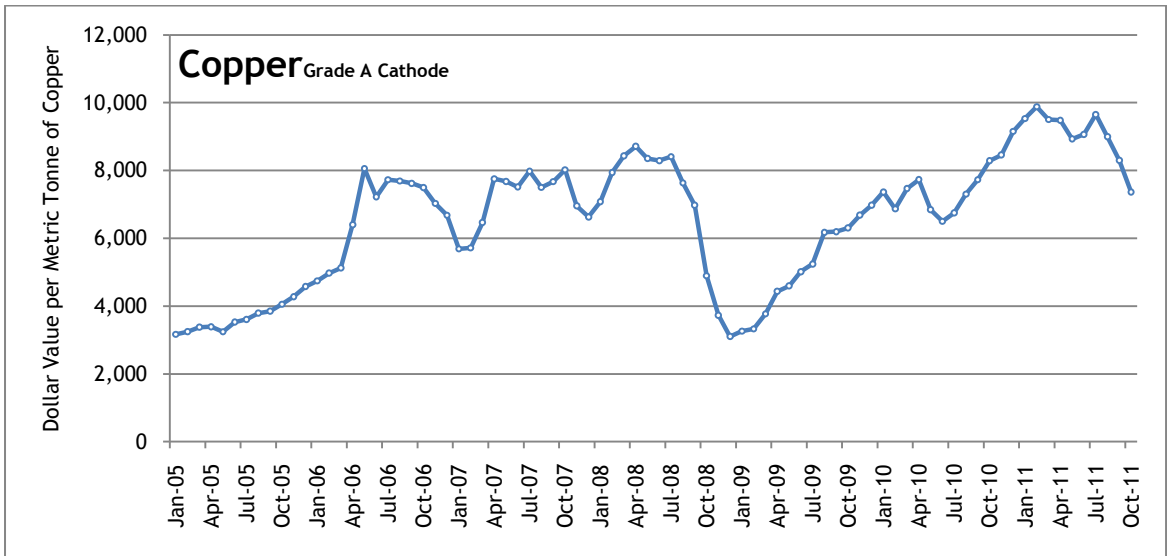




Figure 13 Price Chart for Copper Monthly Price January 2005 to October 2011



(Source website: <http://www.indexmundi.com/commodities/>)



6.5 Mineral Asset Valuations

6.5.1 Irvine Island Iron Ore Project, Western Australia

6.5.1.1 Selection of Valuation Method

The Irvine Island Iron Ore Project can be classified as a “Pre-Development Project” mineral asset where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made. The commodity item of interest for exploration is Iron mineralisation. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has been reported as listed in Section 3.6. In valuing the mineral asset of the Irvine Island Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate.

Ravensgate were instructed by BDO Corporate Finance (WA) Pty Ltd (BDO) to value Pluton’s mineral assets on the reported Mineral Resources and not the reported Mineral Reserves. They consider that for the purposes of this valuation that it is not appropriate to value the Mineral Reserves estimated in the Pre-feasibility Study (PFS) in accordance with the guidelines of the JORC Code (2004), as not all the infrastructure requirements, mining and processing considerations are known. These requirements and considerations are being determined in a Definitive Feasibility Study (DFS) that Pluton is currently undertaking. BDO have confirmed that they are satisfied this approach is appropriate for the purposes of this report.

For the valuation of Pluton Resources Limited’s reported Mineral Resources, Ravensgate has valued the reported Mineral Resources as reported in Section 3.6 at the various cut-offs used.

Ravensgate has elected to apply the Comparable Transaction Method to value the project after consideration of the various valuation methods outlined in Section 6.1 and the geological / exploration information outlined in Section 3.

6.5.1.2 Project Analysis - Comparable Transactions Method

Ravensgate’s analysis of the iron ore market transactions indicates that the implied value of more advanced or strategic exploration projects with iron ore Mineral Resources, which are not DSO iron ore Mineral Resources (i.e. iron ore Mineral Resources that require concentration before being marketable) generally range from \$0.30 to \$1.30 per contained resource Fe metal tonne. Within this range Ravensgate has selected an applicable range of \$0.52 to \$1.00 per contained resource Fe metal tonne to apply to the total Mineral Resource listed in Section 3.6, which relates to approximately \$70.22 to \$135.03 for the contained metal within the current Mineral Resource Estimate (135Mt Fe metal).

The transaction between Sichuan Taifeng Group and FeroWest Limited at an implied value of \$0.30 per contained Fe metal tonne is the most comparable Mineral Resource in terms of overall Fe grade and number of contained Fe tonnes, but the geological confidence in their Mineral Resource is lower with all material classified as Inferred Mineral Resources in accordance with the JORC Code 2004. The transaction between OneSteel Ltd and WPG Resources Ltd at an implied value of \$1.30 per contained Fe tonne is a more advanced project than the Irvine Island project and contains some smaller DSO style Mineral Resources. Ravensgate considers a value per contained Fe metal tonne similar to the Atlas Iron Limited / Aurox Resources Limited and China Metallurgical Group Corporation / Cape Lambert Iron Ore Limited transactions to be appropriate in valuing the Irvine Island project. Both transactions involve Mineral Resources with similar levels of geological confidence.

Ravensgate has taken the purchase of the additional 50% interest in the Irvine Island project in August 2009 for \$0.52 per contained resource and exploration targets per Fe metal tonne as a base price. The purchase of the additional 50% interest in the Irvine Island Project in August 2009 is the most comparable transaction being the same project, hence the same geographic location, geology and mineralisation styles. The reason why it has been chosen as the base value for the valuation is because subsequent to this time the Mineral Resource has increased and the geological confidence has improved with most Mineral Resources now reported in the Indicated category (Table 4, Table 5 and Table 6). From this range a preferred value of



\$110.72M has been selected which reflects a value of \$0.82 per contained resource Fe metal tonne, which reflects the outcome of successful exploration to date and the quality of the Mineral Resources, with most metal being contained in the Indicated category (In ‘compliance’ of the JORC Code (2004)). A summary of the Irvine Island project valuation is in Table 11. Ravensgate considers the project is of merit and worthy of further exploration and study.

Table 11 Pluton - Project Technical Valuation for Irvine Island Project						
Irvine Island Project	Mineral Asset	Ownership 100%	Area km ²	Valuation		
				Low \$M	High \$M	Preferred \$M
E04/1172	Pre-Development	100%	29.7 ¹	70.22	135.03	110.72
P04/242	Pre-Development	100%	0.84 ¹	-	-	-
Total	All	100%	30.54¹	70.22	135.03	110.72

¹ Area not applicable to valuation due to existence of a Mineral Resource

The valuation has been compiled to an appropriate level of precision and minor rounding errors may occur.

6.5.2 Dove River Gold and Copper Project, Tasmania

6.5.2.1 Selection of Valuation Method

The Dove River Gold and Copper Project is considered to be an “Exploration Area” mineral asset, where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been reported for the Dove River project. The commodity item of interest for exploration is porphyry and porphyry skarn style gold and copper mineralisation. In valuing the mineral asset of the Dove River Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate due to the lack of an Ore Reserve or Spicing/Feasibility Studies.

Ravensgate has elected to apply the Multiples of Exploration Expenditure to value the project after consideration of the various valuation methods outlined in Section 6.1 and the geological / exploration information outlined in Section 4.

6.5.2.2 Project Analysis - Multiples of Exploration Expenditure

The Multiple of Exploration Expenditure method of mineral valuation is applicable to exploration properties from the earliest stage of exploration to a moderately advanced stage, but for which no Mineral Resources in accordance of the JORC Code 2004 has been delineated. Pluton has expended a total of \$0.89M on the joint venture tenements. An analysis on the efficiency and effectiveness on the exploration carried out against the results returned to date to determine prospectivity enhancement multiples (PEM) was completed. The PEM’s selected reflect the results to date and that further exploration is still justified. Ravensgate considers a range of PEM’s of 0.8 to 1.1 is applicable to the total project exploration expenditure to value the project. This equates to a valuation range of \$0.71M to \$0.98M. Ravensgate has elected to assign a preferred value of \$0.84M in the middle of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date.



6.5.3 Cethana Gold and Copper Project, Tasmania

6.5.3.1 Selection of Valuation Method

The Cethana Gold and Copper Project is considered to be an “Exploration Area” mineral asset, where mineralisation may or may not have been identified, but where specifically a JORC compliant Mineral Resource has not been identified. A Mineral Resource as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code - 2004 Edition) has not been reported for the Cethana project. The commodity item of interest for exploration is primarily porphyry style gold and copper mineralisation. In valuing the mineral asset of the Cethana Project, Ravensgate considers the ‘DCF/NPV’ method inappropriate due to the lack of an Ore Reserve or Scoping/Feasibility Studies.

Ravensgate has elected to apply the Multiples of Exploration Expenditure and Joint Venture Terms to value the project after consideration of the various valuation methods outlined in Section 6.1 and the geological / exploration information outlined in Section 5.

6.5.3.2 Project Analysis - Multiples of Exploration Expenditure

The Multiple of Exploration Expenditure method of mineral valuation is applicable to exploration properties from the earliest stage of exploration to a moderately advanced stage, but for which no Mineral Resources in accordance of the JORC Code 2004 has been delineated. Pluton has expended a total of \$0.69M on the joint venture tenements. An analysis on the efficiency and effectiveness on the exploration carried out against the results returned to date to determine prospectivity enhancement multiples (PEM) was completed. The PEM’s selected reflect the results to date being not as good as expected, though further exploration is still justified. Ravensgate considers a range of PEM’s of 0.7 to 1.0 is applicable to the total project exploration expenditure to value the project. This equates to a valuation range of \$0.48M to \$0.69M. Ravensgate has elected to assign a preferred value of \$0.59M in the middle of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date

6.5.3.3 Project Analysis - Joint Venture Terms

Ravensgate considers the joint venture terms valuation method is appropriate, as it is a recent joint venture agreement and is a good indication of what an arm’s length buyer is willing to pay for the project. Using the terms of the joint venture as outlined in Section 6.3 and the joint venture terms equation in Section 6.1 with a discount rate of 10% reflecting a typical company’s cost of capital and considering inflation, assuming the terms of the joint venture are met the implied discounted cash equivalent on a 100% equity basis is \$1.28M. Pluton’s interest in the project is 60%, which equates to a value of \$0.77M

6.5.3.4 Cethana Gold and Copper Project - Valuation Conclusion

By using the Multiples of Exploration Expenditure and Joint Venture Terms valuation methods for valuing a 60% interest in the exploration potential of the Cethana Gold and Copper Project, a range of selected values from \$0.59M to \$0.77M can be derived. Ravensgate has elected to assign a preferred value of \$0.68M in the middle of the range, recognising the mineral asset prospects and exploration drilling and geological work outlined to date. Ravensgate considers the Cethana Gold and Copper Project is of merit and worthy of further exploration.

6.6 Valuation Summary

Ravensgate has concluded the Australian Projects are of merit (although at varying stages of exploration and subsequent Mineral Asset classification), and worthy of further exploration. A summary of the Western Australia and Tasmanian project valuations is provided in Table 12. The applicable valuation date is 10 November 2011 and is derived from comparisons where possible using the Joint Venture Terms and Comparable Transactions valuation methods. The value of the listed Projects is considered to lie in a range from \$71.51 to \$136.78, within which range Ravensgate has selected a preferred value of \$112.25.



Table 12 Pluton - Project Technical Valuation Summary for Australian Projects

Project	Mineral Asset	Ownership %	Valuation		
			Low \$M	High \$M	Preferred \$M
Irvine Island	Pre-Development	100%	70.22	135.03	110.72
Dove River	Exploration Area	100%	0.71	0.98	0.84
Cethana	Exploration Area	60%	0.59	0.77	0.68
Combined Projects	All listed projects	60% & 100%	71.51	136.78	112.25

* The combined valuation has been compiled to an appropriate level of precision and minor rounding errors may occur

7. TENEMENT DETAILS

<i>Table 13 Project Tenement Details for Australia</i>						
PROJECT	TENEMENT ID	% PLUTON	MANAGER	EXPIRY DATE	Area (km ²)	TARGET COMMODITY
Irvine Island	E04/1172	100%	Pluton	30-Oct-2012	29.7	Iron Ore
	P04/242	100%	Pluton	13-Oct-2014	0.84	Iron Ore
Dove River	EL14/2006	100%	Pluton	19-Dec-2011	36.47	Gold & Copper
Cethana	EL29/2006	60%	Pluton	03-Apr-2012	8.60	Gold & Copper
	EL16/2008	60%	Pluton	12-May-2015	5.46	Gold & Copper

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9. GLOSSARY

A\$	Australian dollars.
Acid mine drainage	Mine water which contains sulphuric acid, primarily due to weathering of materials.
Ad valorem	In proportion to the value of.
Aeolian	Formed or deposited by wind.
Aerial photography	Photographs of the Earth's surface taken from an aircraft.
Aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
Airborne geophysical data	Data pertaining to the physical properties of the Earth's crust at or near surface and collected from an aircraft.
Aircore (AC)	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
Alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
Alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
Ancillary equipment	Mining equipment which does not perform primary loading or hauling functions.
Andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
Anomalous	A departure from the expected norm, generally geochemical or geophysical values higher or lower than the norm.
Anticline	An area of rocks that have been arched upwards in the form of a fold.
Archaean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
Argillaceous	Describing rocks or sediments containing particles that are silt- or clay-sized, less than 0.625 mm in size.
Arsenopyrite	A mineral of iron, sulphur, and arsenic commonly associated with metamorphism around igneous intrusions.
Assay	A procedure where the element composition of a rock soil or mineral sample is determined.
Auger drilling	A rotary drilling technique which uses a blade drill bit and screw auger shaft to return sample to the surface.
Auriferous	Containing gold.
B	Billions.
Bank cubic metre (BCM)	A cubic metre of material in-situ.
Basalt	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
Base metals	A non-precious metal, usually referring to copper, lead and zinc.

Basement	Crust of the earth, igneous or metamorphic rocks overlain by sedimentary deposits.
Basin	A large depression within which sediments are sequentially deposited and lithified.
Bench	A vertical segment which is mined as a whole.
Beneficiable ore (BFO)	Material that can be processed and upgraded to produce a saleable concentrate.
BIF	A rock consisting essentially of iron oxides and cherty silica and possessing a marked banded appearance.
Blasted stockpiles	When ore is blasted but not mined, it is considered to be a blasted stockpile.
BLEG	Bulk leach extractable gold, a method for detection of fine-grained gold in soils.
Boudins	Typical features of sheared veins and shear zones where, due to stretching along the shear foliation and compression perpendicular to this, rigid bodies break up.
Breccia	Rock consisting of angular fragments enclosed in a matrix, usually the result of persistent fracturing by tectonic or hydraulic means.
Brittle	Rock deformation characterised by brittle fracturing and brecciation.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
Calcite	A mineral of composition CaCO_3 (calcium carbonate) it is an essential component of limestones and marbles.
Calcrete	Superficial residual deposits cemented by or precipitated from groundwater as secondary calcium carbonate as a result of evaporation.
Carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO_3 . Essential component of limestones and marbles.
CAPEX	Capital expenditure.
Caprock	An impervious rock layer generally close to surface which may act as a seal.
Chalcopyrite	CuFeS_2 , a copper ore.
Chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
Chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
Clastic	Pertaining to sedimentary rocks composed primarily from fragments of pre-existing rocks or fossils.
Clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminium silicates.
Concentrate	A product containing valuable metal from which most of the waste material has been eliminated (in this case high grade magnetite or hematite).
Contract-miner	An operating scenario in which the mine owner contracts a third party. The third party owns the mining fleet and directly employs personnel to conduct mining operations.
Colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.

Conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
Costean	Exploration trench.
Craton	Large, usually ancient, stable mass of the earth's crust.
Marginal Cutoff grade	The lowest grade of mineralised material considered to be economic for a particular project.
Density	Mass of material per unit volume.
Depletion	The lack of a mineral in the near-surface environment due to leaching processes during weathering.
Deposit	A mineralised body which has been physically delineated by sufficient drilling and found to contain sufficient average grade of metal or metals to warrant further exploration and development expenditure.
Dewater	The process of decreasing the water table below the current mining surface.
Diagenesis	Any chemical, physical, or biological change undergone by a sediment during and after its lithification, not including weathering and metamorphism.
Diamond drilling	A method of obtaining a cylindrical core of rock by drilling with a diamond impregnated bit.
Dilational	Open space within a rock mass commonly produced in response to folding or faulting.
Dilution	The lowering of the grade of ore being mined due to the inclusion of waste rock or low-grade ore.
Dip	The angle at which a rock stratum or structure is inclined from the horizontal.
Direct ship ore (DSO)	Material of sufficient grade and quality that little processing is required to produce a saleable product.
Disseminated	Widely and evenly spread.
Dmt	Dry metric tonne.
Dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
DTR	Davis Tube Recovery, a test to measure the weight recovery of magnetite from iron ore.
Ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
Dunite	A dense igneous rock that consists mainly of olivine and is commonly a source of magnesium mineralisation.
Duricrust	Hard-pan, cemented material.
Dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
Electromagnetic survey	A geophysical technique whereby transmitted electromagnetic fields are used to energise and detect conductive material beneath the earth's surface.
Eluvial	Weathered material which is still at or near its point of formation.

En echelon	Parallel or sub-parallel, closely-spaced, overlapping or step-like minor structural features in rock, such as faults and tension fractures, that are oblique to the overall structural trend.
Epiclastic	Rocks formed from fragments of pre-existing volcanic rock.
Epithermal	Mineralisation style of gold or silver formed deep within the Earth's crust from ascending hot solutions.
Erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the Earth's surface.
Excavator	A mining unit which excavates material in an open pit and loads it into a truck or other materials handling unit.
Facies	Characteristic features of rocks such as sedimentary rock type, mineral content, metamorphic grade, fossil content and bedding characteristics.
Fault zone	A wide zone of structural dislocation and faulting.
Feldspar	A group of rock forming minerals.
Felsic	An adjective indicating that a rock contains abundant feldspar and silica.
Ferricrete	A mineral conglomerate consisting of surficial sand and gravel cemented into a hard mass by iron oxide derived from the oxidation of percolating solutions of iron salts.
Ferruginous	Iron-rich.
Fluvial deposits	Applied to sand and gravel deposits laid down by streams or rivers.
Foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
Footwall	Surface of rock along the fault plane having rock below it.
g/t	Grams per tonne.
Gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
Gangue	That part of an ore deposit from which a metal or metals is not extracted.
Geochemical	Pertains to the concentration of an element.
Geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
Gneiss	Coarse-grained, banded metamorphic rock.
Gossan	Leached, oxidised near surface part of a vein containing sulphides, especially iron-bearing sulphides.
Grader	A mining unit which uses a long blade to create or maintain a flat and smooth road surface.
Granite	A common type of intrusive, felsic, igneous rock.
Gravity separation	The recovery of minerals utilising variances in specific gravity to separate the minerals (in this case non-magnetic hematite).
Greenschist facies	A low grade, low temperature regional metamorphism that results in a mineral assemblage typically containing chlorite, epidote and/or actinolite.
Greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
Greywackes	A sandstone like rock, with grains derived from a dominantly volcanic origin.

Hangingwall	The mass of rock above a fault, vein or zone of mineralisation.
Hematite	A common iron ore, natural iron oxide that is reddish or brown in colour.
Hinge zone	A zone along a fold where the curvature is at a maximum.
Hydrothermal	A term applied to hot aqueous solution having temperatures up to 400° C which may transport metals and minerals in solution.
Igneous	A rock that has solidified from molten rock or magma.
Infill	Refers to sampling or drilling undertaken between pre-existing sample points.
In-situ	In the natural or original position.
Interflow	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.
Integrated waste landform (IWL)	A combined waste/tailings storage facility which encapsulates the tailings in a hard rock cell.
Intermediate	A rock unit which contains a mix of felsic and mafic minerals.
Intra-cratonic	Situated between or within cratons.
Intrusion/Intrusive	A body of igneous rock that invades older rock.
Ironstone	A rock formed by cemented iron oxides.
Jig feed (Jig)	Material contaminated with dilutants which may be economically recoverable through gravity separation.
Joint venture	A business agreement between two or more commercial entities.
JORC	Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia).
JORC Code	A code developed by the Australian Joint Ore Reserves Committee which sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves.
kg/m ³	Kilogram per cubic metre.
kg/t	Kilograms per tonne, a standard mass unit for demonstrating the concentration of uranium in a rock.
Kinematic	produced by motion.
Komatiite	Magnesium-rich mafic to ultramafic extrusive rock.
Lacustrine	Lake environment.
Lag	Concentration of ferruginous material left after removal of soil fines by wind and water.
Laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
Leaching	Removal of elements from soil by their dissolution in water and moving downward in the ground.
Limonite	General term for mixtures of hydrated iron oxides and iron hydroxides.
Lineament	A significant linear feature of the Earth's crust, usually equating a major fault or shear structure.
Lithology	A term pertaining to the general characteristics of rocks.
Lode	A vein or other tabular mineral deposit with distinct boundaries.
M	Millions.
Mafic	A dark igneous rock composed dominantly of iron and magnesium minerals (such as basalt).

magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
Magnetic anomaly	Zone where the magnitude and orientation of the earth's magnetic field differs from adjacent areas.
Magnetite	A ferromagnetic mineral form of iron oxide (Fe ₂ O ₃).
Magnetometer	An instrument which measures the earth's magnetic field intensity.
Mass recovery	The percentage of mass recovered after processing.
Mesothermal	Hydrothermal deposit formed at intermediate temperatures (200-300° C).
Metabasalt	Metamorphosed basalt.
Metal recovery	The percentage of metal recovered after processing.
Metamorphism	Process by which changes are brought about to rock in the earth's crust by the agencies of heat, pressure and chemically active fluids.
Mineralisation	A geological concentration minerals or elements of prospective economic interest.
Mining recovery	The percentage of ore recovered during mining.
Mineral	A substance occurring naturally in the earth which may or not be of economic value.
Mineralised zone	Any mass of rock in which minerals of potential commercial value may occur.
Mineral Resource	A mineral inventory that has been classified to meet the JORC code standard.
Moisture content	Percentage of moisture in a rock mass.
Mottled zone	A layer that is marked with spots or blotches of different colour or shades of colour. The pattern of mottling and the size, abundance, and colour contrast of the mottles may vary considerably and should be specified in soil description.
Moz	Millions of ounces.
mRL	Metres reduced level, refers to the height of a point relative to a datum surface.
Mt	Million Tonnes.
Mullock	A rock which contains no gold or waste rock from which the gold has been extracted.
Mylonite	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.
OEM	Original equipment manufacturer.
Open pit	A mine working or excavation open to the surface.
OPEX	Operating expenditure.
Ore	Material that contains one or more minerals which can be recovered economically.
Ore Reserve	An Ore Reserve that has been classified to meet the JOR code standard.
Orogen	A belt of deformed rocks, usually comprising metamorphic and intrusive igneous rocks, mostly occurring along the collision zone between cratons.
Outcrops	Surface expression of underlying rocks.
Outlier	A limited area of younger rocks completely surrounded by older rocks.
Owner-Operator	An operating scenario in which the mine owner also owns the mining fleet and directly employs personnel to conduct mining operations.

Oxidised ore	Metalliferous minerals by which have been altered by weathering and partially or completely converted into oxides.
Palaeochannels	An ancient preserved stream or river.
Pallid clays	A relatively pale coloured clay-rich weathering horizon in a lateritic profile which is depleted in iron, usually by leaching.
Pedogenic	A product of soil processes.
Pegmatite	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
Pelites	Sedimentary rock composed of very fine clay or mud particles.
Percussion drilling	Drilling method of where rock is broken by the hammering action of a drill bit.
Pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
Playa	Very flat, dry lake bed of hard, mud-cracked clay.
Pluton	A large body of intrusive igneous rock.
Polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
Porphyries	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
ppb	Parts per billion; a measure of low level concentration.
Production Drill Rig	A drill rig designed to drill production blastholes.
Pre-split Drill Rig	A drill rig designed to drill the holes around the edge of an open pit, in order to create a smoothly contoured wall profile.
Primary Loading	The excavation and loading of material from its insitu location in the open pit.
Proterozoic	Geological eon that extended from 2.5 billion to 542 million years ago.
Pyrite, pyrrhotite	A common, pale bronze iron sulphide mineral.
Quartz	Mineral species composed of crystalline silica (SiO ₂).
RAB drilling	A relatively inexpensive and less accurate drilling technique (compared to RC drilling) involving the collection of sample returned by compressed air from outside the drill rods.
Radiometric	Geophysical technique measuring emission from radioactive isotopes.
Rafts	A relatively large block of foreign rock incorporated into an intrusive magma.
RC drilling	Reverse Circulation drilling, whereby rock chips are recovered by airflow returning inside the drill rods, rather than outside, thereby returning more reliable samples.
Reclamation	The process in which land disturbed by mining activities is reclaimed back to a beneficial land use.
Reconnaissance	An examination or survey of a region in reference to its general geological character.
Redox	The boundary between a reducing environment and an oxidising environment.
Regolith	General term for gravels, soils, alluvials, clays and other materials which cover the bedrock.

Rehandle	Material which is loaded more than once between the location in which it is first mined and the location in which it is finally dumped.
Reserves	The portion of a mineral deposit which could be economically extracted or produced at the time of the Reserve determination. These are classified as either proven, probable or possible Ore Reserves based on the JORC code.
Resource	An occurrence of material of intrinsic economic interest in a form that provides reasonable prospects for eventual economic extraction. These are classified as Measured, Indicated or Inferred ore resources based on the JORC code.
Rock chip sampling	The collection of rock specimens for mineral analysis.
Roll front	A uranium deposit that forms where groundwater in permeable sandstone or conglomerate encounters the interface between oxidizing and reducing conditions.
ROM Pad	The transfer area for ore from the mine to the processing plant.
Run of mine ore (ROM)	Ore in its state as extracted from the mine.
SMU	Service metre unit.
Saline	Salty.
Sandstone	Sedimentary rock comprising predominantly of sand.
Saprock	Zone of weathered rock preserved within the weathered profile.
Satellite imagery	The images produced by photography of the Earth's surface from satellites.
Schistose	Containing schistose (strongly foliated metamorphic rock).
Scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
Secondary Loading	Refers to the loading of rehandled material, or the loading of small amounts of insitu material during clean-up operations.
Sedimentary	Rocks formed by the deposition of particles carried by air, water or ice.
Sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
Serpentine	The main alteration product of olivines and pyroxenes.
Shale	Fine grained sedimentary rock with well-defined bedding planes.
Sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
Shovel	A mining unit which excavates material in an open pit and loads it into a truck or other materials handling unit.
Silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
Silicified	Rock into which silica has been introduced.
Sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
Silts	Fine-grained sediments, with a grain size between those of sand and clay.
Soil sampling	The collection of soil specimens for mineral analysis.
Spot price	Current delivery price of a commodity traded in the spot market.
Strike	The bearing of a rock formation.

Stripping ratio	The ratio of waste material mined to ore mined.
Stratiform	The arrangement of mineral deposit in strata or layers.
Strike	Horizontal direction or trend of a geological structure.
Sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralisation.
Supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
t	Tonne.
Tpa	Tonnes per annum.
Tailings	Material rejected from the plant after valuable minerals have been Recovered.
Tenements	Large tracts of land granted under lease to mining companies and prospectors by the government.
Track Dozer	A mining unit designed to push materials, which has tracks rather than wheels.
Trammel	Screened cylinder used to separate materials by size.
Truck	A mining unit which transports material from the location where it is mined to the location where it is dumped.
Ultramafic	Dark to very dark coloured igneous rocks composed mainly of mafic minerals.
Unconformably	Having the relation of uniformity to the underlying rocks; not succeeding the underlying strata in immediate order of age or parallel position.
Unconformity	Description of rock strata where the layers are interrupted, discontinuous.
Veins	A thin infill of a fissure or crack, commonly bearing quartz.
Vibracoring	Obtains sediment samples by vibrating a core barrel into the sediment.
Volcanogenic	Rocks having volcanic origin.
Wmt	Wet metric tonne.
Waste	Material which does not contain minerals of economic merit.
Wheel Dozer	A mining unit designed to push materials, which has wheels rather than tracks.
Wheel Loader	An excavating unit which has wheels rather than tracks.
Whittle	A mining software package which optimises the size of an open pit based on a set of physical and financial input parameters.
Zone of oxidisation	The upper region of a mineral deposit which has undergone oxidisation.